

# EIR

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Prince Philip's WWF Leads Attack on Brazil  
Greenspan Testimony Shows: He's Lost It!  
Citizens Fight to Save D.C. General Hospital

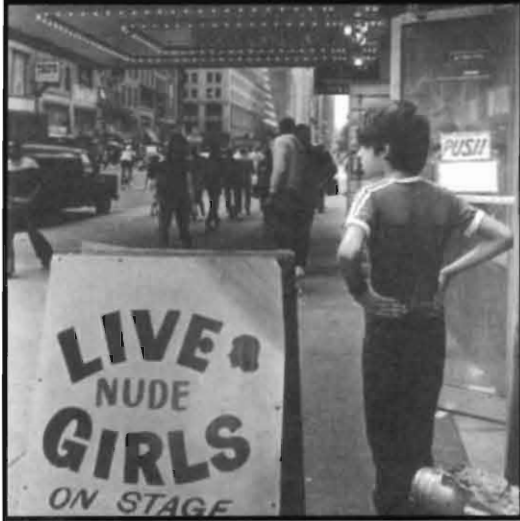
## LaRouche in Sudan: The Nile as The River of Peace, Development



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## From the Associate Editor

**T**here is a most vivid contrast, between the recent deliberations that took place along the Nile River (the subject of our *Feature* this week), and the desperate scramble on the part of economic policymakers in the United States.

At a conference in Sudan, Lyndon LaRouche laid out the parameters of a New Bretton Woods financial and monetary system, urgently required to replace the current bankrupt global system. Speakers from Sudan and several neighboring countries presented exciting proposals for development of the Nile region, in the context of LaRouche's concept of the Eurasian Land-Bridge. Such enterprises are essential, to put an end to the wars that are ripping Africa apart. (The concluding installment of our coverage of the Khartoum conference is scheduled for next week's issue.)

Meanwhile, back in Washington, Fed Chairman Alan Greenspan is babbling to the Congress that, while the economy may have "nearly stalled out" a month or so ago, nonetheless everything is back under control now, and there is no danger of a "recession." And, the Pentagon brass confronts the astonishing dilemma, that President Bush's vaunted "arms buildup" is not going to happen, because the free-trade Yahoos expect Bush to deliver on his promised tax cut. (Claudio Celani's cartoon on page 66 sums up the situation.)

The sad fact is, however, that the viable solutions being discussed by African and other leaders, cannot be implemented, unless the policy of the United States is changed. Africa, by itself, is gone. Europe and Asia are on the brink. South America is being lost to the narco-terrorists—and the British oligarchy's hysteria against LaRouche's influence in Brazil (see *International*), shows just how high the stakes are there.

In this strategic context, the LaRouche movement now convenes its semi-annual conference in the United States, under the title "Is the United States Under Bush Doomed?" Activists from around the country, with international guests, will hear keynote presentations by Lyndon LaRouche ("A Branch in the Road of History") and Helga Zepp-LaRouche ("The Cult of Ugliness, or Beauty as a Necessary Condition for Mankind"), along with panels on "The Highest Art Is Reason" and "The Demise of the Importer of Last Resort." We'll have full reports in coming issues.

*Susan Welsh*

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## Alan Greenspan Has Lost It

by Lothar Komp and Nancy Spannaus

In the face of 200% to 1,000% increases in the price of energy, the collapse of the U.S. economy, the bursting debt bubble in the international telecommunications sector, and the accelerating shakeout in Japan, Federal Reserve Chairman Alan Greenspan went before the U.S. Senate Banking Committee on February, and babbled. Greenspan, as the saying goes, has “lost it” — even though he didn’t have much of it to begin with.

The ostensible purpose of Greenspan’s appearance was to try to reassure the Senators, and anyone else gullible enough to heed his pronouncements, that, actually, things are under control. He babbled about how wonderfully the markets are doing, about how the Information Economy is continuing to produce (mythical) great productivity increases, and about how the burgeoning layoffs are only a temporary “adjustment.”

Most ludicrous were his comments on the energy crisis, which is now threatening to put California into the dark, shut down industry nationally with hyperinflation, and shake the foundations of the world financial system, starting with Bank of America and Wells Fargo banks. Not only did Greenspan claim that the skyrocketing prices were not inflationary, but he characterized the banditry of Bush’s friends in the energy cartels as a mere “transfer of income to producers of energy.” Therefore, Greenspan concluded, “the effects of the rise in energy costs does not appear to have had broad inflationary effects, in contrast to some previous episodes when inflation expectations were not as well anchored.”

Pure gobbledygook! Even as his major cuts in interest rates have proven a failure in reviving the markets, much less the economy, Greenspan is simply spinning his wheels — and, of course, pouring out liquidity in hopes of keeping the speculative game going as long as possible. In the first half of February, the entire “recovery” on the markets from January, was again wiped out. Greenspan’s magic is gone.

