

# EIR

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Asian Battle Lines Drawn Against Globalization  
State Dept. Topples Peru's Anti-Drug Government  
Judge Stephan Caught in Diana Murder Cover-Up

**Would the Founding Fathers  
Choose the 'Lesser Evil'?**

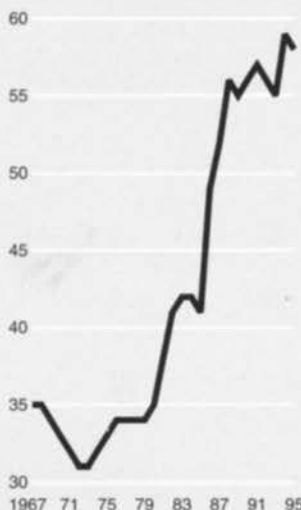


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Includes finance costs



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(billions \$)



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## From the Associate Editor

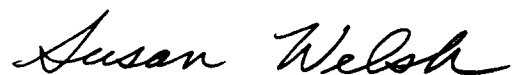
**O**ur cover story this week is a thoroughly documented exposé of the *real* corruption of the U.S. electoral process, which is much deeper and dirtier than the shenanigans in Florida. We also examine the constitutional options available to patriots. To situate the political battle, focus on the carefully formulated position with which Lyndon H. LaRouche, Jr. concluded his Nov. 14 webcast seminar:

“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 calmed, sane, and sober reflection, during these weeks the Electoral College is being prepared: to consider, thus, the implications of that present danger 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, and 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.”

The issues underlying this concise formulation are further elaborated, in the selections from the question-and-answer period following LaRouche’s speech, published in this issue (see page 61).

Expect new initiatives to come, fast and fierce. LaRouche will conduct another webcast seminar on Dec. 12, titled “Now Comes the Electoral College: How the United States Must Change Its Course of Action in Order To Deal with the Now-Onrushing World Political and Strategic Crisis.” A third webcast is scheduled for January.



# EIR Contents

## Cover This Week

*The "lesser evil," is  
still evil.*



- 42 The Most Corrupt Election in American History**
- 44 Constitutional Choice of a New President by Electoral College**
- 45 How Gore Destroyed the Democratic Party To Get the Nomination**
- 49 Primaries Were Rigged Against LaRouche**
- 52 Disenfranchisement Charged in Florida**
- 53 Corruption Wins in Eighteen States**
- 55 Where Did Campaigns Get That \$3 Billion?**
- 57 World Reacts to U.S. Election Debacle**
- 59 Americans Speak Out**

## Economics

### **4 APEC: The Battle Lines Are Drawn Against Globalization**

The Asian Pacific Economic Cooperation Forum in Brunei handed a setback to the free-trade advocates.

**Documentation:** From a speech by Malaysian Prime Minister Dr. Mahathir bin Mohamad.

### **8 Wall Street, Treasury Crew Laugh To See Asian Governments Weaken**

### **10 Riyadh Meeting Blasts 'Paper Oil' Speculation**

### **12 The Twilight of the Dot.Bombs**

### **13 Schiller Institute Briefs Croats on Prospects for Balkan Cooperation**

### **16 'Mad Cow' Disease Again Scares Europe**

### **17 German Maglev Will Finally Run—in China**

### **18 Business Briefs**

## National Economy

### 20 **Revive the Industrialization of Argentina's Patagonia!**

The plans developed early in the 20th Century for building an industrial city called Nahuel Huapí—never implemented—point the way to what should be done today.

### 29 **IMF Bailout Means Disaster for Argentina**

## International

### 30 **U.S. State Dept. Overthrows Peru's Anti-Drug Government**

The resignation of President Alberto Fujimori marks the end of a year-long campaign to overthrow the leading anti-drug government in the Americas, and to return narco-terrorism to Peru, big-time.

### 33 **'Shining Path' Inside Peruvian Army: Colonel Humala's Strange Revolt**

### 36 **French Magistrate Caught in Princess Diana Murder Cover-Up**

### 39 **Coming to Terms with America's Vietnam War**

## National

### 61 **Is There a Political Solution for the World At This Advanced Stage of Global Crisis?**

A report from Lyndon LaRouche's Nov. 14 webcast, including a selection from the discussion period.

### 75 **Shutdown of D.C. General Looms In U.S. Public Health Collapse**

### 77 **No Flu Shots Yet: U.S. Unready for Epidemic**

### 79 **National News**

## Interviews

### 75 **Victor G. Freeman**

Dr. Freeman, a practicing physician and Washington, D.C. resident, is a member of the board of the Public Benefit Corp.

### 76 **Loretta Owens**

The president of the American Federation of State, County and Municipal Employees (AFSCME) Local 1033, representing more than 800 of D.C. General Hospital's 2,000 employees, discusses the issues behind the strike.

## Departments

### 80 **Editorial**

While You Weren't Looking . . .

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## APEC: The Battle Lines Are Drawn Against Globalization

by Michael Billington

The American and British Commonwealth advocates of free trade were handed a setback at the Nov. 12-16 meeting of the Asian Pacific Economic Cooperation (APEC) Forum in Bandar Seri Begawan, the capital of Brunei Darussalam. The nations of Asia generally rallied behind an assertion of national sovereignty and the general welfare of their populations, rather than submit to the dictates of the increasingly discredited process of “globalization.”

In the weeks preceding the APEC meeting, a memo from economist Lyndon LaRouche to the heads of state of the ten nations of the Association of Southeast Asian Nations, plus China, Japan, and South Korea (ASEAN-Plus-3) circulated among Asian leaders. The memo proposed that the upcoming meeting of the ASEAN-Plus-3, to be held less than two weeks after the APEC summit, must adopt emergency measures to meet the unfolding global economic breakdown, including the establishment of a new, development-oriented Asian monetary arrangement, totally independent of the International Monetary Fund (IMF), the World Trade Organization (WTO), and other international bodies promoting free trade and globalization. Such action would form a seed crystal for a new world monetary system. The APEC summit proved to be a drawing of the battle lines between those who are thinking in that direction, to one degree or another, against the increasingly desperate spokesmen for the bankrupt Western banking system.

While many important developments took place on the sidelines between the heads of state attending the meeting, the official sessions ended up with little accomplished, which was, to a certain extent, the intention of most of the Asian participants. The United States and certain British Commonwealth members of APEC, including Singapore, Canada, New Zealand, and Australia, went into the meeting intent on

getting an agreement for a new round of trade negotiations, run by the WTO, to begin within the coming year. However, with Malaysia taking the lead—as it has over the past three years in regard to rejecting destructive demands made by the international financial oligarchy—the Asian nations insisted that a new round would not be successful if the developed nations continued to impose an agenda not in the interest of the developing nations. As Rafidah Aziz, Malaysia’s International Trade and Industry Minister, told the press, “They can jolly well say 2001, but they are kidding themselves,” pointing to the collapse of the WTO conference in Seattle last December as a case in point. “I have very serious doubts,” said Aziz, “about anything shaping out of Brunei, or after Brunei, simply because in Geneva [WTO headquarters] there is not yet any sign of a credible agenda that is of interest to both developed and developing countries.”

### Nations Agree with Malaysia

As a result of this resistance, the opening sessions of APEC, involving the ministers of trade and economics of the member-nations, did not call for a timetable for a new round of trade talks. Western press carried headlines such as: “Australia Says Malaysia Out of Step with APEC Criticism,” and “Malaysia Odd Man Out at APEC Show of Unity.” However, as the meeting progressed, it became clear that the major nations of Asia, including both China and Russia, had lined up *with* Malaysia, not only in demanding an agreeable agenda before any new trade negotiations were to proceed, but also in several important cases, defending Malaysia’s historic role in refusing IMF and Western banking dictates.

For example, Thai Deputy Prime Minister and Commerce Minister Supachai Panitchpakdi, who will become the WTO Director General in 2002, warned against rushing into a new

round of trade negotiations. “We cannot tolerate a second failure,” as in Seattle, he said. “It would be close to disastrous for the WTO.” He insisted that the next round must be development-oriented, with greater quality and substance, and with better integration of developing countries into the process. Supachai has been the leading Thai official to voice support for Malaysia’s economic policies.

China’s President Jiang Zemin met with Malaysian Prime Minister Datuk Seri Dr. Mahathir bin Mohamad, the architect of Malaysia’s successful program of selective currency controls and rejection of IMF demands, and the two leaders expressed their agreement on the need for currency controls to prevent the ravages of international speculation. President Jiang also spoke out forcefully against uncontrolled globalization: “We should not lose sight of the hidden worries facing the global economic development. The unstable capital and foreign exchange markets and international oil price hike have added to the adverse factors against economic growth. . . . There are a few countries that have tried to force their own values, economic regime, and social system on other countries by taking advantage of economic globalization.”

Equally important was the role of Russian President Vladimir Putin at the summit. Putin provided interviews and articles to several Asian press in the period preceding the APEC meeting, calling for a new approach to North-South relations, emphasizing technological development, and the need for participation of Asian countries in the development of the vast trans-Siberian region. At the summit, he met privately with Dr. Mahathir, inviting him to visit Russia next year.

### **‘Crush ASEAN-Plus-3’**

One reason for the Asian countries’ caution regarding APEC can be seen in the pre-conference statement by one of the leading business participants, Asia-Pacific General Motors president Rudolph Schlais. Schlais complained that “some of the member economies seem to have lost their enthusiasm for APEC. For instance, there is now public talk about a Northeast Asia Free Trade Area and an ‘ASEAN-Plus-3’ trade bloc.” The job of APEC, he said, must be to “ensure that the subregional and country-to-country agreements are consistent with the overall objectives of WTO and APEC member-countries.”

This attempt to use APEC to bludgeon any independent effort by Asian nations to establish regional policy collaboration, independent of the IMF, the United States, and the British Commonwealth powers, is not new. APEC was formed in 1989, and upgraded to a heads-of-state forum in 1993, precisely to circumvent plans by Asian nations—spearheaded even then by Malaysia’s Dr. Mahathir—to establish an East Asian Economic Group (EAEG), to consist only of the Southeast Asian and East Asian nations. APEC was created in order to force any such regional economic discussion to take place under the supervision of Washington and the British Com-

monwealth powers of Canada, Australia, and New Zealand. At the time, Japan and China, and even most of the ASEAN nations, were unwilling to counter the wishes of these powers, even to the extent of creating an independent institution for the region.

However, since the 1997-98 collapse of the Asian markets and currencies, brought on by international speculators, and the even more destructive policies forced upon several of the nearly bankrupt Asian nations by the IMF, the nations’ leaders have learned that neither the IMF nor the Western powers will act to protect them in a crisis—in fact, they have done the opposite. Therefore, when the ASEAN nations and China, Japan, and Korea began to formally define themselves as the ASEAN-Plus-3, a grouping almost identical with Dr. Mahathir’s earlier EAEG proposal, the protestations from the West were largely ignored. There is no question but that the Western financial oligarchy recognizes the potential for this grouping to act upon LaRouche’s proposals toward creating a new regional monetary structure independent of the IMF, and are frantic to prevent it.

### **Britain’s Singapore Branch**

One means for sabotaging the ASEAN-Plus-3 initiatives was seen on the sidelines of the APEC meeting, as several bilateral “Free Trade Associations” (FTAs) were established, based on precisely the principles rejected by the majority of the Asian nations as an agenda for a new trade round. All of these FTAs were created by Singapore, the former colonial headquarters for the British Empire in Asia, and still essentially a conglomerate of British banking institutions with home rule. In the days preceding the APEC meeting, Singapore announced a bilateral FTA with New Zealand, the first such institution in Asia, and another with Mexico, the first cross-Pacific FTA. The FTA with New Zealand is expected to be expanded to include Australia, Chile, and the United States, which will be called the “Pacific 5.” Another FTA between Singapore and Japan was reported to be in the works, and after a round of golf between President Clinton and Singapore Prime Minister Goh Chok Tong, they announced that the United States and Singapore would also set up an FTA. The deal even includes the imposition of labor and environmental conditions on trade policies, two of the most bitterly opposed demands put forward by the developed nations for the WTO agenda.

This drive to establish a sub-grouping of Asian nations tied together by supranational free-trade rules, and standing in opposition to those nations that refuse to submit to such neo-colonial controls, has an eerie resemblance to the Cold War alliance of the 1950s created by the British and U.S. Secretary of State John Foster Dulles, called the Southeast Asian Treaty Organization (SEATO). SEATO was an anti-communist military pact, supposedly to provide U.S. military protection against communist insurgency, in exchange for support for the U.S. takeover of the European colonial wars

in Asia. The new Free Trade Associations are economic, not military, but they are clearly aimed at isolating and ultimately breaking the sovereign right to economic independence in Asia, just as the world financial system is collapsing.

Dr. Mahathir, in a press conference held immediately after his meeting with President Putin, expressed his concern that the FTAs not become a means of imposing non-tariff barriers, and as a means of circumventing the agreement to have a mutually agreeable agenda for any future trade talks. He also explained that Malaysia and other nations had ultimately agreed to a final communiqué calling for a new round of trade talks by next year, but only because the proviso was added that the agenda be agreed to by *all* before the start of negotiations.

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## Documentation

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# Mahathir Outlines New World Economic System

*Only days after the APEC summit, Dr. Mahathir made a striking call to leaders from Southern Africa gathered at the fifth annual meeting of the Langkawi International Dialogue, including Presidents Robert Mugabe of Zimbabwe, Joaquim Alberto Chissano of Mozambique, and Dr. Sam Nujoma of Namibia, in Langkawi, Malaysia, on Nov. 19. The following excerpts of that speech demonstrate that the impulse for a new economic order among the Asian nations is perceived to be the basis for a new world monetary and economic system.*

... When we last met here in Langkawi, we spoke of pro-activity and representation, of empowerment and international regulations that are fair and just. The year that has passed has not diminished in any way, our fervor for doing what is right. Because when we don't do right for ourselves, we cannot fault others when things go horribly wrong.

2. Pro-activity is necessary because the stakes get increasingly higher, because one wrong move could result in the loss of lives and livelihood, of sovereignty of nations, of the right to call our country our own. Pro-activity calls for a careful assessment of what is real and what is hype. It requires us to seek the truth and not take it for granted that others are telling us the truth.

3. It has often been said that the only permanence is change, and at present this phenomenon called "globalization" promises to change economic, political, and social landscapes the world over. Likewise, we are made to believe that globalization is in fact driven by irrefutable economic laws and irrepressible market forces. All nations big and small must accept or accommodate it, that it is impossible to resist or even modify. In fact, the Director General of the World

Trade Organization (WTO) likened the stopping of globalization "as trying to stop the rotation of the Earth."

4. Why are they trying so hard to pass this as "the truth"? Because its repetition and reinforcement "intimidates" us into thinking that they know better, and this intimidation prevents critical analysis.

5. The truth is there is indeed very little "free market" element in this brand of globalization. It has been deliberately shaped to fulfill the requirements of the principal players, a process greatly aided by political powers bent on creating international conditions conducive to their needs.

6. It is indeed baffling that in the face of the onslaught of such diverse economic and political strategies for economic domination, any effort on the part of developing nations to slow the advancement of trade liberalization is automatically labeled as "barriers to business" or "market distortions."

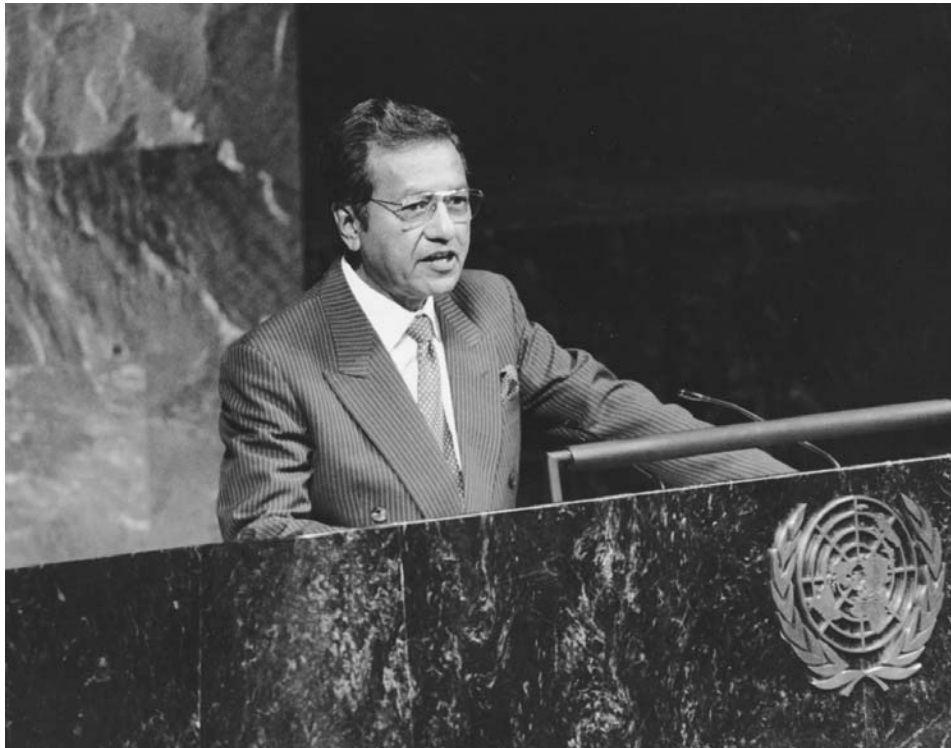
7. All around us double standards abound. During the seven-year-long Uruguay Round of GATT [General Agreement on Tariffs and Trade], a number of developed nations (i.e., the United States, Europe, and Japan) secured special terms for their textile and agricultural sectors. As global trade increasingly endangers their supremacy in these areas, they have resorted to a range of tariffs and non-tariff barriers, including quotas and so-called voluntary export restrictions. . . .

9. The Trade Related Intellectual Property Rights Agreement (TRIPS) protects the rights of corporations but allows for patenting of the shared knowledge of indigenous communities. The implication for developing countries is the loss of billions in rent transfers to rich countries, as trans-national corporations (TNCs) will continue to control virtually all the patents of developing countries.

10. In the interest of this so-called "level playing field," the WTO wants all countries to stop subsidizing farmers, and through the 1996 Farm Bill, the United States reduced direct subsidy payments. However, through its "Green Box" policies, exemptions are provided for direct income subsidies to U.S. agro-exporters, because they do not constitute production subsidies and are, therefore, "non-trade distorting." I fail to see the logic of this equation, purportedly made in the name of fair trade, but perhaps more disturbing is the prospect of a policy statement that perhaps mathematically tallies, but sends small farms and farmers all over the world to an early grave. . . .

12. So why bother with the rhetoric of "a better quality of life for all humanity" and "an equal footing," when it is really all about money and market domination? As was very clearly stated by the Office of the United States Trade Representative and Related Entities, regarding its trade policies in the Asia Pacific: ". . . We must, therefore, continue to identify those markets that present growth opportunities, ensure access to those markets, and do so in such a way as to create enduring relationships that foster not only short-term economic prosperity, but also our long-term economic security. A failure by





*Malaysia Prime Minister Dr. Mahathir bin Mohamad: "The truth is there is indeed very little 'free market' element in this brand of globalization. It has been deliberately shaped to fulfill the requirements of the principal players."*

the United States to participate in and shape these efforts could significantly diminish the opportunities for U.S. firms and workers as we enter what some are calling the 'Pacific Century.' Thus, the United States has been pursuing an activist trade policy in the Asia Pacific region aimed at further opening these fast growing markets, and expanding opportunities for American companies and workers. . . ."

13. The developing economies of the world must wake up to the reality of what this means to us. We have to equip ourselves and build our strength, because the failure to do so is tantamount to laying down our weapons and surrendering our collective destinies. We must strive for greater technological know-how, stronger representation in world fora, and for appropriate institutional, legal, supervisory international framework. While the developed nations continuously harp on "human rights violations," the G-77 accurately identifies poverty as the single most pervasive violation of human rights. And this is not perpetrated by us.

14. Extreme poverty continues to afflict over one-fifth of the world's population. The marginalization of Africa, for example, must be corrected. . . .

18. The larger issue of representation of developing economies in international fora is one of urgency that must immediately be addressed. Here again the implication of a weak economy manifests itself in a number of ways. While making up three-fourths of WTO membership, the economic dependence of developing nations on the larger economies in terms of imports, exports, aid, and security means that their numbers

can never be used to their advantage. This obviously results in their inability to make their vote count, in a manner that serves to influence the agenda and trade negotiations in their favor. . . .

20. In the face of such shortcomings, developing countries must strengthen international cooperation to ensure an effective system of global governance, where different countries, independently of their size or economic strength, have their say. The network itself may serve as a surveillance system against the ills that may infiltrate our economies.

21. The difficulties involved in putting together a new multilateral structure cannot be underestimated, but it is evident that such efforts do work even though the process is long and hard. But pulling of wool over the eyes is no longer feasible. It used to be that parties were willing to reach any kind of agreement, at the last hour — no matter how unsatisfactory — just so that "an agreement is reached." Now countries are no longer content with doing that. The Seattle debacle is proof that developing countries are no longer willing to take the back seat. Hard lessons have been learnt from the Uruguay rounds. The merits and intentions of these so-called "mediating mechanisms" of international multilateral agencies are seriously suspect. While the proponents of globalization may argue that it is not a zero-sum game, the stakes are indeed higher in all facets of economic activities, be it trade, finances, or economic negotiations. . . . The spirit of Smart Partnership, far from being an abstraction, is a workable entity that promises real, tangible results.

# Wall St., Treasury Crew Laugh To See Asian Governments Weaken

by Kathy Wolfe

Wall Street bankers and U.S. Treasury officials were having a good laugh at the so-called political process both in Asia and the United States Thanksgiving week, as the Japanese yen and South Korean won tumbled 3% and 4%, respectively, against the U.S. dollar, joining the rest of Asia's currencies in what is becoming a re-make of the 1997 "Asia crisis."

At our deadline, the United States has no President in sight, and the Nov. 23-24 heads of state summit of the Association of Southeast Asian Nations (ASEAN) plus China, Japan, and South Korea, known as ASEAN-Plus-3, has not yet convened. No matter: The Anglo-American financial elite, like *Ozymandias*, yet dreams of ruling the world alone.

"The United States government has lost enormous face in the world and it no longer matters whether Gore or Bush becomes President," as one Korean diplomat told *EIR* on Nov. 21. "The fact that neither of them could agree to any cooperation, in an unprecedented American constitutional crisis, not to even speak to each other as gentlemen, has completely discredited both of them in the eyes of Asia and probably most other nations. This is behavior befitting a 19th-Century warlord state, not the leader of the Free World."

Yet, asked on Nov. 22 whether the 13 nations making up the ASEAN-Plus-3 might take advantage of the paralysis in Washington to move toward an independent monetary system, a U.S. Treasury official laughed. "Let's see," he chortled. "Asia is the region where three Presidents right now are under threat of being impeached—maybe it's four leaders if you count Japan, ha-ha—so once we pick a winner in the U.S., my guess is that the U.S. President will be in a relatively strong position vis-à-vis his Asian counterparts."

Wall Street and the International Monetary Fund (IMF) are determining U.S. policy on Asia, he said, so "there's no point in their [Asia] waiting for the U.S. electoral results."

The Wall Street-IMF policy is that the Chiang Mai Initiative (CMI) Asian pool of funds to protect the region's currencies, and any other Asian monetary moves, must be directly subordinated to the IMF and its conditionalities, said the

Treasury official. That is U.S. policy, and U.S. policy is not going to change. "No one has said anything to indicate that a Bush or Gore Administration would have any different views on an ASEAN-Plus-3 swap arrangement. . . . There's no point in waiting, there's nothing to indicate Bush or Gore would have different views than recent [G-7 and APEC] communiqués on the need for the ASEAN-Plus-3 swap arrangement to complement the IMF."

## 'A Little List'

Of course, Asian nations might well change *their* policy unilaterally, and let Wall Street and the IMF go hang, as *EIR* Founder Lyndon LaRouche has frequently advised them to do. But the Treasury official, it seems, like the Lord High Executioner in Gilbert and Sullivan's *Mikado*, "has a little list," this time of Asian government leaders, "who might well be underground, and who never would be missed."

"It's hard to think of a leader in Asia right now, who enjoys strong backing," he said, still laughing, "including China" and even South Korea. "I mean, go down the list!" In addition to Japan's Prime Minister Yoshiro Mori, who narrowly escaped a Diet (parliament) vote of no confidence on Nov. 20 but has no power to rule, he said, "[Philippines President Joseph] Estrada is being impeached, and [Indonesia's President Abdurrahman] Wahid is almost out the door, as are [Taiwan's President] Chen Shui-bian and [South Korea's President] Kim Dae-jung."

What of Kim Dae-jung's achievements in his peace drive with North Korea, for which he won the Nobel Prize, the Treasury man was asked. "Sure, outside of Korea, everybody loves Kim Dae-jung, but I don't think his domestic approval rate is very high, because of the economy. . . . The issue he cares most about is North Korea, and on that he's gotten a bad reputation with the electorate, because people care more about the South Korean economy. . . ."

"I mean, maybe the Vietnamese are doing okay," the Treasury man said sarcastically, but no other Asian rulers are—and Hanoi was none too pleased by the population's turnout for Bill Clinton. "Thailand's about to kick out their ruler; they hate the Chief Executive in Hong Kong, I mean (laughing), it's hard to find a strong leader in the entire region, the only one is probably Goh [Chok Tong], the Prime Minister of Singapore," he said.

The Treasury's view, apparently, is that even in China, the banking system is a disaster, and President Jiang Zemin and Prime Minister Zhu Rongji will be out of office in 2002, with no clear succession to follow them, and major policy brawls on the way.

The official concluded from all this, that "we're hearing that they will include the IMF link to the Chiang Mai Initiative," if not at the Nov. 25-26 meeting, then sooner or later. "And that has a lot to do with the idea that it's hard to think of a leader over there who hasn't got his butt in a sling?" he was asked. "Right," he replied, laughing once again.



South Korean President Kim Dae-jung, Wall Street's target.

## Method in the Madness

There is method in the Treasury's madness, unfortunately. Asian governments have now grown weak, precisely because they have continued to "defer to the Lord High Executioner," in this case, to the IMF. "What the IMF did in Indonesia can be compared to what happens if I am injured in an automobile wreck," one Japanese diplomat told *EIR* on Nov. 22. "I go to the hospital, and the doctor, instead of treating my wounds, says, 'You know, you are rather overweight. You should go on a diet.'"

Yet, Japan and the rest of Asia have made no break with the IMF.

Thus, we now have the "Asian currency crisis II," of which *EIR* warned last Summer. "I do not understand the economic reasons either for the collapse of the euro, or the now renewed falling of Asian currencies," a Korean official said on Nov. 22. "There is no reason for the dollar to be so strong. The Federal Reserve appears to be printing large amounts of money, the U.S. trade and current account deficit is ballooning out of control, and the New York stock market is shaky."

Precisely. In fact, the U.S. dollar is the shakiest currency on the planet, comparing the enormous volume of paper dollars circling the globe, to the ever-shrinking industrial output of America. To sustain the value of dollar investments, especially U.S. bank derivatives and bank paper, however, we now hear the great sucking sound of Wall Street financial institutions pulling in cash from the four corners of the world. First the European euro, and now Asian stock markets and currencies, are being dumped, with no

bottom in sight.

As Asian factories begin to close, as with the main plant of giant Daewoo Motor in Pusan, South Korea, and workers are put on the streets, their natural reaction is to blame their governments, rather than the IMF. The media in Seoul, Tokyo, and many other countries in the region, largely controlled from London and New York, are quick to oblige with attacks on national leaders, while praising the IMF for offering up more of its poison as medicine.

The lower house of Japan's Diet narrowly rejected a no-confidence motion to overthrow Prime Minister Mori's government during an all-night session on Nov. 21, meaning that Mori will stay in power for a while, but is severely weakened. Liberal Democratic Party (LDP) members Koichi Kato and Taku Yamasaki, who staged a campaign to unseat Mori, decided to give up at midnight, when it became clear that they and the opposition Democratic Party, Liberal Party, Socialists, Communists, and others did not have the votes to pass the censure. Kato has a Harvard MBA and is the darling of the media. He had been meeting, the week before this action, with Lawrence Lindsey, former Federal Reserve Board member and chief economic adviser for George W. Bush, and with U.S. asset, Liberal Party chief Ichiro Ozawa, the man who split the LDP in 1993.

## Korea Is Under the Gun

Perhaps most surprising was the Treasury thug's inclusion on his list, of South Korean President Kim Dae-jung, a national hero for his June summit in North Korea and his ongoing "Sunshine Policy" to warm inter-Korean relations. President Kim, who has survived many a life-and-death crisis in his 50-year career, has not lost that much popularity, as yet.

The brutal Nov. 15 IMF report, however, which demands further shutdowns of major South Korean firms, detailed in last week's *EIR*, is now being turned against President Kim. The opposition Grand National Party (GNP), the biggest in parliament, started a boycott of the National Assembly on Nov. 19, threatening to freeze the government, as Newt Gingrich paralyzed the U.S. government in 1996. The GNP cites the IMF report positively, complaining that Kim is moving too slowly on IMF reforms, by refusing to simply close down the bankrupt conglomerates such as Daewoo and Hyundai. The GNP wants to let the free market rip, without wanting to look at the reality of what "shock therapy" produced in Russia and eastern Europe.

The South Korean government has already spent about \$100 billion propping up the financial system since it took a \$58 billion IMF bailout in late 1997, and more in corporate bailouts. The opposition contends they've thrown the money away. "Korea could face social-political instability like Latin America and a long-running economic recession like Japan in the near future," one GNP member told the National Assembly on Nov. 20.

Korean trade unionists, on the other side, are holding Kim responsible for the IMF's demands. Demonstrations in the tens of thousands of workers are growing daily at the National Assembly and in downtown Seoul, demanding that the bankrupt conglomerates be nationalized, to freeze jobs where they are. This, of course, would be preferable to closing them, but the unions refuse to understand that the global market for Korean cars and electronics is collapsing as the United States hits its "hard landing."

Neither the GNP nor the unions, so far, have been willing to frontally attack the IMF, so they are, instead, quoting the IMF report which blames President Kim. "Market sentiment has deteriorated in recent months," as the IMF put it, and this "decline in confidence is largely related to market perceptions that [Kim's] corporate and financial restructuring has been slow."

President Kim visited Daewoo Motor's headquarters on Nov. 20, and made a speech saying that he intends to save the company, if Daewoo accepts the IMF's program of massive job cuts. "We should keep whoever they are, as long as they are needed, otherwise we must lay them off to make ends meet," Kim said. "All would become jobless if the firm collapses, but jobs would be created if the business survives with a 10% job cut."

Unfortunately, President Kim is wrong. No new jobs will be created in Asia, until it creates a new monetary system.

## Riyadh Meeting Blasts 'Paper Oil' Speculation

by Hussein al-Nadeem

On Nov. 17-19, the Seventh Energy Forum of oil-producing and -consuming nations convened in Riyadh, Saudi Arabia. This forum was established following the catastrophic rise of oil prices during the Gulf War in 1990-91. The issues discussed in these fora are confined to academic presentations on future perspectives for oil industry and marketing, environmental issues, and so forth, where no conclusions or binding resolutions are made. However, the discussions on the sidelines are very important and reflect the reality of the world crisis.

In the days prior to the forum, a number of revelations were made, proving that *EIR* had been right in arguing that the reason behind the rise of oil prices was speculation. Western governments have been turning a blind eye to this speculation, because it is part of the rules of the so-called "free market."

Although the question of speculation was not openly addressed at the Riyadh conference, officials of the Organization of Petroleum-Exporting Countries (OPEC) and some media made the point clear. OPEC Secretary General Alí Rodríguez stated in an interview with France's *La Tribune* on Nov. 17 that speculators in oil futures have "created a market that did not really exist, adding up \$8 to the price of each barrel of oil. There were days, on which more than 150 million barrels, that is double the world's demand, were negotiated on the markets" by speculators.

On Nov. 16, the U.S.-based, semi-official Saudi daily, the *Saudi Gazette*, published an editorial blaming speculators for forcing up oil prices and warning of the potential for a collapse. The paper reportedly added that "the world oil market is held captive by derivatives market" speculators, who "could bring about the world's next financial catastrophe. If oil prices are pushed substantially above current levels by speculation—paper demand for non-existent paper barrels—the effect on the world economy could be disastrous."

Another signal came from the Singapore-based newspaper *Energy Asia*. As reported in the Nov. 13 issue of *Tehran Times* of Iran (another OPEC member), *Energy Asia* stresses that "paper oil traders could crash Asian economies." It stated: "Oil has evolved from being a mere commodity into a financial instrument much like currencies or bonds follow-

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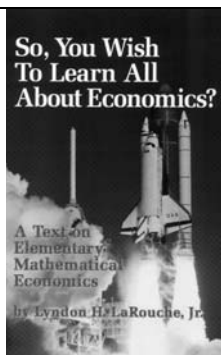
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ing the setting up of over-the-counter derivatives and swaps in New York and London.” It emphasized that these derivatives markets, not OPEC, set the price of oil.

*Energy Asia* said that the size of the paper oil market is “easily 20-30 times” bigger than the physical market. “Such power to set prices now rests largely with paper traders in large oil firms, financial houses on Wall Street, and speculative funds established to trade commodities.” It further compared the impact of the oil price rise on Asian economies to that of the currency speculators on the Asian economies in 1997.

Oil ministers from OPEC countries have been vigorously protesting against American and European pressure on them to raise production as a means of lowering the price. They have increasingly argued that the oil market has a *surplus* of more than 2 million barrels, and that speculators and bottlenecks in the U.S. refining and distribution sectors are to blame for the high prices. In Riyadh, the American and European representatives kept repeating the same mantra, regardless of what their counterparts said. U.S. Energy Secretary Bill Richardson was the most emphatic in this regard. Therefore, OPEC oil ministers, represented by Saudi Oil Minister Ali Al-Nuaimi, emerged from the Riyadh forum to announce that there had been very little agreement between the two sides, especially on “the supply and demand” question. He stated that next time, “OPEC will raise production only if there is a shortage of supplies on the market.

This is a completely different mechanism than that which has functioned so far. The previous policy was to raise oil production by 0.5 million barrels whenever the price of oil went above \$28-30. OPEC has raised production four times in the recent months, but the price is still above \$30, and rising. Some OPEC representatives in Riyadh even demanded that OPEC should reduce its production gradually from the first quarter next year, due to fears of an artificial collapse in prices.

### Oil for Technology

On the eve of the Riyadh meeting, a new concept started circulating in certain Arabic media and economic circles. The idea of exchanging Arab oil for Western industrial technology was emphasized in an article published by the London-based Arabic daily *Al-Arab International*. Under the title “Wanted: Oil for Technology Program for All Arab Nations,” this author warned that the billions of oil dollars stuffed into the Anglo-American banks and markets could be wiped out very soon. The article referred to the Riyadh meeting as “an appropriate opportunity for opening a dialogue on this issue between the two sides, the mostly industrial consumer nations and OPEC.”

The author wrote that this meeting comes at a crucial point, when the collapse of the financial bubble in the West had been hitting according to the timetable forecast by Lyndon LaRouche. There is also the possibility of the decline

of the dollar by 30-40% in the near future. All this has taken place when the United States has descended into a political-strategic crisis, due to the unresolved Nov. 7 Presidential election vote.

The article goes briefly into the recent Russia-European Union cooperation strategy for a long-term “oil for technology” trade agreement, and calls on Arab countries to develop a similar policy, in cooperation with Asia and Europe, on a wide range of agreements. Most important is to trade oil for water desalination technology, transport technology, and integration of the Arab railway and road networks in the context of the New Silk Road/Eurasian Land-Bridge project. Other areas of great significance for the Arab world’s development are the machine-tool sector, petrochemical industries, biotechnology, metallurgy, and similar sophisticated branches of industrial knowledge. It would also be imperative for these countries to develop a well-educated labor force, through educational programs coordinated with the industrial nations. The second part of the article deals with ideas for stabilizing the oil markets. It states that these ideas and proposals “have been developed out of the work of American economist Lyndon LaRouche” and that following this kind of oil strategy “would be the stepping stone into a new, just world economic order, as designed by LaRouche.”

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# The Twilight of The Dot.Bombs

by Richard Freeman

This is the Twilight of the dot.bombs. But no Valkyrie is hovering over the field, waiting to escort the bested dot.bomb company to a dead hero's welcome in Valhalla. Rather, in a much more mundane manner, a "Dispossessed" notice will inform the company to leave the premises and turn out the lights; a legal order will escort it into bankruptcy court.

The Internet collapse is accelerating. On Nov. 16, the online research firm WebMergers.com reported that thus far this year, 130 dot.com companies in the United States have shut down. During October, 22 Internet companies closed their doors, a record. In November, through just the 16th, some 21 Internet companies closed down; the full month's toll will surpass the October record. Already, this is proceeding at a rate faster than one failure per day. Most recently, Pets.com, Furniture.com, Garden.com, and Beautyjungle.com have shut down. Of the 130 dot.coms that have closed down this year, 60% have been e-commerce companies.

However, the real carnage is greater. According to WebMergers President Tim Miller, many companies that did not make the casualty list, have been absorbed through mergers, often at bargain prices, in deals where most or all of the employees were let go. Miller said that more than 1,000 Internet companies have been acquired since 1998, and at least 700 have been acquired this year. "Clearly, some of these were sold at distress prices," he said.

Consider the contrast. In March of this year, champagne corks were popping, as dot.coms and "high-tech" company stocks shot up in value, sometimes by \$10 to \$15 billion per week, while the employees, who eagerly counted millions of dollars worth of stock options, debated whether to buy a \$2 million mansion equipped with two carports.

But eight months later, many of the stock options are worthless; chairmen of two of the largest Internet companies are receiving the equivalent of margin calls; people inhabiting \$2 million homes are wondering how they are going to make mortgage payments of \$5,000 per month, while eating on-sale hot dogs for dinner; and \$2.3 trillion worth of market valuation of stocks traded on the Nasdaq has evaporated.

No one should be surprised. In the mid-1960s, the British financier oligarchy imposed a post-industrial policy upon the United States. This policy withered manufacturing, agriculture, and infrastructure production, while building up information services and a speculative bubble. The Information Age/Internet "high-tech" operation was created deliberately as an extension of this policy. It does not represent real eco-

nomie wealth, but for the most part, non-productive overhead. It was inevitable that the Internet, and its trillions of dollars of bloated stock paper, would collapse.