### The Telecom Bomb

The bubble that Greenspan built up over the past 14 years — the \$30 trillion debt of state, private households, and companies in the United States, the almost \$20 trillion stock market bubble on Wall Street, the off-balance sheet liabilities of the U.S. banks — is in the process of popping. On top of that has come the implosion of another section of the bubble, the telecommunications sector internationally.

At the beginning of February, the “Orange” bomb was thrown into the worldwide telecommunications sector, and pulled the stock prices of the affected companies down to the lowest level for more than two years. The setting for this collapse was this:

In order to finance the numerous takeovers and corporate mergers which have taken place in the wake of the global telecommunications deregulation of the last years, the big companies in the sector had to go into debt over their ears. Then came the auctions in Summer of 2000, for the licenses for the future mobile telephone technology, UMTS, which in Great Britain and Germany amounted to 160 billion deutsche-marks (\$80 billion) alone. That was enough to make the cup run over. The telecommunications companies, especially those in Europe, were suffocating in debt. And since everyone knows it, it becomes more and more difficult every day, to find new creditors who will refinance their debts.

In the coming year alone, the seven biggest telecommunications companies — British Telecom, France Telecom, Deutsche Telekom, the Dutch KPN, Vodafone in Great Britain, Telecom Italia and Telefonica in Spain — have to pay \$80 billion in debt. For the whole sector, worldwide, about \$200 billion in debt will come due in 2001.

Naturally, the affected companies are not in a position to cover even a portion of this debt from their profits on current activities. They still have to make enormous investments for



*Federal Reserve Board Chairman Alan Greenspan: His magic is gone.*

the construction of the UMTS infrastructure, and on top of that, they need immense sums for advertisement and dumping, in order to expand their clientele in mobile phones. As a result, most of them have no profits at all.

A particularly striking example is Mobilcom in Rendsburg-Büdelndorf, Germany, which until recently was a medium-sized company. In Summer 2000, with the backing of France Telecom, it purchased two licenses for \$8.1 billion, at the German UMTS auction. Until now, Mobilcom had calculated, it would close with losses “only” for the next 24 quarters. But now the management has to acknowledge that this goal is not attainable, and that no profit may be made until a rather distant future for the stock markets: after the year 2006. Meanwhile, Mobilcom’s stock price, which was at 210 euro in March 2000, collapsed on Feb. 14, to a new low of 25 euro.

### **The Orange Bomb Explodes**

There are various ways in which a big company can come into liquidity in the order of billions of dollars. The traditional way, heretofore, would have been to seek bank credits. But the banks, especially the European banks, are sitting on such high telecom debts, that the banking supervisors and central banks in London, Frankfurt, and elsewhere, have sounded the alarm, and have warned against any further engagement in this sector.

Then there are still the international bond markets. Like a swarm of grasshoppers, the telecommunications companies in the recent past seized on these markets. But in the meantime, even the big rating companies have reacted, by downgrading the ratings of the big telecommunications firms, meaning, in turn, that they had to offer higher yields, in order to sell their bonds. The bond markets have also been terrified by the news of dramatically rising default rates on corporate

bonds.

Now, there is yet another way to come into the required billions of dollars: Issue shares. Deutsche Telekom did this in June 2000, and succeeded, with the help of frequent television appearances by a confidence-building TV star, Manfred Krug, to convince one out of every two German households to buy telecom stocks for a price of 63 euros a share. Most people did not succeed in purchasing them, because of the enormous demand—luckily for them. Because, in the second half of 2000, Telekom’s share price had fallen to 35 euros (and it was at 105 euros in March!).

The whole thing can also be handled in a somewhat more elegant manner, by separating the mobile phone unit from the mother company, and then putting it, as an independent enterprise, onto the stock market. Deutsche Telekom actually wanted to do that last year, with its daughter firm, T-Mobil. But because of the crash of technology stocks, they thought better of it, deciding to postpone it for at least one year.

France Telecom, on the other hand, could not afford to wait any longer, because it had to pay its debts to Vodafone in London. Its daughter firm, Orange, therefore had to go onto the market in February 2001. When France Telecom bought up Orange from its British competitor Vodafone (which, for its part, had just swallowed Mannesmann), it planned to bring in about \$150 billion with Orange’s initial public offering (IPO). It was supposed to be by far the biggest IPO of all time in Europe.

However, the Orange IPO fell on its face. France Telecom had to revise its price expectations downward. Just prior to the IPO, the price for Orange shares had to be reduced again by 17%, because otherwise it would have been a debacle. In the end, only \$45 billion materialized in the IPO—a substantial sum, but much too little to meet their ambitious financial plans. And then, the shares at the 17% reduced price, fell a further 13% in the first three days of trading.

As a consequence, the rating agencies downgraded those telecommunications companies, such as Deutsche Telekom and KPN, which had planned to soon launch their mobile phone units on the stock markets. A worldwide shock wave was unleashed, pulling the shares of the entire telecommunications sector into the cellar. On Feb. 15, Deutsche Telekom stocks fell to their lowest level since December 1998, to only 27.5 euro, which is only about one-fourth its highest value from last year.