## Fictitious Value

In the period from March 10 through March 27, many Internet- and high-tech-related companies' stocks reached their high points. We compare, for six big Internet-related companies, their high points in stock market capitalization in March, to the level they had dropped to on Nov. 8. The stock market capitalization of Microsoft went from \$582.3 billion to \$367.1 billion, a fall of 37.0%; Intel, from \$476.7 billion to \$286.6 billion, a fall of 40%; Dell Computer, from \$148.8 billion to \$79.3 billion, a fall of 47.4%; Amazon.com, from \$24.9 billion to \$12.1 billion, a fall of 51.4%; eBay, from \$31.5 billion to \$13.9 billion, a fall of 55.9%; and Yahoo, from \$105.3 billion to \$35.7 billion, a fall of 66.1%.

The collapse is not only wiping out the valuations of dot.bomb companies, but is blowing gaping holes in the fortunes of the so-called "Internet Titans." Consider two cases, both top executives of companies headquartered in Loudoun County, Virginia—"Silicon Valley East."

On Sept. 28, Bernie Ebbers, the president and CEO of WorldCom, Inc.—the second largest long-distance phone carrier in the United States and owner of UUNET, the leading Internet access provider—announced that he would sell 3 million shares of his WorldCom stock for \$79 million to meet a "margin call." Four years ago, Ebbers bought an important bloc of WorldCom stock through a "margin loan." As the value of WorldCom stock plummeted, the bank made a margin call on Ebbers, because the stock had fallen below the permissible level.

During the week of Nov. 13, William Schrader, chairman of PSINet, one of the very large "super-carriers" of the Internet, was forced to sell all of his 11 million shares in his company, because he was in default on a \$25 million personal loan he had taken out from Bank of America. He had pledged the 11 million shares as collateral for the loan. PSINet is collapsing: Its share price has fallen from \$60 down to \$2, and it is reported to be seeking a takeover to avoid bankruptcy.

In their salad days, both WorldCom's Ebbers and PSINet's Schrader were lauded as "visionary geniuses," as "pioneers." Now they are undergoing the same vicissitudes as any common sucker who invested heavily in Internet stock.

The Internet business is highly interconnected; everyone takes in everyone else's laundry. Makers of computer chips make sales because somebody is buying a computer. Often, people buy computers to get onto the Internet. Internet access and hardware providers sell their services to the Internet. As crucial elements go under, this implodes the whole interconnected process. In fact, the self-feeding dot.bombs collapse can trigger the overleveraged U.S. financial bubble to explode.

The false golden days are past; twilight is spreading.

# Schiller Institute Briefs Croatians On Prospects for Balkan Cooperation

For the first time since the change of government in neighboring Yugoslavia in October, the Schiller Institute conducted a seminar in the Croatian capital of Zagreb on Nov. 16, on “The Disintegration of the International Financial System—Europe’s Role in Today’s Strategic Situation.” The event was attended by 40 persons, including institutional representatives of government, university and other research institutes, economic and labor representatives, and foreign embassies. As became evident during many discussions during and surrounding the event, a growing number of political forces are closely following the international mobilization for a New Bretton Woods financial system, as presented by American statesman Lyndon H. LaRouche, Jr.

The seminar took place one week before the Nov. 24 Zagreb meeting between the European Union (EU) and west Balkan states, in which Yugoslav President Vojislav Kostunica was going to participate, and after a flurry of meetings in Paris, Warsaw, Budapest, and Dayton, Ohio, during which very little of substance occurred. Thus, the seminar was an important intervention into the discussions on the ground, which are characterized by insecurity about Croatia’s prospects of joining the European Union soon, as well as by growing disillusion about the many unrealized pledges for financial assistance by the “international community.” Just recently, Croatian Prime Minister Ivica Racan demanded the renegotiation of the “Stability Pact” during a state visit to Turkey. He announced that some other members of the Pact, which was formed last year after the conclusion of NATO’s war against Yugoslavia, were prepared to back this demand. In reporting on this statement, the Croatian daily *Vjesnik* of Nov. 7 pointed to the fact that, while some of the transportation, energy, and other projects which countries of the region had proposed, had been accepted last year, they were never implemented, because promised funds were blocked by “monetary institutions.” Besides, according to the paper, the Stability Pact had turned into a “debate club,” which was no longer tolerable.

## Effects of the IMF Austerity Policies

Internally, Croatia, like all the other countries of the region, finds itself under the strict dictates of International Monetary Fund (IMF) and World Bank control, with devastating effects for the real economy and employment. Unemploy-

ment is at 22% (some 360,000 officially, and some 150,000 more working in jobs with bankrupt firms that are not paying their workers). More than 300 companies have been ordered into legal bankruptcy. The government budget, which was debated during the middle of November, is characterized by austerity policies, priority payment of back debts (8 billion kuna in debt payment, or about \$1 billion, comes due in 2001, and \$1.5 billion in 2002), and rapid privatization of the remaining pearls of the Croatian economy. These are the oil company INA, the electric utility HEP, and the remaining part of the already privatized telecom sector. The trade unions have been pushed into accepting a “social pact” for three years, including giving up the right to strike for that period. A debate over the “alternatives” is being forced on the country—either devalue the currency, supposedly to “increase exports,” or slash wages, in order to be “more competitive”—without addressing the vital point of how to create new jobs. Andrew Vorking, the World Bank director for Croatia, insisted in an interview with Croatian papers on Oct. 30, that the government cannot be allowed to create jobs, but instead must create preconditions for some miraculous inflows of foreign money, by “free-market reforms.”

A small sign of revolt against this policy—a policy which is leading to further destruction of the economy—could be seen in the Parliament’s debate about the future of the Croatian railway system. The proposed austerity strategy foresees a decrease of employees from 19,800 to 13,000, the shutdown of “unprofitable lines,” and a decrease in budgetary support by the state. In the current situation, in which Southeast Europe needs infrastructure development more than anything else,

**For More on  
EIR’s Balkans Policy  
See EIR, Oct. 20, 2000.**

such a policy is suicidal. During the debate, many objections were expressed concerning the government's inadequate social programs, and demands were raised that rail lines not be axed without a thoroughgoing analysis of the effects on the economy and the population.

### **'Prepare for the Crash, Protect Your Economy'**

In addressing the Nov. 16 seminar, Paolo Raimondi of *EIR*'s European headquarters in Wiesbaden, Germany, gave a report on Lyndon LaRouche's Nov. 14 webcast (see article, p. 61), and challenged the audience to situate the internal and regional situation in the context of the unfolding international financial crash. Under these conditions, the seeming power of international financial institutions and banks, which currently dominate countries like Croatia, is not going to last for very long. Raimondi detailed how pure speculation has taken over in the last decade, to the current breaking point of worldwide hyperinflation. Particularly interesting for the audience, as it turned out in the discussion period, was the example of the telecom sector's debt for UMTS (mobile telephone) licenses, which has prompted major banks to save themselves from involvement in this highly speculative field.

"Since for any kind of emergency, such as fire in a building or natural catastrophes, there exist contingency plans," Raimondi said, "the most reasonable thing for nations to do now, is to think about alternative economic mechanisms to survive the coming crash." As can be seen from the initiative of 25 Italian senators, who submitted a resolution to Parliament calling upon the Italian government to work to bring about a New Bretton Woods system, a worldwide movement for such a new financial system is developing,<sup>1</sup> in which new allies for bilateral and regional collaboration can be found. He also pointed out the extraordinary importance of the International Meeting of Parliamentarians for the Jubilee in Rome one week before,<sup>2</sup> and challenged the audience to make sure that the resolutions passed there, are also introduced in the Croatian Parliament, since they provide a way of confronting the dominant monetarist ideology, through a broad public discussion on the principles of a sound, moral economic policy.

Elke Fimmen of the Schiller Institute, speaking after Raimondi, counterposed the rational forms of monetary and economic reorganization under the postwar Bretton Woods system of 1944, with fixed exchange rates and an emphasis on revitalizing production and channels of trade in war-torn Europe, to today's prevalent monetarist ideology of speculation and financial globalization. Of particular interest for the audi-

1. "Italian Senators Present Motion for a 'New Bretton Woods,'" *EIR*, Nov. 10, 2000.

2. Paolo Raimondi, "Lawmakers Gather in Rome for Jubilee Year Debt Forgiveness," *EIR*, Nov. 24, 2000.

ence was the mechanism of how the Kreditanstalt für Wiederaufbau (Reconstruction Bank, KfW) in postwar Germany used the relatively small amount of \$1.4 billion in Marshall Plan money, to create a revolving fund for investment, which led to immense creation of jobs in the real economy.<sup>3</sup> She reminded the audience, that the establishment of such funds in every country of the region was proposed by the KfW immediately after the end of last year's war, but this was blocked by the G-7 meeting in Cologne, under huge pressure from the IMF.

She explained the importance of the fact, that the German government had succeeded in the London debt renegotiations of 1951-53 with its demand, that debt payments should only be taken out of a *surplus* in the balance of payments, and "not through decrease of trade, production, consumption, or through austerity policies," so that a steady growth of the real economy could be accomplished. Again, this is completely opposite to today's predominant monetarist policies; but to allow such rational mechanisms was in the interests of the United States of that time, which needed to reopen the channels of trade in war-destroyed Europe for its own exports as well.

Today, real economic development of Southeast Europe, including the most important trans-European waterway, the Danube, is in the self-interest of Western Europe as well, to help its own economies. Such a policy, Fimmen pointed out, was presented in the recently published Schiller Institute Call "For a Joint German-French-Russian Development of Southeast Europe," which every seminar participant received.<sup>4</sup>

She emphasized the need for Europeans to distance themselves from the collapsing dollar empire, to develop their own initiatives for reopening regional and bilateral economic channels, instead of waiting for help from outside. She invited the audience to study LaRouche's recent writings on the necessary steps of regional reorganization of the world economy and on the establishment of "trade without currency."<sup>5</sup>

### **Bilateral Cooperation Emerges**

While the Schiller Institute seminar was taking place, promising steps in the direction of regional cooperation came out of the first meeting since the Balkan wars, of over 1,000 businessmen from Croatia and the Federal Republic of Yugoslavia in Belgrade. The meeting was organized by the Cro-

3. Lothar Komp, "How Germany Financed Its Postwar Reconstruction," *EIR*, Oct. 20, 2000.

4. Published in *EIR*, Oct. 20, 2000.

5. Lyndon H. LaRouche, Jr., "New Accounting Standards Are Imperative: The Becoming Death of Systems Analysis," *EIR*, March 31, 2000; and "On a Basket of Hard Commodities: Trade Without Currency," *EIR*, Aug. 4, 2000. These and other writings by LaRouche are available in book form, *Now, Are You Ready To Learn Economics?* (Washington, D.C.: EIR News Service, 2000).



atian and Yugoslav Chambers of Commerce, none of which were surprised by the enormous response. As Nadan Vidosevic, head of the Croatian Chamber of Commerce, told reporters, while Croatia must be focussed on entering the EU, prior to that, relations with its neighbors had to be settled. Most importantly, the discussions centered on establishment of a system of payments, which should be in operation early next year, as well as restitution of the assets of Croatian companies in Yugoslavia and vice versa. Also, both leaders of the delegations agreed to call for the two governments to conclude a free-trade agreement as soon as possible. The vice president of the Chamber of Commerce of Yugoslavia, Drago Sofranac, stressed that the economies of the two countries are "complementary." Two business deals were concluded right away, including a contract on the delivery of machine tools. According to unofficial information, the Croatian Chamber of Commerce will open its representative offices in Belgrade and Novi Sad by the end of this year, and the Yugoslav Chamber of Commerce will do the same in Zagreb.

This development comes in the context of moves to finally restart the economy of the region, after the change of government in Belgrade in October. Among other activities, Greek Economics and Finance Minister Yiannos Papantoniou toured Belgrade, Sofia (Bulgaria), and Skopje (Macedonia) in mid-November, to coordinate reconstruction policies for the Bal-

kans. After last year's war, especially Greece, Romania, and Bulgaria had cooperated on presenting infrastructure and economic programs, to revive the badly destroyed regional economy. In Belgrade, Papantoniou led a delegation of 50 Greek business representatives, and met both Yugoslav President Kostunica and Deputy Prime Minister Mirosljub Labus. According to unconfirmed reports, a credit line of \$100 million was extended to Belgrade. In the context of a meeting of the Stability Pact, which also took place in Belgrade during the same period, Greece promised \$250 million in investments over the next five years, mainly in transportation and communications. In Skopje, Papantoniou pledged \$85 million in donations and loans for various economic programs, as well as for the health and education sector, and in Sofia, \$62 million in aid for reconstruction of infrastructure.

Commenting upon the meetings held by the Greek Finance Minister, Bulgarian President Stoyanov said that the joint development plans for upgrading infrastructure which had been proposed by Greece, were "the best thing that could happen." He expressed hope that Greece, the only EU member in the region, "would be able to convince Western Europe that a speedy reconstruction of the Balkans is in the interest of Western European countries. . . . Let us hope, that they will remember the Marshall Plan in Europe after World War II."

# Challenges of Human Space Exploration

by Marsha Freeman

*21st Century Science & Technology*

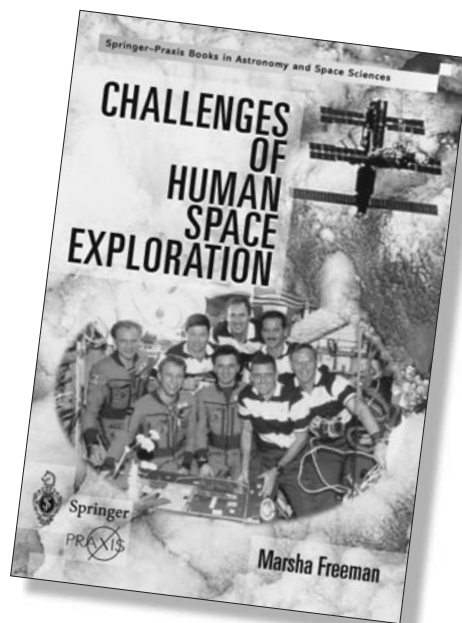
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# 'Mad Cow' Disease Again Scares Europe

by Andrew Spannaus

The public health and political crisis prompted by the spread of "Mad Cow disease" (bovine spongiform encephalopathy, or BSE) is once again exploding across Europe. In mid-November, the government of France announced wide-ranging measures to block the consumption of potentially contaminated beef, including testing of all full-grown cows in the nation. Immediately, several European nations, including Italy, blocked all beef imports from France, touching off a round of panic over the safety of beef in general, and leading to high-level finger-pointing over the inability of European nations to block the spread of Mad Cow disease since it first shook England in the mid-1990s.

The public brawl which has erupted around BSE has the potential to provoke the long-overdue death of British free-trade economic policies, which were responsible for the spread of the disease in the first place.

BSE is a disease which causes a progressive and invariably fatal destruction of brain tissue. The disease is linked (although not conclusively) to Creutzfeldt-Jakob disease, a degenerative brain disease in humans with a normally very low incidence rate. In humans, the incubation period for the disease can be very long (four to 30 years), and consequently, it is difficult to identify the patterns of transmission in the population until much after the fact.

Currently, the increase in the number of cases of Creutzfeldt-Jakob disease has touched off a panic about just how widespread the disease may be, given the lack of serious measures taken to control its spread over the past 15 years since it was discovered in England. The result is that meat consumption is plummeting in Europe again — as it did during the first "Mad Cow crisis" — and large sectors of European agriculture are threatened with bankruptcy.

## Maggie Thatcher's Free Trade

The key point to be made about the spread of BSE, is how clearly it demonstrates the catastrophic consequences of free-market economics. What Italian press are now calling "speculative motives," have been behind the spread of the disease from the beginning, demonstrating once again what American economist Lyndon LaRouche has warned public health officials of for decades: that the spread of old and new diseases does not depend on bad luck or the "ferocity of nature." Rather, it is directly linked to economic policies which create the conditions for such diseases to spread, threatening entire populations.

BSE was first observed in Britain in 1986, and was imme-



*The epidemic striking European cattle is a direct result of Margaret Thatcher's "free trade" economics.*

diately recognized as a disease with striking similarities to scrapie, a widespread spongiform encephalopathy present in sheep herds in Europe from at least the mid-1700s. The relevant facts about scrapie, were its extraordinary resistance, and the possibility of oral transmission through the ingestion by other animals of various parts of the infected animals. Despite this, Britain continued to permit the use of dead animal parts in feed for other animals. Thus, a cow with BSE could be eliminated, but its brain, highly infected with the disease, could be used in feed for other, healthy cows!

In addition, with the spread of an even worse disease — former British Prime Minister Margaret Thatcher's free-market economics — the potential for spread of BSE was greatly increased. Thatcher, in league with the British oligarchy's food cartels, not only failed to stop the re-use of infected animal parts, she also opened the door for major "cost-cutting" measures by the cartels, despite public reports suggesting that such measures would actually aggravate the situation. In particular, the Thatcher government lowered the hygiene standards for British livestock. The required temperatures and pressures at which animal products were to be processed were drastically lowered, thus stripping such measures of their efficacy in blocking the infective agents in sheep scrapie or similar diseases.

The rationale behind these measures throughout the 1980s was that of not "over-regulating" business, and thus allowing the free market to work its magic and create efficiency in the economy. The feed industry was left to "self-regulate," and "market forces" rather than government intervention determined the safety level of the agricultural industry. The result of such policies was a breakdown in public health and infrastructure, in which cartels were able to gain control over the economy, but the economy itself was being destroyed.

Today, the legacy of the "free market" is once again rearing its ugly head. Now, it is to be hoped that European nations will finally take measures to eliminate this Thatcherite disease once and for all.

# German Maglev Will Finally Run—in China

by Rainer Apel

If there is any future for the German magnetic levitation train technology, the Transrapid, it is because of the courageous decision of the Shanghai municipal authorities to give the go-ahead for a first commercial maglev line on Chinese territory, which would connect the city with the international trade zone and airport at Pudong, about 40 kilometers to the north. The project has the backing of the Chinese government, which views the Shanghai-Pudong route as the first stage in the construction of a national maglev grid, connecting the two most-populated cities, Beijing and Shanghai. The Chinese approval was confirmed on Nov. 20.

The construction of the Shanghai-Pudong line will cost up to \$1.5 billion, which is a lot of money by Chinese standards. But experts such as Wu Wenqi, from Shanghai Tongji University, calculate that building the route based on maglev technology will cost less than 25% than the same project would, using modern subway technology.

The maglev system is propelled by alternating magnets in the train and the track, avoiding any direct contact between train and track. This makes it possible for maglev trains to run at speeds twice or thrice that of modern, wheel-track systems, and their acceleration power is much higher. This renders superfluous most tunnels and circuitous routes, required to bypass uneven terrain, thereby reducing expenses and making construction work much easier. The maglev train is a revolutionary technology, and that is why the Chinese want it. The Shanghai-Pudong route will be the first maglev route outside of Germany.

By contrast, the German government, in January 2000, opted out of building the planned first commercial route between the nation's two most populated cities, Hamburg and Berlin. The decision was taken because of a mixture of ecologist opposition to modern technologies, and fiscal petty-mindedness, which prevented the government from granting another \$1.5 billion for the already much-delayed project—by German standards, that is not a lot of money. By February, the future of the maglev in Germany, for commercial use, was more than uncertain. At least, the worst, namely a total repudiation of the technology, was prevented, as the government guaranteed funds to continue and modernize the existing test track, a 34-kilometer route in northwestern Germany, at Lathen.

And at Lathen, the commitment of the Chinese was confirmed, when China's Prime Minister Zhu Rongji and Shang-

hai Mayor Xu Kuangdi took a test ride on the Transrapid in July. Xu Kuangdi said, after the ride at 450 km/hour, that his city wants the maglev system, not only because of several tens of millions of regular train users who require a more efficient system, but also because it is the railway technology of the 21st Century, and Shanghai wants to march in the forefront of this revolutionary development in the transport sector.

The Shanghai municipality is now committed to signing the essential pre-contracts by mid-December, and begin construction in February or March 2001. The first commercial maglev train is scheduled to leave Shanghai in February 2003—a date which is also crucial for China's national transport policy, because in the Spring of that year, the government is to decide which technology it will take for the envisaged new high-speed railway route between Beijing and Shanghai, which will be a grand project, with up to 1,300 km of tracks to be built.

## Prospects for the United States

The development of maglev perspectives in China has contributed also to progress on the American side. On Oct. 11, the transportation ministers of Germany and the United States, Reinhard Klimmt and Rodney Slater, signed an agreement on governmental cooperation with the perspective of selecting at least one maglev line for commercial use on American soil, within two years. The proposed route between Washington, D.C. and Baltimore is viewed as the most likely one to be chosen, but there are several other projects that may become eligible, in the near future—not as alternate routes, but as additional ones. These would be extensions to other big Eastern urban centers such as Philadelphia, New York, Boston, and Pittsburgh. Also, projects between Chattanooga and Atlanta, between Cape Canaveral and Orlando, and a regional maglev metroliner in New Orleans have been proposed. On the West Coast, a big project connecting San Francisco with Sacramento, Los Angeles, San Diego, and with Las Vegas, is being discussed. There is a very strong lobby for such projects, particularly among people whose nerves have been destroyed by the chronic delays at overloaded U.S. airports. A train that takes a passenger from Washington, D.C. to New York in one hour, and from Atlanta to New York in two hours, would be a welcome alternative to a situation that can require three hours or more for a traveller to reach New York from Atlanta by plane.

While regional enthusiasm is growing, it depends on the next U.S. President and his Transportation Secretary, as well as the new Congress, whether a decision will be made to supply substantial Federal funding. As in Germany, this is a challenge to the budget balancers. But it is also a challenge to American pride: The United States should at least come in second, after China, with a maglev project. And that is exactly what many Germans expect the Americans to do, and many Chinese would be quite puzzled, if the Americans didn't.

# Business Briefs

## Asia

### Ganges-Mekong Nations Meet in Vientiane

The "Vientiane Declaration," designed to boost cooperation among nations along the Ganges and Mekong Rivers, was signed by India, Laos, Thailand, Cambodia, Vietnam, and Myanmar in the Laotian capital, Vientiane, Nov. 10. A highlight of the initiative is the push for a trans-Asian highway to connect India with Southeast Asia.

A stumbling block to this has been Myanmar, which has all but closed its borders with its neighbors. But Myanmar's representative, Saw Lwin, stated that the Yangon government is "prepared to pave the way in our position as the strategic gateway to India." In several recent high-level diplomatic meetings, relations between India and Myanmar have warmed, and the two nations will soon inaugurate a 160 km road, built by India to connect Tamu, India with Kalemvo in Burma's Sagaing division.

Since the days when international trade was first documented, India and Thailand have maintained trading relations, and a return to an overland route would provide great benefits for all the nations in the region.

The Western press is spinning this as an effort by India to counter Chinese influence in the region, with no mention of the broader implications. However, the project is primarily intended to promote regional economic cooperation, and is not intended to establish a military grouping against anybody. Laotian Deputy Prime Minister and Foreign Minister Somsavat Lengsabad stated on Nov. 9.

## Petrochemical Industry

### Thailand's State Firm Targetted for Shutdown

As bankers, executives, and others gathered on Nov. 16 to divide up Thai Petrochemical Industries (TPI), Thailand's largest debtor at \$3.2 billion, they were interrupted by 5,000 protesters, mostly workers from a nearby TPI plant. The meeting was then postponed until Nov. 27, at an undisclosed venue.

The workers' protest focussed on three issues, including layoffs and wage cuts. Effective Planners, a subsidiary of the Australian accountancy firm Ferrier Hodgson, which is running the bankruptcy reorganization, is denying that there are plans for layoffs, but has announced plans to sell off "non-core" industries and reduce production.

Second, workers are opposed to the current debt-restructuring plan, which calls for the Thai owners' shareholding in TPI to be diluted from 60% to 25%, conceding majority control to foreign creditors, who will convert unpaid interest into equity. Third, Effective Planners is bleeding the firm dry through very high consultancy and other fees.

On Nov. 17, workers continued their protests with a 600-person demonstration at the U.S. Embassy. Letters to U.S. officials asked for assistance in ensuring that U.S. banks did not take advantage of Thai firms. Protesters later presented similar letters to officials of Bank of America Bangkok Bank, and Citibank.

Reaction has been fast and vicious. As the Thai currency, the baht, dropped through a key support level to 44.19 to the dollar, various bankers made mafioso-like threats and *The Nation* compared the possible fate of TPI to that of South Korea's Daewoo.

On the other hand, the Thai Rak Thai party, tailing after popular opinion, promised to amend the bankruptcy and 11 economic-reform laws if it wins the Jan. 6 election. The TPI problem is widely blamed on the 11 economic reform laws enacted by the Chuan government, which were mandated by the International Monetary Fund as part of a three-year "reform" program.

## Middle East

### Adopt 'Schuman Plan,' Says Jordan's Prince

Jordan's Prince Hassan called for a "Schuman Plan" for the Middle East, centering around water development, in a keynote speech to the Trilateral Commission's European branch meeting in Milan on Nov. 10-12. The meeting focussed on "Euro-Mediterranean relations."

According to a report received by *EIR* from a Trilateral Commission figure who was at the meeting, the Prince said that political issues in the Middle East must be resolved. But, now is the time to put on the table, ideas for multilateral economic development. The model for this, should be what was done in Europe after World War II, when longtime enemies France and Germany came together around cooperation in coal and steel, products that had been bones of contention in Europe. This was codified in the famous "Schuman Plan," put forward by French Foreign Minister Robert Schuman.

Now, he said, the Middle East needs a "Schuman Plan," but this time, the focus of cooperation should be water. The area comprising Palestine, Israel, Lebanon, and Syria suffers from severe water shortages, and could be the focus of future "water wars," so the Schuman Plan precedent is exactly what is needed.

Lyndon LaRouche has insisted, for the better part of the past 25 years, that development of water resources is the key to Mideast peace, and that without it, no solution can be found to the region's political disagreements.

## Central Asia

### Kazakstan Prioritizes Caspian Oil Land Route

Kazakstan is prioritizing the land route, via Russia, for the transport of Caspian Sea oil, and work is making progress. On the other hand, the fate of the Trans-Caspian Sea pipeline, which Anglo-American geopoliticians still advertise as a non-Russian route for the transfer of gas to the West, is increasingly in doubt.

After Kazak President Nursultan Nazarbayev met with Russian Transport Minister Sergei Frank on Nov. 10, the Kazak government informed Moscow that it intends to join the Grand North-South Transportation Route from Russia to India, via Kazakstan and Iran. This route would include cooperation in the Caspian Sea region, which Russia, Kazakstan, and Iran border on.

Zhakyp Marabayev, chairman of Kazak oil, announced on Nov. 14 that work on the 1,500-kilometer oil pipeline from Kazakstan's Karachaganak oil field to the Rus-

sian Black Sea port of Novorossiisk is on schedule. The 635 km of pipelines on Kazak territory will be completed by the end of 2003, Marabayev said. In a parallel effort, Kazakstan will build a refinery complex for oil and another industrial complex for the processing of gas, in the Karachanagak region.

Russia is offering Europe and other Western regions access to Kazak oil via new terminals, one of which is already completed, at Novorossiisk, and the other is to be completed soon, at Primorsk, near St. Petersburg. Both terminals will be linked by pipeline to the Tengiz oil field in Kazakstan in the near future. Pending an end of warfare in Chechnya and Dagestan, the Russians are also offering a third, Caspian Sea route to the Kazaks, via Aktau and Makhachkala.

The project for a southern route for a new oil pipeline via Iran, will be on the agenda of upcoming Kazak-Turkmen talks. It was discussed between Turkmen President Saparmurat Niyazov and Kazak Ambassador to Turkmenistan Amangeldy Zhumabayev, on Nov. 11. The Iranian route would be the shortest, and least costly.

## Nuclear Energy

### Asian Forum Links Use To Economic Development

Delegates from nine member-countries of the Forum for Nuclear Cooperation in Asia drafted a communiqué designed to prepare the region to cope with widespread use of nuclear technology in the near future. Santad Somchevita, a Thai delegate to the forum, stated, "Nuclear power would be the tool for social and economic development in the Asian region. . . . In this new century, widespread use of nuclear technology for both generating electricity and for other purposes, such as medical treatment, agriculture, and research, will make Asia the new center for nuclear technology after North America and Europe."

Delegates agreed to set up research studies and strengthen cooperation in seven areas, including utilization of research reactors, nuclear energy for agriculture and medical science, public information, radio-

active waste management, nuclear safety, and human resource development.

The Forum divided responsibility for specific topics among member-countries. For example, "Thailand would take charge of researching nuclear technology for agriculture while Korea and Vietnam control radioactive waste management. Korea has a nuclear power plant, while Vietnam plans to build its first 1,200 megawatt nuclear power plant in 2010."

Participating in the meeting were Thailand, Australia, China, Indonesia, Japan, South Korea, Malaysia, the Philippines, and Vietnam.

## Oil Prices

### OPEC Officials Attack Speculators Once Again

Returning from a one-day trip to Moscow, Ali Rodríguez Araque, Venezuelan Minister of Oil and Organization of Petroleum Exporting Countries Secretary General-elect, in an interview with France's economic daily *La Tribune* on Nov. 17, charged speculators with creating a "market" that did not really exist, adding up to \$8 to the price of a barrel in a single day of trading with such paper barrels. "There were days, on which more than 150 million barrels, that is, double the world's demand, were negotiated on the markets" by speculators, he said.

The English-language daily *Saudi Gazette*, based in the United States, on Nov. 16 blamed derivatives traders for oil price rises and for "bringing about the world's next financial catastrophe." The newspaper's comments came in the context of Saudi Oil Minister Ali Al-Nuaimi's remarks prior to the Nov. 17 oil producer-consumer meeting in Saudi Arabia.

According to a paraphrase by Agence France Presse, *Saudi Gazette* said that "the world oil market is held captive by derivatives market" speculators. "Speculators in the derivatives markets could bring about the world's next financial catastrophe. If oil prices are pushed substantially above current levels by speculation—paper demand for non-existent paper barrels—the effect on the world economy could be disastrous."

**WHEELING-PITTSBURGH**, the ninth-largest U.S. steel producer, filed for Chapter 11 bankruptcy protection in November, its second filing in 15 years. The inadequate expansion of the U.S. physical economy, and in a more delimited way, the growth of imports, have hurt the U.S. steel industry.

**THE POLISH** Treasury has filed a lawsuit to overturn the partial privatization of Poland's largest insurance company, PZU, charging that the Dutch investors, Eureko and BIG Bank Gdanski, misled the government. The government wants to protect the stability of PZU.

**PARAGUAY** has "temporarily" suspended payment of domestic and foreign debt, involving \$45 million in interest and principal payments to multilateral lending agencies. The Secretary of State has also announced that November pensions will not be paid. Payment of wages for 200,000 employees hinges on approval of an \$85 million bond issuance.

**RUSSIA'S** space agency announced plans on Nov. 16 to deorbit the Mir space station in late February 2001. It appears that this policy has now been agreed upon by all of the relevant agencies, because resources are needed for the International Space Station, two astrophysics satellites with international partners, and domestic satellites for communications, meteorology, and navigation, which require new launches.

**CHINA AND LAOS** signed an agreement on Nov. 12, whereby China will "provide assistance to Laos within [China's] capacity," and will support mutually beneficial collaboration in trade, investment, and agriculture. Laos has been hit hard by economic problems in Thailand, which had been its biggest investor and trade partner. Laos has suffered from hyperinflation and currency weakness since 1998. China has provided interest-free loans to support Laos's currency.

## Revive the Industrialization of Argentina's Patagonia!

by Gonzalo Huertas and Cynthia Rush

*EIR* has repeatedly documented the dangerous state of disintegration in which Argentina finds itself today, as a result of the International Monetary Fund's (IMF) free market policies, applied so brutally over the past decade, and continuing under the Fernando de la Rúa administration which took office in December 1999.

In the early 1960s, Argentina's economic development was, in many respects, comparable to that of Japan, as *EIR* documented in its 1983 book *Industrial Argentina: Axis of Ibero-American Integration*. With its vanguard nuclear energy program and a developing capital goods and machine-tool capability, it had the potential for rapidly becoming an economic and industrial powerhouse. Had Argentina become industrialized, this would have had a profound and positive impact on Ibero-America's international strategic position. Yet today, it is an economic junkheap, begging for handouts and sacrificing its population on the altar of "globalization." The government is shutting down its Infrastructure Ministry next year, and preparing to impose yet another round of austerity in exchange for the IMF bailout package offered over the weekend of Nov. 11-12, to prevent it from defaulting on its foreign debt (see article in this section).

Under these conditions, it's not unthinkable that Argentina's federal union could shatter, with individual provinces breaking away to become part of neighboring countries, or trying to fend for themselves as mini-states, as many have effectively already been forced to do. The largely unpopulated Patagonia region, constituting almost half of the country, is particularly vulnerable, as it is bereft of the investment, population, and infrastructure needed for its economic development.

Following its 1993 privatization, Yacimientos Petrolíferos Fiscales (YPF), the state oil firm founded in 1922 by

nationalist Col. Enrique Mosconi, shut down operations in key locations in the Patagonia, leaving unemployment and misery, and in some cases, ghost towns in its wake. A victim of the vicious demilitarization policy imposed from Project Democracy headquarters in Washington, the Armed Forces have been forced to withdraw from the strategically important Argentine-Chilean border region. These are the conditions which encourage Osvaldo Bayer, an Argentine mouthpiece for Fidel Castro's São Paulo Forum, to call for separating the Patagonia off and creating an "independent," resource-rich "republic."

Against the backdrop of today's misery, the project proposed in the early 20th Century by Argentine Public Works Minister Ezequiel Ramos-Mexía, to industrialize northern Patagonia, stands out as a wonderful example of optimism, which bears careful examination. In 1910, Ramos-Mexía hired the American geologist Bailey Willis, of the U.S. Geological Survey, to survey the northern Patagonia, in preparation for implementing a plan of economic and industrial development that would transform this arid region into a thriving hub of industrial and manufacturing activity. Willis brought to Ramos-Mexía's vision an understanding of how infrastructure development, including railroad construction, had transformed the Great Plains region of the United States.

Nationalists have always understood that the Patagonia represented enormous potential for Argentina—but also that it was coveted by foreigners, especially the British, for their own geopolitical and financial designs, not the least of which concerned its rich mineral and natural resources. Patriots urged the building of infrastructure, railroads, cities, and related services as the means to protect Argentina's territorial integrity and serve its sovereign interests.

The centerpiece of Ramos-Mexía's plan was the building

of the great industrial city of Nahuel Huapí, on the shores of the lake of the same name, located in the then-territory of Río Negro, bordering the territory of Neuquén (**Figure 1**). This was to be a great center of industrial and manufacturing activity, as well as of cultural and educational excellence, which would be the seat of government for the entire region. A collaborator in the 1870s of Carlos Pellegrini and Vicente Fidel López, advocates of American System policies who sought to free Argentina from the stranglehold of British free trade, Ramos-Mexía had for many years served his country in a variety of posts, including as Agriculture and Public Works Ministers, from which he sought to build the sanitation, irrigation, and water management infrastructure Argentina so sorely needed.

For the discovery of Ramos-Mexía's and Willis's collaboration, the authors are indebted to the late President Dr. Arturo Frondizi, who was an outspoken advocate throughout his political career on behalf of Argentina's industrial development. In 1964, two years after he was overthrown in a military coup, Frondizi published his own work on Bailey Willis and Ramos-Mexía under the title *A Brief History of a Yankee who Proposed Industrializing the Patagonia (1911-1914)*, with a subhead, "Bailey Willis and the Second Conquest of the Desert."

In the prologue to the book's second edition in 1984, Frondizi wrote: "The experience of Ezequiel Ramos-Mejía and Bailey Willis, is an important lesson for Argentines. . . . The inspiration of the Argentine Minister, and the activity of the American scientist, also have another significance. That the conditions in the Patagonia were the central motive and concern guiding them, provides another reason for the current edition. To define ourselves by the accelerated transformation of our South, assumes that we are opting for Argentina's condition as a nation, at a time when it is seriously questioned, due to our unprecedented crisis and powerful foreign factors, . . . I am persuaded that the example of these longstanding projects for the industrialization of Patagonia, will be useful to prove that there is no reasonable and just path for Argentina, other than peace, integration, and development."

FIGURE 1  
**A Plan To Industrialize Northern Patagonia**



### To 'Conquer the Desert'

By 1910, as Willis noted in his writings, Argentina was in deep economic crisis, and as Public Works Minister in the government of José Figueroa Alcorta, Ramos-Mexía was "facing grave difficulties in carrying out his patriotic proposals intended to promote the development of the territory still belonging to the national government." As he attempted to implement this project, he came up against British financial interests, some entrenched in government offices, for whom railroad and infrastructure building, as part of an Argentine industrialization plan, were unacceptable. Sounding much



*American geologist Bailey Willis (1857-1949) shared the view of Argentine Public Works Minister Ezequiel Ramos-Mexía, that building the industrial city of Nahuel Huapi would be a crucial step toward industrializing northern Patagonia, and encouraging the country's economic independence.*

like the IMF and World Bank today, Ramos-Mexía's opposition in Congress argued that the Patagonia didn't need "pharaonic projects," but rather "good judges and a lot of police." Willis was acutely aware of what Ramos-Mexía was up against, as he indicates in his reports.

In Willis's detailed report on the work that he and a team of Argentine and American experts performed between 1911 and 1914, *Northern Patagonia, Character and Resources*, he explained that the occasion for the surveys which his Commission conducted, "arose as a result of the national policy of railroad construction initiated by the Minister of Public Works, Don Ezequiel Ramos-Mexía. . . . In devising this policy, he looked to the United States of North America as an example, realizing in some measure how closely parallel is the present condition of the undeveloped portions of Patagonia, with that of the western territories of the United States forty years ago. . . . With the courage and foresight of a great statesman, Dr. Ramos-Mexía saw a vision of his country's prosperity and set himself to effect its realization."

Willis was an experienced geologist who had done surveying for the Northern Pacific Railroad in the United States, and understood that if Ramos-Mexía's plan were to be implemented, it would have to ensure state control of railroads and

water resources, and resort to the type of protection the United States had used in the early days of its development. In a detailed proposal written to Ramos-Mexía on how protectionist methods could be used to industrialize the region, Willis emphasized that "the nation needs the economic element of domestic manufacturing. The government could promote, wisely, the development of that element, as the United States did through protectionist customs tariffs, until such measure were no longer necessary. . . . The protection to be offered would depend on Congress, and the government would be in a position to encourage industrialization, by adjusting transportation rates and customs tariffs."