On the day before, rumors had been circulating in Frankfurt, that Germany’s top manager Ron Sommer had resigned (or, had “been resigned”), and T-Mobil’s debut on the market was postponed again for one year. This was denied as “nonsense.” However, what is very real, is the \$80 billion debts of the German telecommunications giants. Perhaps soon, Ron Sommer and Manfred Krug will be standing outside their neighbor’s houses, ringing the doorbell and asking for a hand-out. After all, if every German household contributes DM4,000 (\$2,000) to Ron Sommer, then everything will be fine and dandy.

# Agenda for National Energy Emergency Action

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## I. Scope of Energy Crisis:

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### Physical Economy

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#### Electricity

■ **California:** Feb. 15 was the 31st day of "Stage Three Electricity Alert," meaning possible rolling blackouts. By this Summer, the shortfall at peak-power times is expected to be 5,000 megawatts. Gov. Gray Davis said on Feb. 8 that he will cut red tape for new power sources, but no mobilization of physical resources is under way. Two legal decisions have delayed the worst repercussions.

On Feb. 7, a Federal judge refused to permit the leading energy wholesalers, such as Dynegy or Reliant, to cut off power to California utilities, on the basis that the shutdown of power would do "obvious irreparable harm to the public." As many as

4 million people might have been without electricity, if the judge had let lapse the Federal order compelling wholesalers to sell to the bankrupt utilities, as the Bush Administration had decided it should. There will be a further hearing on Feb. 16.

Then, on Feb. 13, Judge Ronald Lew denied the utility, Southern California Edison, an immediate rate increase, a ruling which will hold until a court-ordered March 5 status conference.

■ **New York:** Electricity shortages are expected for the Summer. On Feb. 13, the Long Island Power Authority (near New York City) laid out contingency plans. It may take over facilities from KeySpan, which acquired them when Long Island

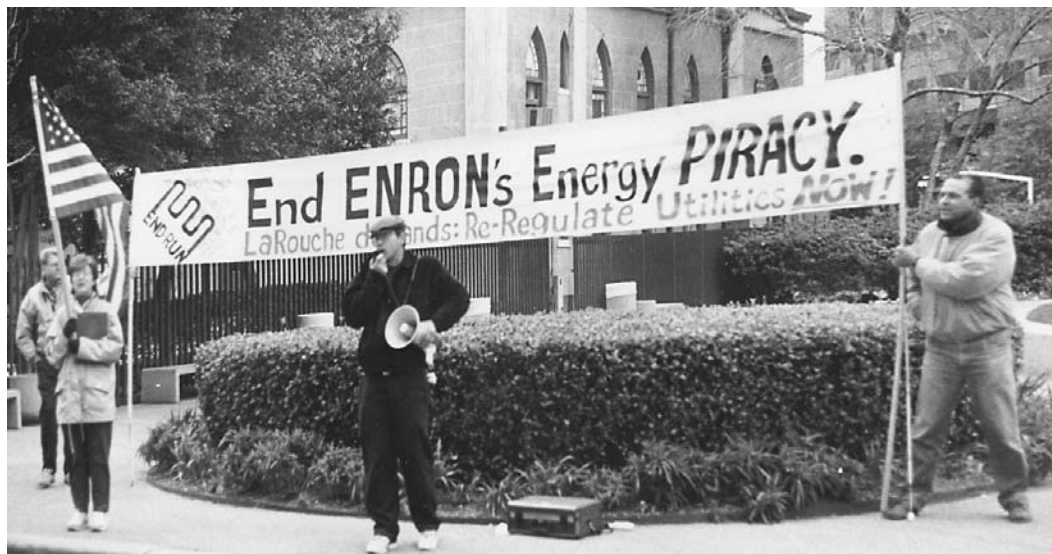
Lighting Co. (LILCO) underwent debt reorganization. The Authority plans to add 120 MW of new capacity by placing either a barge-mounted or land-based generator into temporary service. It is also working with the statewide New York Power Authority to site a 44 MW gas turbine generator on the grounds of Pilgrim State Hospital.

■ **Michigan:** Summer power shortages are expected. The Public Service Commission has asked for contingency plans from Detroit Edison and Consumers Energy.

#### Natural Gas, Propane

Gas cut-off crises are now hitting cross-country, as four months of unpayable Winter bills have hit. The issue is hyperinflation, not physical product. Natural gas has been deregulated nationally over the last 25 years.

■ **Nebraska:** In the Omaha area, gas cut-offs are proceeding at the rate of 250 a day, from the Metropolitan Utilities Dis-



*A rally against Enron, across the street from its headquarters in Houston. President Bush refuses to act in the energy crisis, while his friends, like Enron, continue to loot the population.*



trict, which has 170,000 customers. TV broadcasts report that your gas will stay on, if you can put some amount of money together, and qualify for financing. The Feb. 13 *Omaha World Herald* reports, "The average customer who paid \$70.24 in January 2000, paid \$240 this January for only about 20% more gas."

■ **Washington, D.C.:** Washington Gas Co. is receiving 15,000 phone calls a day—triple previous levels—regarding unpayable bills. The District of Columbia energy office is swamped with phone calls from people facing cut-offs. The Feb. 15 *Washington Post* quoted Richard Kirby, director of the D.C. Low Income Aid office, saying, "In 11 years here, I've never seen anything like this."

■ **Pennsylvania:** In early February, a crowd of angry customers shut down the payment office of the municipally owned Philadelphia Gas Works, protesting rate hikes.

■ **Georgia:** On Feb. 4, a crowd of 75 people gathered at the offices of Atlanta Gas Light Co., protesting prices, and asking state Attorney General Thurbert Baker for an investigation into price-gouging.

### **Mining and Manufacturing**

Besides manufacturing and light industry, mining, lumbering, and similar extractive

industries have also been hit.

■ **Arizona, New Mexico:** On Jan. 25, Phelps Dodge Corp., the world's number-two copper producer, put 2,350 miners on notice that company mine operations might shut down at three sites, because of high and rising energy prices. On notice are the Serrita mine in Arizona, and the Chino and Tyrone mines in New Mexico.

### **Agriculture and Food Supplies**

■ **California:** The state's energy crisis threatens links up and down the world's food chain. California accounts for 50-100% of U.S. production of many crops, from olives to pistachios, and hence a high percentage of world production.

- **Tomatoes.** Over 90% of the U.S. supply of processed tomatoes come from California, and nearly half of the world's total tonnage of processed tomatoes comes from the state. The California Tomato Growers Association stresses that its members cannot operate much longer under the crisis.
- **Mushrooms.** Close to 50% of all U.S. production is located in three counties of Northern California—Santa Clara, Santa Cruz, and Monterey. Mushroom cultivation requires artificial climate

and sterilized soil. Over the last two months, energy costs rose by more than 500%. At Monterey Mushrooms, the largest U.S. producer, natural gas prices went from \$3.18 to \$14.86 per million BTU. In January, blackouts hit.

### **Social Hardship**

Unpayable energy bills are causing stress, and threatening churches, charities, child welfare, and so forth, throughout the country.

■ **Washington State:** Algona Community Church operates a food bank serving 100-200 persons a week, and has been paying a utility bill (electric and gas) of \$600 every two months, up until this year; now that bill has hit \$1,200, which the church can't pay. Pastor Marlin Bowman is appealing to Puget Sound Energy not to cut off power.

■ **Iowa:** In Louisa County, members of one local community, facing impossible church utility bills, have had to shut down the church for the Winter, and to resort to meeting in homes. In Kossuth County, a social worker reports that domestic abuse incidents have gone up this Winter, directly resulting from households facing impossible heating bills, and suppliers refusing to re-fuel.

expenditures are at an all-time high of \$2.5 billion so far this year—thus flow into the energy cartel profiteering.

### **Insolvency and Chain Reaction**

■ **California:** Pacific Gas & Electric, the largest of the big three utilities, said in mid-February that its creditor banks have agreed to desist from taking action against it for payment arrears, until at least March 6. PG&E states that it will make interest payments on securities. PG&E and Southern California Edison racked up some \$12 billion in bills and debts (from June to December 2000) from buying electricity on the deregulated wholesale markets—bills and debts they cannot pay. Their parent companies have attempted to sever themselves from obligation. Overall, the two utility companies have some \$20 billion in debts and claims, with cross-default clauses. Major banks are exposed to the debt, including Bank of America, Wells

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## **II. Scope of Energy Crisis:**

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### **Financial**

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#### **State Funds Drain into Energy Cartel**

■ **California:** On Feb. 13, Governor Davis informed the legislature that the state would need an additional cash infusion soon, of \$500 million, which it will spend at the rate of \$45 million a day, to buy electricity on the spot market for the state's two nearly bankrupt utilities (the current state contingency plan). This will bring to close to \$2 billion what the state has spent on electricity purchases since the policy was implemented at the beginning of January. To replace this hemorrhaging of state funds, the Governor's plan is to replace spot-market purchases with supplies from long-term contracts with the

"merchant" electric and gas companies, at half the cost (still far above 1999 levels). Davis reports that he has four committed contracts, and hopes for more. The state would borrow \$10 billion in bonds for the purpose, which Gray anticipates doing by May, at the earliest. Given the overall hyperinflationary process, the package is foredoomed.

■ **Iowa:** To help poor households pay Winter heat bills, some Des Moines lawmakers proposed dipping into monies in the state Clean Water program. Other states are similarly resorting to funds that can be used as "relief." State monies and the Federal Low Income Home Energy Assistance Program (LIHEAP)—whose

Fargo, and others, with derivatives pyramids piled on top.