Ramos-Mexía's proposal wasn't just an isolated project of an idealistic public servant. Agriculture Minister from 1906 to 1910, and then Public Works Minister until 1913, he belonged to the nationalist grouping led by Carlos Pellegrini and his teacher and mentor, Vicente Fidel López, which saw in the industrialization of the United States, and in the writings of Henry Carey, Abraham Lincoln's chief economic adviser, and of the German-American economist Friedrich List, a protectionist model Argentina could emulate—particularly given its great natural riches.

During his stints as Agriculture Minister and Public Works Minister in the administrations of José Figueroa Alcorta (March 1906 to October 1910), and Roque Saenz Peña (October 1910 to August 1914), Ramos-Mexía tried to advance critically needed infrastructure projects, for irrigation and sanitation. Earlier, in the late 1870s, he had worked with Pellegrini's group at *La Opinión*, a newspaper which supported the ideas of the American System of political economy.

In 1876, it was the Vicente Fidel López-Pellegrini group which led the fight in the national Congress on behalf of a protective tariff, which would, as Pellegrini said, free Argentina from a future as "the farm of the big manufacturing nations," destined to supply food and other raw materials to England and other industrialized nations. In a 1987 paper delivered at the Jockey Club in Buenos Aires, entitled "Carlos Pellegrini, Industrialist," Arturo Frondizi detailed the evolution of the Pellegrini-Vicente López faction and their bold organizing on behalf of protection for national industry.

When Vice President Pellegrini suddenly became President in 1890, after President Juárez Celman resigned, Vicente Fidel López, as his Finance Minister, was the driving force behind the founding of the state-owned national bank, the Banco de la Nación Argentina. In 1891, just prior to the bank's founding, he had asked a German-Argentine citizen, N. Napp, to prepare for him a study on banking legislation in Germany. López, a student of Friedrich Schiller and Alexander and Wilhelm von Humboldt (he had studied philology extensively), noted that "the United States speaks highly in favor of our [protectionist] ideas, and Mr. [Henry] Carey has taken on the responsibility of telling the world of science about the precious results which the wise introduction of this principle—protection for national industries—has had there [in the United States]."





*Dr. Arturo Frondizi (right) being honored by the Argentine Industrial Union on Sept. 2, 1994, for the pro-industrial policies that he promoted during his Presidency (1958-62). Frondizi cited the collaboration between American geologist Bailey Willis and Public Works Minister Ezequiel Ramos-Mexía, on the project to build the industrial city of Nahuel Huapí, as an example of the approach needed to industrialize Patagonia.*

In the textbook he wrote for a course he taught in 1875, *A Manual for a Course in Political Economy, or a Succinct Explanation of Program (Prontuario del curso de Economía Política o Explicación sucinta del programa)*, López remarked, “A famous American economist, Mr. Carey, has noted that all great inventions serve the principle of equality; gunpowder ruined the superiority of horses over soldiers; the printing press did away with the monopoly over knowledge; the [invention of] the steamship, has left the carriages and stables for the children; and credit has destroyed the terrible usury of capital, offering a point of support for the poor man to create capital, and placing capital at the service of intellectual labor and aptitude.” While pointing to the “greatness of credit as a social institution,” López said, “these considerations . . . also show its dangers—it’s like gunpowder, the printing press, and the steamship: sometimes the origin of ruin, but at the same time incontestable bases of civilization and modern commerce.”

This was the intellectual and political tradition to which Ramos-Mexía was heir.

### **The Great Industrial City**

Aside from building the city of Nahuel Huapí, Ramos-Mexía’s plan for northern Patagonia also included a great transcontinental railroad, extending the one already begun from the Atlantic port of San Antonio Oeste, to Nahuel Huapí, and then across the Andes to Chile’s Pacific port of Valdivia. In Ramos-Mexía’s plan, other railroads were to be built off the main trunk extending north and south to existing towns, while also encouraging the establishment of new cities and towns in the region. Branches of the railroad were to include one from Lake Nahuel Huapí south to Colonia 16 de Octubre,

and north to San Martín de los Andes (450 km). A separate branch to the north of Lake Nahuel Huapí to Lake Villarino, would be part of the transcontinental line from San Antonio Oeste to Valdivia on the Pacific (**Figure 2**).

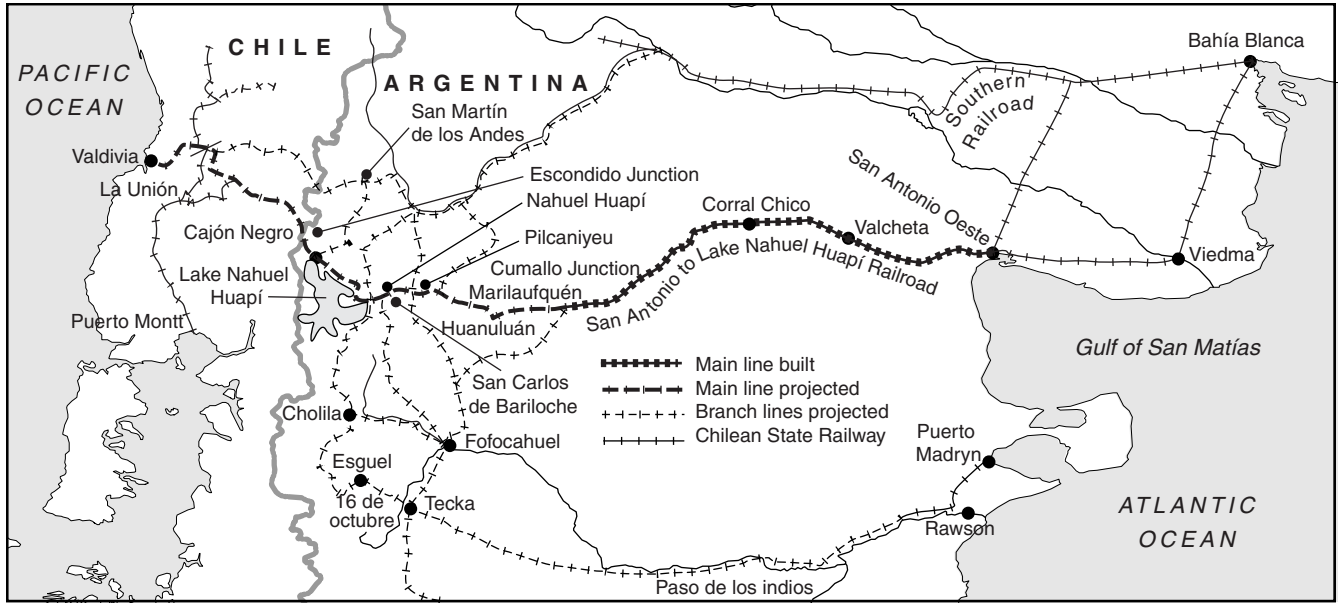
From the time he hired Willis in 1910, when the latter was attending the International American Scientific Congress in Buenos Aires (a date coinciding with the 100th anniversary of Argentina’s declaration of Independence), Ramos-Mexía gave the American scientist carte blanche to perform studies of the broadest possible scope, and in Willis’s words, “constantly encouraged the extension of the surveys to the broadest possible field of usefulness.”

In the more personal account of his four-year experience in Argentina, entitled *A Yanqui in Patagonia*, Willis wrote that in his plan, “the great patriot, Ramos-Mexía, . . . saw a thriving city of many thousand industrious citizens, engaged in manufacturing, commerce, education, and sports, winning prosperity for themselves and riches for the Republic; and also receiving from their environment the vigor and the inspiration for high thinking and national enterprise.” Ramos-Mexía “held up his ideal to me and charged me to seek a site for the city that was to be built. I embraced the opportunity with enthusiasm and the vision was ever with me as I rode the Cordillera.”

Given the lack of adequate water resources in the northern Patagonia, Willis remarked that a similar situation in the United States had “been successfully relieved by geologic investigations which led to the discovery of artesian waters. Dr. Ramos-Mexía, having heard of those investigations,” hired Willis and other geologists “from the United States for work of the same kind in Patagonia, in the hope that a similar result might follow their labors.” Other members of the U.S.

FIGURE 2

**Plan of the San Antonio Transcontinental Railroad and Projected Branches**



Source: Comisión de Estudios Hidrológicos.

Geological Survey on the Commission included geologist Chester W. Washburn; topographer and geologist J.R. Pemberton, a graduate of Stanford University; Wellington D. Jones, a geographer from the University of Chicago; topographer C.L. Nelson, and topographer and engineer Washington B. Lewis.

Argentine engineer Emilio Frey, who had earlier worked under Dr. Francisco P. Moreno in determining Argentina's boundary with Chile, was the Commission's assistant director. Dr. Moreno was an ardent supporter of Ramos-Mexía's development plan. Two highly trained Swiss-born Argentines, Otto Luginbuhl and Walter Graenacher, formed part of the technical group which carried out basic instrumental measurements. Both jobs required tremendous technical abilities and precision. The highly competent Torrontegui brothers, Juan and Alejandro, were managers of the staff.

The Spanish-language version of *Northern Patagonia* notes that Ramos-Mexía and Willis "agreed that in the rich Patagonian territory, it would be worthwhile to make any investment necessary, to carry out studies, build transportation and communication lines, transform hydro power into energy, attract population and promote the establishment of industries for use of the region's raw materials, in the area in which they are produced. They foresaw an era not too far distant, in which the Republic of Argentina could become independent of the foreign manufactures of wool and leather goods, such that its citizens would cease to pay ocean freight charges and taxes on shoes and clothing, as these could be

produced in the country. Both saw the future of an industrial province, which would enrich and liberate the country."

There were many sites throughout the region where cities could be built, Willis explained, "but not the great industrial city, not the seat of learning and culture, not the political center of the province. It must be on a transcontinental route, at the crossroads with north-to-south lines of communication." In November 1912, Ramos-Mexía gave Willis instructions to examine the coast of Lake Nahuel Huapí and vicinity, to determine the site for the city that would be the terminal point of the San Antonio Railroad. He gave no written instructions, but indicated, as Willis explained, "that the site to be selected should be adequate for the development of a city of notable importance, adequate to concentrate within itself the principal manufacturing industries, which should develop by the application of hydroelectric power to the utilization of the raw materials which the country affords."

To meet these qualifications, Willis discovered a simple but brilliant solution. San Carlos de Bariloche, on the southern shore of Lake Nahuel Huapí, was rejected as a site, due to a variety of factors, not the least of which was its exposure to heavy winds. But, in surveying the valley of the Limay River, Willis confirmed that if a 150-foot dam were built at the Segunda Angostura, a canyon located 15 kilometers below Nahuel Huapí, this would form an artificial lake, Lake Limay, which would be confluent with Lake Nahuel Huapí at the level of 770 meters above sea level, and would leave between the two lakes a plain, with an area of approximately 1,100

hectares (4.4 square miles), which would meet all of the qualifications required by Ramos-Mexía. *Northern Patagonia* spells out the advantages of the site:

“The transcontinental railroad can readily be built through the upper part of the plain, and would there have a junction with the line to Neuquén. The canal formed by Lake Limay between Lake Nahuel Huapí and Lake Limay, would afford access for all kinds of boats to wharves located at the head of Lake Limay in perfectly quiet waters. The plain has a gentle slope toward the proposed Lake Limay and fulfills the conditions required for streets, sewers, and foundations. An abundant water supply may be provided and maintained at moderate cost by damming the Nirihuau River at an appropriate point, so as to create the Nirihuau Reservoir at about the level of the city, and establish by the overflow of the stream, a power sufficient to pump the supply to a high-service reservoir.”

A terminal moraine (the mass of rocks, gravel, and sand carried or deposited by a glacier at its lower end), whose height was 60 to 70 meters above the lake’s level, and which lies between the site and the lake, would protect the site from strong winds. Moreover, as Willis explained, the creation of Lake Limay would produce a fall in the river “which, taking the average flow of the last ten years, will give theoretically 80,000 horsepower, yielding in the city, 12 kilometers from the power house, probably 50,000 horsepower, constantly available.”

Willis added: “Lake Limay would wash the base of the outwash plain on which the industrial city would rise; railroad tracks and the manufacturing establishments would spread along the shore, the provincial capital would occupy a central position, and the University of Patagonia would overlook the scene from the slopes of the terminal moraine.”

In 1914, Washington Lewis, one of Willis’s colleagues from the Geological Survey, surveyed the site of the industrial city of Lago Nahuel Huapí in detail. “We planned and laid out the avenues, marking them with permanent monuments; different sections were designed to serve diverse functions, including even a military quarter and also *un Campo de Sport*. The sewage system and water supply were laid out on paper. I studied to leave nothing undone. The plan was eventually approved by the government; but the city has yet to be built.”

### **The Project Aborted**

For four years, Willis’s team worked tirelessly under the aegis of the Commission of Hydrological Studies of the Public Works Ministry, to carry out the exhaustive study of the topography, climate, soil, geology, water, timber, and other natural resources of northern Patagonia, in preparation for launching the projects envisioned by Ramos-Mexía. But, in the end, the plan never came into being. At one point, the opposition from free-market advocates in the Congress was so strong, that it cut off funds not only for these particular projects, but for Ramos-Mexía’s entire Ministry! After Ramos-Mexía left his post, his successors even threatened

Willis with jail, on charges of misuse of funds.

As Dr. Frondizi related in his book on Willis, one day Ramos-Mexía called Willis into his office to tell him that the Commission “was no longer a simple instrument of his ministerial policy, but had been recognized as a vehicle for national development.” It had become a hot potato—so hot in fact, that in 1913, Ramos-Mexía was forced to resign. While his immediate successor, Meyer-Pellegrini, favored continuation of the project, his stay in the Ministry was short-lived. The next Minister of Agriculture was Manuel Moyano, described by Willis as “a bureaucrat and one-time director of the English Railway Company, the Southern Railway (Ferrocarril Sud). That organization regarded Patagonia as a future field of expansion of its lines and had been strongly opposed to the development of the National Railways.” It was Moyano who threatened to jail Willis.

Commenting on the political fight around his work, Willis described Ramos-Mexía as “representing the intelligent governing class” up against the “politicians elected by the unintelligent masses” and the “invisible empire of capital which extends its control over both.” Ramos-Mexía “is a man of courage, elevated sentiments and dignity; an aristocrat of character, a visionary and patriotic statesman.”

### **The Fight for National Development**

As was the case elsewhere in Ibero-America, railroad building in Argentina was a battleground between those British-backed financial interests who wanted to use the railroads to facilitate their looting of the country’s raw materials, and national governments and entrepreneurs who saw the railroads as a way to guarantee the colonization and economic development of the country’s interior, as had occurred in the United States.

Argentine historian Raúl Scalabrini Ortíz describes this battle, in his book *History of the Argentine Railroads (Historia de los ferrocarriles argentinos)*, detailing how predatory British financiers, and their Argentine free-trade collaborators, systematically sabotaged efforts by the federal and provincial governments to use the railroads for development. He cites as one example the Oeste railroad, owned by the Buenos Aires provincial government, which provided excellent service, maintained low rates, yet made profits healthy enough to invest in expansion and infrastructure. A law passed in November 1868 ordered the Oeste to complete a line to the foothills of the Andes, and by 1872, studies had been completed for a transcontinental railroad to Chile.

As Scalabrini Ortíz describes it, a law passed in August 1872 also mandated that the Oeste set up special schools and workshops of “mechanical arts,” to train personnel in subjects such as “mathematics, elements of physics, descriptive geometry, practical mechanics, linear drawing, and the trade of carpentry, blacksmith . . . painter, upholsterer, and harness maker.” Similar schools would be set up in 1884, by the Andino and North Central state railroads. Argentina’s railroad development was so impressive, that the same N. Napp from

whom Vicente Fidel López had requested a report on German banking, prepared a report on it for the U.S. Bicentennial Exposition in Philadelphia in 1876, singling out the Oeste as an example of a successful state-run railroad, whose operations encouraged economic growth and development.

But, by the 1880s and 1890s, aided by local monetarists who insisted that state ownership of the railroads was “bad” for the country, British financial interests had bought up many of the Argentine state railroads, with generous contracts guaranteeing them lucrative profits. The usurious rates charged by the British-owned railroads made their use by manufacturing, agricultural, and other entrepreneurial interests in the country’s interior provinces prohibitive, causing their demise in many regions, and on more than one occasion provoking popular outrage and demonstrations demanding that the state expropriate these lines. Ferment against the British was particularly strong under Pellegrini’s 1890-92 regime.

In 1909, as Scalabrini Ortíz reports, national deputy Celestino Pera described the effect of the British-owned railroads’ usurious rates on Argentina’s interior: “In what is called the granary of the Republic, in the heart of the wheat-growing region, industrial establishments, which yesterday were the strongest, most prosperous and important, are closing their doors. . . . The power plants, factories, and warehouses of one of the country’s central industries are closing. Who is to blame? The interested parties say it clearly. There is no work, nor can there be, without going bankrupt or into disaster, because of the excessive freight charges of the railroad companies, which won’t let us work without ruining us.”

Willis gave the example of his dealings with the president of the British-owned Southern Railway, which served the region in which Ramos-Mexía wanted to build state railroads. In a meeting with the man, whom Willis described as “a blunt English businessman,” Willis reported on Ramos-Mexía’s plans for the region, including the building of a transcontinental railroad. The British bureaucrat replied, “No doubt your work is of much value. But you will understand that it is not to the interest of the Ferrocarril Sud that the National Railways be extended.” Willis reported, “I understood. I felt the weight of the British Lion’s paw.”

### **Willis: ‘A Yanqui in Patagonia’**

Bailey Willis was uniquely qualified for the job of surveying Northern Patagonia. In 1880, upon graduating from the Columbia School of Mines, he was hired by prominent mining geologist Raphael Pumpelly, and worked for four years in appraising iron and coal resources for the federal Tenth Census, and in a private survey for the projected Northern Pacific Railroad. Pumpelly was not only a distinguished mining engineer, but also a great explorer, who, among other things, had spent a year in Japan teaching Western methods of mining, and who was the first to show the Japanese how to fire a blast, as Willis reports in his autobiographical work *A Yanqui in Patagonia*.

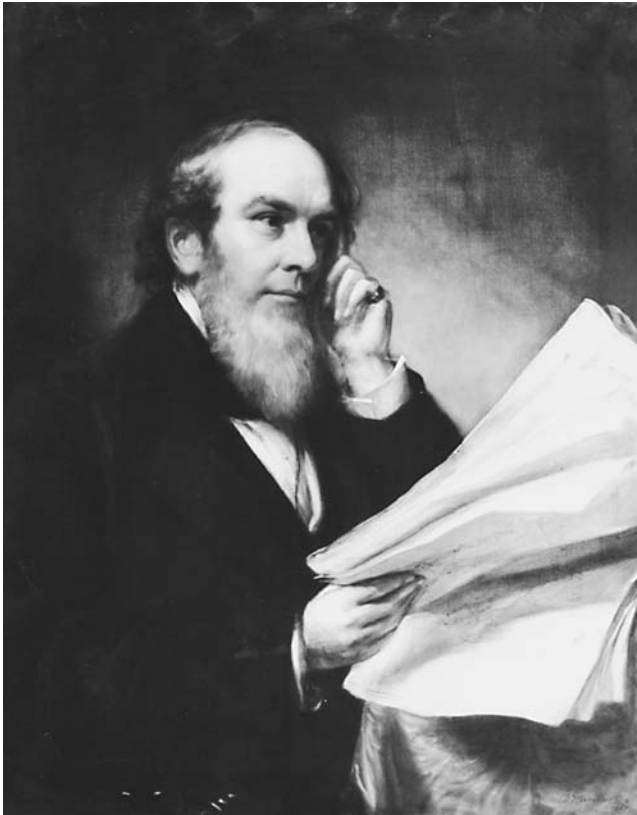
In 1884, Willis joined the U.S. Geological Survey, for which he worked over the next 30 years, holding such posts as geologic map editor, and geologic assistant to the director. The latter position, which he held from 1897 to 1892, was a roving assignment to observe the geology of many parts of the United States. He also collaborated with G.W. Stose on a geological map of North America, published in 1912. In 1903, well before traveling to Argentina, he led a geological expedition to northern China, the data from which were published in his 1907 two-volume study *Research in China*.

Willis’s upbringing and Classical education were crucial in shaping his outlook. Born in 1857, as a child he lived at his parents’ estate on the Hudson River near Cornwall, New York. His mother, Cornelia Grinnell Willis, was the niece and adopted daughter of Joseph Grinnell, a New Bedford, Massachusetts merchant, Congressman, and textile manufacturer. As he reports in *A Yanqui in Patagonia*, as a child growing up during the Civil War, Willis became aware of the presence of several Negro servants at his parents’ house, only a few of whom “were permanent.” His house was a stop on the underground railway. “The others were fugitive slaves, secretly received and put to work in our secluded country place till they could safely be dispatched on their way to Canada. My mother was anti-slavery and true to her principles.”

Willis was ten when his father died. It was his mother who, using the example of her uncle Henry Grinnell, a benefactor of polar exploration, instilled in Bailey a love of travel and adventure. Immersing him in the study of Classical literature, music, and art, she also insisted that his studies focus on mathematics and science. In 1870, she enrolled him in a German boarding school, first near Frankfurt and then at Ludwigsburg, near Stuttgart, where he remained until 1874.

Willis came to Argentina in the early 20th Century. But he had been preceded by hundreds of Americans who had travelled to the Río de la Plata region, as well as other parts of Ibero-America earlier in the 19th Century, to participate in nation-building projects in the areas of science, education, housing, transportation, and other infrastructure projects. Many, although not all, of these individuals were connected to nationalist circles in the United States, and were confident that their collaboration would succeed in advancing Argentina’s industrial development.

As Willis reported in *Northern Patagonia*, key aspects of his work there relied on the contributions made in Argentina by the brilliant American scientist Benjamin Althorp Gould, for example, a close associate of Alexander Dallas Bache, Benjamin Franklin’s descendant who, in the 1840s, organized and led a group of scientists and political leaders in Philadelphia to fight for national industrial and scientific development. Following studies at Harvard University, Gould studied at Germany’s Göttingen University with the great German scientist Carl Gauss. He could have taken a job there, but instead returned to Albany, New York in the 1850s, where, together with Benjamin Peirce, another of Dallas Bache’s



*Alexander Dallas Bache. The scientific contributions of his associate Benjamin Althorp Gould in Argentina, in the 1870s-'80s, contributed greatly to the later work of American geologist Bailey Willis in 1911.*

collaborators, he founded the Dudley Observatory, as a major center of “pure research” in astrophysics.

In 1870, Gould was invited to Argentina by then-President Domingo Faustino Sarmiento, where he founded and directed an astronomical observatory in Córdoba, the city to which the railroad from Rosario, capital of Santa Fe province, had just been completed by the veteran American railroad entrepreneur William Wheelwright, in 1869. With a team of Argentine and American scientists from many different fields, Gould worked and lived in Argentina until 1884, during which time he also urged the Argentine government to set up its Meteorological Service, which he managed. Between 1872 and 1884, the Service set up 52 observation stations. Gould oversaw the publication of four volumes on Argentine meteorology, the construction of accurate isothermal maps, and established the Service on a permanent basis. In 1885, Walter G. Davis, one of Gould’s associates at the Córdoba observatory, took over the Meteorological Service and ran it for the next 30 years, during which time more than 2,000 observation stations were set up. In addition, Davis set up a weather bureau, a hydrometric section, and a magnetic section, and published a number of scientific works.

Because of the work by Gould and Davis and their Argentine and American collaborators, the rivers and the climate of this region were better known than those of any other part

of South America. Their investigations and records were of crucial importance in navigation, flood control, electrification, and irrigation. As Willis reported in *Northern Patagonia*, “The climate of Patagonia is better known than any other natural condition which affects its occupation by man. This is due to the enterprise of Walter G. Davis, for twenty years the chief of the Argentine Meteorological Bureau, who has developed every opportunity to establish meteorological stations even in these outlying Territories and to obtain records of climatic conditions and their variations.” Willis’s discussion of the rainfall, temperature, snowfall, and seasonal climatic changes in the Patagonia was largely based on Davis’s 1910 work “Climate of the Argentine Republic,” published by the Argentine Department of Agriculture.

### ‘The Colony in the Cordillera’

On Feb. 6, 1913, Willis wrote a memorandum to Ramos-Mexía in which he detailed his ideas on how the “colony” of Nahuel Huapí, as well as the broader region of the Andean Cordillera, could be financed and organized to ensure that it would be the “location of a rich manufacturing state, given that the raw materials and the driving power are concentrated there. . . .” The city should be conceived as “a future state, populated by progressive people whose intelligence, economy, and initiative will develop the resources of this marvelous region. They will be prosperous; they shall distribute their finished products among the agricultural populations, and contribute to the nation that element of industriousness necessary to free it from foreign nations.”

Willis discussed a general plan on how the region could be developed, involving three agents: the Argentine government, a financing syndicate, and the settler. He underscored that the colonization of the region would be contingent on finishing the state-run railroad from San Antonio to Nahuel Huapí, and on the government’s adopting a definite policy on land use. The government would issue a series of regulations governing the colonization of the land, and provide incentives for farming, although this was seen as an interim activity, until manufacturing could get off the ground. In discussing how the northern Patagonia could be successfully colonized, Willis pointed to what had happened in the western United States:

“How then, was it possible to populate the remote regions of the Far West of the United States? Independent and intelligent people went there by the thousands, without help, and with no incentive other than the offer of free land (homesteads). They founded prosperous communities where, 25 years before, only the railroads were found, and where the only border regions frequented by the ‘cowboys’ were little towns like Bariloche. I myself knew that Far West at that time, and then I subsequently saw increasingly prosperous agricultural, industrial, and commercial activities on the virgin land I once explored.

“Why couldn’t we obtain the same results here, in a region of tremendous resources and natural attractions. . . ? Every-

thing depends on the confidence the government can instill. The settlers of the Far West had the security that the Homestead Act would be fairly administered. Those to whom the syndicate might offer land, will only be attracted by the opportunity, if they can have the same faith in Argentina's administration."

The syndicate, comprised of "financiers with the ability of statesmen," would provide the working capital, and would act as an agent of the government in the colonization and development of the region, Willis proposed. The government would employ the syndicate to provide certain services. In addition to Argentines, settlers would come from France, Switzerland, Germany, England, and the United States.

Public works to be built would include transportation (highways, railroads, ship or steamship lines, trolleys) as well as dams, canals, and electricity-generating plants. A national highway would be built from San Martín de los Andes to Colonia 16 de Octubre (400 km) (Figure 2). Train routes from the main railroad line to population centers farther away would be an important aspect of the transportation system. All of the transportation would be built and operated by a single company, either the syndicate, under terms defined by the government, or the government itself. However, Willis insisted, the transcontinental line should remain in government hands, "because it is the most important element in the control of the Cordillera's development, and of the syndicate. It is Argentina's essential way of gaining access to markets, and abroad, without which the region would be forced to remain in its current, semi-backward, condition. Intelligence policy will dictate low rates for this primary [railroad] line. . . ."

Willis also stipulated that electricity-generation, using the region's excellent water resources, must remain in government hands. "All hydroelectric energy must remain as government property, in perpetuity, because it represents the life of this community, and its control represents the defense of same." The government, Willis said, should build all the public works related to development of hydroelectric power, to be eventually purchased by the new Patagonian state. He cited the example of the U.S. Reclamation Service, which invested millions in irrigation projects, which were then later bought by the communities that sprang up around them. Even if the syndicate were granted the concession to build these works, the community should never be denied ownership, Willis said. The syndicate should control them for a period of years, until the community was on its feet.

"The damming of Lake Limay at the Second Angostura and creation of energy for the industrial city of Nahuel Huapí, according to the plan already submitted by this Commission, is one of the first projects to be undertaken. Other projects will be described in a future report on the studies being carried out."

Willis's plan identified the port of Bahía Blanca in the province of Buenos Aires, the port of Buenos Aires, and the port of Rosario in the province of Santa Fe (Figure 1) as

wholesale distribution centers for manufactured goods, all accessible via the state railroad to San Antonio Oeste and then via the Southern Railway or by sea. Rates charged by the Southern Railway were to be determined by maritime rates, and on the state railroad by "a policy of stimulus to domestic industry." Thus, products reaching the markets would be able to compete with similar products imported from abroad, on which tariffs were to have been paid.

As a way of encouraging manufactures, Willis proposed that the government subsidize the manufacture of certain products for some period of time, arguing, "The nation needs the economic element of domestic manufactures." He adds: "The objective of this policy, were it to be adopted, would be the establishment of manufacturing operations with a reasonable government guarantee. It would replace the common method of a guarantee of a certain interest rate on the capital invested, which is the equivalent of an advance payment for a service to be rendered, which leaves the government helpless, should the company abuse such an opportunity. It would especially prevent monopolies." Willis insisted that "no monopoly or exclusive concession should exist to carry out manufacturing operations in this community of men of initiative and forgers of the state."

Responding to Willis, Ramos-Mexía wrote: "I have read with the greatest interest your vast projects to colonize the Patagonia, and it is most satisfactory for me to tell you that I find them perfectly well founded on indisputable facts, and on probabilities which are reasonable from every standpoint. You should not consider my opinion at all doubtful. . . . Before, I would have rejected your projects outright, as I had rejected others that asked for thousands of miles in order to build railroads; but I shall not vacillate in accepting now, a combination of the kind you propose, which is grand for the country. . . . In its general outlines, your plan is healthy and serious."

In 1941, Willis donated to the Argentine government, his report on the proposed industrialization plan, which was published by the Department of National Parks and Tourism of the Ministry of Agriculture as the "History of the Commission." But instead of being used to industrialize the Patagonia, Willis's studies became the basis for the development of the Nahuel Huapí National Park, and today, parts of this region have become a playground for international speculators like George Soros, former U.S. Federal Reserve Chairman Paul Volcker, as well as many Hollywood stars or members of the international jet set who have bought up large tracts of land.

In his *A Yanqui in Patagonia*, speaking to his old friend, the geographer Francisco Moreno, Willis concluded: "Beyond the pleasure grounds that attract the soft and self-indulgent, there are still wilds to be explored, canyons to be threaded, mountain peaks to be scaled. Come on! Why do we talk and talk here where the politicians swarm like gnats? To horse, and away!"

# IMF Bailout Means Disaster for Argentina

by Cynthia R. Rush

For months, London and Wall Street have fretted over the possibility that Argentina, whose real foreign debt is at least \$200 billion, might not be able to meet its foreign debt obligations, some \$20 billion, coming due next year. But, in mid-November, when the country was effectively locked out of international lending markets — no “investor confidence” was the explanation — the International Monetary Fund (IMF) offered a bailout package, now estimated to be in the range of \$24-27 billion. In exchange, the Fund demanded that Argentine President Fernando de la Rúa impose even harsher austerity on a country already ripped apart by a decade of free market “reforms.”

What forced the IMF’s hand? Argentina was in a very precarious financial situation, but had not yet reached the depth of crisis that had earned Mexico, Brazil, or South Korea an IMF bailout. But at a moment when the world monetary system is itself barely holding together, letting an Argentine default set off an uncontrollable regional or even international crisis, was a risk the financial oligarchs couldn’t take.

They feared that Argentina could detonate something far worse than what Russia unleashed when it defaulted on its GKO bonds two years ago. The regional situation is extremely volatile. In neighboring Brazil, with its actual \$500 billion foreign debt, the currency has plummeted in recent weeks, over concern that Argentina might default. The same is true in Mexico, and on Nov. 16, the government of Paraguay was forced to temporarily suspend payment on \$45 million in debt, because it simply has no money. Debt problems plague the Andean region as well. Under these conditions, ignoring Argentina’s plight was not an option.

As of now, the bailout package consists of \$12-14 billion from the IMF, the World Bank, and Inter-American Development Bank combined, and another \$8-10 billion from domestic banks and pension funds, and possibly other governments. But, as both the IMF and the U.S. Treasury made clear, this financial assistance is contingent on President de la Rúa guaranteeing imposition of the austerity measures he announced on Nov. 10 to a businessmen’s group in Mar del Plata, at the center of which is the demand that highly indebted provincial governments agree to a five-year spending freeze, affecting investments and funding for urgently needed anti-poverty and jobs programs. Also included are measures to privatize the pension system and trade union-controlled health insurance programs, and the demand that the 2001 austerity budget be

immediately approved in Congress. Without a signed agreement by the governors, the IMF warned, there would be no money.

The imposition of these criminal measures is guaranteed to unleash social upheaval. A decade of monetarist reforms has gouged living standards and productive capabilities, producing a real unemployment rate estimated to be over 20%. In recent months, increasingly violent protest has occurred around the country, over demands for jobs and adequate housing. Aware of what further austerity measures could set off in the provinces, 14 governors from the opposition Justicialista Party (Peronists) balked at signing the austerity accord demanded by the IMF, instead demanding control over social spending, increased investment, and lowered taxes. Carlos Ruckauf, Governor of Buenos Aires, the country’s most populous province, warned that the government’s economic proposals “must have a clear message for Argentines . . . not just for Wall Street.”

## ‘This Is Not a Moral Path’

Argentina’s Catholic Bishops Conference issued a sharp warning to the government on Nov. 11, stating that “we can’t resign ourselves to passively accepting economic tyranny,” reflected in the announced measures. The “negative aspects of globalization and tyranny of the markets” have produced grave social injustice and inequity, the bishops added. “It’s not good enough just to meet demands from abroad.” In a press conference to announce the Church’s statement, Msgr. Eduardo Miras, the Archbishop of Rosario, told the government, “Let us leave behind this savage economy; let this [IMF package] not be the fundamental thinking of the state or the business sector. . . . This is not a moral path, but one built on the hunger of the people.”

Moral considerations? In a week of tense negotiations, during which the governors refused to give in, the IMF’s Stanley Fischer, U.S. Treasury Secretary Larry Summers, and a host of other heavyweights from the international financial community, including the ever opportunistic former Finance Minister Domingo Cavallo, pummeled the governors with threatening calls, telling them that they would be responsible for Argentina’s economic demise, should they fail to sign. The IMF postponed the arrival of its mission which was to finalize the details of the bailout, until the government had a signed agreement in hand. The pressure finally worked, and on Nov. 20, after the government made a vague promise of providing additional funds “in the event of an emergency,” the governors signed the accord.

But this accord solves neither the political nor the economic crisis. Should de la Rúa attempt to put through pension reform by decree, as expected, opposition from within the government’s own ranks could split the ruling Alianza coalition. And the labor movement’s 36-hour anti-IMF general strike scheduled for Nov. 23-24, is only the beginning of widespread social protest that will inevitably erupt.

## U.S. State Dept. Overthrows Peru's Anti-Drug Government

by Gretchen Small and Luis Vásquez Medina

On Nov. 20, President Alberto Fujimori submitted his resignation to Peru's Congress, effective immediately. With this, the U.S. State Department and associated Project Democracy circles internationally have finally succeeded in their year-long campaign to overthrow the leading anti-drug government in the Americas.

The immediate next step was to bring into power, a prominent international controller of the project to revive Shining Path in Peru. On Nov. 22, Peru's Congress elected opposition politician Valentín Paniagua as President of Peru — and Paniagua, as his first act of government, named former United Nations Secretary General Javier Pérez de Cuéllar as his Prime Minister. Given that Paniagua is a mediocre local politician, it is Pérez de Cuéllar, a hard-core British swine wholly owned by the Anglo-American powers, who will be running the country.

Pérez de Cuéllar, a personal friend of former British Prime Minister Margaret Thatcher and former President George Bush, was the UN Secretary General who raised no objection to Bush's invasion of Panama, and then oversaw the "Operation Desert Storm" genocide against Iraq. He is a member of the International Board of Prince Philip's World Wide Fund for Nature, and president emeritus of the Inter-American Dialogue. Pérez de Cuéllar is hated within Peru, as was demonstrated in the 1995 Presidential election, when he ran against Fujimori, and was trounced in the first round of the elections by an unprecedented margin: Fujimori received 63.7%, to Pérez de Cuéllar's 22.4%.

Chaos, not stability, is likely to ensue over the coming months. New Presidential and Congressional elections were

scheduled for April 8, with the inauguration of the new President expected on July 28, 2001. The ouster of Fujimori throws all such plans into doubt, however. Emboldened by their foreign backing, the squabbling opposition forces, now handed power in Peru, are driven by the mind-set that "anything goes" in their grab for power. Just one detonator—a protester's death, perhaps—and Peru could explode like a tinderbox, and perhaps find itself without any government at all.

In a statement issued on Nov. 21, even before Pérez de Cuéllar's nomination was known, Lyndon LaRouche's co-thinkers in the Ibero-American Solidarity Movement in Peru warned: "There now seems to be nothing standing in the way of Peru being handed over fully to the narco-terrorists, as is occurring in neighboring Colombia, just as has been demanded all along by the financial elites of Wall Street and the City of London. These oligarchs hope to secure for their global empire a few more hours of survival, through the destruction of sovereign nation-states and the legalization of drugs. . . . What will follow in short order is the imposition of a new government favorable to 'dialogue' with terrorism, and permissive toward drug trafficking."

The speed with which the dope cartels and their narco-terrorist armies shall now sweep over the entirety of South America, is beyond the imagination of most people in government today. Already, Project Democracy's spokesmen are cackling that, with Fujimori out, the one remaining resolutely anti-drug government in South America, that of Gen. Hugo Bánzer in Bolivia, can be toppled rapidly, as well. In its "news" coverage of Fujimori's fall on Nov. 20, the *Washington Post* called Peru "a test case for the establishment of stable





*Peru's President Fujimori, who wiped out terrorism in Peru, and stunned the world with the rescue of the hostages held by terrorists at the Japanese Embassy in Lima in 1996, has been forced out of office by international pressure, disregarding the electoral voice of Peru's population.*

democracies in South America”—presumably governments with all the stability of Project Democracy’s favorite “democracy,” the disintegrating Colombia.

The *Washington Post* called Fujimori “the foremost example of a new breed of democratically elected yet authoritarian leaders,” and named Bolivia as another country where such a “new breed” President must be removed from power. Bolivia is already becoming a new “Colombia,” Bolivian government and military officials warned recently, as the Bánzer government, lacking economic assistance, has been unable to suppress a two-month-old uprising by Bolivia’s coca producers. The coca producers are being advised in their uprising directly by the Revolutionary Armed Forces of Colombia (FARC), which group President Bill Clinton’s top anti-drug official, Gen. Barry McCaffrey (ret.), accurately identified during a Nov. 19-20 visit to Colombia as “the main cocaine-producing organization in the world.”

### **Not Democracy, But Imperial Power**

Although Fujimori’s resignation was expected, the unusual form in which it was delivered—sent from Tokyo, Japan, where Fujimori now intends to stay for the indefinite future—reveals the extent of the pressures and threats which, in the end, removed him from government.