### **Energy Cartel: Mega-Profits, Mega-Mergers**

Besides the electricity hyperinflation, the world's top five natural gas producers are now making mega-profits: BP/Amoco, Exxon-Mobil, Shell, and Chevron and Texaco (the last two are in merger talks). In 2000, the Amex Natural Gas Equity Index rose nearly 80%. In 1999, the average natural gas wholesale spot price was under \$2.75 per 1,000 cubic feet; by Fall 2000, that figure had hit over \$10, before dropping back to the \$6 range.

On Jan. 29, Houston-based El Paso and Coastal merged to form the fourth-largest energy company in the United States. El Paso Pipeline will control more than

58,000 miles of interstate pipelines, and move more natural gas than any other energy company in the world. El Paso owns five interstate pipeline companies, including those threatening not to sell natural gas to PG&E in California. El Paso reports that its "merchant energy group" (North America and Europe) experienced a 250% growth over the last three years.

Meanwhile, Pennsylvania, South Dakota, and many other states have called for investigations into gas profiteering.

In California, the Public Utilities Commission (PUC) has filed a lawsuit against El Paso Natural Gas Co. for manipulating prices, including collusion with Dynegy. Harvey Morris, the lead PUC attorney in the suit, told the *San Francisco Chronicle* on Feb. 11, "California now knows what was going on in the '20s and '30s," when

the first Federal laws were enacted to protect the public from this sort of rapacity.

Mega-mergers and electricity buyouts are proceeding worldwide, with British money and control in the forefront. London-based International Power PLC has a team now in California to look for facility sites. The British firm PowerGen bought Louisville Gas & Electric in December. The Virginia-based AES, one of the top three "merchant" electric wholesalers in California, has facilities in 22 countries, and just announced purchase (through a subsidiary) of the energy assets of the Massachusetts-based Thermo Electron (which is, in turn, owner of power operations elsewhere in the United States, and in Europe). Phillips Petroleum Co. has announced the acquisition of Tosco refinery company.

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## **III. Energy Infrastructure:**

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### **Crises and Reactions**

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A Jan. 17 gas explosion in Hutchinson, Kansas, dramatizes the national problem of run-down infrastructure, lack of mainte-

nance, and lack of workers. An Oklahoma-based gas company uses a Kansas salt cavern for gas storage. A leak developed in

the casing of the pipe feeding gas to the cavern. A massive build-up of gas occurred on the south side of Hutchinson, until one night, a store and a trailer blew up, two buildings burned, a trailer park had to be evacuated, and crews had to light "geyser" fires to burn off the gas. The company had known there was a leak somewhere.

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## **IV. Policy Response,**

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### **Federal Level**

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■ **Bush Administration:** The Administration remains committed to radical deregulation. *The Hill* newspaper in Washington on Feb. 7 reported that oil and gas companies gave \$29 million to campaigns in 2000, with \$23 million to Republicans, and big bucks to the coffers of George W. Bush and key figures in his government, including Energy Secretary Spencer Abraham, who received \$500,000 (the largest energy largesse to one person since 1993).

Ties of the Enron energy conglomerate to the Bush Administration are in the spotlight. The Feb. 12 *Business Week* cover story was, "Power Play; Enron, the Nation's Largest Energy Merchant, Won't Let California Stand in Its Way." The Feb.

11 *Los Angeles Times* ran details, including that Bush's economics adviser Lawrence Lindsey, and his Trade Representative Robert Zoellick, were both on Enron's Advisory Board. Texas Sen. Phil Gramm's wife Wendy is also on Enron's Board. Bush's National Security Adviser, Condoleezza Rice, was on the board of Chevron, which is the co-owner of Dynegy, making huge profits on electricity sales in California.

Enron's top executive, Kenneth Lay, gave \$5,000 (the maximum possible) for Bush's Florida vote recount fight; Enron overall has given some \$550,000 to the Bush campaigns. As Texas Governor, George W. Bush intervened with Pennsyl-

vania Gov. Tom Ridge, to enable Enron to get a piece of the energy action in deregulated Pennsylvania. In late 2000, the Enron-affiliated, eight-month-old "New Power Co." was handed more than 300,000 customers, during the divvying up under deregulation. (Incidentally, and erroneously, Pennsylvania is often cited as the "successful model" of deregulation.)

■ **Congress:** On the side of radical deregulation, is proposed legislation by Alaska Sen. Frank Murkowski (R) which would give big tax and financial breaks to the oil and gas sector, including: 1) reducing royalty payments for Gulf of Mexico extractions; 2) tax credits; and 3) subsidies for failed exploration.

On the side of re-regulation, among the several new bills sponsored by Western states' Congressmen (reported last week in the *Agenda*), most attention is being focussed on the Jan. 30 electricity price re-regulation proposal (H.R. 264) put forward by Rep. Peter DeFazio (D-Ore.) (for

excerpts from the bill, see below). DeFazio's bill would, in effect, roll back parts of the 1992 Federal Power Act, which allowed states to set up electricity markets, and speculation in prices. DeFazio, speaking on Jan. 29 in Springfield, Oregon, called on the state legislature to repeal the

deregulation scheduled to take effect there on Oct. 1, 2001: "Nothing good can come from deregulation. Northwest consumers need to be protected from rising energy prices and profiteering by private power buccaneers." Ten days earlier, on Jan. 19, in Albany, New York, DeFazio had said,

"Under the California scheme, the new owners of power generation have no duty to serve anyone except their stockholders, which they can do by driving up the cost of power. The best way to do that is to make it scarce. That is the major fault of deregulation."

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## V. Policy Response,

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### State and Local Initiatives

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In most of the 26 states which have some form of energy deregulation, there are now moves to delay, or even cancel, deregulation. In the Georgia Assembly, a bill offered by Sen. Regina Thomas (Savannah) would restore full energy regulation. The biggest block is the uninformed attitude that "deregulation is too far gone.

... It would be like putting toothpaste back in the tube."

■ **California:** On Feb. 14, a group of constituency leaders associated with the LaRouche re-regulation mobilization hit Sacramento for a day of lobbying, timed with the Assembly's "Special Session Committee on Energy Pricing," which has

the power to expedite (by a two-thirds vote) state laws. The 30 activists represented groups from the American Association of Retired People, to farmers, students, Hispanic leaders, labor, and local communities from throughout the state. Among the responses encountered:

From a top Senate energy aide: "We support re-regulation. We just don't think we have the votes." From a blue-collar, Republican district: "We know this situation is dangerous, but we're surprised: No one's been calling us. No one's been bugging us ... till you."

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## VI. Considerations for Re-Regulation:

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### National Energy Management and Reconstruction

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■ **The LaRouche Campaign:** The Feb. 4 policy document by Lyndon LaRouche, "On the California Energy Crisis: As Seen and Said by the Salton Sea" (*EIR*, Feb. 16), was released on Feb. 13 in a first run of 200,000, as a mass-circulation pamphlet put out by the LaRouche in 2004 Presidential campaign committee. LaRouche's "What To Do" points, were submitted on Feb. 14 to the U.S. Senate Energy and Natural Resources Committee, in testimony by *EIR* Economics Editor Marcia Baker, for the record of the Jan. 31 hearing on the California crisis.

#### International Debate on Deregulation:

• Thailand: In January, M.L. Chanaphun Kridakorn, Deputy Governor of the Electricity Generating Authority of Thailand (EGAT), said, "Deregulation apparently has not worked well in California, and the plan should be reconsidered here."

Currently, EGAT plans to start up a power-pool market (deregulation), in 2003. In February, British Ambassador to Thailand Lloyd Barnaby Smith, chastised such second thoughts, saying California's deregulation was "botched."

• Europe: The Finnish nuclear association "Finergy" has just applied to build a fifth nuclear power plant. On Feb. 13, at meeting of the Brussels Energy Round Table titled "A Vision for Nuclear Energy in Europe for the Next Two Decades," Dr. Nils Andersson (of Vattenfall AB, Sweden) said, "If the economic need becomes strong enough, the next two decades may well see the construction of new nuclear power plants in Europe."

#### Documentation

*The following bill was introduced in the U.S. Congress by Rep. Peter DeFazio (D-Ore.) on Jan. 30, 2001, and referred to*

*the House Committee on Energy and Commerce.*

#### 107th Congress, 1st Session, H.R. 264 A Bill

To require the Federal Energy Regulatory Commission to return to the cost-based regulation of wholesale interstate sales of electricity, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. Restoration of Cost-Based Rate Regulation of Electric Energy at the Federal Level.

(a) Termination of Orders 888 and 889—The Federal Energy Regulatory Commission shall regulate the rates and charges for all sales of electric energy subject to the jurisdiction of the Commission under Part 2 of the Federal Power Act on the same basis as such rates and charges were regulated prior to the issuance of Commission orders 888 and 889 on April 24, 1996.

(b) **Effective Date**—Subsection (a) shall take effect with respect to all contracts for the sale of electric energy entered into or renewed after the enactment of this Act.

# Eurasian Rail Projects Are Going Forward

by Mary Burdman

The highest levels of the Chinese government have confirmed that one of the most challenging rail projects ever to be considered, is to be built. This will be the construction of the first-ever rail line to Tibet, the aptly named “roof of the world.” This project, and the Beijing-Shanghai high-speed rail connection—which could very possibly be the first commercial magnetic levitation (maglev) rail line in the world—are the centerpieces of China’s current national development program.

The Tibet rail line will cost some \$2.4 billion, and take seven to eight years to build.

On Feb. 9, it was announced that Chinese President Jiang Zemin had called the construction of this rail line, which will link Lhasa, the capital of Tibet, to the rest of China, via Qinghai Province, highly necessary, and that construction should start as soon as possible. Prime Minister Zhu Rongji also stated that the time is ripe for building the Qinghai-Tibet rail line, which would accelerate economic and social development in Tibet. Tibet is the only region of China which still has no railroad.