The former President hinted at the economic warfare run against the country as a factor in his resignation, telling Agence France Presse on Nov. 20 that he was leaving office “to keep our economy . . . from being injured, threatened by a climate of uncertainty and political instability.” In his letter

of resignation, he stated that he resigned at this point to keep Peru from “committing suicide” before the April elections.

Fujimori told reporters in Japan on Nov. 21 that he will stay in Japan, where his parents were born, for “a long time. . . . I want to go back [to Peru] some day, but I don’t know when.” He added, “I feel sorry because of the confusion, uncertainty, and even indignation caused to the Peruvian population, and mainly to my followers. But I have some reasons that I cannot explain right now. . . . They are reasons that may be difficult for the public to understand.”

“I say to these eternal critics and detractors: Do not claim victory yet,” he told the Spanish news agency EFE, in an interview on Nov. 20. “I belong to the people of Peru, and at the appropriate time they shall know the details of my decision, and the behind-the-scenes struggles and strange pressures upon the heads of some persons who today clamor for courage.”

Whatever reasons he may eventually give for his resignation, responsibility for Fujimori’s ouster lies at the doorstep of the U.S. government and the international Project Democracy apparatus, without whose backing Dope, Inc. could not have overthrown his government. Fujimori’s final removal was so entirely orchestrated from abroad, that two State Department Assistant Secretaries (Peter Romero and Anthony Wayne) and the U.S. National Security Council adviser on Latin America (Arturo Valenzuela) arrived in Lima, Peru’s capital, on Nov. 20, to personally set up the next phase of the destruction of Peru.

State Department public assurances that the presence of

such a high-level team in Lima at just the right time was “a coincidence,” are laughable. The U.S. Embassy in Lima announced that the team would be descending upon Lima, on Nov. 17, one day after the opposition gained control of the Congress through the ouster of outspoken Fujimori supporter Martha Hildebrandt as President of the Congress. With the election of the opposition’s Paniagua as Hildebrandt’s replacement, the opposition was positioned to throw Fujimori out of office, and everyone knew this was the next step planned. By Fujimori’s own account, the opposition’s takeover of the Congress was a decisive factor in his decision to resign, because under those conditions, any attempt to try to continue to govern Peru would be futile.

Under Peru’s Constitution, should the Presidency be vacated, the two Vice Presidents are next in line for succession, followed by the President of the Congress. Given that the first Vice President, Francisco Tudela, had resigned his post a month before, the mantle fell upon the Second Vice President, Ricardo Márquez, who assumed the post of Acting President on Nov. 19, after Fujimori first informed the government he would be resigning. Márquez did not last long. The visiting State Department team told Márquez to resign, an Administration official (requesting anonymity) told the *New York Times*’s Lima correspondent Clifford Krauss. Márquez was told that he “does not have U.S. support,” the official said. The same official told the *Times*: “We think Paniagua should be the guy.”

And so, Márquez resigned on the night of Nov. 20. Before resigning, however, Márquez signed a decree retiring the entire military top command—a decree, according to the opposition press, which the Romero-Valenzuela duo demanded Márquez put through before resigning.

Márquez’s resignation cleared the way for the next in line: The State Department’s “guy,” Valentín Paniagua, is now President of Peru. And what an act of democracy that is! Paniagua is a politician from former President Fernando Belaunde’s Popular Action party, which got all of 1% of the vote in last April’s Presidential election. After Belaunde’s 1980-85 regime left Peru overrun by the Shining Path, and economically destroyed, all that’s left of the party is an empty shell.

## Re-Installing the Narco Machine

With the Fujimori government gone, it is Peru’s Armed Forces which now face the full force of assault by the imperial “democracy” forces, as the remaining national institution which must be destroyed for Peru to be made safe for the drug trade and its armies. As Organization of American States (OAS) Secretary General César Gaviria so bluntly asserted upon his return from Lima at the end of October, “The main problem is not Fujimori and [former National Intelligence Service chief Vladimiro] Montesinos, but how to deal with the military.” Thus, immediately on the agenda are plans to jail the military leaders who led the fight against narco-terrorism in the 1990s, to free terrorist leaders from their jail cells,

and to legalize the production and export of coca from Peru.

Since it was installed in August, the “restructuring” of Peru’s institutions, including the Armed Forces and intelligence services, has been run by the opposition-dominated “Dialogue Committee,” set up by the OAS under the U.S. State Department’s direction. The direction in which this is heading, can be seen in who is running this show. The subcommittee charged with restructuring the Armed Forces and intelligence services, for example, has among its members none other than José Luis Risco, the leader of the Communist Party-run trade union federation, the CGTP, which has long aligned itself with the narco-terrorists. Not that Risco enjoys a popular mandate: He received less than 3,000 votes in the last elections.

Already, prominent “personalities,” such as Father Hubert Lansier, are calling for the release of MRTA leader Yehude Simons, convicted and jailed on charges of terrorism and drug trafficking. Similarly, a writ of *habeas corpus* has already been presented on behalf of jailed Shining Path chief Abimael Guzmán, to protect his “health” and “life,” and it was accepted by the new and “autonomous” judiciary imposed by the OAS’s Dialogue Committee. Another chieftain of Shining Path, Osmán Morote, was taken from his jail cell, and allowed to address 100 Shining Path prisoners at another prison, supposedly to quell their rebellion there.

Nor is drug legalization far off. As even such staunchly anti-drug U.S. officials as Gen. McCaffrey praise the fall of the Fujimori government as a step toward “democracy,” the OAS Dialogue Committee has already ordered that all eradication of coca plants in Peru be halted, and no one has said much of anything about it.

At the beginning of November, under assault by the opposition and the OAS, the Peruvian government yielded to demands by coca producers in the Huallaga River Valley, and halted all eradication programs. Ninety percent of the coca grown in this area is used for cocaine production. In late October, the coca producers in the region, joined by agitators from the Unified Mariateguista Party (PUM) of former Congressman Javier Diez Canseco, and backed by the National Human Rights Coordinator, which exercises a prominent role in the OAS Dialogue Committee, went on strike, demanding—as do their counterparts in Bolivia and Colombia—an end to all government eradication efforts.

On Nov. 9, Gómer Meza, the leader of the Huallaga Valley coca producers, their adviser, Ricardo Soberón, a member of the George Soros-linked Andean Commission of Jurists whose head runs opposition Presidential hopeful Alejandro Toledo, and representatives of the Fujimori government, signed an agreement ending all eradication efforts, until “the Dialogue Committee determines what positive measures are to be taken in this situation.” It does not take much insight to predict that all the efforts which led to the dramatic reduction of coca cultivation in Peru by two-thirds during the Fujimori years, are about to disappear, and soon Peru will once again become the world’s leading coca producer.

# ‘Shining Path’ Inside Peruvian Army: Colonel Humala’s Strange Revolt

by Luis Vásquez Medina

On Oct. 18, a mediocre officer in the Peruvian Army led a rebellion in the distant locality of Locumba, in southern Peru. Initially accompanied by some 30 rank-and-file soldiers, Lt. Col. Ollanta Humala seized his barracks and took an Army general as hostage. The uprising was supposedly directed against the “corrupt” Commander of the Armed Forces at the time, Gen. José Villanueva, despite the fact that the government of President Alberto Fujimori had decided to retire General Villanueva 24 hours earlier, which Humala had to have known. The manifesto, issued by the insurgents and transmitted to a Lima radio station by satellite cellphone hookup, spoke about an unknown “ethno-Cacerist movement” within the Army which was seeking the creation of “a new Peruvian Army.”

In parallel to Humala’s actions, forces from the movement of defeated Presidential candidate Alejandro Toledo held demonstrations in Lima in support of the insurrection, and several dozen “conscripts,” unemployed ex-soldiers, rushed to several cities in the south to join this new “movement.” Among them was the brother of the insurrection leader, a former Army Major named Antauro Humala.

The movement died on the vine when it did not receive the outpouring of support that the Humala brothers had expected from other barracks around the country. Within a few days, all the soldiers who had participated in the insurrection, had rejoined their units.

However, although the insurrection took place more than a month ago, Colonel Humala remains a fugitive in the southern Andes. The Peruvian Army, largely due to political pressures from the Peru’s Ombudsman, Dr. Jorge Santisteven, has not captured and tried him.

The Humala insurrection, despite having all the trappings of a bad comic opera, is an intelligence operation directed from abroad and designed to sow the seeds of Shining Path “indigenism” inside the Peruvian Armed Forces, and in other Armed Forces of the Andean region of South America. Its international scope portends the formation of an indigenist current within the armies of Peru, Ecuador, and Bolivia, as a means of finally destroying the Armed Forces of the Andean countries. This current would link up with the government of Hugo Chávez in Venezuela, and with his strategic allies, the Revolutionary Armed Forces of Colombia (FARC) and Fidel Castro in Cuba.

It is no accident, therefore, that one of the first to express

solidarity with Humala—and there was a great deal of support for him in the international media—was retired Ecuadoran Army Col. Lucio Gutiérrez, who led a civil-military coup against former Ecuadoran President Jamil Mahuad in January 2000, aligning himself politically with both Chávez and the FARC at the time. “I declare my solidarity with those military patriots, because they are demonstrating a great altruism and responsibility for their country, which the Peruvian generals have not done,” Colonel Gutiérrez told the international media, after Humala’s attempted revolt.

What happened in Peru, he added, confirms that “the Armed Forces have evolved,” and that the fight against corruption is a “strategy” that is being applied across Ibero-America. Gutiérrez insisted that Humala’s uprising in Peru “is no coincidence,” and he reminded the press that it has been the middle-level officer corps in various countries, such as Venezuela and Ecuador, which have carried forward the fight against government oppression, despite the fact that this required a split with Army higher-ups.

The spread of the Humala movement into the Bolivian Armed Forces has been the work of the Humala brothers’ father, “ethno-historian” Isaac Humala, who has visited Bolivia numerous times, establishing contact with military officers through the Bolivian Academy of Military History. Just weeks after the Humala brothers were carrying out their insurrection in Peru, a new indigenist movement of potentially great importance was founded in Bolivia. On Nov. 14, the leader of the Aymara peasants of Bolivia, Felipe Quispe, created the “Pachacuti” Indigenous Movement (MIP) in the locality of Peñas, some 60 kilometers from the Bolivian capital of La Paz. According to Quispe, the MIP “should serve as a [political] alternative for the Aymara, Quechua, Guarani, and Tupiguarani Indians,” and to protect “new generations of [Bolivian Indians] from the cynicism of racial discrimination and other forms of subjugation and unspeakable suffering, to which the peoples of Qollasuyo have been subjected for more than 500 years.”

## **Ethno-History, the Sorbonne’s Nazi Theory**

The father of the insurrectionary Humala brothers, Isaac Humala, is an ideologue of the “ethno-Cacerist” movement. This ideology is an indigenist interpretation of the work of Marshal Andrés Avelino Cáceres, one of the foremost heroes of the war between Peru and Chile in the 19th Century. Cá-

ceres forged an army of Indians, and led a war of resistance from the Peruvian Andes, against the Chilean invasion during the 1879 War of the Pacific.

Antauro Humala, the brother of the insurrection leader, was investigated in 1996 by the Peruvian Army, for doing political organizing for his “ethno-Cacerist” movement inside the military. After he returned to his proselytizing inside the Army recently, he was discharged with the rank of major. After leaving the Army, Antauro Humala began studies at the Molina Agrarian University in Lima, where he hooked up with Eliane Karp, the Belgian anthropologist wife of defeated Presidential candidate Alejandro Toledo, who is herself a rabid “indigenist revolutionary” of the World Bank.

Isaac Humala was a lawyer and self-proclaimed “ethno-historian.” He was a longstanding militant in the Peruvian Communist Party, and was part of the so-called “Cahuide” cell to which porno-novelist Mario Vargas Llosa also belonged in the early 1950s. More recently, Isaac Humala won a certain notoriety as a member of a group of “democratic lawyers” who defended captured Shining Path terrorists.

Relations between the Humala family and Shining Path do not end here, however. Eldest son Isaac Humala Taso, who currently works half the year at Lima’s National Engineering University, and the other half at the Sorbonne university in Paris, wrote a book in the late 1980s defending the Shining Path’s “economic policies.”

The Sorbonne is the true birthplace of Shining Path. It was there that the anthropologists and sociologists were trained, who later established themselves at the University of Huamanga in Peru, where the first Shining Path cells were formed in the 1960s and 1970s.

Ethno-Cacerism, the invention which inspired the Humala uprising, is based on French ethno-history, a Nazi elaboration of the French school of anthropology which is spread throughout the Andean region by the French Institute of Andean Studies (IFEA), which in turn is associated with the Alliance Française of Peru and the Sorbonne. This ideology has a close affinity to the action anthropology thesis of Paul Rivet and Jacques Soustelle.

The entire Peruvian anthropological school is the child of this Nazi legacy, as revealed in the fact that the first anthropology faculty in the country, at the San Marcos University in Lima, was the product of a visit to Peru in the early 1940s by the famous Swedish Nazi-Communist, Axel Wenner Gren. Gren gave the money and launched the work of anthropologist Luis E. Valcarcel, one of the putative founding fathers of Shining Path mass killers.

French ethno-history stems from the Nazi thesis that the history of humanity has evolved from the four principal races: white or Aryan, black, yellow, and copper. Each one of these races has its determined “space,” or “hinterland.” Historic inequalities arise, according to these racist theories, when invasions or conquests change the equilibrium between the races. According to this view, one of the great imbalances of history was caused by the discovery of America. Thus, one

of the main conclusions to be drawn for Ibero-America, is that only when the copper race achieves dominion of its own continent, will “Latin America” truly be able to “liberate itself.”

### **Attempted ‘Coup’ in Peru Also Indigenist**

Based on what we have documented above, it is appropriate to say that the mother language of indigenism, which they would insert into the Peruvian Army to destroy it from within, is French. But its second language is English, as is evident from the important connections of the indigenist apparatus in Washington. One of the main links passes through another would-be coup-maker, retired Gen. Jaime Salinas Sedo, who has not only praised Humala’s insurrection, but has even claimed for himself the intellectual authorship of the ethno-Cacerist movement. Said Salinas, “Humala must [surely] have read the essay I wrote on Cáceres, before attempting his insurgency.” Weeks before Humala’s uprising, Salinas was predicting the appearance of “a Peruvian Hugo Chávez,” to rise up against what Salinas called “the corrupt military command” of the Peruvian Armed Forces.

General Salinas led a rebellion in November 1992, against Alberto Fujimori’s so-called “self-coup” of April 5 of that year. It was later learned that Salinas’s coup attempt enjoyed the support of certain circles in the U.S. Pentagon and State Department, which did not want a real war against narco-terrorism, such as the Fujimori government was waging at that time. After his rebellion was foiled, Salinas was sent to prison, but he was later amnestied by the government. Upon leaving prison, and thanks to his international contacts and with U.S. financing, he founded the Latin American Institute of Civil-Military Studies (ILACIM), whose main objective has been to spread the argument that, in this post-Cold War period, the armies of the region should be significantly reduced.

Louis Goodman, one of the main authors of this thesis, is a sponsor of General Salinas. Goodman, dean of the International Service Faculty at American University in Washington, and who helped Abraham Lowenthal (among others) to found the Inter-American Dialogue in 1982, was one of the coordinators of the infamous demilitarization project which was launched in the late 1980s by the U.S. State Department, with the direction of its *éminence grise* for Ibero-American affairs, Luigi Einaudi. Under the pretext of “analyzing” civil-military relations in the region, this project proposed that there be a drastic reduction of Ibero-America’s armed forces.

The research of Goodman and others was written up in a book, which contained the main arguments, supposedly to demonstrate the necessity of dismantling the region’s militaries, published in 1990, under the title *The Militaries and Democracy: The Future Of Civil-Military Relations in Latin America*. When *EIR* published a critique of this book, we dubbed it “The Bush Manual” to destroy the Armed Forces of the continent, and later, *EIR* published a more detailed analysis of this demilitarization project, in its book, *The Plot*

to Annihilate the Armed Forces and Nations of Ibero-America.

The thesis of the “Bush Manual” was adopted as official policy by the State Department and the Pentagon, under both Bush’s Republican government and the Democratic Clinton Administration. In fact, at the 1995 Defense Ministerial of the Americas, held in Williamsburg, Virginia, that thesis was sealed as official U.S. policy.

American University and the Canadian Foundation for the Americas (FOCAL), financed the opening of Salinas’s ILACIM in 1996. The Advisory Board of ILACIM includes:

- Diego García Sayán of the Andean Commission of Jurists, George Soros’ puppet in the public promotion of drug legalization, and one of Alejandro Toledo’s leading advisers;
- Valentín Paniagua, the newly appointed interim President of Peru;
- Retired Gen. Walter Ledesma, who has been repeatedly invited to attend ILACIM’s conferences, and has become a leading promoter of what he himself calls, in all his presentations, the “Spirit of Williamsburg.”

Under the slogan of an “institutionalization” of the Armed Forces premised on the arguments of Goodman and the Inter-American Dialogue, Salinas and the ILACIM maintain that the Peruvian Armed Forces should “restructure” themselves, abandon their work of constructing the nation’s physical infrastructure and reduce their presence in the economic life of the country. All this, is what Salinas calls the “professional-

ization” of the Armed Forces.

Apart from supporting the Humala uprising, what are General Salinas’s international relations? During his last visits to Washington, he has closely coordinated with Luigi Einaudi, and from there has travelled to Venezuela to meet with Hugo Chávez and his team.

Beyond all of Salinas’s academic arguments, and the false moralizing of the highly ideological Humalas, what must be stressed is that the central purpose of this international operation, is the destruction of the Armed Forces of Peru, and of the entire region. The recently self-proclaimed Peruvian Presidential candidate Alejandro Toledo, for example, has announced that his future government will “restructure” the Armed Forces. He has also said that he would reinstate the U.S. military mission in Peru, the which was expelled from Peru in 1963 when the U.S. government of the time blatantly intervened in Peru’s 1962 Presidential elections, in favor of APRA party leader Víctor Raúl Haya de la Torre. Toledo has also announced that he would “demilitarize” the entire Peruvian border with Colombia—a gift to the FARC, so that they can operate freely in Peru—and he would also permit the establishment of U.S. military bases throughout the Peruvian Amazon region.

All of this is a sure formula for sinking Peru once again under the barbarism of Shining Path, and would give the entire Andean region over to Wall Street’s drug legalization scenario.

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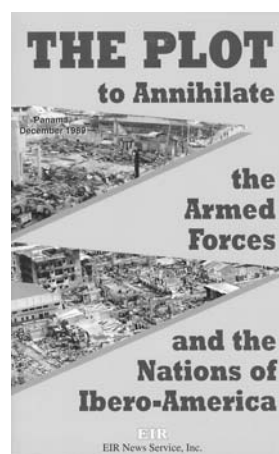
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—James Zackrison, *Defense Force Quarterly*

# French Magistrate Caught in Princess Diana Murder Cover-Up

by Jeffrey Steinberg

More than three years after the death of Diana, Princess of Wales, which shook British public support for the Windsor monarchy to its foundations, the lid which was placed on the investigation of her death has come open, threatening the French presiding judge in the cover-up, himself, with criminal investigation.

Court testimony by a Paris Public Prosecutor at the Second Criminal Court of the Court of Appeals of Paris on Sept. 15, 2000, showed that Judge Hervé Stephan had willfully suppressed evidence and an investigation into the case. The testimony further made clear, that Judge Stephan had committed fraud, by making false statements to attorneys in court, that the aggressive surveillance and harassment of Diana on the day of her death, was being investigated. In fact, the evidence shows that Judge Stephan himself had already secretly cancelled that probe, which never took place.

At the hearing, the French government was forced to admit that Judge Stephan, from the outset, had suppressed a vital part of the investigation into the events of Aug. 30-31, 1997, and that he had lied to an appellate court to conceal his suppression of that investigation.

The dramatic disclosures now cast a dark shadow over the entire probe of the deaths of Princess Diana, Dodi Fayed, and their driver, Henri Paul. They give new force to the charges of Dodi Fayed's father, Mohamed Al Fayed, who argues that the couple was murdered, on orders of the British royal family, and with the complicity of British and French security services.

## Basis of the Mystery

The backdrop to the new, startling revelations is summarized as follows.

On Sept. 2, 1997, within days of the fatal car crash in the Place de l'Alma tunnel in Paris, and the convening of a formal French investigation into the causes of the crash, attorneys for Al Fayed filed their first civil suit. This was a request that the proceedings be broadened to cover "attacks on the intimacy of private life" on the part of the paparazzi and others who stalked the couple from the moment their plane landed near Paris. This seemingly arcane civil filing expanded Judges Stephan and Marie Christine Devidal's mandate to include

the activities of the paparazzi and others during the entire period that the Princess and Dodi Fayed were in Paris, and during the prior week that they were vacationing in the Mediterranean, and were hounded by the same gang of photographers.

Indeed, from the moment that the couple arrived at a small airport near Paris, during the afternoon of Aug. 30, 1997, they were hounded by a mob of paparazzi, who seemed to be constantly informed of the couple's itinerary in advance. (European Parliament and U.S. House of Representatives investigations into a joint U.S.-British electronic surveillance system, called ECHELON, has already confirmed that all of Princess Diana's telephone conversations, including cell phone conversations, were monitored. A number of the paparazzi who were stalking the Princess in the weeks leading up to the Paris crash, have confirmed that they were being fed advance information about the couple's whereabouts from MI6, the British secret intelligence service.)

As Diana and Dodi Fayed were driving into Paris from the airport, several paparazzi in cars and on motorcycles attempted to cut off the Mercedes, in which they were driving, nearly causing a serious accident. This was less than 12 hours before the fatal incident in the Place de l'Alma tunnel. During the rest of the day, the couple was constantly hounded by paparazzi, who got into a series of physical confrontations with Dodi Fayed's security guards.

When the couple was forced to abandon plans to dine at a Paris restaurant, and returned, instead, to the Ritz Hotel, the crowd of paparazzi were joined by a team of seven men, who staked out the plaza in front of the hotel, the lobby area, and the rear of the hotel. To this day, the identities of these men, at least two of whom were apparently British nationals, has not been determined. French police have established that they were not paparazzi. It was the activities of all of these persons, Al Fayed asserted, that should be a key part of the criminal probe. Al Fayed's attorneys also provided French investigators and Judge Stephan with reliable source reports that senior officials of MI6 had been dispatched to Paris in the days before the Diana-Dodi visit. All of these matters would have been highly relevant to an "attack on privacy" probe.

But despite the civil filing by Al Fayed, Judge Stephan

never initiated the “attacks on the intimacy of private life” probe, focussing instead, exclusively, on the issues of whether the paparazzi or others were guilty of manslaughter, or violation of France’s strict “Good Samaritan” law, which requires accident witnesses to assist the victims. After two years of ostensible non-stop investigation, Stephan abruptly concluded that there was no basis for charging any of the paparazzi with either offense.

As the result of the terse, one-paragraph ruling, issued in September 1999, tens of thousands of pages of investigative material have been kept from the public. It was as if the Warren Commission, investigating the assassination of President John F. Kennedy, had issued a brief report and failed to publish the 26 volumes of evidence.

When Stephan failed to expand the investigation, based on Al Fayed’s civil suit, attorneys for the owner of Harrods and the Paris Ritz Hotel filed a criminal complaint on Oct. 10, 1997, reiterating their demand for the broadened probe into violation of privacy count.

It was not until Feb. 10, 1999, eighteen months into the investigation, that Judge Stephan finally commented on this second investigative track, which he had by now been assigned to pursue by a higher court. In response to a letter from Al Fayed’s attorneys, Judge Stephan indicated orally that he had filed *letters rogatory* to the French police, ordering them to initiate an investigation into the charges of “attack on the intimacy of private life.”

On Feb. 18, 1999, Al Fayed’s attorneys filed a request to Judge Stephan to join the two investigations — manslaughter/failure to assist, and the invasion of privacy — into one. In the words of the filing, “Said offenses [the invasion of privacy] are characterized and said facts are utterly inseparable from the facts now being investigated under the terms of manslaughter by negligence.”

### Case Closed

Judges Stephan and Devidal never did join the two investigations, despite the court filings by Al Fayed’s attorneys, and on Sept. 3, 1999, acting on the recommendations of French prosecutors, the judges issued a terse one-page finding, dismissing all charges against the paparazzi and others unnamed, on the manslaughter and failure to assist matters. On Sept. 7, 1999, Al Fayed filed an appeal against this outrageous ruling by Judges Stephan and Devidal.

In June 2000, with the statute of limitation about to run out on the invasion of privacy investigation, attorneys for Al



*This photo, published in EIR of Dec. 19, 1997, was taken by closed-circuit cameras near the Ritz Hotel in Paris on Aug. 30, 1997, shortly before Princess Diana and Dodi Fayed were murdered. The men to the rear are believed to be part of a team that was surveilling the couple.*

Fayed again went to court in France, to demand access to the investigative files in the second case, none of which had ever been made available to the plaintiff (in French courts, “interested parties” are given full access to the magistrates’ investigative files). Al Fayed’s attorneys did gain access to what they had *thought to be* the complete files in the first, manslaughter/failure to assist probe: They were soon to learn, however, that these files were not complete.

Judge Devidal, now the sole magistrate in charge of the Place de l’Alma tunnel appeals, failed to respond to the Al Fayed requests about the second investigation. After 30 days, Al Fayed’s attorneys went to the higher court to force Judge Devidal to turn over the material.

### A Shocking Turn

It was there, in the higher court, that the new and shocking turn in the case suddenly unfolded. On Sept. 15, 2000, a hearing took place before the Second Criminal Court of the Court of Appeals of Paris, on the files request, and other matters relating to the Al Fayed appeal of the court decision to shut down the manslaughter case.

The startling revelation was contained in government papers filed in advance of the Sept. 15 hearing. Assistant Public Prosecutor Annie Grenier informed the Appeals Court that, while there were *letters rogatory* submitted to the French police authorizing an investigation into the invasion of privacy charges, these *letters* were not issued until Feb. 15, 1999, five days *after* the hearing at which Judge Stephan had falsely stated that he had already ordered the second police probe.



*John McNamara, director of Security for Harrods, at a press conference in Washington on Aug. 30, announcing a lawsuit by Mohamed Al Fayed, who is demanding that U.S. agencies make available their classified files on the deaths of Dodi Fayed and Princess Diana.*

This was the first falsehood in which Judge Stephan was caught.

In the same filing with the Appeals Court, Grenier also reported, according to papers filed by Al Fayed, that “the said *letters rogatory* had been returned to the judge who issued the order [Stephan], without having been the object of any execution whatsoever, on 20 September 1999. . . .” Al Fayed’s attorneys further noted, “It is particularly surprising that among the multiple *letters rogatory* delivered by Judge Hervé Stephan, only one such was completely neglected by the investigators.”

At the hearing before the Second Court of Appeals, attorneys for Al Fayed demanded some account as to why the second probe had never been initiated, despite Judge Stephan’s written order, and why the *letter rogatory* had been returned, immediately following the close of the manslaughter probe.

The attorneys recounted what happened next at the hearing: “Taking the floor, Assistant Public Prosecutor Mrs. Annie Grenier then indicated, to general stupification, that *it could be seen from the file that the examining magistrate [Stephan] had formally told the investigators not to execute the said letter rogatory.* She also expressed doubts about the notion, as believed by the party filing the civil action, that the totality of the proceedings regarding prosecution for manslaughter had been regularly attached to the file henceforth being investigated by Mrs. Devidal” (emphasis in the original).

Judge Stephan, throughout the two years of the probe, had repeatedly assured attorneys for Al Fayed and other interested parties, that all of the investigative material had been included in the magistrate’s files and thus provided to them. Now, the Assistant Public Prosecutor had stated, unequivocally, that an undetermined amount of material had been withheld!

Not only was Judge Stephan caught in official statements by French prosecutors suppressing a crucial feature of the investigation into the circumstances of the tragic deaths of Princess Diana and Dodi Fayed, as well as Henri Paul. But also, evidence had been withheld from the official record. And, Judge Stephan had lied and concealed the fact that he had never actually initiated the second investigative track that would have broadened the probe

far beyond just the few moments leading up to the fatal car crash.

### **New Motions**

Three days after these astonishing revelations, attorneys for Al Fayed filed a complaint, demanding a variety of actions, including criminal sanctions against Judge Stephan, for failure to open the violation of privacy probe, and “compensation caused by defective functioning of the justice system, in case of a serious fault or of a denial of justice.”

Al Fayed’s attorneys asserted, based on the filings and testimony of Assistant Public Prosecutor Grenier, that Judge Stephan had filed the *letter rogatory* “for the sole purpose, now apparent, of avoiding application by the petitioner to the criminal court to denounce said lack of investigation.”

At the time that Judge Stephan shut down his investigation and issued his one-page dismissal of all charges, Al Fayed was awaiting action by several U.S. intelligence agencies, which admitted to having secret files on Princess Diana, and had been ordered by a U.S. Federal judge to make those files available. Judge Stephan, perhaps under pressure of the no-holds-barred campaign then being waged by the British royal family, had also thus clamped the lid on these leads to evidence on the United States intelligence side. A new fight is now under way in the U.S. courts in Washington, to pry open the secret U.S. government files. With the light now thrown on Judge Stephan’s sabotage, it may be that the cover-up is, at last, coming undone.



# Coming to Terms with America's Vietnam War

by Gail G. Billington

From Nov. 16 to 19, President William, with his wife and daughter and an estimated 1,000-person official entourage, made an historic state visit to Vietnam, 25 years after the United States withdrew, politically and militarily, from Saigon. Clinton is the first U.S. President to set foot in Vietnam since former President Richard Nixon's brief touchdown in 1969. By all accounts, the American delegation was generously received by the government, and overwhelmed by the warm reception of the population, who turned out in tens, if not hundreds, of thousands in Hanoi and Ho Chi Minh City, formerly Saigon, to welcome the Clintons. U.S. Trade Representative Charlene Barshefsky summed up the visit: "Of all the trips we have taken over the last eight years, this is the one that will always stand out. This is a very emotional visit."

It is quite possible that this will be President Clinton's last official trip abroad as President, with the lingering, but unlikely, possibility of a trip to North Korea in the next eight weeks. The Clinton Administration has achieved the greatest progress toward reconciliation with Vietnam since the 1975 U.S. withdrawal, a task backed by a bipartisan group of former Vietnam veterans in the U.S. Senate and House of Representatives, and much broader backing among veterans across the country, without whose support this trip would have been well-nigh inconceivable. One such veteran and former prisoner of war, whose role has been crucial to transforming U.S.-Vietnamese relations, is U.S. Ambassador to Hanoi Pete Peterson, a former Congressman from Florida.

The visit was a direct result of the process launched within the first year of Clinton's Presidency, which led to the lifting of the 19-year-old U.S. trade embargo on Vietnam in February 1994, followed in July 1995 with restoring full diplomatic relations. In May 1996, then-Congressman Peterson was named Ambassador, and on July 13, 2000, the two countries signed a landmark trade agreement, which still awaits ratification by national legislatures in both countries.

Today, Vietnam is a nation of 79 million people, making it the third largest member of the Association of Southeast Asian Nations (ASEAN), and within range of the ten most populous countries in the world. An estimated 60% of the population were born after Vietnam's "American War." Of that 60%, some 1.4 million youth enter the job market every year.

## No Miracles Expected

President Clinton set the stage for the trip in a statement delivered on Armistice Day at Arlington National Cemetery: "In our national memory, Vietnam was a war. But Vietnam is also a country emerging from almost 50 years of conflict, upheaval, and isolation, and turning its face to a very different world, a country that can succeed in this new global age only if it becomes more interdependent and open to the world. . . . I will make clear to Vietnam that we expect continued cooperation. I will also offer the support of the American people as Vietnam becomes more open to the world, promoting trade and more ties among our people and championing human rights and religious freedom. . . . I go to open a new chapter in our relationship with its people."

National Security Adviser Sandy Berger and National Economic Adviser Gene Sperling downplayed the prospects of any spectacular breakthroughs during the trip, despite the fact that the President's arrival coincided with the arrival of some 64 U.S. business leaders, for their own mission to discuss investment opportunities and to address existing obstacles to investment. At least ten major deals were reportedly negotiated during the Presidential visit, the largest of which was the initialing of a letter of intent between Vietnam Airlines and Boeing for the purchase of three wide-body jets, worth \$480,000, barely beating out French competitors.

U.S. construction firms Stanley Consultants and the Louis Berger group won a contract to supervise the building of the Vietnamese section of a major road link connecting the Vietnamese coast to Bangkok, Thailand via a route through Laos and Thailand's northeast, under the Asian Development Bank-sponsored Greater Mekong Subregion. This was perhaps the only reference to this crucial infrastructure program during the entire trip. (*EIR* reviewed the GMS plan in its May 26, 2000 issue.)

## Talking Past Each Other?

There is no question that the Clintons were profoundly moved by the phenomenal popular reception they received, both in Hanoi and in Ho Chi Minh City, as well as the unprecedented access to the public they were accorded by the government, starting with President Clinton's nationally televised address to an audience of 600 students at Hanoi National University on Nov. 17. In addition to a state dinner in Hanoi, President Clinton held private meetings with President Tran Duc Luong, Prime Minister Phan Van Khai, and Communist Party General Secretary Le Kha Phieu.

President Clinton paid homage to America's and Vietnam's war dead, referring to the latter in one statement as "the other names on the wall," referring to the Vietnam Memorial in Washington, D.C. He joined the twin sons of a U.S. pilot in witnessing the attempted retrieval of their father's remains from a jet crash-site, and took part in a somber ceremony to repatriate the remains of three other U.S. soldiers, representing three of the armed services. On



*President Bill Clinton greets Vietnamese officials after a signing ceremony at the Presidential Palace in Hanoi on Nov. 17. A bust of the late revolutionary leader Ho Chi Minh is in the background.*

that occasion, President Clinton announced that he would turn over to Vietnamese authorities 350,000 pages of documents, followed by another 100,000 soon to be released, to aid Vietnam in locating the remains of some of their 300,000 missing in action, even though Vietnamese authorities have made clear that they lack the means to conduct such intensive searches. Rather, they have prioritized landmine removal and medical treatment for those suffering the continuing effects of dioxin poisoning, in order to prolong the lives of the survivors. A U.S. pledge to assist in developing a database for tracking unexploded ordnance, a pledge of a further \$1.8 million for landmine removal, and allocation of \$22.5 million over the next five years to combat HIV/AIDS, will further that objective.

The greater challenge in President Clinton's trip lies less in coming to terms with past wars, than it does with avoiding the wars ahead, especially, in relation to the direction of global economic policy. Despite U.S. press hype about quite plausible factional differences within the Vietnamese government between "reformers" and, presumably, "hard-line socialists," it should come as no surprise that Hanoi is looking over President Clinton's shoulder to see who and what comes next in Washington. They are not alone in indulging in an abundance of caution.

Difficulties arose from the content of the message delivered by President Clinton, and others in his entourage, in particular U.S. Trade Representative Charlene Barshefsky. U.S. relations with Vietnam, since 1975, have been held hostage to the issue of accounting for U.S. personnel missing in action. Ahead of this trip, five U.S. Senators, representing

both sides of the aisle, lobbied the President to deliver a strong message from the United States in support of greater "freedom of information, freedom of religion, and human rights." Under such domestic constraints, compounded by Clinton's "lame-duck" status, the President did deliver that message in every statement he issued, albeit far more delicately than one could imagine either Al Gore or George W. Bush could conceive. However, in so nailing the "human rights, rule of law, globalization" catechism on the government's door, President Clinton took the risk of appearing to be making an appeal to the majority of the population born after "the American War," against the leadership in power.

Vietnam, rightfully, has extreme pride in having won its independence, in wars against the French and the Americans, but the price of those wars set the physical economy back by decades, and left it without the resources to overcome the human and physical deficits. The United States, weighed down by its own war grief, has yet to face up to the reality of what it exacted from Vietnam. Consider the following: Estimates of the cost of the war to the United States range between \$350 and 500 billion; in total, some 8.7 million Americans performed Vietnam-era military service; 2 million of them fought in Vietnam or operated offshore; U.S. forces suffered an estimated total of 58,000 killed, of which 47,244 were in battle, with 153,329 serious casualties, 150,375 minor casualties, and 2,483 missing in action.

On the other side, U.S. bombers dropped 6.162 million tons of bombs on the country, equal to more than three times the total tonnage dropped on Japan and Germany in World War II, killing an estimated 300,000 civilians in the south and

65,000 in the north. South Vietnamese forces lost an estimated 223,748 killed and 570,600 wounded, and North Vietnamese forces lost 660,000 killed and an unknown number wounded. As many as 3 million Vietnamese died as a result of the war, 1 million military and 2 million civilians, with 300,000 missing in action. The U.S. used an estimated 20 million gallons of herbicides to clear the tropical rainforest, which led to the death or injury of 400,000 people directly, and is believed to have contributed to severe deformities in another half-million children born to North Vietnamese soldiers who fought in the south.

Since 1994, the United States has provided less than \$50 million in humanitarian aid to Vietnam, while Vietnam, as one of the conditions for reestablishing relations, must pay back \$145 million in U.S. loans *extended to the former South Vietnamese government*, loans that Hanoi will continue to pay, with interest, for another 20 years.

At present, the United States ranks ninth among investors in Vietnam, with projects worth about \$1 billion. Current Vietnamese exports to the United States are mainly seafood, footwear, and garments. If the trade agreement is ratified, trade could increase to \$800 million in the first year after ratification, and Vietnam's Trade Ministry projects that the total could rise to \$3 billion by 2005. But until both sides ratify the bill, punitive tariffs of 14% and higher, mean that Vietnamese goods are overwhelmingly kept out of the U.S. market.

When President Clinton urged Vietnam, repeatedly, to open up to free market economics and globalization, surely, he could not have been surprised by the response from President Tran Duc Luong: "The war has taken a very heavy toll on Vietnam. As such, the Vietnamese people all come to the view that the U.S. government should be aware of its responsibility for the tremendous losses that the Vietnamese people have suffered."

With the examples of Russia and the former East bloc countries before them, the Vietnamese are understandably cautious. One "man in the street" commented to foreign journalists: "What exactly do the foreign companies want? Foreign investors don't just bring money. They also bring outside influences that are out of step with Vietnam's values." Journalist Clay Chandler reported in the Nov. 20 *Washington Post* that aides travelling with President Clinton insisted that the huge state sector in Vietnam must be privatized, starting with

telecommunications and banking. The much-ballyhooed comments of Communist Party General Secretary Le Kha Phieu in his meeting with President Clinton have to be seen in this light: "The resistance wars brought the Vietnamese people national independence and reunification to advance the country towards socialism, so for the Vietnamese people, the war was not ultimately a story of darkness, sadness, and unhappiness. . . . Vietnam waged the resistance war to end the country's occupation by imperialists. But why did the U.S. forces invade Vietnam, which did not seek to invade the U.S.?"