China’s Railroad Ministry began considering building a railroad to Tibet already in the 1950s, but the enormous, and, in many ways, unique, engineering requirements for this project have prevented construction so far. It will be the highest and longest mountain railroad ever built, and will pass through three vast mountain ranges. The overall length of the rail line, southwest from Golmud, capital of Qinghai, to Lhasa, will be 1,118 kilometers (about 700 miles), through incredibly difficult terrain including mountains ranging well more than 6,000 meters (about 20,000 feet) high. On this route, more than 960 km—over 80%—of the rail line will be built at an altitude of more than 4,000 meters. More than half of the project will be laid on earth that has long been frozen, requiring special technology. The rail line will require some 30.6 km of bridges and tunnels.

The rail line to Golmud, from Lanzhou and Xining in western China, was opened in 1984, but construction stopped there. In July 1997, a group of Chinese rail experts began an intensive survey of the route through the mountains to Nagqu and Lhasa, which was completed a year later.

Then, at a meeting on Dec. 15, 2000, Railway Ministry spokesman Ren Guixi announced that China not only intends

to build the 1,300 km Beijing-Shanghai line, but also the Tibet rail line. He said that four routes were under consideration, including one from southern Yunnan province, or central Sichuan, the most populous in China. The Golmud route was chosen because it is shortest, but other lines could be built in the future. A final announcement will be made in March, by the National People’s Congress session.

China has become one of the world’s greatest rail builders, and is currently constructing some 2,000 km of rail lines a year. As a result, it now has the biggest rail network—more than 70,000 km—in Asia. The nation has also developed its own modern and efficient rail-building technology in the recent two decades, preferring this method to importing such machinery.

The go-ahead for the Tibet rail line could be an indication that other Eurasian rail projects, including the “Paris to Shanghai” rail line, will also be constructed soon. This rail line will link Xinjiang in northwestern China, to Kyrgyzstan and Uzbekistan, through the Kyrgyz mountains to the Fergana Valley. Its construction was made possible by the opening of the southern Xinjiang rail line in December 1999. This was the first rail connection to Kashi, known as the most landlocked city in the world.

Last October, Kyrgyz President Askar Akayev, in an interview with the German weekly *Der Spiegel*, said that the European Union is helping to build the “Paris-Shanghai” rail line, and construction should start in 2002, and be completed in five years. “There are only 600 km from the Chinese border through the Kyrgyz mountains to Fergana,” Akayev said. “This would be the shortest way to China—1,000 km shorter than over the Russian Trans-Siberian.”

In December, the Kyrgyz Parliament approved the project as the nation’s top infrastructure priority. A commission of experts from China, Kyrgyzstan, and Uzbekistan are reviewing the plans.

## Korea to Russia

Another great Eurasian rail project was under discussion in February, this time in Seoul. On Feb. 12-13, Russia’s First Vice Minister of Railways Alexander Tselko led a 53-member delegation to South Korea, to present the superiority of the Trans-Siberian Railway over other routes for transcontinental transportation, to leaders of the Korean government and some 75 Korean firms.

The conference, titled “The Trans-Siberian Land Bridge in the 21st Century: Prospects for the Development of Russian-Korean Relations in the Field of Railway Transportation,” is the most recent development in the creation of the “Iron-Silk Road” announced by the leaders of both Koreas at their historic summit in Pyongyang in June 2000.

There, it was proposed that the 20 km of rail line needed to re-connect the North Korea-South Korea Seoul-Sinuiju rail line, now severed by the “Demilitarized Zone” which has divided the Korean Peninsula since 1953, be rebuilt.



*The main line in Lanxin in northwestern China. China has now officially announced plans to build a rail line to Tibet, "The Roof of the World," which is an engineering challenge.*

Mine clearing and groundbreaking to lay the rails began last September, and the necessary military agreements were finalized this month. This rail line is slated to re-open in September.

South Korean President Kim Dae-jung announced last August, that when the Seoul-Sinuiju line is finished, the Kyongwon Railway connecting Seoul to Wonsan on the east coast of North Korea, must be reconnected and restored, opening the way to eastern Russia. North Korea's rail connection to China at Sinuiju is in use, the only rail connection from the North to the outside world.

Last September, Kim Dae-Jung met with Russian President Vladimir Putin at the United Nations Millennium Summit, where they agreed that their Prime Ministers would initiate talks on connecting the Korean and Russian rail lines. South Korea's Construction and Transportation Ministry estimated that making the Seoul-Wonsan line usable, would cost about \$236 million and take up to 36 months. It would then be possible to ship from South Korea, to the 9,028 km Russian Trans-Siberian transcontinental railway, and to Europe.

Putin, who was the first Russian head of state to visit North Korea in July 2000, will also visit Seoul in late February. On Feb. 26, at a meeting to finalize the economic agenda for the Russia-South Korea summit, a South Korea-Russia rail committee will be formed. The North Korea-Russia rail committee is already in existence. The committee will be led by Tselko and South Korean Vice Construction-Transportation Minister Kang Khil-boo.