### **Attempt at Reconciliation**

Throughout his trip, President Clinton conveyed a message of reconciliation and offered partnership to build a better future for both nations. He also referenced the long history of U.S.-Vietnamese contacts, noting in his speech to students at Hanoi National University how Thomas Jefferson tried, but failed, to establish trade ties with Vietnam during his administration, after acquiring rice samples for cultivation. Newly released research shed even more light on repeated efforts over more than 50 years by independent Vietnam's founding father Ho Chi Minh, to secure U.S. support for lifting the colonial yoke from his country. Ho studied the writings of America's Founding Fathers, admired Abraham Lincoln, and incorporated into the text of his declaration of independence for Vietnam, the fundamental idea in the American Declaration of Independence: "All men are created equal. They are endowed by their Creator with certain unalienable rights; among these are life, liberty and the pursuit of happiness." As Ho himself said in later life, "It was patriotism and not communism that originally inspired me."

It is the United States that changed. After the death of President Franklin Delano Roosevelt in April 1945, the U.S. abandoned Roosevelt's determination to bring an end to the European colonial grip on Asia, Africa and Ibero-America. The Anglophiles in the Truman and Eisenhower Administrations, centered on Allen and John Foster Dulles, steered the United States into the disastrous Cold War, from which the world has yet to recover. The United States foolishly took on fighting the colonial wars for the European powers.

In one of his last speeches in Vietnam, at the site of a wholly computerized container shipping terminal in Ho Chi Minh City, President Clinton declared: "I have been deeply moved by my visit here. I came here, in part because I believe that America and Vietnam are linked not just by a shared and often tragic past that must be honored and remembered, but that we have a bright future that we can build together to liberate our people and their potential.

"The years of animosity are past. Today we have a shared interest in your well-being and your prosperity. We have a stake in your future and we wish to be your partners. We wish you success."

The Vietnamese would like to believe us; can they?

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## The Most Corrupt Election in American History

by Edward Spannaus

“What we had was a bad election, which was the result of a corrupt and bankrupt election campaign,” was the way that former Democratic Presidential candidate Lyndon LaRouche characterized the proper way to look at the mess we are now in. In reality, this was probably the most corrupt election in U.S. history, if when one considers the two-year long campaign march of “inevitability” of the nomination of two and only two possible candidates, both far short of Presidential mettle, and both agreeing with each other — and with Wall Street — on every issue.

This special feature’s “recounting of corruption” is not conclusive: the crucial point, is that the impasse over the Florida vote, provides us with the opportunity to reflect upon what we were about to do to ourselves as a nation, as a result, not of a bad election, but because of a thoroughly corruption election *campaign*.

And, it gives us time to ponder what it was, that the Constitution intended with respect to the process of the selection of the chief executive, and what are the qualifications which the Constitution implies must be present in an individual who is competent to lead the nation.

And as we show, the Electoral College — upon which falls the responsibility to carry out the next step in this process, on December 18, after the courtroom brawls have probably subsided — was created, as a deliberative body, charged with exercising judgment, not as a rubber-stamp for the popular vote (even if we knew — which is probably impossible — what that vote allegedly was).

### The Non-Campaign

This Presidential election was nothing more than a contest for power between two would-be dynastic leaders. They both stood for globalization, both for free trade, both for the death penalty, and in the face of the onrushing financial and economic collapse of the U.S. and world economies, they spent most of their time squabbling about what to do with the (non-existent) budget “surplus.” More fundamentally, both Bush and Gore advocate policies which are absolutely hostile



*International observers of the March 11 Michigan Democratic Caucus release their findings of fraud against LaRouche's campaign. From left: Gabriele Liebig, editor, Neue Solidarität, Germany; Hunter Huang, president, National Association for China's Unification; Ernst Florian Winter, professor and former director of the Diplomatic Academy of Vienna; Debra Freeman, LaRouche campaign spokeswoman; and Bruce Director, Constitutional Defense Fund.*

to the the Constitutional commitment to the promotion of the General Welfare of these United States.

In most elections, there is some semblance of a contest over ideas, and the voters tend to respond to what they perceive as “issues” which bear upon their own self-interest. In this year’s election there was no such contest, and voters marched to the polls (or, were marched to the polls) more to vote *against* the other guy, than to vote *for* a candidate whom voters saw as promoting their own self-interests.

Vote fraud and election rigging (as we pointed out in last week’s *EIR*) are endemic to elections in the United States. But in this case, with no significant difference between the two “leading” candidates, but unprecedented amounts of money and resources to be thrown around, election-rigging, fraud, and irregularities, became the dominant feature of the election-race. That is the source of the actual crisis we face—not the legal wrangling over recounts and the allocation of Electoral votes in Florida.

But the impasse in Florida, which now appears more and more likely to extend into January, when the new Congress convenes, does give the American people time to reflect upon what has happened, and what was the nature of the 2000 Presidential campaign. That is the purpose of the series of articles which follow, in which we will consider the following aspects of the presidential race:

- The rigging of the nominating process of the Democratic and Republican parties, and the suppression of any dissenting voices by both the party apparatus and the es-

tablishment news media;

- The thuggery directed against any serious challengers, particularly toward Lyndon LaRouche’s campaign for the Democratic nomination; Gore’s campaign repeatedly used every “legal” subterfuge to prevent LaRouche from appearing on primary ballots, being included in the party caucuses, having his hundreds of thousands of primary votes counted or his delegates seated;

- Nullification of the 1965 Voting Rights Act;

- The myriad complaints of harassment and disenfranchisement of African-American and other minority voters in Florida;

- The unprecedented amounts of money, “hard” and “soft,” spent on this year’s election campaigns;

- The new wave of “convenience” voting procedures adopted in recent years, such as mail-in voting, and wider use of absentee voting—procedures which open the door for increased manipulation and corruption; and,

- The use of the news media to rig the nomination process, by attempting to create a sense of inevitability around the Bush and Gore nominations, the exclusion of LaRouche from the Gore-Bradley debates, and the exclusion of Pat Buchanan and Ralph Nader from the three nationally-televised Bush-Gore debates.

This feature begins with the publication of a memorandum on the Electoral College and the constitutional provisions for selecting a President. It represents our best estimate *at this moment* of what are the essential steps and mechanisms

required to meet a standard of constitutionality. This does not mean that the steps outlined will happen, but it describes what may, and in many cases, *should* happen. We will be pleased to consider any comments or refinements from readers.

# Constitutional Choice Of a New President By Electoral College

by Edward Spannaus

1. During the process which runs from now, through the Dec. 18 voting by the Electoral College, and then the Jan. 5-6 consideration of those Electoral votes by the Congress, it is essential that the Constitutionality of the process be respected and preserved, while at the same time the process be guided by a commitment to the intent and spirit of the U.S. Constitution, particularly its General Welfare Clause.

2. This was the most corrupt election in U.S. history. It is incumbent upon the Electors who Constitute the Electoral College under the Federal Constitution, to take into account

during their deliberations, the contamination of the vote, as it bears upon the authenticity of the vote count, and the integrity of the Presidency itself.

3. The principal elements of the corruption of the Presidential campaign during the entire year 2000, are:

- The nomination process of the two major parties was rigged to ensure that two look-alike, thoroughly unqualified candidates, were awarded their respective parties' nomination with virtually no public dissent. This rigging took place through thuggery and intimidation, illegal vote-stealing tactics, and the use of the news media to create the perception of an unstoppable momentum for both "leading" candidates.

- The news media further rigged the election process through its general refusal to provide substantial news coverage to any but the two "leading" candidates, the exclusion of third-party candidates Ralph Nader and Pat Buchanan from the Presidential debates, and the falsified reporting of results early on the night of the Nov. 7 elections, before polls had closed in many parts of the country.

- Unprecedented amounts of money were thrown into a Presidential campaign, in which there was no fight over ideas, no substantial difference between the two "leading" candidates, and no reason for voters to go to the polls to vote *for* a candidate, but only to vote *against* a worse one.

- Under these conditions, vote fraud and illegalities—which are endemic to U.S. elections under any circumstances—became the primary feature of the election process, including the rampant violation of the Constitutional and civil rights of minority voters and others.

4. The Electoral College, and the United States Congress, have a solemn Constitutional and moral responsibility to consider such evidence, respecting the contamination and pollution of the electoral process, as this bears upon the integrity of the reported vote. Even if such evidence were not sufficient in a court of law to overturn the results in particular states or jurisdictions, the Electoral College and the Congress may not blind themselves to these realities, in the interests of procedural efficiency or "finality" of results.

5. There are three points of inflection of the Constitutional process of the selection of the President, of which we should be aware, including possible courses of action to be taken at each point:

*The First Point*—Dec. 18, 2000: The Electors meet and cast their votes for President and Vice President in their respective state capitals. Only in about half of the states, are Electors bound by state law to cast their Electoral votes in accordance with the popular vote in their states—and the Constitutionality of those provisions is dubious. Clearly, under the intent of the Constitution—not only the provisions regarding the selection of the President, but above all, 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 and unable to govern according to Constitutional principles. (The leading example of this, is

## Next LaRouche Webcast

The second in a series of historic addresses by U.S. statesman and former Democratic Presidential candidate Lyndon LaRouche will be held on Dec. 12, 2000, at 1:00 p.m. Eastern Standard Time. LaRouche will address a live audience at an *EIR* seminar, and his speech will be simultaneously webcast via [www.larouchespeaks.com](http://www.larouchespeaks.com).

The title of the Dec. 12 webcast is: "Now Comes the Electoral College: How the United States Must Change Its Course of Action in Order To Deal with the Now-Onrushing World Political and Strategic Crisis."

In his first post-election webcast, LaRouche addressed the question of how the U.S. Constitution can be used to find a solution to the current electoral crisis. LaRouche will hold a third seminar, in January, right before Congress convenes to get the results of the Electoral College vote.

Preregistration is required for this *EIR* seminar.

To be notified of future LaRouche webcasts, send an e-mail request to [eirns@larouchepub.com](mailto:eirns@larouchepub.com).

Alexander Hamilton's campaign to ensure that Thomas Jefferson, and not Aaron Burr, became President in 1801.)

Electors are not bound to vote for either Bush or Gore, but may cast their votes for any person who meets the Constitutional qualifications to be President.

*The Second Point*—Jan. 3-6, 2001: The new Congress is sworn in on Jan. 3. On Jan. 6 (or perhaps Jan. 5, since Jan. 6, 2001 falls on a Saturday), the House and Senate meet in joint session to unseal, and tally, the Electoral votes transmitted by each state. If no candidate for President has obtained 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 any who received votes from the Electors in the states.

More important, members of Congress (one Senator and one Representative) have the right to object to any Electoral vote, on the grounds that a vote has not been "regularly given." This clearly could include fraud or irregularities, or any other factor which has contaminated the vote. 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 of Congress, before any further business is conducted.

This is a 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 recent impeachment. The only authority binding the Congress, is the authority of the United States Constitution.

One mechanism by which evidence of fraud, irregularity, or other contamination can be examined, is the creation of a special National Electoral Commission, such as was established in 1877 to investigate allegations of fraud, and to resolve the issues of competing Electoral slates, arising out of the 1876 Hayes-Tilden race.

*The Third Point*—Jan. 20, 2001: If no President has been selected by the date for the inauguration of a new President, 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 qualifications for President as specified in Article II of the Constitution. Congress could follow the order of succession, which is defined not by the Constitution, but by statute, and which begins with the Speaker of the House, but it need not do so.

6. In sum, it is clear that the Electoral College mechanism, as set forth in the Constitution, and supplemented by legislation and precedent, provides a number of paths 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 conditions of financial and strategic crisis.

# How Gore Destroyed The Democratic Party To Get the Nomination

by Debra Hanania-Freeman

The most corrupt election in America's history began to unfold during the summer of 1998.

Remember, that in the aftermath of the so-called Asian financial crisis of 1997-98, the short-lived Russian government of Sergei Kiriyenko was forced, in effect, into sovereign debt default on Aug. 17, 1998. At that moment, the unravelling of the global financial system accelerated.

This culminated in Alan Greenspan's Federal Reserve arrangement on Sept. 23 for a massive bailout of the bankrupt Long Term Capital Management (LTCM) hedge fund, which had placed roughly \$1 trillion of derivatives bets with only \$4.8 billion of core capital. The President of the New York Fed admitted in Congressional testimony, that the Federal Reserve Board had feared that the failure of LTCM would lead to an immediate global systemic collapse.

It was in the midst of this chaos, that U.S. President William Jefferson Clinton took an important step in the direction of Lyndon LaRouche's call for a New Bretton Woods. Clinton called the financial crisis "the worst in 50 years," and called for an emergency meeting of representatives of both advanced and developing sector nations, to discuss a "new architecture" for the world financial system.

That was the financial establishment's worst nightmare, and they responded with a vengeance. During this time frame, the scandals against Clinton were escalated with incredible ferocity.

The impeachment was soon accompanied by frantic efforts by Vice President Gore and Secretary of State Madeleine Albright to launch new wars, in the Middle East, and in the Balkans.

Supporters of Lyndon LaRouche and a group of Democratic state legislators formed Americans to Save the Presidency, and catalyzed support for the President at a very critical moment. That support grew, and the President decisively defeated his accusers in the Senate. But something else happened as well.

We don't know what threats were levelled against President Clinton, or who levelled them. But he dropped his drive for financial reorganization and a "new financial architecture." In doing so, he also did something that those closest to him said he was very reluctant to do: He threw his full backing behind Vice President Al Gore's designs on the Democratic

Party's Presidential nomination. Wall Street celebrated. Clearly, they believed that "the fix was in."

### **Clinton Flinches, LaRouche Vows to Fight**

Lyndon LaRouche disagreed. He launched his own candidacy for the Democratic nomination in January 1999, with the issuance of a book, *The Road to Recovery*. In the opening paragraphs, LaRouche argued, "It is time to rebuild that Democratic Party of core constituencies, which President Franklin Roosevelt forged under the crisis conditions of the earlier Great Depression." He warned fellow Democrats not to embrace the "poisonous rumor that the unelectable Vice President Al Gore will be the one to carry the party's banner and political platform" into the general election.

LaRouche based his argument on the fact that, in the midst of the Great Depression, FDR's leadership saved the nation by forging a coalition, a Democratic Party based on those whom FDR called the "forgotten man." It was a social force that gave him the power to do what had to be done: take on the "economic royalists" and break the back of Wall Street.

Al Gore had made clear that he had a very different idea. A self-identified "Third Way" Democrat, Gore argued that the key to the Presidential election would be whether or not the Democratic Party could appeal to Republicans and Independents. He said that the traditional core constituencies would vote Democrat, simply because they had nowhere else to go. He promised to morph the Democratic Party into the party that ruled suburbia and the new titans of the Nasdaq economy.

Strange strategy? Not really. Here is how it was to work: From the beginning, it was the intent of the financial establishment that the Year 2000 election cycle would be an election in name only. Gore and Bush had already been selected as the pre-ordained and anointed nominees of the two parties.

True, the selections did leave many observers rather perplexed. Bush was widely acknowledged to be a political and economic imbecile, but he had hundreds of millions of campaign dollars in the Bush family "pipeline" to crush any challenger. Gore, on top of his advocacy of policies that had already alienated the vast majority of would-be Democratic voters, was a man with absolutely no personal appeal. In fact, the last time he had sought the Democratic Presidential nomination, in 1988, he had captured less than 10% of the Democratic vote!

### **Establishment Wants a Fool As President**

The rules of both parties — especially those governing the manner in which the primaries would be conducted and convention delegates selected — had been largely rewritten. Both parties were determined to ensure that no insurgent or "outsider" could ever repeat what Jesse Jackson did in 1988, when he won Democratic primaries in five states, and threatened a floor fight at the Democratic National Convention. This year, the primary season would be *extremely* short. The idea was

to allow the Iowa caucuses to occur, but then to move almost immediately to a very early (Feb. 1) New Hampshire primary. The next major round of primaries was to occur on "Super Tuesday," March 7, and a large number of states were coerced into moving their own primaries up to that date. They were told that if they wanted to "count" at all, they had better do it.

"Super Tuesday" is one of clearest signs of the domination of the Southern Strategy, introduced first by Nixon's Republicans in the 1960s, and then grabbing the Democratic Party with Jimmy Carter in the 1970s. It was consolidated, by 1988, as a bloc of largely southern primaries, all held in early March, which would swing nomination momentum to whatever Presidential candidates had southern populist/Christian fundamentalist backing. In fact, in 1988, it was supposed to give the Democratic nomination to Al Gore, Jimmy Carter's heir. But Gore was so unelectable, that in 1988 he couldn't even win the southern primaries.

The plan for 2000, was that both Gore and Bush would garner more than enough delegates by the evening of "Super Tuesday," to win their respective nominations on the first ballot, thus rendering any primary that occurred later nothing more than a beauty contest. The timing placed extraordinary pressure on any potential challenger. The sums of money alone that would be required to conduct the requisite media blitz in so many states at once, was intended to be prohibitive enough to shut out any challenger to the two men who were now being described as "Dumb and Dumber." But, LaRouche came in, and threatened to upset the apple cart.

### **LaRouche Breaks Wall Street's 'Fix'**

By January 2000, with a small army of determined volunteers, LaRouche had already achieved ballot status in about 30 states, and seemed likely to add 15 more states to the tally. He engaged in a relentless assault on the "rigged election" scenario.

In early December, beginning with an historic appearance before the prestigious National Black Caucus of State Legislators Annual Convention, LaRouche engaged in a continuous dialogue with traditional Democratic constituencies across the nation, hitting them with the full truth of the scale of the current crisis, and offering them a way out.

With this crack in the controlled environment, John McCain's campaign to challenge Bush on the Republican side, and Bill Bradley's drive against Gore, suddenly emerged as real campaigns. Bush and Gore were actually forced to campaign.

On Jan. 7, a fight broke out during a Republican candidates' debate, over the flying of the Confederate flag over the state capitol of South Carolina. George W. Bush defended it as a states' rights issue, but McCain criticized Bush sharply, and called Confederate the flag "a symbol of racism and slavery."

On Jan. 12, Bill Bradley followed suit, and opened up the question of Gore's well-known racist record, by raising





*South Carolina State Sen. Theo Mitchell mobilized Democratic and Civil Rights activists, to attempt to stop the nullification of the 1965 Voting Rights Act by the Democratic National Committee — part of the enforcement of “no choice but Gore and Bush.”*

Gore’s use of the Willie Horton case against Michael Dukakis in 1988. That case was picked up later by George Bush, who then used it as an openly racist appeal in television ads during the general election. Bradley’s assault carried greater bite for what went unmentioned: Gore, in an attempt to block LaRouche from garnering delegates to the Democratic National Convention, was involved, along with the leadership of the DNC, in a bitter effort to nullify the Voting Rights Act of 1965.

Then, New Hampshire voters disrupted the rigged game. At the time, LaRouche said that the outcome created a visible potential for the campaign to be broken open. He said:

“The bottom line is, that the Democratic and Republican Parties’ political machines were battered by both the margin of the McCain victory and the extent of the rallying to Bradley, despite the massive Democratic Party-machine muscle deployed top-down into New Hampshire.

“Behind it all: The Forgotten Men and Women of America are expressing their growing hostility against the efforts of both party machines and the leading news media to play the ‘Third Way’ game against the lower 80-percentile of the citizenry.”

### **The Post-New Hampshire Panic**

The 500 or so leading Democrats, led South Carolina senior State Senator and civil rights leader Theo Mitchell, who had publicly opposed the DNC’s attempts to exclude LaRouche and his supporters from the Presidential race, were clearly representative of an even larger group. But the top pro-Gore bureaucracy unleashed a campaign of lies to defend their racist actions.

Even worse, some, including DNC General Counsel Joseph Sandler, moved to urge state party officials to break state

laws, and deny both LaRouche, and Democrats seeking to run as LaRouche delegates, access to the ballot. Officials in Utah, South Carolina, Michigan, and Arizona attempted to obstruct LaRouche’s access to their states’ primary ballots, admitting that they were acting on instructions from Sandler.

Other Democratic officials, some at the very highest level, were persuaded to tolerate the racist actions against LaRouche and his supporters, even though they found the actions to be reprehensible, for “the good of the Party.”

The argument was always the same: “We were all united behind Gore until LaRouche attacked him. Now Gore and Bradley are running neck and neck, and no one knows who will get the nomination. If we don’t know who the nominee is by Super Tuesday, we will be smashed in November. Right now, the race is so close, that if LaRouche is allowed to run, even if he only wins a small number of delegates, it could be enough to tie things up and force an open convention. If that happens, we’re dead.”

Prior to the New Hampshire primary, when the AFL-CIO was planning its Annual Convention in Los Angeles, almost everyone agreed that to endorse a candidate so early would actually undermine the labor movement’s ability to influence the platform and policy positions of the Presidential contenders. Furthermore, although it was clear that AFL-CIO head Sweeney was leaning toward Gore, that was emphatically not the case with either the Teamsters or the United Auto Workers (UAW). The United Mine Workers (UMW) also had a major problem with Gore, as did many Federal workers.

But, Gore’s campaign was floundering. His fundraising effort had ground to a virtual standstill. During a series of meetings held with top AFL-CIO officials at different locations across the country, Gore operatives, and soon Gore himself, pleaded with the AFL-CIO leadership for an early en-

dorsement. The argument made was that without the endorsement, Gore might be drummed out of the race altogether, and that the responsibility would lie with the AFL-CIO.

Sweeney was reluctant, seeing no way to bring the big industrial unions behind Gore, whose policies, from NAFTA, to welfare reform, to his obsession with Mother Earth, were seen as *anti-labor*. When pleading failed, Gore and his goons moved into a heavy strong-arm mode. Gore's considerable assets inside the Department of Justice's corrupt permanent bureaucracy were brought in. Intimidation-by-criminal-investigation was brought to bear against leaders inside both the Teamsters and the Laborers' unions (later, AFL-CIO Secretary Treasurer Richard Trumka and the UMW, which he had headed, would be similarly targeted).

By the time of the Los Angeles convention, the leadership of the opposing unions put on a good show, and orchestrated something of a floor fight. But, in fact, little was done to actually block a Gore endorsement. It was no surprise. The top leadership of the Laborers' were facing critical court appearances within days of the convention's scheduled adjournment, and it had been clear to them that the outcome of the endorsement vote would carry heavy weight in determining what would occur.

## The Michigan Primary

Nevertheless, the arguments worked on many. Gore pulled his name off the ballot of the Feb. 22 Michigan Democratic primary. Then, in a move that seemed suicidal, Bill Bradley caved in to pressure from the party bureaucracy to do the same, leaving LaRouche the sole Democrat on the ballot. Bradley's decision came on the heels of a massive attack by Gore at the California State Democratic Convention. There, Gore had personally attacked Bradley and his supporters as non-Democrats, because they dared to raise the reality of the economic decline for the poor and uninsured during the Clinton-Gore Administration. Then Gore's goons physically prevented Bradley supporters from putting up signs, and blocked a few hundred Bradley supporters from even attending the convention.

The Michigan Democratic Party and the Democratic National Committee first tried lying to Michigan Democrats that there was no Democratic primary in Michigan and that voters should stay home.

That plan was disrupted when LaRouche began making personal appearances, and launched a media blitz urging people to come out and vote. In an attempt to regroup, the DNC caused a major scandal when they were caught exhorting Michigan Democrats to vote for Republican John McCain on Primary Day (Michigan has an "open" primary).

Further, Michigan Democrats were threatened that if they came out and voted as Democrats for Lyndon LaRouche, instead of crossing over to vote Republican, they would be barred from participating in the March 11 Democratic cau-



*AFL-CIO President John Sweeney. Though resistance to the Gore candidacy among the federation's member unions was strong, external pressures were brought to bear, including clear threats from the U.S. Department of Justice.*

uses where delegates were to be actually selected.

But, the intimidation drive failed. Thousands of Michigan Democrats defied the party bureaucracy and came out to cast votes for LaRouche. Thousands more, who weren't yet prepared to declare their support for LaRouche, still refused to toe the party line, and cast their votes as "uncommitted."

The howls could be heard across the nation. A drive began to *cancel primaries*. First, local officials in Puerto Rico and Kansas were coerced into announcing that they were cancelling previously scheduled primary elections. Others soon followed suit. Finally, within a few days after the Super Tuesday primaries, both Bradley and McCain "suspended" their campaigns. Bradley continued to amass significant votes, as well as significant numbers of delegates, even though he had suspended campaigning. The "Dump Gore" movement continued to grow. When LaRouche won 22% of the Democratic vote in the May 23 Arkansas primary, entitling him to a chunk of Arkansas's delegates, Gore's national apparatus swooped into the state, and within hours, votes that had been cast for LaRouche, and counted and certified as such, were simply given to Gore, who claimed all the state's delegates. The blatant theft was upheld by a state court that leaned on the Supreme Court decision declaring the Democratic Party "a private club," that could set its own rules, no matter how unfair, racist, illegal, or arbitrary they might be.

## The Party Platform Fight

As the Democratic Convention drew closer, the party's core constituency leadership was growing more and more disgusted with this apparatus. They had virtually shut down the primaries, arguing it was necessary for a win in November; yet, by June, they had failed to produce a Party Platform, and had yet to schedule a single Platform Hearing—a crucial

process by which the core constituencies are usually mobilized.

Again, LaRouche moved into the vacuum, facilitating Ad Hoc Democratic Platform Hearings that occurred in Washington, D.C. on June 22. A dozen Democratic legislators from across the nation were joined by former U.S. Senator and Democratic Presidential nominee Eugene McCarthy to take testimony from those whom the DNC had refused to hear. The testimony was so compelling that LaRouche committed his campaign to producing and circulating 1 million copies of the complete proceedings prior to the August convention.

The Gore apparatus was embarrassed into a hurried attempt to conduct some sort of hearings themselves, and finally, the official Democratic Platform Committee met in Cleveland, for a poorly publicized and tightly controlled “platform hearing.”

Despite their efforts, a dramatic and open revolt against the Gore-dictated Platform, and against its explicit rejection of the traditional constituencies that comprise the base of the party, burst into the public arena. Prominent Democratic elected officials, including several members of Congress, local elected officials, including Cleveland’s Mayor and City Council, a powerful delegation from California, led by State Sen. Tom Hayden, and labor leaders representing some of the nation’s largest unions, announced they had formed a “Progressive Democratic Caucus,” which represented, they said, “the democratic wing of the Democratic Party.” The Gore thugs moved ruthlessly to quash the dissenters.

Ultimately, the Gore-dominated Platform Committee produced a platform that they boasted meant the official death of the Democratic Party as the Party of FDR and JFK. Gore’s chief campaign policy adviser Elaine Karmarck bragged that they had drafted a platform “that will attract Independents and Republicans.” Unfortunately, it didn’t attract Democrats. As Democrats travelled to Los Angeles for the National Convention, they learned that for the first time in Democratic Party history, there would be no open microphone on the Convention floor; the DNC had issued a decree banning floor demonstrations; there was no debate to be conducted on the floor on any issue, including on the Democratic Platform. The convention was held in an area that was cordoned off and could only be accessed by bus. Every delegate bus had two Los Angeles sheriff’s deputies on board. Hotels housing convention delegates were told they had to sign a contract with the DNC to rent no meeting rooms during the Convention period without prior approval by the DNC.

The scripting of the nomination of Al Gore was something between a Nazi Party Nuremberg rally and a bizarre coronation that would turn the Democratic Party of FDR into a second Republican Party. And, although the author has less direct knowledge of the Republicans’ gathering, the public coverage of the event would attest to the fact that it was pretty much the same routine.

# Primaries Were Rigged Against LaRouche

by Bruce Director

Nothing demonstrates more clearly the corruption of the Presidential election of 2000, than the all-out effort by the political establishment, to obstruct and suppress Lyndon H. LaRouche’s campaign for the Democratic nomination. By taking every conceivable measure to block LaRouche’s campaign, the establishment ensured that no serious issues were ever discussed, and that no alternative to Al Gore emerged in the Democratic Party. Many foreign observers were struck by the fact that Bush and Gore, the anointed unelectables, were able never to mention the global economic and financial crisis under way — a crisis which neither of them is competent to understand or deal with.

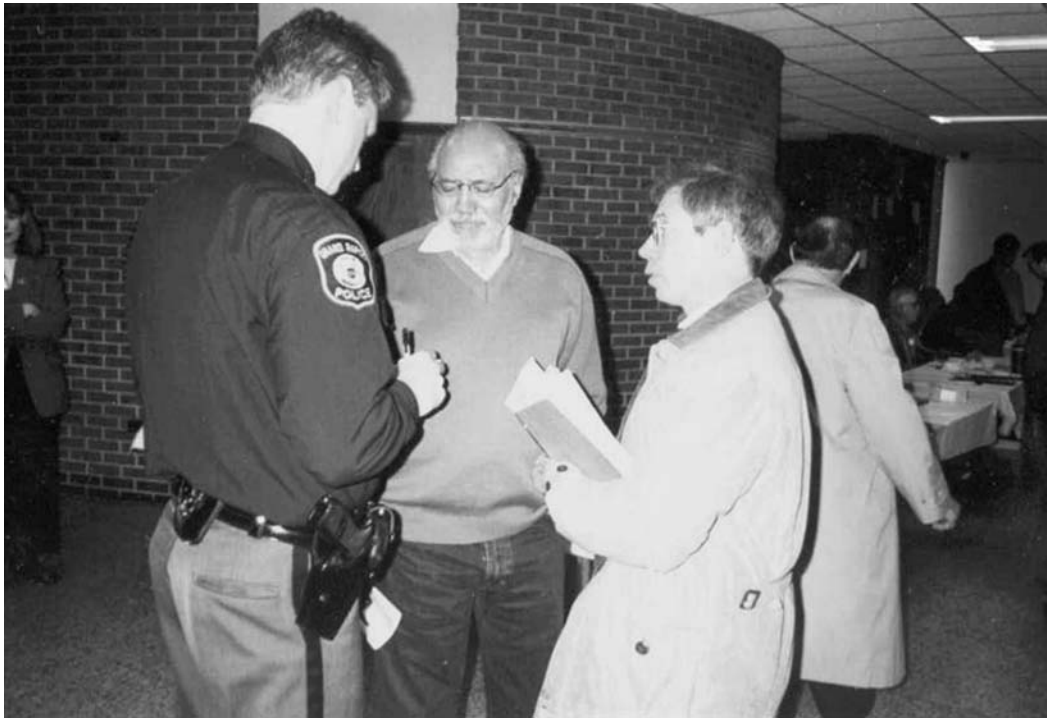
The measures taken against LaRouche were extensive, and included: orchestration of a systematic media blackout of LaRouche’s campaign; the disregarding of votes cast for LaRouche in Democratic primary elections; and a concerted effort by Gore campaign partisans to obstruct LaRouche’s access to the ballot in many states.

## Media Blackout

Despite the fact that LaRouche was the only candidate for the Democratic nomination, besides Vice President Gore and Sen. Bill Bradley, to qualify for Federal matching funds, the national news media gave LaRouche virtually no national news coverage. Editors, reporters, and other representatives of the major news organizations told LaRouche campaign officials, that the official policy of their organizations is “not to cover LaRouche.” Typical was a recent conversation between a *Los Angeles Times* executive and a visiting German journalist. The *Times* executive told the journalist, who was looking for news coverage of LaRouche’s campaign, “You should be in an insane asylum.” This media blackout was crucial in *blacking out the real economy as an issue for debate in the election* — as Americans are now realizing to their dismay, with inflation raging and markets cracking up.

With Gore and Bradley both lying about the “unprecedented economic prosperity,” the traditional base of the Democratic Party was, in effect, left with no voice, leading to the lowest primary-election voter turnout in history.

The top-down coordination of the media blackout is demonstrated clearly by the exclusion of LaRouche from the televised debates. All the Gore-Bradley debates were sponsored by major news organizations which had full control over who was allowed to participate. By any objective criteria,



*Police were called by the Michigan Democrats, to bar LaRouche Democrats from entering the caucuses. Here, one trooper takes the names of two LaRouche supporters outside the caucus.*

LaRouche should have been included. He was the only candidate other than Gore and Bradley to have been certified for matching funds. He achieved ballot status in almost every primary election, and had demonstrable campaign organizations throughout the primaries. He received, as he had already in 1996, hundreds of thousands of primary votes—more votes, for example, than either Alan Keyes or Pat Buchanan or Orrin Hatch on the Republican side, all of whom were featured in the debates.

Federal law requires that debate sponsors use objective criteria to determine debate participants. LaRouche's campaign made formal requests to the sponsors of every debate, and each and every request was denied. Follow-up complaints to the Federal Election Commission went unanswered. The debates came and went without LaRouche's participation. Had LaRouche been included in even one of the Gore-Bradley debates, the entire election campaign would have taken a different turn.

### **Obstruction of LaRouche's Access to the Ballot**

The current shenanigans in Florida are nothing compared to the systematic efforts by state officials, in complicity with Democratic Party officials and the news media, to keep the voters from even having a chance to vote for LaRouche. A few examples illustrate the point.

In several U.S. states, access to the ballot is determined by state officials, who unilaterally choose for whom the electorate will have a chance to vote. In many cases, these officials made their decision on the basis of news media support for the candidate. This created the "Catch-22," whereby the news

media blacked LaRouche out, and this was used as a pretext for excluding LaRouche from the ballot. It effectively put the decision of who would appear on the ballot, into the hands of executives of private news organizations, rather than voters and petitioners. Despite the fact that LaRouche had wide recognition and support among the American electorate, voters in some states were denied the opportunity to vote for him; in more states, potential supporters of LaRouche were unaware that he was on the ballot, until they actually stepped into the voting booth.

In states where officials denied LaRouche a place on the ballot, his supporters obtained signatures of registered voters on petitions, to get him on the ballot. In several cases, local officials actively obstructed these efforts. In Tennessee, the home state of Al Gore, LaRouche supporters submitted over 5,700 signatures, when only 2,500 were required. Yet, when these signatures were submitted to local election officials for verification, some of those officials refused even to verify most of the signatures. Voters from several counties in Tennessee challenged this obstruction in state court. After a lengthy and costly legal battle, Tennessee officials finally admitted they were wrong, and placed LaRouche's name on the ballot.

In Connecticut, the Secretary of State refused LaRouche a place on the Democratic primary ballot, citing the news media as her authority. LaRouche's supporters then obtained more than 8,500 signatures of registered voters, to qualify him for the primary. State law required that these signatures be filed with officials in every town in the state. But, when LaRouche supporters attempted to do so, they were told the



*Michigan Democrats at their Party Caucus. The Michigan Democratic Party, on orders from the Democratic National Committee, excluded LaRouche voters and delegates from the selection of state delegates, despite the fact that LaRouche had won the Democratic Party primary one month earlier.*

officials were not available! This is exactly the tactic used to prevent blacks from registering to vote prior to the passage of the Voting Rights Act. Connecticut Democrats were prevented from voting for LaRouche.

In Michigan, the Secretary of State refused to place LaRouche on the ballot, under pressure from state and national Democratic Party officials, and also citing the news media as his authority. In that case, LaRouche supporters obtained more than 23,000 signatures of registered voters who wanted LaRouche's name on the ballot. After LaRouche was certified for a place on the Democratic Party ballot, Gore and Bradley withdrew from the race. The state Democratic Party had announced it would not recognize the result of the state-sponsored election, deciding to hold a private caucus instead. Democratic Party officials then excluded LaRouche supporters from participating in these caucuses.

In South Carolina, a state with one of the most notorious records for discrimination in voting, Democratic officials refused even to provide LaRouche with the form required to file for that state's primary. When LaRouche's representative, a statewide union official, attempted to present the necessary documents and filing fee, state party officials refused to accept them, on orders from Democratic National Committee (DNC) chairman Joe Andrew.

In Utah, Democratic Party officials refused to provide LaRouche with the documents he needed to file with state officials, in order to appear on the ballot in that state's primary.

### **The Return to Jim Crow**

LaRouche has identified the takeover of the Republican and Democratic parties by the racist "Southern Strategy," first

adopted by the Nixon and Rockefeller Republicans in reaction to the Voting Rights and Civil Rights Acts of the 1960s. Nothing exemplifies this more clearly, than the spectacle of the DNC arguing in Federal court for the nullification of the Voting Rights Act!

The DNC's attack on the Voting Rights Act of 1965 began during the 1996 Presidential election. At that time, LaRouche won enough support in Democratic primaries and caucuses to be entitled to delegates to the Democratic National Convention from Virginia and Louisiana. Then-Democratic National Committee Chairman Don Fowler, a "Southern Strategy Dixiecrat" from South Carolina, ordered the state parties in Virginia and Louisiana to disregard LaRouche's votes. Fowler argued that the Democratic Party was akin to a "private club" that could exclude anyone it wanted. What was particularly noxious about Fowler's decree, was that it was based on the same racist reasoning, under which the pro-segregationist Democrats excluded African-Americans for nearly a century.

LaRouche and voters from those and other states sued Fowler, the DNC, and several state parties for violations of the Voting Rights Act. As if to underscore the DNC's now-adopted racist practices, the DNC was represented in court by John C. Keeney, Jr. His father, Jack Keeney, Sr., was the Justice Department official who ran the notorious "Operation Fruhmenschen" that targeted African-American elected officials for political prosecutions.

The case, *LaRouche v. Fowler*, dragged through the courts into the 2000 election cycle, as the new DNC chairman, Joe Andrew, reiterated Fowler's edict. In August 1999, a hearing was held before a special three-judge panel in Washington, D.C. chaired by Judge David Sentelle, a "Southern Strategy"

Republican partisan from North Carolina. At the hearing, Keeney argued that the Voting Rights Act should be declared unconstitutional, instead of being applied to the Democratic Party. Keeney cited as authorities, racist U.S. Supreme Court Justice Antonin Scalia and his sidekicks Justice Clarence Thomas and Chief Justice William Rehnquist. All three have advocated the abolition of the Voting Rights Act.

Subsequently, Sentelle handed down an opinion that adopted Keeney's arguments completely, holding that the Democratic Party was a private association that was above the Voting Rights Act. Sentelle's ruling was allowed to stand by the U.S. Supreme Court, effectively nullifying the Voting Rights Act.

The DNC's actions infuriated large numbers of Democrats, who over the years held the passage of the Voting Rights Act to be a major accomplishment of the Democratic Party. Over 1,000 Democratic elected officials, party leaders, and activists signed a public call denouncing the DNC's position.

Nevertheless, DNC chairman Andrew used his newly sanctioned "Jim Crow" powers to disregard votes cast for LaRouche in state-run primary elections. Most outrageous was the case of Arkansas, where LaRouche received 53,000 votes against Gore—23% of the total. These votes entitled LaRouche to eight delegates to the Democratic National Convention. In a move which shocked both Democrats and Republicans when it was exposed in the *Arkansas Gazette*, Gore and Andrew ordered Arkansas Democratic officials to deny LaRouche the delegates, and give them to Gore!

## Disenfranchisement Charged in Florida

by Michele Steinberg

When Democratic Party Presidential pre-candidate Lyndon LaRouche battled the racist tactics of the Democratic National Committee (DNC) used to disenfranchise his voters in the 1996 and 2000 campaigns, he established himself as the leader of the effort to defend the Voting Rights Act of 1965. Supported by civil rights leaders such as Amelia Boynton Robinson, one of the heroines of the Voting Rights Act battle, LaRouche was deadly accurate in warning black and minority voters that the Gore campaign and its DNC allies were *disenfranchising* the very base of the Democratic Party that represented the "forgotten man," the lower 80% of family-income brackets, that was the base of the Franklin Delano Roosevelt tradition in the Democratic Party.

Gore and the DNC's campaign against LaRouche (see accompanying article) were a part of the corrupt deal with Wall Street to "anoint" nominees Bush and Gore, not elect

them. Now, complaints are mounting in Florida that show that LaRouche's warning about the Gore/Bush corrupt deal was right.

As of Nov. 22, black and other minority voters are fighting for their political lives, and accusations are mounting that the election was as corrupt as Southern elections prior to passage of the Voting Rights Act.

It is ironic that Gore, who ripped up the Voting Rights Act in the LaRouche case, now finds himself in trouble because, as is likely, the Republicans ripped it up in Florida. But at the same time, the Republican Party is reaping what it has sown in Florida, as thousands of overseas military and other voters have had their absentee ballots disqualified, on technicalities, by high-priced Democratic Party lawyers. Gore is ready to disenfranchise those voters, because they are presumed to be Republican in the majority. In fact, the revelations of voting irregularities, and actual fraud, which are coming out of both the Republican and Democratic sides in Florida, are just the tip of an iceberg of fraud.

### Voting Rights Act Complaints

On Nov. 16, U.S. Rep. Corrine Brown (D-Fla.), a member of the Congressional Black Caucus, sent a strongly worded letter to U.S. Attorney General Janet Reno, making a formal request for an investigation of violations of the Voting Rights Act of 1965. "I believe that there is substantial evidence that many African-Americans were denied their fundamental right as citizens of the United States," Brown wrote. Her description fits a pattern that has emerged in five counties so far in the state: Duval, Palm Beach, Glades, Broward, and Dade.

On November 11 and 12, in Miami, the National Association for the Advancement of Colored People (NAACP) and other minority organizations held public hearings where dozens of voters came forward to attest to the fact that they had been prevented from voting by election staff, questioned by police, or subjected to other civil rights violations. On November 17, this testimony was made part of a complaint filed by the NAACP with the Civil Rights Division of the U.S. Department of Justice. The complaint included the transcript of public hearings held in Miami, where a panel of lawyers and two court reporters took testimony from voters and election volunteers.

In her November 16 letter, Rep. Brown further elaborated the discrimination. She stated that in Duval County (in her district, which stretches from Orlando to Jacksonville), 27,000 ballots were discarded for various technical reasons, and of those, 42% came from four City Council districts that are "predominantly black areas." While Brown had joined with the Congressional Black Caucus in an earlier complaint about widespread voter discrimination based on race in Florida and other states, she is now calling for a specific probe in Duval County.

"Victims of and witnesses to Election Day irregularities and discriminatory practices at voting precincts have come

forward in unprecedented numbers,” Brown said in her letter.

An investigation by reporters for the *Palm Beach Post*, shows a similar pattern in Palm Beach County, where the now infamous “butterfly ballot” was used. In a Nov. 18 article entitled “Glades Blacks’ Ballots Tossed More Than Average,” authors William Cooper, Jr. and Alexandra Clifton said that up to 23% of the ballots in black precincts in the county were tossed out, because the voter either did not vote for President or punched more than one hole in the Presidential race.

This extraordinarily high percentage of rejected ballots occurred in 11 predominantly black precincts in Belle Glade, Pahokee, and South Bay, which are the poorer areas of a county known more generally as a resort and retirement area. Belle Glade became infamous in the 1980s, when it was found to have a high rate of AIDS and tuberculosis, because of its Africa-style poverty and lack of sanitation and other economic infrastructure.

Cooper and Clifton reported that because of language problems, lack of familiarity with voting, and “fear of asking for another ballot,” 639 voters had their ballots eliminated out of 2,819 votes cast in the Glades area. This level, 23%, was extremely high; but the overall rate for all the black precincts in Palm Beach County was 16%—more than double the county-wide rate of 7%. There were 462,657 ballots cast in the county—so more than 30,000 ballots may have been eliminated there.

One of the problems cited was that Haitian voters who speak Creole, had no language assistance; one poll worker, Shirley Morris, reported that the poll workers tried to reach the Supervisor of Elections about the language problem, but were unable to get through because the lines were busy.

A lawsuit has already been filed about these types of irregularities in Palm Beach. An *amicus curiae* (friend of the court) brief filed by the American Civil Liberties Union includes reports that Palm Beach poll workers “said they were under strict instructions to turn away people asking for voting assistance,” and that a poll worker in Boynton Beach admitted turning people away, saying, “People were coming up to me . . . and I had to follow the directive—‘Don’t help anyone. Don’t talk to anyone.’” The brief also “suggests” that “a substantial number of voters in Palm Beach County who discovered their error before actually casting their vote, were refused replacement ballots.”

## **GOP Claims Against the Dems**

The corruption of the vote clearly tainted both parties. Besides the wholesale disqualification of overseas absentee ballots in Florida, the most specific allegations made so far by the Republican Party involve Wisconsin. According to the Associated Press, the Wisconsin GOP has filed hundreds of vote fraud complaints with the Milwaukee County District Attorney’s office, which is now investigating the allegations. The Republicans are charging, reports AP, that “dozens of

students voted more than once, and Democrats offered cigarettes to homeless people to vote.” Wisconsin has same-day registration right at the polls, and the voting was delayed for hours as poll workers scrambled to register the many students voting for the first time.

In the face of widespread fraud in the recent election, the American people have the opportunity, and the obligation, to use the means which the U.S. Constitution provides, to examine the causes for this disaster, and to fashion an appropriate remedy.

# **Corruption Wins in Eighteen States**

by Anita Gallagher

Various “convenience” voting procedures adopted in recent years in the United States, including liberalized use of absentee ballots, registration at state motor vehicle departments, and early voting—not to mention bad ballot design, punch-cards, and media “early winner” projections—have opened the way for interested parties to corrupt and manipulate elections, amidst procedures sloppy and inconsistent enough to embarrass any banana republic.

“Convenience” measures have been adopted in the last eight years across the United States, supposedly to remedy declining voter turnout at all levels of U.S. elections. Yet, the turnout of age-eligible voters in U.S. Presidential elections has continued to decline since 1960, and has remained at about 50% in the 1996 and 2000 elections. While it is true that virtually everyone older than 18 in the United States works long hours, and faces poor transit, crowded roads, and other impediments to getting to the polling place, the fact is that the whole gamut of convenience measures, to put them in the best possible light, have only served to slow the drop in voter turnout.

Why? Convenience measures cannot remedy the fact that voting is a cognitive act based on ideas; specifically, the idea of the common good, which must be communicated by the candidate to the population to energize a vote. Absent that factor, such measures as mass mail-in “absentee” balloting become like the creations of a sorcerer’s apprentice. They are out-of-control capabilities ripe for manipulation by interested parties in a climate of general disgust and public contempt for candidates.

## **Absentee Ballots**

If you have a picture of Americans marching out to make a national decision on Election Day to choose who will govern, that is about as outdated as the horse and buggy. Consider:

- About one year ago, Oregon decided by referendum to mail ballots to all voters, which is done in mid-October. Thus, its elections are effectively 100% conducted by absentee ballot, and “election day” is three weeks long. If a candidate dies, or drops out, just before the election (there are recent examples of both), those who vote early by mail may waste their vote.

- In Washington State, approximately 55% of the Presidential voting was done by absentee ballot—some 1.3-1.5 million votes. These ballots are required to be postmarked by Election Day, but the count is not certified until November 22, to allow all mailed ballots to arrive. On November 20, the Secretary of State’s office told *EIR* that *up to 50,000 more absentee ballots could still come in, and be counted*. Meanwhile, the outcome of a U.S. Senate race, as well as the question of which party will control the state legislature’s lower chamber, remain undecided.

- In Florida, where the difference between Al Gore and George Bush is only a few hundred votes, the outcome may hinge on overseas absentee ballots, which did not have to arrive until November 17. While the overseas ballots counted have broken 2-to-1 for Bush, more than 1,500 of the 4,000-plus overseas ballots—mostly military—were disqualified for lack of either a signature, a witness signature, a witness address, or a postmark. Meanwhile, it has become a political judgment call whether to require a postmark on the overseas military ballots. Florida law technically requires it, but after more than one-third of these ballots were disqualified, various Democrats were stung by criticism that they were not allowing those serving the nation to vote. Florida’s Democratic Attorney General has said that military ballots should be counted without a postmark, but no one knows if the 1,500 thrown out at the county level can be reconsidered.

- In California, the state with the largest number of voters, 28% of the voting was by absentee ballot—approximately 3 million votes. As of November 21, two weeks after Election Day, the California Secretary of State’s office reported that 195,059 absentee ballots were still to be opened and counted.

Absentee voting is increasing in all states, though many of the traditional “swing” states in Presidential elections—such as Florida, Pennsylvania, Ohio, Michigan, and New York—do not even keep track of statewide absentee totals.

Dean Plotnick, of the private consulting firm Election Data Services in Washington, D.C., told *EIR* that the biggest push for absentee voting comes from the parties, which aggressively mail out request forms for absentee ballots to all registered party members. The party members, in turn, are to complete these unsolicited applications and send them on to the local election boards, which then mail them absentee ballots. Plotnick views the California Republican Party as the pioneer of this voter-turnout technique. Absentee ballots won a California gubernatorial race for GOP candidate Pete Wilson—who was the loser when the polls closed. Though Democrats also use this technique for voter turnout, it is generally

believed to favor Republicans, whose more affluent constituency is presumed to handle paperwork more reliably.

In fact, the U.S. Department of Justice says that states should allow 45 days total out-and-back mail transit time for absentee ballots—a standard some states cannot meet because of late fall primaries. Some states, such as Florida, have been sued to allow more time (the reason Florida allows an extra 10 days for overseas ballots to arrive), while other states have not.

In Texas, a voter may vote in person in designated county buildings or community centers during the two weeks before an election, besides other convenience procedures.

Perhaps 25% of those who voted in the Presidential election cast their ballots in places other than the traditional voting booth, and at times other than Election Day. This, estimates Curtis Gans, director of the Committee for the Study of the American Electorate, is more than twice the number who used alternative voting procedures 20 years ago, the *Wall Street Journal* reported on November 7.

### **Motor Voter Registration**

In Florida, more than 2.8 million voters have registered to vote through driver’s license offices since the program began in 1995. In heavily contested Miami-Dade County, just to take one example, the program averaged 7-8,000 registrations a month, but these soared to over 35,000 a month in September and October 2000. But, according to the November 19 *Miami Herald*, 175 Miami-Dade residents per day called the county election board to ask why they had not received their voter identification cards, after registering at the motor vehicles office. Some of their names appeared on the computer list of registered voters, but an untallied number of people who had not received cards, and whose names were not on the list, were not allowed to vote.

Election officials blame the error on the logistics of getting the applications from the motor vehicles offices to the election offices. Some never arrive, because they are “lost in the mail,” according to the *Miami Herald*. Some are not processed, simply because it is another task imposed on already-overworked driver’s license clerks, who are focussed on driver’s license procedures. Thousands of people who claim they registered at motor vehicle offices were turned away in New York, Illinois, and Maryland, as well as in closely contested Florida, the paper reported.

### **‘Chad’ Stole the Vote**

The manual recounts proceeding, as of this writing, in Florida, have been necessitated in part because of the use of punchcard voting, which was introduced in order to let computers, rather than precinct election officials, count the vote. Ballot access expert Richard Wenger of California estimates that punchcard voting is used in 25% of all U.S. polling places. With punchcard voting, a stylus is used to punch a hole. Sometimes the paper dot punched out, called a “chad,”



clings to the ballot, or blocks the hole in the next ballot when the cards are put through a counter, and makes counts unreliable. Wenger told *EIR* on November 20, "Punch cards should have been gotten rid of decades ago."

The confusing "butterfly ballot," which has become famous in the Palm Beach vote, is not the only badly designed ballot. In a recent interview on MSNBC, Wenger pointed to ballots in Louisiana, New York, and New Jersey that put minority candidates in different columns.

Last, but perhaps worst, comes the role of the U.S. media's instant awarding of states to Presidential candidates. The awarding of Florida to Gore, even before the voting was over in the Central Time "Panhandle" of the state, was patent interference in the state's election. These "projections" are based on "exit polls" of voters during the day, compared to the first few percent of the vote counted. If they match, a winner is declared and broadcast over national television to millions — many of whom have not voted in other time zones. On November 7, ABC-TV alone made errors in projecting the outcome of four major races. Considering the increasing number of people who don't even vote at polling places, such projections are even more unscientific than previously — if that is possible.

## Where Did Campaigns Get That \$3 Billion?

by Scott Thompson

The Year 2000 election cycle was the most expensive one in U.S. history, not only for Presidential candidates, but also for those running for Congress. Even the Federal Election Commission (FEC) complained of this in recent press releases. The question thus is raised: "Yes, but where do they get their money?"

This section of our *Feature* will first give an idea of the unprecedented amounts of money involved in this year's election campaign, which was at least \$3 billion in combined "hard" and "soft money" contributions, and we will then briefly discuss some examples of the most corrupt fundraising practices carried out by the two "front-runners." The facts of the scope of the fundraising are as follows:

**Fact:** According to the FEC, from January 1, 1999, through October 18, 2000, Republican Party national committees raised \$294.9 million, and had spent some \$252 million. Democratic Party national committees had raised \$172.7 million in receipts, and had spent \$153 million.

**Fact:** According to the FEC for the same period, both parties continued to increase the non-federal, or "soft money" (funds raised outside the limitations and prohibitions of the

Federal Election Campaign Act). Republicans raised nearly \$211 million in "soft money," an increase of 74% over the same period in 1995-1996, the last Presidential cycle, while Democrats raised almost \$199 million, an 85 percent increase. "Soft money" now represents 42% of all National Republican Party financial activity and 53% of Democratic National Party fundraising.

**Fact:** According to the FEC, Congressional candidates involved in the November 7, 2000 election had raised \$800.7 million by the week before the elections, and had already spent \$683 million by October 18 filings. This represents a 39% increase in fundraising, and a 42% increase in spending over 1998 totals. Candidates began the last 20 days of the campaign with \$225 million cash-on-hand to spend. In Senate contests, political action committees (PACs) contributed only \$45.4 million (14%), while in 804 House races PACs accounted for \$168 million (35%).

**Fact:** According to the Center for Responsive Politics, Democratic Party Presidential nominee Al Gore had total receipts of \$133,113,452. GOP Presidential candidate George "Dubya" Bush raised \$184,228,804, and he disavowed federal matching funds, meaning that he did not have to report contributors.

However, Dubya encouraged the practice of "bundling" with a 115-plus member team known as the "Pioneers," who each bundled contributions from their firms as associates raising \$100,000 or more in \$1,000 individual contributions. Bush was also the most successful in "bundling" from businesses, having received bundles of bundles of \$50,000 or more from individuals connected with 17 different firms.

While Gore refused to receive contributions from PACs, that can give \$5,000 each to a Presidential candidate, Bush did receive PAC money, but it amounted to little more than \$2 million (1.2%) of his total raised.

### Examples of Dubya's Corruption

Through a partnership with Texas financier Richard Rainwater, who had been a party to the insider-trader scams that landed Drexel Burnham Lambert's Michael Milken in jail, Dubya skimmed at least \$75 million from Texas taxpayers, who paid most of the costs for a new stadium for the Texas Rangers, the baseball team which Dubya had acquired with Rainwater and others. Bush later sold out his Texas Rangers stock at 18 times what he paid. Leveraged buyout bandit Tom Hicks bought it, for the second-highest amount ever paid in baseball history.

While Richard Rainwater had been an early, career patron for Dubya's political career, he has discretely stopped contributions, since he handles the Texas Governor's multi-million dollar "blind trust fund," that Rainwater helped raise.

However, with Texas Rangers partner Tom Hicks, Dubya was involved in the biggest heist in Texas history, by signing legislation to privatize the \$13 billion endowment of the University of Texas system, which was one of the first bills that

Dubya signed as Texas Governor. The University of Texas Investment Management Co. (UTIMCO) was turned into a piggybank for Hicks' and Dubya's family cronies, placing large amounts of money with firms that later contributed heavily to Bush's campaign.

For example, in 1995, UTIMCO under Tom Hicks' guidance, decided to place \$10 million The Carlyle Group merchant bank in Washington, D.C. That firm currently has \$5 billion under management. Interestingly, The Carlyle Group includes some of President Bush's foremost associates, including James Addison Baker, III, who is the firm's senior counselor. James Baker had served during 1985-88 as Secretary of the Treasury in the Reagan-Bush administration, and then as Secretary of State in the Bush administration from January 1989 through August 1992, when he became Bush's White House Chief of Staff. Currently, James Baker III is now heading Dubya's legal team for the Florida vote recount, where the sky is the limit in terms of fees and fundraising.

Also, many Dubya's other buddies, who had received large grants from UTIMCO, often paid him back by joining his group of "Pioneers." This corrupt kickback scheme that employed Texas funds to salt campaign contributions makes Whitewater seem like a Sunday school picnic.

Another example of Dubya's corruption made international news March 5, 2000. The London *Sunday Times*, in an article by its New York bureau chief Tom Rhodes entitled "Bush's Backers in Fraud Inquiry," pointed out that there is an ongoing investigation by U.S. Attorney for Connecticut Stephen C. Robinson, FBI Special Agent-in-Charge Michael Wolf, and IRS Criminal Investigation Division Chief Gregory Szczysek, into how \$500 million of Connecticut state pension funds were allegedly laundered through Wayne Berman's Washington, D.C.-based lobbying firm, Park Strategies. Berman, who subsequently dismissed himself from the honor, had been one of Dubya's "Pioneers."

According to four published sources, this investigation may also include The Carlyle Group. The Carlyle Group also employed "Pioneer" Berman as a consultant, and he reportedly received \$1 million as a "finder's fee" for getting \$60-100 million of the Connecticut state pension funds placed into Carlyle by former Connecticut State Treasurer Paul Silvester. He subsequently pleaded guilty to multiple charges involving bribery, money-laundering, and running a Racketeering Influenced and Criminal Organization (RICO) conspiracy.

### **Examples of Gore's Corruption**

Since he launched his campaign for President, Gore has made "Big Oil" one of his favorite targets. However, since approximately 1950, whenever the late "Red Capitalist" and oil tycoon, Dr. Armand Hammer of Occidental Petroleum, was asked about his relationship with Sen. Al Gore, Sr. (the Vice President's late father), Hammer would smile and pat his wallet. Since his father's death in December 1998, Al Gore Jr. holds \$500,000-\$1 million of stock in Occidental, which is one of the largest integrated oil companies in the

United States.

And, Vice President Al Gore, Jr., "the good son," has helped pay Occidental Petroleum back. In October 1996, as part of Gore's "Reinventing Government" project, the Clinton-Gore Administration sold Elk Hills, one of two reservoirs of the Naval Petroleum Reserve, through a "sealed bid" auction, to Occidental. The price amounted \$3.50 to \$5.25 per barrel. Today, Occidental Petroleum is selling this "light, sweet oil" for \$35 a barrel.

There is also approximately 2 trillion cubic feet of natural gas in Elk Hills, that Occidental is now selling for \$5.50-7 per 1,000 cubic feet. And, Occidental plans to build a natural gas-fired generating plant and sell the electricity in California, where deregulation has sent electric bills soaring by 50% or more.

As the June 16 *Washington Times* revealed, this giveaway of Elk Hills reportedly tripled Occidental's U.S.-based oil reserves. And, it led to an immediate 10% increase in the company's stock price, from which Gore and his family have reaped at least \$50,000 in profits. Moreover, several members of Occidental Petroleum have contributed the campaign limit of \$1,000 to Vice President Gore's campaign.

Another morally corrupt deal in which Al Gore, Jr. has been involved, has been pandering to Hollywood to raise contributions. This goes to the heart of a dramatic and public rift has erupted between the Clintons and Gore over the issue of what former Democratic Party Presidential pre-candidate Lyndon LaRouche has called the "New Violence," which has seen video games like "Pokeman" and movies such as "Star Wars" turn young children into killers.

The rift between the President and Gore first emerged publicly within hours of the release of a Federal Trade Commission report on the role of the motion picture, video-game, and music industries in fostering youth violence. The report, issued on September 11, 2000, harshly censured the entertainment industry for flagrantly using aggressive illegal marketing practices, to peddle violent and pornographic "entertainment" products to minors, while, hypocritically, claiming to enforce voluntary rating standards.

Within hours of the release of the FTC report, which President Clinton had personally commissioned on June 1, 1999, following the school massacre in Littleton, Colorado six weeks earlier, the President and the First Lady appeared together at an event in Scarsdale, New York, and delivered powerful endorsements of the FTC findings, going beyond the issues raised by the Trade Commission study.

President Clinton raised the issue to a more profound level. "First of all," he told the audience, "this is in some ways the newest of issues and in some ways the oldest of issues. Plato said thousands of years ago: 'Those who tell the stories rule society.'"

The same day as the President and the First Lady were taking up this crisis of the "New Violence," Vice President Gore, in a one-hour live appearance on the Oprah Winfrey television show, attempted to wrap himself around the issue,

endorsing the FTC findings; but Hollywood knew their man. They knew that the Vice President had made his wife kowtow to Hollywood by eating her words on the use of violent and pornographic language in rock music lyrics.

Within two weeks of this gap between Clinton and Gore being exposed, Gore and running-mate Joe Lieberman had been given another \$8 million in Hollywood campaign money.

## World Reacts to U.S. Election Debacle

“Do you recall what happens when a rotten egg falls and breaks on the tiles of a kitchen floor? How do you ever get that stink back into the shell?”

“That is the way to appreciate what this week’s events have done to the candidacies of Bush and Gore alike. There is no way to get that stench back into the shell.”—Lyndon H. LaRouche, Jr., Nov. 10, 2000

*Reactions, public and private, to the Presidential election from the elites overseas fell into three basic categories: Humor, that the colossus had been exposed as not only having clay feet, but that his shoes were on backwards and the laces were tied to each other; acknowledgment that whoever was declared winner of the election was still unqualified to run the country, as strategic and economic disaster looms; eagerness to know what LaRouche thought. Some press also showed a fear-reaction, calling the stalemate a “constitutional crisis.” Here is a sampling of both reactions expressed in international media, and remarks from various elites to EIR.*

### Press Commentaries

**Lord William Rees-Mogg, editor of the London Times, editorialized on Nov. 20:**

“Whoever wins, this election will have weakened the Presidency further. . . .

“The new President, whoever he is, will be handicapped by his decline in authority, as well as by the arguments over his election. . . . But either man would face charges of having stolen the election, either would face a restless Congress and possibly a severe defeat in the mid-term elections for Congress in 2002. It is only too likely that the next Congress but one will have a partisan majority keen to avenge their presidential defeat.

“There are also reasons to expect the U.S. economy to turn down. The oil price seems to have settled above \$30 a barrel; the Nasdaq is hovering around the 3,000 mark, apparently headed south; the balance of payments deficit next year may reach close to \$500 billion.”

**Frank Rich, “Voters Get Their Wish: Both Candidates Will Lose,” *International Herald Tribune*, Nov. 20:**

“Collectively Mr. Gore and Mr. Bush have succeeded in uniting the country in exactly one bipartisan belief: that neither of them deserves to be President. The election result, a tie, was the perfect, indeed patriotic outcome to the cynical, scripted campaign they both ran: Let them both lose. . . .”

The candidates “have only ratified the voters’ judgment that neither man is deserving of a mandate or capable of rising above his considerable limitations. . . .

“This is one year when it is probably better to be a sore loser than a sore winner. But such is the narrow vision of both contenders that they may be the last people in American to figure that out.”

**Columnist William Pfaff, *International Herald Tribune*, Nov. 20:**

“The mediocrity of the candidates for the U.S. Presidency, the poverty of the national debate and the domination of commercial interests over selection of the candidates and the framing of their platforms makes one wonder if the country might not have done better to stay with the Electoral College as the Constitution established it.

“That wise document provided for a body of electors in each of the states equal in number to the states’ Congressional representation, whose deliberations were expected to elect a qualified and responsible man to the Presidency.

“It was a consciously anti-democratic system, placing the Presidency at one remove from the emotions, ignorance or indifference of the citizenry. . . .

“The President to be and the candidates that were, have taken their places in the real-life dramas of Monica and Bill, the Clinton impeachment and the Elian Gonzalez and O.J. Simpson cases. The Presidency itself has now been seamlessly merged into the continuous 24-hour entertainment of American life.”

**Jim Pimlott, letter to the London Times, Nov. 10:**

“The American Constitution and the Electoral College for electing the American President have served the American people well. . . .

“In the face of the worst economic depression America has ever known, their electoral system produced in Roosevelt one of the 20th Century’s most visionary leaders, and kept him in office throughout the worst world conflict ever to face America. . . .

“It is not the American Constitution which is at fault, but the failure of its present political parties and national culture to produce leaders capable of infusing the American people with ideas and ideals commensurate with their nation’s world power and responsibilities.”

### Humor

**An anonymous contribution, “UN Focuses On Turmoil In Amerikistan,” appeared in *CDI Russia Weekly* on Nov. 17, published by the Center for Defense Information in Washington:**

“After two decades in which social and financial inequalities widened amidst unsustainable speculative development, the country of Amerikistan held presidential elections this week.

“The two leading candidates were both drawn from a tiny elite, both spent vast sums on propaganda, and both have claimed victory. Experts on Amerikistan recall the history of violent revolution, civil war and more recent political violence and assassinations, resignations, impeachments, sexual scandals and corruption in this emergent republic, and recommend that the UN supervise its elections until the country stabilizes. ‘It is struggling to emerge from years of political polarization and turmoil’ said a World Trade Organization spokesperson, ‘and its long-suffering people deserve our support.’

“‘One side of the country declared results before voting had finished in another part’ he explained. Moreover, he went on to spell out that the southern province of ‘Florida,’ in which the leadership struggle is being fought, is run by the brother of one of the candidates, whose father had previously ruled the entire country, having risen through his control of the nation’s intelligence/security apparatus. Their family is based in a part of the country in which secessionist feelings have long run strong and which was only incorporated into Amerikistan after a border war.

“Experts on Amerikistan argue that the UN should go in to run education programs, disarm the population, relieve the malnutrition and environmental problems caused by adherence to a staple diet of cheese and burgers, democratize the police forces and above all halt the further development of war machinery.

“‘This country has used dangerous weapons in the past and often threatened to do so again. But with our help, modernization, and a stress on human development, it may have a more stable future and join the ranks of the civilized international community,’ he said.”

**Former Brazilian President Sen. José Sarney, “Requiem for Gore and Bush,” *Folha de São Paulo*, Nov. 17:**

“The tragedy of the last U.S. election is that the supreme and sacred institution of the Presidency lost legitimacy, the basis for representative democracy. The United States weakened its moral power to condemn any regime, because its elections were corrupted. . . . In a fragmented, conflictive and unipolarized world, the authority of the United States is a source of equilibrium. With this doubtful election, its President will be weak, lacking the conditions to exercise the strong leadership which international order demands. This raises apprehension and questions.”

**Brazilian military-connected journalist Carlos Chagas, “‘Al Bush’ or ‘George W. Gore,’ Doesn’t Make a Difference,” *Tribuna da Imprensa*, Nov. 9:**

Chagas argues that Brazilians shouldn’t bother to choose which of the two U.S. candidates they prefer to win the White House. “Never were Republicans and Democrats so close to

each other in an intransigent defense of the New Rome. Not only do they defend it, but they wish to expand what is theirs. . . .

“The U.S. succession opens up perspectives for a sudden change in direction capable of saving us.”

**Jorge Melendez, in the Dominican Republic daily *El Siglo*:**

Melendez previewed LaRouche’s Nov. 14 webcast, and poked fun especially at U.S. Ambassador Charles Manatt, the former Democratic National Committee chairman. He asked: Remember how “Mr. Charley” Manatt’s cohorts in the Democratic Party top cabal wrote off Lyndon LaRouche when he won the Michigan primary, and then deployed their thugs to harass international observers at the “caucuses”? How Al Gore stole LaRouche’s 23% of the vote in the Arkansas primary? And look at his opponent, George W., a vengeful drunkard, who took time off from his political battle two days after the election, to order the execution of a Mexican citizen. It doesn’t matter which one of these is declared the winner; what matters is the onrushing financial collapse, which is why people should tune in to LaRouche’s webcast.

**From Nairobi, Kenya, *The Nation*, Nov. 10:**

“What could have represented the rise of non-issues more eloquently than this hung election? . . . The 2000 Presidential race in America was perhaps the most boring campaign in donkey years. Nothing was at stake. . . . The candidates refused to discuss anything as bold as the threat of war in the Middle East, or withdrawing American forces from Korea, or even writing off debts to poor nations. Africa and its poverty and AIDS problems, or even the collapse of the American family were not important.”

## Personal Comments

“LaRouche’s metaphor about the stench of the rotten egg, to describe what is going on now in the United States, strikes me as very precise,” a European strategist commented on Nov. 13. “Many of us have been airing the realization, that there is something seriously wrong, in what has been happening in this election campaign, over a period of months. We are now witnessing quite serious perturbations. I am very much looking forward to what LaRouche has to say, on his webcast tomorrow night.”

The current electoral crisis in the United States has created a fundamental paradox for the Wall Street/Council on Foreign Relations-centered U.S. Establishment, and has underscored the unique historical role being played by LaRouche, not only in the United States, but around the world, a senior French diplomatic source told *EIR* on Nov. 10. “What is happening in the United States means that what we will see, whoever ends up being declared President, is the combination of a very weak presidency, financial collapse, and a dangerous crisis in the Middle East. What this means, is that Wall Street and the Council on Foreign Relations will be more in control, than before. However, the paradox they face, is that, at the same

time, they are in a panic, that developments in the United States political process are absolutely not moving in a direction that they anticipated.

“Under these conditions, I have no doubt that LaRouche’s role has become more important. The first reason, is that we may soon be seeing a complete shift in power in the world, in the coming period, in a Eurasian direction. There is an opportunity now, for the Arab world to unite with the ASEAN-Plus-3 group in Asia, and for the Russians to come in as well.

“But there is something more. I fully agree, that what is now happening, in this American crisis after Nov. 7, is what LaRouche warned would be happening. He is the only one who understood what would be happening. LaRouche has the sense of prophecy, he is a prophet. I don’t mean this in some kind of mystical way. LaRouche reminds me of Charles de Gaulle. De Gaulle forecast, to the exact day, ten years before it happened, when the Americans would have to leave Saigon. To say someone is a prophet, is not to talk about something out of reality. After all, Christ was realistic, when he said, decades before it happened, that there would be the destruction of Jerusalem, because he knew of the problems of the existing Jewish leadership in dealing with the Romans.”

A Russian source reported to *EIR* on Nov. 9, that President Vladimir Putin, visiting Rostov in South Russia on Nov. 8, was asked his reaction to the U.S. developments. He responded that the head of the Russian Central Election Committee, Veshnyakov, was just then in the United States, to observe the elections. He said that he hoped Veshnyakov could give advice to the Americans. The source told *EIR*, that this was “only a joke.”

## Americans Speak Out

*What follows are some reactions of Americans, many of them labor union, community, and local political leaders, who are looking to Lyndon LaRouche as the leading opposition to the Bush-Gore fix, and are especially emboldened by his Nov. 14 webcast seminar. We provide sample reactions, as well, from some others, not so wise.*

### Personal Comments

**Wyoming LaRouche Democrat Mel Logan commented to this news service on his election campaign for U.S. Senate, where he garnered 23% (47,039 votes) against incumbent Republican Craig Thomas:**

“The message that I’ve received since the election is, that the [Logan] campaign is too negative: You’re supposed to tell everybody the economy is booming, then we might vote for you. [But] . . . I’m positive that being ‘positive’ is the wrong thing. The truth is more important.

“Had I not been with LaRouche, I could have gotten a third of the vote. That’s how many Democrats there are. If I’d had the positive message of what a wonderful economy we’re in, what a wonderful future we have with Al Gore, I would have got a third of the vote, for telling a lie.”

**Louisiana LaRouche Democrat Roger Beall, who ran for Congress against a Republican incumbent, told *EIR*:**

“If a Roger Beall, with no money, can run for the United States Congress and pull 42,900 votes, anybody can run and anybody can win. The idea that we think of ourselves as little people is erroneous. We, as a people with knowledge, can do anything we want to. I want to thank the LaRouche movement, and I want to thank especially Lyndon LaRouche, for giving his life to the American System. He’ll go down in the archives of history as an Abraham Lincoln, as a Franklin Delano Roosevelt, and all the other great leaders who have served this nation. I’m proud to associate myself with the people and statesmen like him at the LaRouche movement. Yes, I ran a tremendous race. Yes, I did pull a tremendous vote. Yes, I will run for the United States Congress again. Yes, I will win.”

### Letters to the Editor

**Zachary Charles, of Burbank, California, in the *Los Angeles Daily News*, Nov. 17:**

“It should be obvious that what the American people really want is the continued prosperity achieved by William Jefferson Clinton. Ergo, since the election is, in effect, a virtual draw, the only logical solution is to cancel the election and to allow the real President, William Jefferson Clinton, to serve the American people in the exemplary fashion that he has done for the past eight years.”

**Michigan LaRouche activist Mike Zaeske, in the *Kalamazoo Gazette*, Nov. 14:**

“The initial results of the recent Presidential election make me think that perhaps God is displeased with the way in which the politicians and voters handled this election. But, then again, it may well be that He is allowing us to prove to ourselves that our system will work if we give it a chance.

“I wonder what the results would have been, if Lyndon LaRouche, a Democratic pre-candidate for President, who technically won the Michigan Democratic primary election, fair and square, hadn’t been frozen out of the caucus process, which ultimately determined who would be the delegates from Michigan at the Democratic National Convention, held in Los Angeles late this summer, or, if in Arkansas, where LaRouche captured 22% of the primary election vote, he hadn’t been denied the ten delegates he won, especially considering that Arkansas state law mandated that he be apportioned delegates reflecting his proportion of the total primary vote received.

“Yes, I am certain that we control our own political destiny, but it is unfortunate how so few people realize that the

process we accepted, was rigged from the get-go. Now, we will simply have to live with the results of that tainted election process, until the world financial system collapses, which it will, soon, and people realize that LaRouche was right all along. Then, everyone will be demanding an end to the insane racist policies of the World Bank and the IMF and, finally, LaRouche's proposal for a New Bretton Woods, creating a sound basis for determining currency valuations, will become a reality."

### Press Reports

**Dick Morris, the former Clinton campaign adviser and Gore intimate, who takes credit for the disastrous Welfare Reform Act of 1996, continued his duplicitous role, writing in the *New York Post*, Nov. 9:**

"I am not a liberal or a conservative, a Democrat or a Republican. But I am a democrat. I believe deeply and abidingly in the absolute right of people to choose their leaders. This fundamental principle may be at stake if the final recounts put Vice President Al Gore ahead of George W. Bush in the popular vote but leave him still lagging in the Electoral College. If Gore gets more votes than Bush, he ought to be the President. Period.

"The Electoral College is a pleasant anachronism which has survived by virtue of its habitual reflection, and frequent

amplification of the popular vote."

The Electoral College has a clear duty to enact the will of the people, Morris writes, urging "our leaders" to "bow to the sovereignty of the will of the people."

### State Department

***The Washington Post*, Nov. 15:**

**Luis Laredo**, U.S. Ambassador to the Organization of American States, "walked out in a huff from a talk by Peruvian opposition leader Alejandro Toledo . . . yesterday morning when he could no longer bear the crescendo of jokes about the U.S. presidential election problems that came up during the question period . . . [declaring] that this was no laughing matter."

***The Washington Post*, Nov. 10:**

State Department spokesman **Richard Boucher**, "who routinely comments on the integrity of elections in foreign countries, yesterday praised the U.S. election process and said the United States would not ask the Organization of American States to send election monitors to Florida. . . .

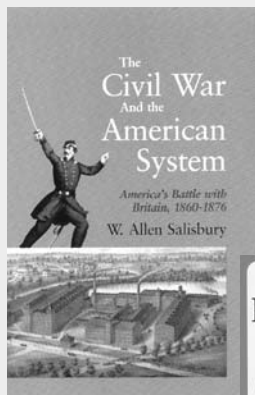
"So far this month, Boucher has cast aspersions on legislative elections in Azerbaijan ('failed to meet international standards'), local elections in the Zanzibar region of Tanzania ('marred by numerous irregularities') and the Presidential election in Kyrgyzstan ('flawed')."

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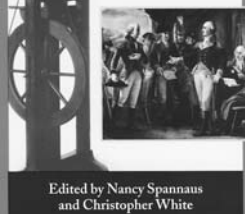


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# Is There a Political Solution for the World At This Advanced Stage of Global Crisis?

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.

Mr. LaRouche's opening statement was published in last week's *EIR*. It can be summarized as follows:

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 re-examine 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.

The world at large, and the United States itself most immediately, is now haunted by the ghost which menaced Germany in January 1933. During that January, the elected next President of the U.S.A., Franklin Roosevelt, and forces, such as those centered in the Friedrich List Society of Germany, were committed, on both sides of the Atlantic, to kindred policies for dealing with the effects of the world-wide Great Depression of 1929-1933. Then, as now, the opponents of President Roosevelt's policy aimed to defend the overreaching power of those very Anglo-American financial interests which had caused that depression, by using measures of austerity based upon a savage looting of the populations, and by brutal political measures designed to destroy the peoples' means to resist such depredations. Those measures, then, were similar in form and intent, to the demagoguery contained in the recent proposals of the Bush and Gore campaigns. Such opponents of the Franklin Roosevelt legacy, echo in this form and degree the financier interests which overthrew the government of then German Chancellor von Schleicher, and brought Adolf Hitler to power.

We face today an awesomely similar threat, in the U.S. itself and world-wide. The leading forces of sanity in the world then, were typified in a most significant way by Roosevelt's occupancy of the U.S. Presidency, over the hateful objections of Wall Street-centered financier interests, and of

forces in Europe then politically allied with those same financier interests. Roosevelt and Germany's Chancellor von Schleicher were leading elements of the resistance to the support for fascists from those same international financier interests, including the Wall Street interests, which funded Hitler's rise to power at the close of January that year. A few weeks later, Roosevelt succeeded in his timely occupying of that Presidency to which he had been elected, but the financier interests associated with Britain's Montagu Norman, had already imposed the choice of Adolf Hitler on Germany. We know the hateful consequences of that Hitler takeover for the world at large.

Today, such an internal, Nazi-like threat to the U.S. itself, is represented by the overreaching, fanatical power which had been attained by that combination of the slaveholder and shareholder legacies which exert today what too often amounts to virtual control over the political decision-making processes of the leading parties. This combination's domination of powerfully funded forces controlling the recent Presidential selection-process, up to the point of the Nov. 7 election, was the agency which polluted the conduct of the electoral process, and which, in that process, thus created the vast and systemic corruption now presented to us by the unwholesome stench of the abortive Presidential election of Nov. 7th.

## The Constitutional Issue

At the conclusion of his presentation, Mr. LaRouche read the following statement, which poses the Constitutional question he sees currently before the United States:

"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 calmed, sane, and sober reflection, during these weeks the Electoral College is being prepared: to consider, thus, the implications of that present danger 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, and 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.”

The full text of Mr. LaRouche’s opening remarks, and the questions and answers from the international audience, are available on [www.larouchespeaks.com](http://www.larouchespeaks.com) and [www.larouchepub.com](http://www.larouchepub.com).

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## Questions & Answers

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*In last week’s issue, we published the first portion of the discussion period following Mr. LaRouche’s speech to the Nov. 14 seminar. Questions were asked by many of those present, as well as by people calling in from cities around the world. We publish here the conclusion of the webcast dialogue.*

### Don’t Vote for ‘the Lesser of Two Evils’

**Dr. Abdul Alim Muhammad, Minister of Health of the Nation of Islam:** Greetings to you, Mr. LaRouche. I think I have two questions. In thinking about this constitutional crisis, as a result of the fraudulent elections, and due to my training as a physician, I always try to think: How could this very bad situation be even worse? And it occurs to me—and I want to get your opinion on this—that if something were to happen to President Clinton, it wouldn’t be the first time that a person became President due to the assassination of the sitting President. And that would be one possible resolution of this crisis, about who becomes President, because it would put one of the current candidates in office immediately. And I just wanted to get a sense from you: Do you have any feeling about the danger that this crisis might represent, for the sitting President, Clinton?

Then the second question, is related to the constitutional process for trying to resolve this kind of a dilemma. It’s my belief that the electoral process is completely fraudulent, in that the election was deliberately shipwrecked, if you will; and those that drove the ship onto the rocks, probably already contemplated the notion that the Electoral College would be called into play, to perhaps, make an independent choice for President, such as in the Hayes-Tilden situation. And I was wondering, whether or not, is there some way that we could tell the legitimacy of the Electoral College, as it is presently constituted? And, related to that, is there a particular way that you would advise, for us to try to influence the functioning of the Electoral College, so that someone other than Al Gore, someone other than George Bush, could be selected as Presi-



*Dr. Abdul Alim Muhammad, Minister of Health of the Nation of Islam.*

dent? Thank you.

**LaRouche:** I’ve been worried about that problem with Clinton, for many years—since 1994, in particular; one of the first things I was concerned about with him. I’ve done, because of my peculiar advantages and experience, I’ve done a number of studies of this problem of high-level assassinations, and have enjoyed the collaboration of some top-level, relevant people in the military, and others, of various countries, in the United States and abroad. So, I do know something about how these things are done. I’ve been the target of such assassinations several times, including by the FBI, 1973 in particular. I escaped that, so I know (we have the paperwork on that one, by the way) how that’s done. It’s done with deniability, but it’s always done with the official agencies, and you have to worry about several in the United States. You worry about the FBI. You worry about the Wall Street crowd in general, which is called the “BAC,” the British-American-Canadian crowd of financial interests and law firms, tied with the financial community in New York City.

The Kennedy assassination brought that to the fore. We don’t know who assassinated Kennedy—I don’t. I don’t know who those three guys were! It wasn’t Lee Harvey Oswald, that I know; it was some other guys. And John J. McCloy covered it up, and bulldozed the Warren Commission into creating the fake Oswald story. But I do know the *attempt to organize* the assassination of President Kennedy was organized from Canada, by the Louis Mortimer Bloomfield who was head of the relevant organization, who had been the chief adviser on the correlation between British intelligence and



the FBI, since 1938.

That's how things happen. I know, also, that if you want an assassination done in the United States, there is a special offshoot of the military, which is a "special warfare" offshoot, as it's called, which is used for that purpose. Now, the special warfare unit has people from many countries, who are professional killers, who can be brought in and flown in, and then shot afterward, after they've done the job, and kill almost anybody — poisoning, and everything else, is done!

So, that danger I know about; I know about it in the case of de Gaulle, because I've talked with people who had defended de Gaulle, personally, against assassination. I know what his problems were. I know about the Mattei killing in Italy. I'm familiar with the assassination of Aldo Moro in Italy, a killing that was done, partially, on the orders of Henry Kissinger personally, in the 1970s. I know it was done through a section of NATO, that did that assassination. I know how that was done; I know some of the facts about it.

And since I understand this kind of business, from that standpoint, from my investigations and my association with people who were insiders on such investigations, I have been seriously worried about the life of the President, since 1994. And I know that the danger to him was focussed, in foreign interests behind George Bush, personally — the former President — who, together with people like Richard Mellon Scaife, and some corrupt people in the Justice Department and courts, and so forth, orchestrated most of the operations against President Clinton. I know those operations are still, in a sense, live today. Yes, I'm worried! I'm worried every day, for President Clinton's life. Every day, I worry about his life, for just the reasons you indicate, and, probably, some more reasons as well, of what the implications might be, of that, eh? Lonely.

The problem we have is a cultural problem. The American people have been conditioned to accept the status of human cattle, which has been imposed on most of the people in the lower 80% of family-income brackets. Now, the problem is not the external impression imposed upon them — that's not the most serious problem. The problem is the internal impression they impose upon themselves, so that they think like human cattle. When someone says to me, "I've got to vote for the lesser evil," you say, "Buddy, you're voting for evil, right?" And in the case of these two clowns, it's a very clear case: They're both as evil as both sides think.

So, why do the American people vote for the enemy, instead of themselves? Why do they vote for Satan, rather than



*The threat to the life of President Clinton comes from the British-American-Canadian crowd of financial interests and law firms, the BAC: the same people who were behind the assassination of President Kennedy. Here: Kennedy's funeral cortège, November 1963.*

God? and expect Satan to do some good for them! and then, are surprised when he doesn't, after they voted for the clown.

So the problem is, that the Americans say, "Look, we've gotta be practical. Don't take on the big boys. We've got to think about our family interests, our community interests, my personal interests. We've got to make a deal, to get this little deal for us." Trade unionists do the same thing. They'll trade off their souls, to get one little promise of a favor, in a deal with some politician. And then, he turns around and double-crosses them, and they say, "We were robbed." They weren't robbed, they asked for it; they robbed themselves, by making that deal, instead of saying, "I am a citizen; I am a sovereign person; I have a mind; I have a right to know what's going on; I have a right to make an informed decision about what's good for *this nation*."

Will you stop thinking about yourself, and think, instead, as a President should think, what is good for the nation, what is good for our posterity, what is the good of our nation for the human race? What are we, as a nation, doing, that makes us good for the human race? That's our long-term strategic security. What are we doing for our people? Don't sit there and say, "What am I getting? How am I cheating to get a deal?" Think of what you're doing for your nation, and then your nation might do something good for you. Think of the man, elect the man, who's good for the nation; and maybe he's the man you can trust, to do something good for you when you need it. Don't try to make a backroom deal with

somebody, and then hope, that because you got a secret little deal on the inside with the slavemaster, that he's going to be good to you, the slave. Stop thinking like a slave, and think about what you're supposed to be. You're supposed to be a citizen! A citizen who's born; you're going to die; we all are born, we're all going to die. Are you gambling on the pleasure you get in between? Is that the meaning of your life? The pleasures and satisfactions you get from moment to moment, as you travel from birth to death? Or do you want your life to *mean* something, when you've moved on? Do you want to think that your life *means* something to your grandchildren, to your community, to the nation, to humanity? That you've paid your dues to humanity, passing through this life? Do you think of yourself, as God looking at you personally, and say, "What have I done for God today?"

If you think like that, you think like a citizen. You say, "I've got a mind; I can think; I can find out what's going on; I can talk to people; we can discuss these things; and I can come to a decision, about what I think is good for this nation, and is fair to people in it."

If you make that kind of decision, and *only* that kind of decision, you are a moral citizen. If you think of, "what favors I can get, or what troubles I can get personally lifted off my back, and I'm willing to sell my soul for that, (in the form of a vote)," then what do you expect you're going to get? You act like a slave, you're going to be treated as a slave.

And see, a true slave—and I saw exactly this in Virginia, looking at a place that had been a place where slaves were kept; and there was a place in the basement, where women slaves would lock themselves up every night: To be a slave, is to be a person who, in one way or another, locks themselves up every night, or every day when they go out to work. They are self-enslaved, and the master sits back and laughs at them: "Ha ha! My slaves are very good slaves; they put their own shackles on."

And that's what people do, the way they vote.

Our job, if we're serious about politics, is to confront our fellow-citizen with this fact. And hopefully, using everything we know, including Classical forms of art, where this kind of thing is taught to people, to teach them to stop being self-imposed slaves. And then they'll stop doing this nonsense. And I'm persuaded, that until we can get people to stand up on their hind legs like human beings, instead of four, and stop thinking like slaves, stop reacting to politics like slaves, and vote for their soul's position in the whole of eternity—what am I going to be, between birth and death, and what is that going to mean in the totality of it all? And you can *think* like that, and *act* like that, you can't help but tend, with all the errors you'll make, to converge on making the right kind of decision. You'll learn from experience.

## The Promise of Korean Reconciliation

**Correspondent from the Korean daily *Chosun Ilbo*:**

What do you think about President Clinton's possible visit to North Korea; and, how do you evaluate the Korean peninsu-

la's recent situation, after the summit between the North and South, last June? Thank you.

**LaRouche:** Well, personally, the North-South agreement, of course, I'm happy about; particularly, because I'm happy with the President of South Korea, who made a very, in a sense, courageous decision, and a correct one. The man is a noble man, and he should be honored for what he's accomplished so far, in that respect. The ending of that horrible division, and the willingness of people in both parts, to take the lead in doing it, is great. And we see, immediately, the benefits.

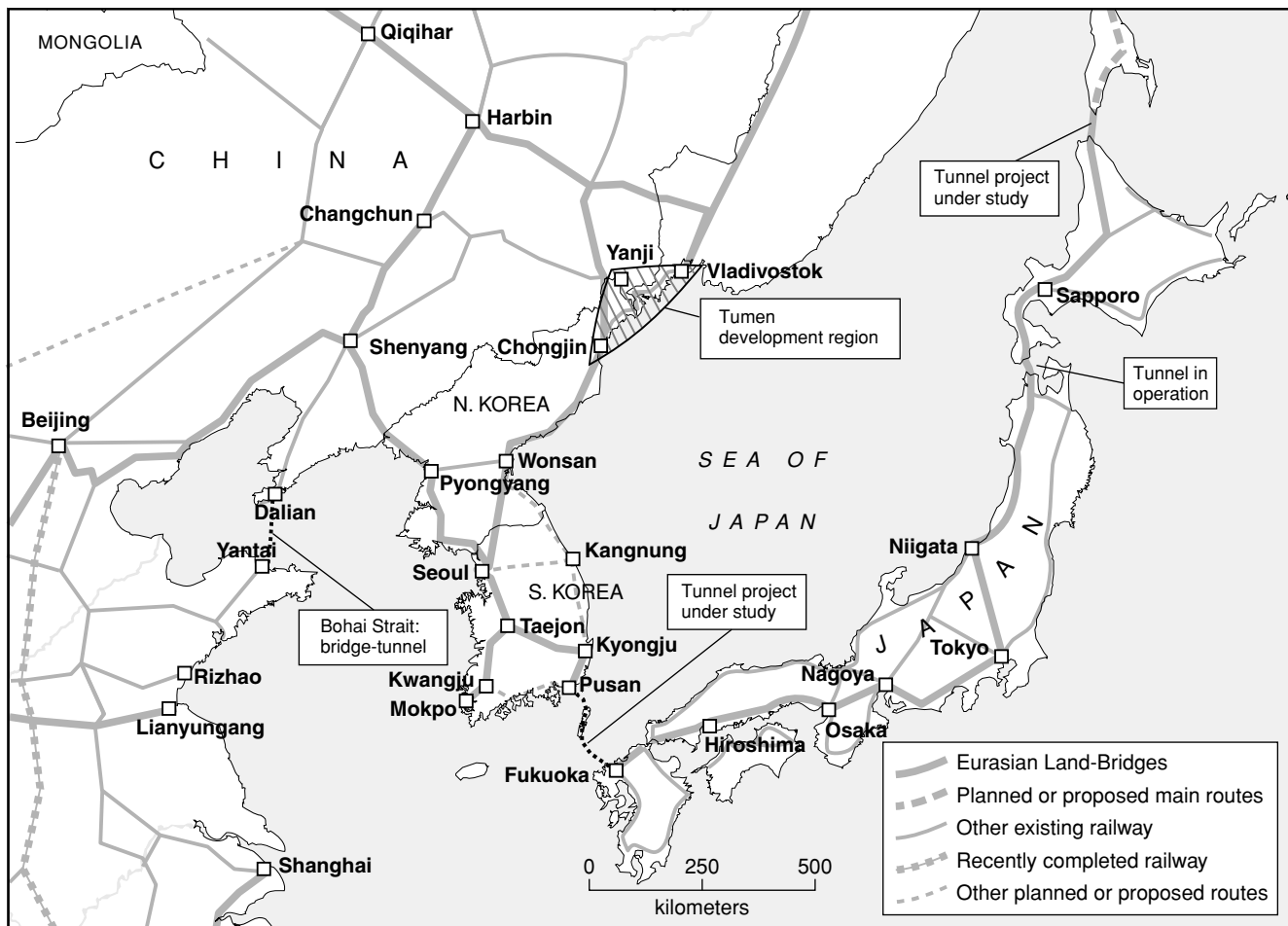
Now, forget the terrible things that are being done to Korea right at the moment, by the international financial authorities, including the United States. What was done to Korea was a crime. Everybody in Korea knows it. It was a crime that was done by its great partner, the United States—the conditions that were imposed in the 1999 period onward: a swindle. And everybody in Japan, who's any good, knows it too; those in China know it; other parts of Southeast Asia, ASEAN-Plus-3, know this.

Now, there's a good side. And I think we have to concentrate on the good side, and making it work, and trying to defend as many things, that are being destroyed now, as possible, like the industries, and so forth. The good side is, that—as has already been adopted—if we start, as has already been proposed and agreed, by simply reopening those railroads, those railroad connections, and extending them as agreed, into areas such as Beijing; into areas such as the Trans-Siberian Railroad: If we take the area of Korea as a whole, China, and Russia, and you look across the sea to Japan, you have an area of China, in there, which is one of the rich potential development areas of all China; in the ideal place, with infrastructure and with transportation through the area, this area could suddenly become very rich.

This shows that the development, if you go from Japan to Pusan, through Korea, into China, into this area, into Russia, you have, as people who are involved in this recognize, we have the possibility of going from Japan directly to Rotterdam and to Brest in France, by transportation grid systems with power systems attached. We have the ability to open up all of Central Asia for a great development, in areas which are sparsely populated, with rich resources, but which are unusable because of the lack of development in that region. We have one of the greatest opportunities for improvement of the conditions of this planet as a whole, through that kind of development in that area. That is an area which includes some of the greatest concentrations of population on this planet, as with the case of China, India, the case of Southeast Asia.

This is where we have the greatest impact, on the greatest part of the human race, in the quickest way, and in the fastest way, of all. When we open up the hinterlands of Central Asia, including the remoter areas of China, the underdeveloped areas of China, for this kind of development, which the reunification of Korea strategically facilitates, we say: This is one of the great things about the 21st Century, if we could just get

FIGURE 1  
**High-Speed Rail Projects Proposed by EIR, 1996**



there in decent condition!

So, I'm extremely happy about the positive side.

I'm extremely worried about the effects of the continuation of the destructive process, as we've seen in the Daewoo case, for example, just now. That should not happen! The sovereign industries of Korea, which were developed by Korea in the great 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, and so forth: This must not be destroyed, this must be protected.

And I hope that very soon — you know, President Clinton, in my opinion, is not a bad guy. But when you understand what he's up against, and understand the nature of what I referred to today, from this Southern Strategy crowd, this fascist crowd which controls the politics in much of the United States, you understand what danger and pressure he lives under. I would probably be more courageous, and I would probably be considered more foolish, but I would be more

courageous on these matters. But I can not but have compassion for the situation in which he finds himself, which I probably am more sensitive to, than many other people, even people who are closer to him. And therefore, I have compassion for his mistakes, because I understand they're not simply his mistakes. They're institutionalized features of our present system of government, and party system. And my job, is to figure out, how can we change that?

So, I look at Korea that way. I'm concerned about Korea. I'm concerned for the success of its great undertaking. I'm concerned for the success of the ASEAN-Plus-3 process, that it not be sabotaged, by the IMF pressures, or other. I would like to see an end to this looting of Korea by these financial arrangements, and financial rules of the IMF and others.

But I'm very happy about the positive implications of what we can do. And what Korea can do.

Korea is extremely important. It's a country which has a mixture of cultures, a Buddhist background and a very strong Christian element. And because of that reason, Korea is one

of the perfect countries — like the Philippines, and others — to function as an interface between European culture in general, and the whole of Asian culture in general.

And that's one of the great challenges of this whole period. It's, how do we take cultures like Asia cultures, in particular, which are different, have a different origin and different history than those of European civilization; and how do we effectively have understanding and cooperation among people who have different cultural backgrounds of this type in the long span of history; bring them together, to a common purpose and common understanding?

Korea is one of those nations, whose peculiarity is that it is particularly well suited, to help act as an interface between European civilization and Asian civilization in general. It's a part of Asia; it's also a part of European civilization. The development of industry in South Korea, and so forth, is a part of that. It's an essential part of that, and it's demonstrated that principle. And therefore, Korea is, in that sense, one of the special jewels of the prospects of cooperation, between European civilization as a whole, and Asian civilization at this time. And therefore, I would defend it, especially from that standpoint, as well as its rights as a nation.

### Save a Nation's Vital Industries

**American trade union leader:** My questions are directed in the area of the financial reserve system, and the "Plunge Protection system" that our government, I suppose, has in place today.

I found it interesting, you spoke about the Daewoo crisis in South Korea, and you felt that Daewoo should not be allowed to crumble, so to speak. And I'd like for you to, perhaps, explain the difference between your stand on that, and what it might be if, say, a bank, a major bank here in the United States, would fail. And my question about the "plunge protection"—hopefully, these questions will all interrelate—I'm wondering if they're going to further lengths than they've gone in the past, and I wonder how far they can actually go. And as far as the Federal Reserve, you claim that it should be taken into receivership. I wonder if you would feel that it should not be restored, once things would come back around, to what it is today; if it should actually become something different than it is today? Thank you.

**LaRouche:** Let me focus on two things that you've asked about, because the "plunge protection" system just fits into that.

First of all, just visualize what this means: a collapse of several hundred trillion dollars, of real estate and other paper in the United States, in a very short period of time. Now, you remember that one of the key things is the leveraging of mortgages; mortgage recycling through Fannie Mae, Ginny Mae, and so forth, which will then pump the banks into this kind of bubble-building in real estate. And if you look at the inflation in real estate, especially in the so-called growth areas of suburban investment in the United States, you see a real hyperinflation in real estate prices. You see people, for exam-

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*Hyperinflation hits: real estate ads in California's Silicon Valley, June 2000. "Now what happens when all this paper collapses?"*

ple, in Silicon Valley, who can not afford to find a house to live in, even though they're getting incomes in the \$60-70,000 a year or higher brackets. They can't afford to buy a house!

You see the homeless in this country as a result of the real estate crisis. This has helped create this situation.

Now what happens when all this paper collapses? And what is the real value of houses that are priced now, many of them nothing but glorified tarpaper shacks, with Hollywood exteriors pasted on the exterior. There're really tarpaper shacks! A little bit different materials—a little chipboard, some plastic appliqué on the outside, and maybe a couple of gold-plated faucets in the toilet. But they're junk! Even a termite won't eat them, they're so bad! These things are going at \$400,000 to \$1 million mortgage, or more—or higher in the Silicon Valley area. They're junk! You put a grand piano in one of them, and the whole row of houses will go down. At \$400,000 and a million dollars a crack—whatever it is.

So, what happens on the day that half of the people employed in the upper 20% of family-income brackets, such as the Nasdaq area, are suddenly unemployed, and have no skills that are employable, available. They're out in the street, they're ejected from their homes because they couldn't meet the payments on these high-rent houses, which may run to 40% of their paycheck, or even 50% may be spent on paying rent, or the equivalent. And they're ejected from their houses, they're on the street, they have no skills which are employable at that time. And you hit the most heavily debt-ridden section of the employed population: this section, about half of them wiped out. What happens to the real estate values, then?

Now, then, what happens to the security that the banks and the mortgage companies, and so forth, hold on this real estate? What happens? What happens when shareholder values collapse in a chain reaction, because all of this mess is tied in together—the credit system, and so forth, is tied together? So, as a result of that, you're faced with the fact that

you have a hopelessly bankrupt Federal Reserve System, because the Federal Reserve System is essentially a government-chartered corporation, set up successively by Teddy Roosevelt and Woodrow Wilson, as a way of running the U.S. economy independently of the government, but with a government charter, and with some influence by government, in appointing a few people as part of the board.

When this system, when the banks of this system, the major banks—the big banks, which are now super-merged and highly vulnerable because they are super-merged—go under, one after the other, then you have to recognize that the system, as a whole, is bankrupt. That means, that Uncle Sam has to come in, in the form of the Executive Branch, with the consent of the Congress, and aid of the Congress, and put the whole shebang into bankruptcy reorganization, just like any bankruptcy on any streetcorner. The difference is, what we have to do, is, that we have to keep the banks functioning even if they're bankrupt. We may think that the stockholders' value in the bank may be worthless, it may be zero; the bank may have no net financial assets whatsoever; but the bank is still an administrative agency, by which we can maintain the flow of savings, deposits, and so forth, and business in local communities and others.

So, therefore, the Federal government will want to keep many of these banks, or most of them, functioning, for their service function, even if they're not viable as banks.

Now, in that case, what are we going to do? Where are you going to get the mechanisms of credit to keep the economy functioning?

Well, what you do, if you've frozen this debt and declared it non-interest-paying, and so forth, while you sort it out in bankruptcy; where's the source of credit? The source of credit is, to go back to the Constitution, and recognize that the only authority to print currency, and emit currency of the United States, is the Federal government, in its credit-creating authority, as Alexander Hamilton defined it. Therefore, we're forced to go to what is called national banking: The Federal government creates credit; it then utilizes both government facilities, and private service channels such as banks, to administer the flow of this credit, which is used for purchases, for employment, salaries, and so forth, of producing people, to keep the economy going, and to make it grow.

This means very large-scale government commitment to what it can do: large-scale infrastructure. We have a lot of infrastructure projects, which are government, or state, or otherwise existing. We have a vast shortage of power production. All these kinds of problems. So the Federal government will have to do what Roosevelt did, in a sense: Go to the infrastructure, increase the percentile of the total labor force employed in building essential infrastructure, including rebuilding hospitals, health care facilities, schools, things of that sort; as well as things that involve water, power, etc. This kind of thing.

So, we'll plow a great deal of credit into that. That credit, in turn, will give employment to contractors who contract to

work in these projects. So we'll have to supply the credit, so those contractors can get the materials, and get the labor needed to do their part of the job, as well as the main job on infrastructure. That would stimulate the economy. It will stimulate employment and activity in local communities. That way, the Federal government, in cooperation with the state governments, can manage the process, to ensure that communities remain stable. You say, "This community's going to collapse unless it gets something. What have we got on the decks that it's going to get, to keep it in business?" We can't have communities collapsing. We can't have pockets of mass unemployment in various parts of the country. We've got to administer this process, so we say, "Only useful work will be assigned, but we must apply this, and provide this where it's needed to maintain the economy locally, as well as to get us out of this mess."

So, in that case, you have a significant period of time ahead, in which the credit of the United States—the credit of the U.S. as a sovereign state—is the only source of net credit, by which the economy is kept functioning, and is able to grow; as it was in the case of the 1930s, and so forth, under Roosevelt. So we're going to have to do that.

This means that the Federal Reserve System, essentially, in reorganization, will cease to be the chartered Federal Reserve System; and instead, will become a national bank. That is, the Federal government will simply create it as a national bank, in the way that, essentially, Alexander Hamilton defined the way in which a national bank functions; in modern terms, but the principle is essentially the same.

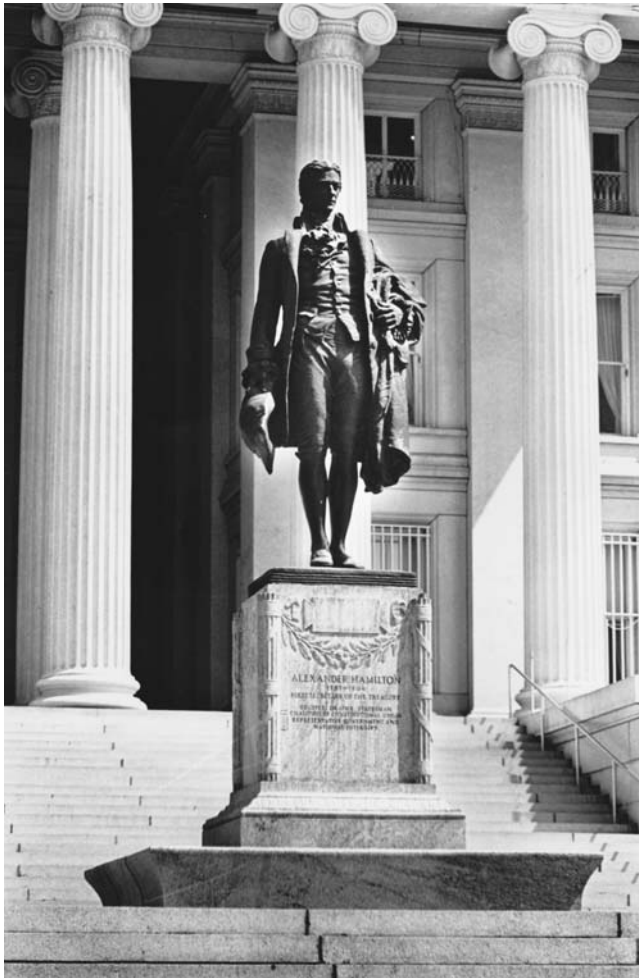
At the same time, the International Monetary Fund is also bankrupt. The G-7 nations' central banking systems are all, collectively, bankrupt, because all of the leading financial institutions associated with those systems, are bankrupt. Therefore, since they are bankrupt, they can not create credit. They can't even pay their debts. Therefore, those governments will have the choice of either taking those systems over, or accepting national catastrophe, a social and human catastrophe.

Therefore, the G-7 nations no longer represent a group of central banks, who dictate the policy of the world. Instead, the governments which have taken over those central banks, now are responsible for the credit policies of the G-7 nations, and their policies change accordingly.

So, those are the circumstances under which we can operate.

Now, the Plunge Protection Committee was essentially a hyperinflationary speculative mechanism, for short-term cover-ups of the degree of bankruptcy of these banks. The Plunge Protection system is hyperinflationary in character, and it is that system itself, which, by delaying the collapse of the system, *has made it worse*. We are now in a boundary condition, where the attempt to continue the Plunge Protection system will be a self-causing blowout. It's finished.

In the case of Daewoo, the same thing applies. We have to understand, ourselves, that the productivity of the people



*Treasury Secretary Alexander Hamilton. "The Federal Reserve System, essentially, in reorganization, will cease to be the chartered Federal Reserve System; and instead, will become a national bank. That is, the Federal government will simply create it as a national bank, in the way that, essentially, Alexander Hamilton defined the way in which a national bank functions."*

of another nation is part of our standard of living. That is, 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. So, we don't want to take their jobs away from them, for the sake of protecting U.S. jobs. We want to increase, and stabilize their employment, as a way of creating the basis for *increasing our own*.

What we want is—. Look, the United States has to be dedicated, over the next 25 years, to going back to being a high-technology-exporting nation. Not cheap goods; very high machine-tool type of technology. Benchmarking ends; we go back to the old system of engineering and science. We make the products the world requires in terms of high technology. We ask Europe to do the same thing; some parts of Russia have some scientific capabilities which will do the same thing.

So, therefore, nations which have a higher level of tech-

nology, on the average, must dedicate themselves to long-term assistance to nations which, on the average, do not have that level of technology. And that means a 25-year program of transfer of technology, to nations which, especially, can not afford it, through credit mechanisms.

That means that our industries must be re-gearred to supply what the world as a whole needs. It used to be good business, you know: You supply what the customer needs; that was considered good business. What the world needs from the United States, from western Europe, from Japan and so forth, is the technology which China, India, Africa, Central Asia, so forth, need, to build up their own economies. And if they build up their economies, that means that by increasing the productivity per capita of the world, *you raise the standard of living of everyone*.

So therefore, Daewoo is essential, is one of the essential pegs, in Korea's role in building up the economy of Central Asia. It's an essential part. All the people of Central Asia need that product. Don't take it away from them! Keep the skilled labor, and the skills of Korea, working, for the benefit of all Asia. 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. If we do that, that will increase the market for export of U.S. high-tech goods, to all parts of the world—which should be our business. Meeting our customers' needs is always good business.

And if we think in terms of this kind of problem, that way, then we see that, we in the United States, which has thought of itself as the great power, have a vital interest in defending the best interest, the economic interests of a country which is Korea. That's the way to look at it.

## **Reject the Insanity of Globalization**

**Two members of the Mexican Congress, José Antonio Calderón Cardozo and Patricia Lorenzo Juárez, of the Alianza Social party:** Mr. LaRouche, everyone is aware, these days, of the unprecedented occurrences, like the U.S. elections where no one seems to have been elected. To this, one might add other unprecedented occurrences, such as the complicity of parliamentary forces, that have traditionally been antagonistic to each other, joining together to legislate in favor of the destructive, neo-liberal, and globalist economic model. Here in Mexico, we see how lawmakers from the PRI and the PAN are readying themselves to pass laws that will de-nationalize us, and that, despite the fact that some of them just heard Pope John Paul II denounce globalism and the savagery of the market, on the occasion of the Jubilee 2000. What do you think can be done, by us, legislators from the emerging political parties, who, although we are in the minority, favor laws that would radically change the neo-liberal economic model?

**LaRouche:** I am very much for doing that. What I've said today, implicitly addresses that question.

Look, neo-liberal policies are dead. Or, if they're not dead,

the people who believe in them, will soon be dead. What is neo-liberal policy? Neo-liberal policy is nothing but a return to the conditions of economy and social policy, which are associated in European history, with the 14th-Century New Dark Age.

The key to the improvement in the productive powers of labor, and standard of living, which occurred in extended European civilization, from the 15th Century to the present, is absolutely unprecedented in all of human existence. This improvement is largely centered in two policies which created the modern, sovereign nation-state, instead of all previously existing forms of society. By creating the sovereign nation-state, of which the first example was France under Louis XI, and then Henry VII in England, we established governments which are based on the principle of what is called the general welfare, commonwealth, or common good. The first time in history, that governments of entire nations were constituted on the assumption of law, that no government has a legitimate right to *exist, except as it is efficiently supporting the promotion of the general welfare of all the people, and their posterity.* And that relations among states must be based on the agreement of sovereign states to cooperate in promotion of the general welfare among them all.

That was the principle of law. Under that principle of law, which was based on, also, the utilization and acceleration of scientific and technological progress, the improvement in the per-capita output, life expectancy, conditions of life of populations, *improved as they had never improved in all human existence, pre-historical, and otherwise, before.*

This was the unique contribution of European civilization, from the 15th-Century Renaissance, to all of humanity. We created, finally, a conception of sovereign government, under which the government could mobilize resources of credit and otherwise, to foster that kind of development, for the benefit of the improvement of the conditions of life of all, and their posterity.

That means, that you must have a protectionist policy; government must take political action to promote those kinds of endeavors, and public improvements, which contribute to this improvement in the general condition of life. This means that governments must protect and sponsor scientific and technological progress in forms which are beneficial to the population as a whole, and to the needs of the nation. This means that government must mobilize credit, over a longer period of time, to enable these things to be done. This means that government must act to protect prices, so that entrepreneurs can continue to function, and produce these fine products, which benefit all mankind; which mean you require a system based on perfectly sovereign nation-states; no to globalization — that's feudalism; no globalization — that's a return to the Roman Empire. A protectionist system of the type that Alexander Hamilton described, and others have described — the American System, which protects prices; which has regulation of imports and exports; which regulates financial affairs, its internal financial affairs; which controls the external



*"I assure you that Miguel Cervantes, in Don Quixote, particularly in the second part, revealed all the secrets of neo-liberalism, and revealed the confused inner state of mind of people who are sucked into it." Here: a relief statue of Don Quixote at the Spanish Museum in New York City.*

flow of credit, and so forth, for that purpose. The kind of things we did from 1945 to 1965, to revive Europe and the U.S. economy from the conditions of depression and war. Those measures are essential to the survival of a nation. If we do not do that, then we are in a condition where the population of this planet — the potential population of this planet — will drop from over 5 billion, over 6 billion, at present, *to less than 1 billion, in a very short period of time.*

So, when you propose neo-liberalism, *which is the end of those policies of the modern nation-state, what you are proposing is the greatest genocide in all human existence.*

Now, some people commit genocide — they believe in the legend of the lemmings, which are supposed to go out every season and jump off cliffs, and die *en masse*. Neo-liberals are a new kind of lemming.

Now, at this point, I return to this one basic resource. First of all, as many people in Mexico would agree with me, there should be much more close attention to the writings of one of the greatest humanists in modern history, Miguel Cervantes: his *Don Quixote*. I see in the promotion of neo-liberal policies in Mexico, I assure you that Miguel Cervantes, in *Don Quixote*, particularly in the second part, revealed all the secrets

of neo-liberalism, and revealed the confused inner state of mind of people who are sucked into it. I also will say, in fairness to all my Mexican friends, that they did what they did because they had guns put to their heads, especially from the United States. And you look at the gun shoved to the head of President Fujimori of Peru, and the gun put to the head of those governments of Colombia which opposed the drug pushers, by our U.S. State Department, and “Mad Madeleine” Albright — when you see those things, you say, “Well, Mexico didn’t do that exactly voluntarily. A gun shoved to their head, helped.”

So therefore, if we get the gun away from the head of the Mexican — the Mexican government and the politician — and if the system that is now seen as collapsing, the so-called neo-liberal system, and we in the United States and some other countries say, “An end to this,” I think that our friends in Mexico will very quickly improve their perception of the problems of neo-liberalism, and might return to the kinds of thinking which were typified by my dear friend [President José López Portillo] some years ago, in 1982, those kinds of policies, before the 1982 change.

So, I’m hopeful. But we have to be fair, and honest, about this kind of thing. It’s a gun to the head of the Mexican which has caused some people to say, “I’d rather be a neo-liberal, than dead.”

## The IMF System Is Dead

**Moderator Debra Hanania Freeman:** I’d like to call on Mr. Seth Ofori-Ohene, who is the former deputy secretary general of the All-Africa Student Union, the coordinating body for all national student associations in Africa.

**Q:** Thank you, very much. Mr. LaRouche, my first question is: America — after witnessing this election — can America continue to be the world policeman for democracy?

Second, you have called for a new Bretton Woods institution — that is, the IMF/World Bank. We all know the IMF/World Bank is operating a system that is unfair to developing countries, especially Africa, where they force a government to implement structural adjustment programs, which cause the [lowering of the] budgetary allocation on education, health, and other issues, which puts pressure on the masses. Now, with this prediction of economic crisis, or economic collapse in the United States, are you telling us that there will be an automatic breakup of the IMF/World Bank, which will create also an automatic, or new, IMF, or a new Bretton Woods institution, that will favor all nations, in a very free and fair manner?

Let me add another question. I would like to know where Africa lies under this era of globalization?

But let me correct the record — I am former Deputy Secretary General of the All-Africa Student Union.

Thank you very much.

**LaRouche:** Well, first of all, the creation of a New Bretton Woods, would be a sovereign act of a group of governments,



*Seth Ofori-Ohene, All-Africa Student Union.*

and, in practice, it would mean, of course — presumably — that the governments of the present G-7 group, or at least many among them, together with the representatives of the ASEAN-Plus-3 nation group, together with Russia, probably, and some other countries, and, hopefully, with those nations which still survive in Central and South America would typify the group of nations, which would replace the G-7. That is, the IMF would be taken over by nations which have scrapped the system. That is, the old IMF is *dead*. The post-1971 IMF and its policies and practices are *dead*. Because the IMF is *dead*. A new authority takes over the premises.

It’s like making a revolution, and the revolutionaries come in, and they take over the premises, and they set up a new system. And the system would happen to be the system which President Franklin Roosevelt, in general, *intended* should be created — had he not died prematurely in 1945. That is, had Roosevelt lived to the end of the war, and perhaps beyond, what would have happened, is that you would have had an end to colonialism, which is still rampant in the Dutch-, Portuguese-, English-, and French-speaking areas. Those colonies have never gone away; they’re there; you have governments which are called African governments, or Asian governments, and so on — but they’re really not, because the financial controls are there, and I know in great ugly detail, because of my association with friends in Africa, I know *exactly* what’s going on there, in these terms of reference. There is *not* a free government. Those that were somewhat free, have lost their freedom; they have a gun at their head; it’s the gun of a British mercenary, or the gun of a U.S. merce-





*President Franklin D. Roosevelt (left) and Prime Minister Winston Churchill at Yalta, 1945. Had Roosevelt lived, we would have had an end to colonialism—in opposition to that hysterical imperialist, Churchill. Instead, colonialism still reigns today.*

nary, a former military man, operating as a mercenary, who's killing Africans, the way the President of Burundi was killed some years ago, by American *military*, who were working off the reservation, as a private capability, using people trained in Leavenworth, to shoot down that plane and kill a President, and change the politics of the entire Great Lakes region.

So these governments are not free any more. They aspire to be free; they're committed to be free, but they're not *allowed* to be free. *Colonialism reigns*. The system that Roosevelt intended to eliminate at the end of the war, exists; it rules; it's rapacious; it's murderous. It's as bad as Hitler in Africa. The conditions are *as bad* as those of Hitler, imposed upon Sub-Saharan Africa, in particular. And I know this. I have many friends who are *dying*; killed, who are from that part of the world—strictly, as a result of this operation. So, I'm not *soft* on that question.

But in this case, what we have to do, is what Roosevelt intended.

Number one, we create a new international credit system, which will operate to the benefit of all of those nations, exactly as the Europeans and the United States desired to have the IMF operate to their benefit, in the period between 1945 and 1965. And that the authority for making the rules of the system, will lie with all of the governments. Now, in point of fact, my recommendation has been: that in regions such as Central and South America—which I call Ibero-America, because it was Portugal and Spain where most of the people came from (as language-cultures), that took over, even though the Indians still live there; they're the citizens of today, in Peru and Mexico, and so forth—that's a group [of nations]

which are very closely associated; and there's been a desire for a certain economic unity among sovereign nation-states in that region of the world. There's an expressed natural desire, expressed among people in ASEAN-Plus-3, for a cooperating agency, associated with concepts like the Asian Monetary Fund, proposed by Sakakibara of Japan some years ago—that such an agency be created. There are agreements: agreements among Russia, China, and India; similar kinds of agreements which exist; so that, you would have, yes, all nations represented, but you would also effect that by having groups which are relatively powerful, because numerous. They would participate as, actually, the mediating agencies, to create the policies. So, under those conditions, you have a completely new system; and that's what we must have.

If you try to find a reform of the old system from inside, it won't work: because you can not teach a goose to become a pig. It just can't be done, I don't care how many colleges you send it to, it will not become a pig. The IMF will not become human, simply by trying to re-educate it. You have to eliminate, essentially, what it is now. Just take it out, pack it up, box it, crate it up, and ship it out someplace; and bring in a completely new crew, which is established by the mutual consent and agreement of these participating nations, operating, to a large degree, through cooperating blocs, typified by the ASEAN-Plus-3. You have the European Union bloc; the ASEAN-Plus-3 bloc; you have other, imminent potential, or actual blocs; and these nations must meet, and they must agree, under emergency conditions, for a provisional set of rules, putting the old system into bankruptcy, and *changing the rules of the system to promote growth*, and promote a

system—. A general agreement is required, for a 25-year span, of creation of credit, for large-scale projects; which mean, largely, the export of high-technology from technology-rich countries to technology-poor countries, for the long-term, 25-year development of these countries. And the credit should be made available in concept, and then we should figure out how to get the job done in particular, on a country-by-country basis.

But that's the way the system should operate. And that's what I envisage: to take what Roosevelt intended we should do, for all nations, having ended colonialism at the end of the war; to bring all nations which had been oppressed by colonial and related conditions, to bring them to a state of freedom, and to offer them the means by which to achieve economic equality.

I think of nothing more; that sums it all up, Seth.

### **The Potential for Russian-American Cooperation**

**Q:** Mr. LaRouche, my name is Wladislaw George Krasnow, and I am president of Russia-America Goodwill Associates. It's an organization of patriotic American citizens, who believe that the improvement of relations with Russia ought to be one of the highest priorities of U.S. foreign policy. And I was about to ask questions, but they were pre-empted; they were answered already, to my satisfaction, some questions on the global issues. So, before I ask another set of questions, I would like to thank you, as a former dissident, and a defector from the former Soviet Union; I would like to thank you for the wisdom and the courage of taking a dissident view of American politics, and indeed, a dissident view of global politics.

Sir, I know that you had the courage to stick to your convictions, and you paid a very high price for that, by having gone to prison for your convictions. So, I appreciate that deeply.

So now, to my questions: As I said, I wanted to ask questions of global implications about the Bretton Woods, and about the Middle East, but they were pre-empted; so therefore, I come back to my question. First, a somewhat personal question: why didn't you run? Why didn't you go the Nader way, so to speak, and run for the Presidency of the United States, as an independent candidate? In that case, you were probably better positioned to have a chance in the Electoral College. And if, let's say, if you were President of the United States—and now I come back to the interests of my organization, how to improve relations with Russia; and I think you would agree with me that we need to improve them, and you already mentioned the agreement between the German Chancellor and Russian President Putin, the long-term agreement about extraction of energy resources from Siberia. So what other steps would you take, if you were President of the United States?

And in conjunction with that, you would like, perhaps, to

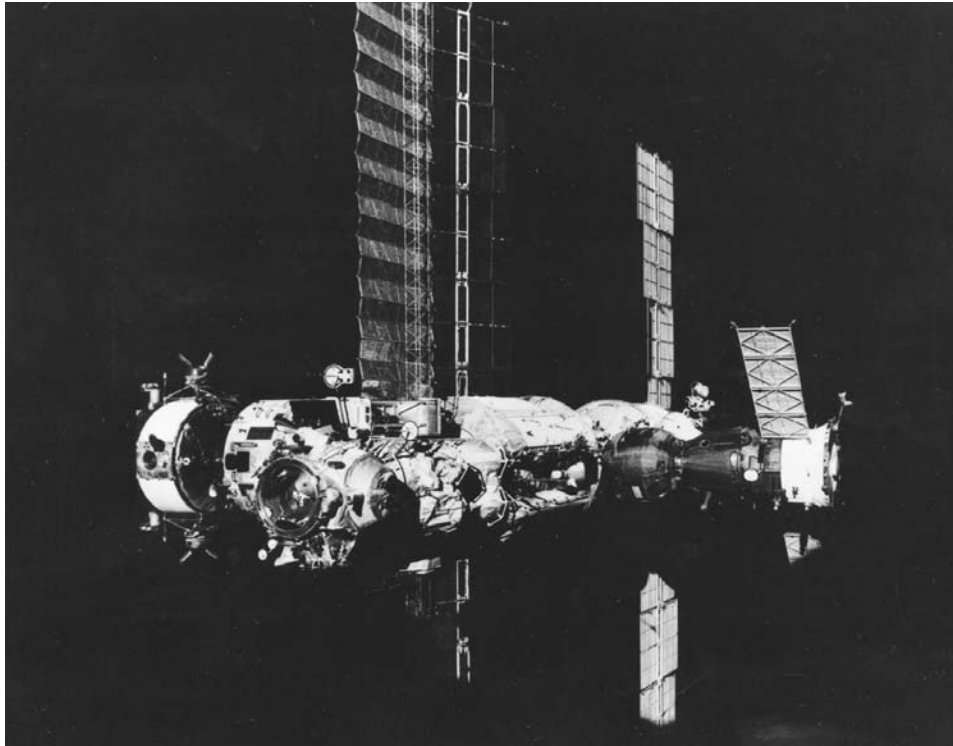


*W. George Krasnow, Russia-America Goodwill Associates.*

address the issue of NATO expansion, and the plans for further expansion of NATO; and also the situation in the Balkans; and the Bretton Woods in relation to Russia. What are the steps, could we, the United States, take to improve our relations with Russia? Thank you, I would appreciate it.

**LaRouche:** Well, I didn't run, because there was a real operation to ensure that I would not run effectively. It was legally, almost impossible to run anything useful. I was in a situation, in which I had to worry about what happens after Clinton ceases to be President. And therefore, I concentrated on—I knew this thing would be a mess; I knew from the Spring, from March-April, that this would be a mess; that there would be no clear, honorable victor in the Presidential race—none; that with the money business, the political business, the frame-ups, and so forth, that no serious candidate would be allowed to run. And you saw that, the way Bradley was pushed out, the way other things happened. *No serious candidate would be allowed to run, seriously and effectively, against the Gore-Bush preselection.* Gore and Bush were not elected by primaries; they were appointed to be the victors of primaries. There was no election involved; the whole thing was a hoax from the beginning.

So, I did what I did, because I thought it was the best thing to do. And, knowing the crisis would come in this period, my concern was, hopefully, to influence a number of people internationally, and also hopefully, the incumbent President Clinton, to change some of his estimates on what his capabilities might be, and to respond to a crisis in the right way. That's



*Russia has vital scientific capabilities which are part of the division of scientific labor in the world as a whole, and should be utilized in the interests of world progress in the 21st Century. Here: the Mir space station, 1995.*

been my specific, immediate concern.

And I decided I had to make a choice: either to run a useless campaign, as a third-party candidate (and I think Nader was not a useless candidate; I think he was a hopeless candidate, but I think he contributed a very useful role in the specific role he played, to open things up a bit; and he probably is the guy who tilted the Florida vote sufficiently, to create a problem for Al Gore, which is not, in itself, unuseful)—so I made the decision I made, because I have a capability. I could use it one way, which I thought would be ineffective, at that time, under those conditions. And I had a possibility of being effective. So I decided to be effective.

On the question of relations with Russia: There are hidden factors of which you may know, because of your experience and background. The great problem in Russia today, apart from all the ones that are more obvious, is that the Russian scientific community, which is one of the world's great ones, has been largely dissipated. And if we wait another four or five years, the possibility of renewing a Russian scientific capability, will become more or less impossible. We're in the last time that the existing, leading scientists and educators of Russia could, through the normal educational process and promotional process, generate a layer of scientists who are comparable to the layer of scientists which existed in the Russian-speaking community, say, in 1989-1992.

Now, Russia has certain capabilities, scientific capabilities, which are part of the division of scientific labor in the

world as a whole. We see some reflection of this in the space cooperation, which—most people don't understand how important that space cooperation is; I think, even some people in NASA don't really know what they're doing; they may know what they're doing technically, but they don't know what their purpose is, at least from some of the programs I see; they don't know, yet, what they're doing; and the policy-makers don't know.

But in this area—also, for example: In the area of biophysics—the Russian scientific community has an invaluable contribution to make in the area of biophysics. This is, particularly, in the legacy of people like Vernadsky and Gurwitsch, and people like that. And that thing is still alive in Russia; weakened, but alive. Some extremely important work.

For example, we are now coming to the end of the possibility of relying upon the great antibiotic revolution which we enjoyed, especially, since the 1930s, with the introduction of penicillin and the other kinds of things which we use, the sulfanilamide and all the other things we've got that are sulfa drugs. We've now come to the point, that the global epidemiological potential is such, that we can no longer depend upon the kind of antibiotic programs we've relied upon, largely, to the present day. We must look at biophysics again, and make a frontier breakthrough in the approach to dealing with this kind of problem. Molecular biophysics will not work; molecular biogenetics, that will not work. It's useful in some ways, but it's much overrated,

in terms of dealing with this area. Life is much more complex than a mechanical system, and the tendency of molecular physics to deal with this thing in that way, is just not competent for this purpose.

In Russia, as well as in some other places in the world that I know, some very valuable developments are still in progress, in determining, actually, what is the difference between a living and a non-living tissue. There are qualitative differences which are not yet fully understood, though we know many of the critical things which will enable us to define that. We have to solve that; we have to crack that. There are new technologies which are still frontier technologies. We must develop these rapidly, to be able to deal, among other things, with the new strategic threat of new types of pandemic and epidemic disease, globally.

And the Russian scientific community is one of those.

Also, though, one of the great frontiers for the development of mankind, is in the Arctic tundra region of Russia, in Siberia. This region is one of the great untapped potentials of the world, in terms of all kinds of development. There are people in Russia, who still have some of the left-over knowledge and capabilities, for how to approach that area; as well as other problems of a similar nature. By opening up transportation routes across that area and others, and controlling that area, we will change the economy of the world for the better; because we can move goods better, we can do other things better; we open up new areas of natural resources, we are presently not able to have access to. And so forth and so on.

These are only some of the areas. So therefore, I think that what we have to do, is, as the United States, Japan, western Europe, as we enter new cooperation to rebuild the world technologically, it's essential that Russia be—from its scientific standpoint—an integral part of the resources, which contributes to the technology needed (scientific technology and derivative technologies) for the planet as a whole.

There are many problems: African problems, other problems all over the world, in which the Russian component—potential component, still surviving—needs to be regrown, rebuilt quickly, for the kind of essential contribution it can make to the world.

NATO is a useless object. It's used up its purpose a long time ago. In 1989-1992, there was no continued purpose for the existence of NATO. It's now a sham. It's a sham for the countries it's extending into, it's a joke, it's a military joke! What do we have it for? We don't need it. What we need,—based on what I've outlined, this 25-year partnership conception—what we need, is a strategic conception of a mission for mankind. The mission is, to bring a condition of justice throughout the planet, through sovereign nation-states, and through the technological development of the conditions of life in each of those nation-states. That's a mission.

What we must defend, is not, "Beat some enemy." We must be prepared to defend, by every means, including mili-

tary means, *that mission*. We must complete that mission. We have a mission in Africa. We have a mission in Asia. *We must develop that mission for humanity as a whole*. Whatever threatens that mission, we must cooperate to deal with, and prevent it from taking over. And therefore, we don't need NATO any more. We need what John Quincy Adams described as a community of sovereign nation-states: that we agree to cooperate, for a *positive mission, for the betterment of mankind in a specific way*. And if somebody tries to wreck that, by introducing globalization or some other terrible thing, we are going to combine forces to frustrate that attempt. And if they try to force that attempt on us by arms, we'll deal with it.

Our objective is not war as such; the objective of strategy is a mission, a mission for humanity. And the time we shoot, is when we have no other means to deal with the defense of that mission. But the mission is not a malignant one. It's not trying to pick out an adversary, to kill them. The mission is to defend the mission itself.

And the mission should be—finally—the human race has to grow up and become human. Sovereign nation-states must cooperate to create the conditions of life on this planet, which we consider decent for all human beings. That mission involves transfer of technology in the development of that potential. And anything that interferes with that, must be opposed, because we act to defend one thing: decent relations with the human race.

*Debra Freeman announces that she will forward the remaining, numerous questions to Mr. LaRouche, for his possible further responses to them, and invites those listening on the Internet to forward further questions to LaRouche by e-mail.*

**LaRouche:** One thing relevant to the transmission of the proceedings, so far: And that is, that I crafted this seven-point statement with much thought aforethought. 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 you realize what I really said, call up Debbie, and maybe she'll get to me, and I'll get you the answer.

**Listen to LaRouche's Speech:**  
**[www.larouchespeaks.com](http://www.larouchespeaks.com)**

# Shutdown of D.C. General Looms In U.S. Public Health Collapse

by Marianna Wertz

As we go to print, on Nov. 22, top District of Columbia financial officials announced a plan to turn over D.C. General Hospital, the U.S. capital's only hospital which accepts all patients who need treatment, to private interests — which could be the worst possible decision. At the meeting where the plan was announced were the D.C. Financial Control Board, Mayor Anthony Williams, the D.C. Council, and the board of the Public Benefit Corp. (PBC), which runs the hospital. While some pro-hospital spokesmen are painting a hopeful picture, the privatization of D.C. General would undoubtedly be accompanied by mass layoffs, shutdown of the unions, and a drastic decline in health services available. In the next several days, a public mobilization will be required to stop implementation of this policy.

Before this decision was announced, leaders of the community and hospital unions of D.C. General Hospital, had already announced a town meeting on Dec. 6, to attempt to stop the imminent closing — scheduled for Jan. 15, if no restructuring plan has been adopted — or extreme downsizing of the hospital, which the privatization would implement. The threatened closing is one of scores striking the nation's shrinking health care system: More than 15% of all hospital beds in the United States have been eliminated since the late 1980s because of hospital shutdowns, and the pace is accelerating. More than one-third of the remaining hospitals are currently losing money, and they would be forced to close immediately, with the loss of many thousands more beds, if the reasoning of D.C.'s Control Board and Mayor were applied nationwide.

The emergency meeting to save D.C. General, at Eastern High School in Washington, escalates a community-union mobilization that began during the Summer, to keep the hospital open as a full-service facility. Pastor Mildred King, from the D.C. Department of Human Resources, is the meeting's organizer. The leading figures in the controversy over the hospital have been invited to speak, including Mayor Williams.

At the heart of the fight is the question of medical treatment for the District's 80,000 uninsured residents, most of whom live in the Southeast, and depend on D.C. General. In order to treat the 1,000 or more patients who come through its doors every week, D.C. General had been running millions of dollars in the red, borrowing from the city \$197 million

more than budgeted in recent years, based on promised Medicaid and Medicare reimbursements.

But for D.C. General, as for hundreds of failing hospitals across the nation, the reimbursements never materialized, as managed care and the Federal austerity-imposers delayed or refused payments. In September, Congress called a halt to future budget deficit spending, thereby prompting the shutdown or restructuring plans.

One of the plans under discussion, and supported by Mayor Williams, would convert the hospital into what is known as an "urgent care model," a 24-hour emergency and outpatient facility with no overnight beds.

But the PBC, the agency charged with running D.C. General, announced on Nov. 16 that it is backing away from this plan, and urged District political leaders to find the money and the political will to keep the full-service hospital operating.

PBC Board member Victor G. Freeman told *EIR* on Nov. 20: "I think the first issue, is that the politicians need to stop using the financial arguments as a reason to do something precipitously. That's probably the single most important issue," he said. "To do something precipitously, whether it is going to a downsized model, or closing the hospital, in the middle of flu season, over the holidays, makes absolutely no clinical sense."

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## Interview: Victor G. Freeman

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### 'Urgent Care' Model Can Kill People

*Victor G. Freeman, a practicing physician and D.C. resident, is a member of the board of the Public Benefit Corp. He spoke with EIR on Nov. 20.*

**EIR:** You said that the "urgent care model" will kill people, in your interview with the *Washington Post*.

**Freeman:** The only model I've seen — and the problem is, there are things being discussed that are not being presented



*The Washington, D.C. mayor's decision to privatize D.C. General Hospital, is likely to hasten the closing of the facility, a disaster unions and community groups are mobilizing to stop.*

to the PBC Board, so I can only speak to what's been presented to the full board—that model involved the transportation of patients to an emergency stabilization access center at the D.C. General site, for initial evaluation. Then, if they needed surgery, intensive care, or hospitalization, they were re-transported to another hospital. Being a physician, I understand that, at the other end, they're going to re-evaluate that patient. So, transportation and evaluation, followed by re-transportation and re-evaluation, can delay care in a dangerous way, and that, I believe, has the potential for killing people.

**EIR:** So you think this can be settled, if people will just stand back and try to settle it?

**Freeman:** Right. I think the great danger is in trying to balance the District budget at the expense of health care for the poor and under-served.

**EIR:** Do you think the District government or the Congress is going to do that?

**Freeman:** The failure to reach consensus will move us in that direction automatically. So, to the degree that they will not come together, and make a decision, we end up there anyway. [Citizens of Washington, D.C.] need to communicate with three groups: One is going to be [D.C. non-voting Congressional Representative] Eleanor Holmes Norton and her office, because a lot of this is coming down from above to the Congressional oversight committees. The next issue is, they need to be communicating with their City Council representatives, who, by the way, are strongly committed to preserving a full-service hospital. And, they need to be communicating with the Mayor's office, because that is where a lot of these downsized models are coming from.

**EIR:** From a budgetary standpoint?

**Freeman:** Yes. In all fairness, both the Department of Health and the Mayor have a strong commitment to better primary

care for the under-served in the city. However, you don't build your primary care system at the expense of your already-sick patients, who need hospital care.

The other part, that no one talks about, is, even if you're successful at building your primary care system, you really don't see the effects for five or ten years down the line, in terms of decreased heart attacks, decreased strokes, decreased cancer. So, you can't downsize your hospital, build up your primary care, all at the same time, and expect that it keeps people out of the hospital in significant numbers.

**EIR:** Particularly when there are no flu shots available and we have a cold winter coming on.

**Freeman:** Exactly.

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## Interview: Loretta Owens

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# Union Leader Says, Law May Be Violated

*Loretta Owens, president of the American Federation of State, County and Municipal Employees (AFSCME) Local 1033, representing more than 800 of D.C. General's 2,000 employees, told EIR on Nov. 21: "The unions have met with Mr. Michael Barch [the new CEO at D.C. General Hospital and an ex officio member of the Public Benefit Corp. (PBC)], and he seems to be sincere in what he's saying. Our concern is the rumor that we've heard, that there's a possibility that they would shut the institution down for a day and re-open it as a different institution, therefore cancelling all of the contracts."*

**EIR:** That's what the *Washington Post* reported.

**Owens:** Right, that's what I read. We asked him that, and we were wondering if it was for the purpose of disbanding the unions. He claimed it is not. But, our concern is, if this happens, then that would cancel not only the union contracts, it would cancel the PBC executive board, it would cancel all contracts in the hospital. There are some contractors that need to be gone, but in my opinion, that's not the way to do business, not in good faith. . . .

In the conception of the PBC, one of the regulations that they set was that they would consult the unions, or the unions would have a voice in any decision-making. But that has not been the case. They have left us out on every entity. When we come in, it's because they've already had the discussion. They've already decided the direction they're going to go in. Even with this new thing, it concerns me. How could you even think about doing this? There are labor laws on the

books, back to the 1930s, and those things should be observed. I think it's totally disrespectful.

**EIR:** What is your view of what the timetable is going to be now?

**Owens:** The best way I can put it, is that the train has left the station and it's moving at high speed. It's up to the citizens of the District of Columbia, as well as the workers at the PBC, to stand together. There will be a meeting over at Eastern High School on Dec. 6, where we're calling everyone together. Mildred King is the one who's spearheading this, and we support her 100%. When I say we, I mean Local 1033, and I don't have any reason to believe that the other unions that are in the hospital and in the clinic are not supporting her. I believe that they all support her.

**EIR:** Have you had more layoffs, since the 200 employees and 96 contract nurses announced in late September?

**Owens:** Other than the layoffs that have gone forth from the management, not yet. We've had people quit. The hospital has lost approximately 15 nurses. People are resigning all the time. That creates vacancies, and they say they're not going to fill those vacancies. The D.C. appropriation bill has now been passed by the Congress, and in that bill, it's stated that what Julius Hobson [Chairman of the PBC Board] said to them on Aug. 25, is what they're going by. One of the things that he had stated, was that there would be 500 layoffs, without replacement by contractors.

We just don't have that many positions that they can get rid of. The hospital is already short. They are making tremendous amounts of overtime in areas such as the ER [emergency room], in the lab, respiratory therapy, medical records. They're making overtime everywhere, because they're short-staffed. I don't know why the decision-makers won't come out and see exactly what's going on.

They keep talking about, there are too many employees for the number of in-patients that we have. But this hospital doesn't just service in-patients. If they really checked, they'll see that we service out-patients. There are out-patient areas all throughout this hospital. I happen to be working in one. I work in the HIV center. In our center, we have approximately 2,000 visits a year. I look at the medical clinic, the dental clinic. I'm told in the dental clinic, they may see anywhere from 75 to 100 people a day. In the medical clinic, there are always lines of people.

If these clinics are seeing all of these people, why aren't they really telling the full story. It's not just a question of beds that are filled in this hospital. It's a question of patients, the clients that we see on a daily basis. If they really took the numbers, they would go to supervisors, and stop going to these people who don't work in these clinics, and get the actual numbers. Every single patient who comes into every single clinic must sign in. I don't know where these people are getting these outrageous figures from.

## No Flu Shots Yet: U.S. Unready for Epidemic

by Linda Everett

When tens of thousands of Americans die this winter after contracting influenza, recognize what the real killer was. It was not the flu that killed them—the killer was the “free-market,” managed-care system that deregulated the entirety of the nation's health care system, and cast off the public health needs of the nation. The killer was the same “just-in-time inventory” disease that has destroyed our manufacturing and industrial sectors—and now, our vaccine manufacturers, that work only to generate profit, not produce for the public welfare.

Flu victims will have been killed by the national public health leaders and government officials who made the political decision to abdicate their responsibilities to adequately safeguard the nation's public health against an influenza epidemic which, this year, scientists warn, may actually be a global pandemic.

The crisis is critical for several reasons. More adults and children will be susceptible to this season's flu strain, N1H1, which has not surfaced for the last five years. Over that time, the immunity of adults previously exposed to that strain wanes, while children under age five have not been exposed to it, and thus have no immunity. Also, the seed virus provided to vaccine manufacturers by the U.S. Centers for Disease Control and Prevention (CDC) in Atlanta, Georgia, for purposes of manufacturing the vaccine, did not produce a high yield, causing both an unacceptable shortage, and the delay of delivery of vaccine supplies until mid-December—which will already be at the peak of the flu season in some parts of the country.

### 'An Excess of Mortality'

The nation experienced “an excess of mortality” for the last four years in a row, because of influenza, according to the CDC. Despite this, and despite the threat of a pandemic, Federal public health officials did not stockpile vaccines for the emergency, and did not mandate universal inoculation for the entire nation (as, for example, the Canadian Province of Ontario did for its entire population). Rather, this year, officials have reacted to the vaccine shortage by simply revising downward their recommendations as to which populations should receive the vaccine, experimenting with half-dose vaccinations, and telling the general public to delay

getting their shots—a dangerous approach! And indeed, millions of Americans have had no choice but to do so, because flu shots have simply been unavailable, even from doctors' practices.

If one simply adds up the number of people whom the CDC recommends receive the vaccine (such as the elderly and chronically ill), it's immediately clear that far too few doses of vaccine were produced and distributed, in any recent year, to adequately vaccinate the nation's population (especially after the Congress passed the Balanced Budget Act of 1997, which shut down thousands of hospital clinic and community outreach programs, leaving the poor without access to vaccines).

There are 40 million elderly (age 65 and older), and some 93 million people with chronic illnesses. Chronic disease, which accounts for one-third of the man-years of potential life lost before age 65, includes cardiovascular diseases (57 million people), diabetes (16 million), asthma (15 million), HIV-AIDS (1 million), and hepatitis C (4 million). Eliminating the estimated overlap between the two categories, the elderly and those with chronic diseases account for about 100 million people.

The CDC first recommended universal immunization for everyone over age 50, an estimated 65.7 million Americans, according to the latest U.S. Census figures. But, the amount of vaccine produced this year is just 75 million doses (the same as last year). This would have left little more than 9 million doses for the rest of the population. When the vaccine shortage became apparent, the CDC then called for only those over 65, and the chronically ill, to get shots. It also recommended that health care workers, including nurses, physicians, and nursing home or hospital staff, be vaccinated. This critical part of the country's health care infrastructure includes about 11.3 million people (and does *not* include the important categories of police, fire, and rescue workers and volunteers).

So, the total estimated number of dosages needed to cover just those whom the CDC recommends be vaccinated, is about 111 million—with 75 million doses available, and much of that arriving critically late, that means some 35 million elderly, chronically ill, and health workers, and about 165 million Americans overall, are left with no access to vaccine.

## More Flu Deaths

The CDC claims that in an average year, influenza is associated with more than 20,000 deaths nationwide and more than 100,000 hospitalizations. But, according to Dr. Paul Glezen of the Influenza Research Lab of Baylor School of Medicine in Texas, that average is based on old data from 1972 to 1992. In fact, Dr. Glezen told *EIR*, the average number of deaths before 1984 was about 15,000 per year; the post-1985 deaths due to influenza were 30,000 per year. But, the most recent years' average number of deaths due

to flu was 46,000.

The *Journal of Infectious Disease*, according to Dr. Glezen, states that hospitalization due to pneumonia increased 50% during 1985-98—while there was an overall trend of 32% *decrease* in hospitalizations and an astounding collapse in our health care and nurse infrastructure.

The catastrophe is hitting every economic sector in the country. For example, in Loudoun County, in the middle of Virginia's horse country, one of the most well-to-do and fastest growing counties in the nation, the vaccine is so scarce, that even the County Fire and Rescue team cannot find flu shots, even at premium prices, before December. Their fleet of 30 ambulances may be useless, if their staff and volunteers, exposed repeatedly to influenza and pneumonia cases, become infected.

Loudoun ambulance and rescue team members have told *EIR* that, given the known shortage of hospital beds and nursing staff in the county, they "are preparing for a disaster" during the 2000-01 flu season. Despite the explosive population growth in Northern Virginia (the population has doubled since 1970), no new hospitals have opened (one, with 154 beds, closed). Sixteen facilities in the region, in the six months between December 1999 and June 2000, were forced to close their doors an estimated 685 times to the critically ill, emergency patients, and ambulances. It's not unusual to have eight or ten hospitals in the region on "reroute": that is, when the lack of hospital beds, nurses, monitors, or emergency room capacity forces hospitals to tell Emergency Medical Service to transport patients to other, sometimes distant hospitals. The normal transport time of two hours increases to three or four hours, when ambulances are diverted out of the county, thus also leaving larger gaps in the county's EMS coverage. No matter how wealthy an emergency patient may be, the lack of a ready ambulance at such times could cause an unnecessary death.

The Loudoun County Fire-Rescue Commission, EMS Council, and Loudoun Hospital, in an attempt to avert the "reroute" disasters of the last flu season, are petitioning the state to give the Virginia Commissioner of Health the power to allow state hospitals to bypass current state regulatory procedures and bring new hospital beds on-line, in order to quickly set up "temporary" beds to serve patients throughout the flu season.

While the county mayors set up a commission to "study" the issue in mid-November, the nation's first flu outbreak began, with influenza cases being recorded in Austin, Texas.

But, the crisis of how ill-equipped the country's health care system is to deal with the flu epidemic is a *national* calamity. Let a national mandate go out to immunize everyone against influenza, the nation, with its current collapsed health care system, couldn't carry it out without a massive build-up of public health resources, along the line of the Federal 1946 Hill-Burton mandate that assured every community met its medical needs.



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# National News

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## Uncertainty Clouds Lame-Duck Congress

U.S. Congressional leaders, clearly unsettled in the aftermath of the Nov. 7 Presidential election, decided on Nov. 14 to put off work on completing the unfinished fiscal year 2001 budget until Dec. 5. Pundits had speculated before the election that whichever party won the White House would have stronger leverage over the agenda of the lame-duck session. However, with the Presidential contest still undecided two weeks after Election Day, exactly what will happen in the session is still unclear, in spite of conciliatory language coming from both sides.

The election results leave the Congress more evenly divided than ever before. In the Senate, a number of prominent Republicans, including Finance Committee Chairman William Roth (Del.), John Ashcroft (Mo.), Rod Grams (Minn.), and Spencer Abraham (Mich.) went down to defeat. In Florida, Democrat Bill Nelson won the open seat being vacated by the retiring Connie Mack (R). Despite the defeat of Charles Robb (D) in Virginia, the Democrats had a net gain of at least four seats, with the Washington State contest between incumbent Slade Gorton (R) and Democrat Maria Cantwell still to be decided. Depending on whether Sen. Joe Lieberman (D-Conn.) becomes Vice President or not, Democrats could have as many as 50 seats in the Senate. This has led Minority Leader Tom Daschle (D-S.D.) to call for a power-sharing arrangement with the GOP. "There is no way we can survive the gridlock and the bitter partisanship that has existed now for the last couple of years," Daschle said, during an appearance on CBS's "Face the Nation," on Nov. 12. "We need to see inclusion. We need to see a power-sharing arrangement between Republicans and Democrats."

For his part, Senate Majority Leader Trent Lott (R-Miss.) responded with similar words, on "Fox News Sunday," the same day. "We will have to think innovatively," he said. "We'll have to be prepared to work with the Democrats." While Lott has been criticized for losing so many seats, a challenge to his position has yet to emerge.

On the House side, Democrats gained two seats, with two more still to be settled. Otherwise, so far, no conflicts have emerged, with both caucuses re-electing their entire leadership on Nov. 13 without any challenges. The day before, House Minority Leader Dick Gephardt (D-Mo.), appearing on ABC's "This Week," said that the lame-duck session is a "chance to show a different atmosphere" from the sharp partisanship that characterized the last few weeks before the election, "and I'm going to work hard to do that."

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## Windsors Plan Invasion Of Post-Election U.S.

The British Royal Family is so encouraged at the thought of either Al Gore or George Bush becoming President, that leading Windsors are planning a comeback inside the United States, wrote the London *Daily Telegraph's* Buckingham Palace leaker Robert Hardman on Nov. 16, under the bizarre title, "America Starts To Love the Windsors Again."

Hardman says that "whatever the result of the great American electoral tombola, the monarchy will be hoping to patch things up with the Land of the Free. Indeed, after several chilly years, there is now talk of a major royal tour of America next year, the first for years."

Relations, he claims, were very good during the Reagan-Thatcher years, as well as the Major-Bush years, epitomized by the Queen's state visit in 1991. However, things declined in President Clinton's first term, especially because the Conservative Party "had been digging up dirt on Mr. Clinton. . . . America was falling out of love with the Windsors." This mood was intensified, after Prince Charles and Princess Diana divorced, and her ensuing death. "America became a no-go zone, except for short private visits."

But now, there are "signs of a thaw. . . . Provisional plans are being made for the Prince of Wales to tour America next year. It will be his first proper visit since 1994. . . . Indeed, if Al Gore wins the election, it could be a particularly chummy trip. The two men have very similar views on matters spiritual and environmental; they hit it off during a

long flight together in the early 1990s, and even started corresponding."

He concludes: "It should be a pretty cordial affair if George W. Bush wins, too. After all, they will both understand the ups and downs of inheriting a country from one's parents."

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## Clinton: My Enemies Are The Same as Roosevelt's

President Bill Clinton, in an interview with former London *Times* editor Sir Harold Evans, gave a wide-ranging discussion of his Presidency and philosophy, published in the December-January issue of *Talk* magazine, whose publisher is Evans's wife, Tina Brown. The interview was made before the post-election crisis, as Evans followed Clinton around during campaign events in Florida and New Jersey.

One of the most fascinating interchanges occurs toward the end of an extended discussion on the forces that were thrown against Clinton, during the "Whitewater" investigations, the impeachment, etc. Evans asks: "What is the root of this particular venom in American politics? Everyone remembers how much hostility Franklin Roosevelt attracted. In the 1936 election, he made a great speech at Madison Square Garden, saying: 'They are unanimous in their hatred for me, and I welcome their hatred.'"

Clinton responds: "A lot of the same kind of people who hate Hillary and me, hated Franklin and Eleanor. Thank goodness the Republican Party, then, couldn't get control of the special counsel apparatus!"

"America really has a very well organized right wing that's quite venomous. Richard Mellon Scaife funded a lot of it. He funded \$2 million that they washed through the *American Spectator* just to try to hound me in Arkansas."

Clinton also attacks the agreement among Supreme Court Chief Justice William Rehnquist, and Senators Jesse Helms (R-N.C.), and Lauch Faircloth (R-N.C.) to appoint the "overtly partisan" Judge David Sentelle, to oversee key inquiries, and blasts the way in which the innocent members of his Cabinet, Henry Cisneros and Mike Espy, were gone after.

### *While You Weren't Looking . . .*

While the great Battle to Elect the Unelectable has absorbed the media's attention, and most of yours as well, the "other shoe" has fallen on the election crisis: the U.S. economy's "hard landing." The clear and homely sign announcing its arrival, is that the 2001 car-models are not selling, and the automakers are beginning to close plants and lay off workers, ending the "full employment" labor market. The nation's income gap had widened to the point where fully 60% of all new cars and trucks were being bought by those in the upper 20% of incomes. Now the collapse of the Nasdaq bubble is turning the overnight millionaires and billionaires into so many scrambling, infuriated debtors. The asset-inflation which made them millionaires and billionaires, is now become commodity-inflation, featuring the sticker-shock of gasoline and energy prices, to impoverish us all.

Before rushing to elect one or the other Unelectable, look at the rest of the world. Full-blown "1998 breakdown conditions" have returned across Asia—with collapsing currencies and markets, business liquidations, mass unemployment. Ibero-America's economies have resumed their sickening plunges of the later 1990s; drug armies are spreading from Colombia and threatening takeover of the whole central spine of the continent. Russia's economy has fallen so far into the abyss, that the nation's population is declining at a rate approaching 1% every year. The European economies are going down; their bond markets have become illiquid; their unemployment and inflation rates are rising together.

All the economies of the world have been losing all their capital to the United States economy—flight capital rushing into the dollar at a rate approaching a trillion dollars a year: Yet this vast sucking in of capital, destroying markets all over the world, is no longer enough, not even when combined with the Federal Reserve's inflationary pumping of the money supply, to keep the debt-bubble of the U.S. economy from going down. It is going down in a financial and cultural collapse, which can bring on a new dark age, not merely a depression.

The globalization policies that are ending in this crash, are the policies supported, to the identical letter, by the two Unelectables you have been trying to elect! Place either Unelectable in the White House, in the face of this "hard landing," and the result will be disaster. This is the price you're paying, for what the Democratic Party and media did to Lyndon LaRouche's Y2000 Presidential campaign.

While the Unelectables have been fighting to disqualify themselves from the White House, LaRouche has been acting as the only American leader capable of the Presidency in this financial, economic, and cultural crisis. Take the renewed financial collapse crisis in Asia. The highest-level economic policy meetings have been taking place among Asian leaders over the past two weeks. LaRouche has been sending the Asian governments—through all of the many financial and political circles which study his writings there—forceful and detailed proposals as to how to *break immediately with the International Monetary Fund, and form a new Asian Monetary Fund*, based on increased production, trade, and Eurasian high-technology transportation projects. This break with the IMF, if the Asian nations are able to do it, will make the seed-crystal for a new international trade and credit system, to save us all.

At the meetings of ASEAN-Plus-3 (Southeast Asia, China, Japan, and Korea), under way as we go to press, new urgency from the Chinese and Korean leaders in particular, seems to be leading to steps in the right direction. Reports are as yet very preliminary, and the detailed news of them will await our next issue. But the necessity of productive, nation-building trade and infrastructure projects for economic recovery, free of IMF veto, is being taken with a new seriousness. LaRouche was stationed in that region at the close of World War II, and these badly need, highly productive "Great Projects" are very close to his heart. LaRouche is the leader the United States needs in this crisis. If serious steps to an Asian Monetary Fund are being made during the last week in November, they show the quality of his leadership.

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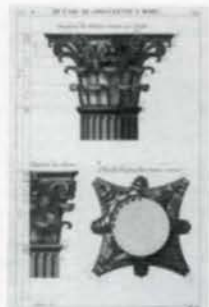
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