At the Seoul conference, Tselko said that Russia will discuss investment in modernizing North Korea's rail lines,

at a proposed three-way meeting with South and North Korea. The North Korean vice minister of railways has already accepted the proposal, he said. "Russia's position is, in principle, that it wants to make investment in the modernization of the eastern section of the inter-Korean railway, stretching from [the Russian border city of] Khasan to [the North Korean city of] Pyongsan via Wonsan," Tselko said.

He also said that Russia plans to train 1,500 North Korean technicians at a Russian rail university. A Russian delegation was in Pyongyang last year to analyze the costs of modernizing the North's railways.

If the three-way meeting is convened, commented the South Korean daily the *Korea Times*, "it will mark the major milestone in a grand

scheme to build the so-called 'Iron Silk Road.' . . . The project, if completed, is set to bring about a revolutionary effect on the transportation of humans and cargoes on the Eurasian continent, because the time and costs for transportation will be reduced dramatically."

### **Will There Be Energy?**

An exhibition on the Trans-Siberian Railway is to open at the Industrial Bank of Korea building in Seoul. Russia is claiming that the Trans-Siberian would be a superior trans-Eurasian route to the "Trans-China Railway" (the Euro-Asian Continental Bridge), because of its lack of border crossings, lower costs, and high technological standards.

However, there is a problem. One of the worst effects of the deindustrialization of Russia over the past decade, has been the destruction of its energy infrastructure, especially in the Far East. Both rail and industry have been robbed of energy under the shock-therapy regime imposed on Russia, and the Trans-Siberian and other eastern railroads are frequently shut down for lack of power. Energy essential to keep the vast Siberian region functioning, is being sold abroad for profit. This year, due to a ferocious winter, the situation has been worse than ever, leaving the population, as well as industry and transport, to freeze. On Feb. 5, Russian Energy Minister Alexander Gavrin was ousted due to the crisis east of the Urals, and the corrupt and contentious Governor of Far East Primorye Territory, Yevgeny Nazdratenko, was also forced out of office.

Until Russia can solve its fundamental economic problems, no great project, no matter how beneficial, can be realized.

## The Nile as the River of Peace

by Muriel Mirak-Weissbach

Since the entry into the new millennium, there has been a plethora of futuristic forecasts issued by think-tanks, outlining the nature of projected future conflicts around the globe. One such report, issued by the CIA, "Global Trends 2015," says that scarcity of water will be among the leading sources of conflict. "By 2015 nearly half of the world's population—more than 3 billion people—will live in countries that are 'water-stressed'—have less than 1,700 cubic meters of water per capita per year, mostly in Africa, the Middle East, South Asia, and northern China." It notes, "As countries press against the limits of available water between now and 2015, the possibility of conflict will increase."

How true it is, that water shortages breed conflict, can be seen in the history of the Middle East wars. And yet, peace can be secured through agreement on water utilization. It is this concept that animated discussion in a four-day seminar held in Sudan's capital, Khartoum, on Jan. 14-17. The seminar, organized jointly by the Center for Strategic Studies and the Ministry of Culture and Information, in Sudan, and *EIR* and the Schiller Institute, centered on the theme: "Peace Through Development along the Nile Valley in the Framework of a New, Just World Economic Order." We publish here the proceedings of the conference panel on "The Role of Continent-Wide Infrastructure in the Development of Africa."

The Nile River, is a case in point: One of the most important rivers in the world, it is shared by ten countries. Its resources are immense, but the potential for irrigation, transportation, fisheries, and hydropower development, have been barely tapped. The cited "Global Trends 2015" report, notes that "Egypt is proceeding with a major diversion of water from the Nile, which flows from Ethiopia and Sudan, both of which will want to draw more water from the Nile for their own development by 2015. Water-sharing arrangements," the report concludes, "are likely then to become more contentious."

What the report does not highlight, is the fact that signifi-

cant progress is being made toward cooperation among the riparian countries, which could lay the basis for durable peace. Indeed, at the conference, the Sudanese minister for irrigation and water resources presented a vision of cooperation, not only in water sharing, but also in *development* of the water potential, for agriculture, transportation, and energy. The contribution water development can make to increasing agricultural output, was illustrated by a former minister of agriculture from Sudan, who showed that through such a cooperative effort, the economies of the entire Nile basin can be revolutionized.

Parallel to water development, there needs to be a cooperative effort to develop transportation infrastructure, to allow Africa as a whole to move toward economic integration. One of the criminal legacies of the colonial era, is that almost all rail infrastructure that exists, was built to move raw materials from the source, to the nearest port, for export. There are almost no international rail connections; neighboring countries face the colonial heritage of different rail gauges.

The perspective presented at the conference, was for massive rail development, beginning with the extension of the Eurasian Land-Bridge. Proposals for this were presented by two Egyptian scholars, who have worked out how to bring the land-bridge into Africa, through Egypt. The general manager of the Sudan Railways Corp. outlined the country's plans for a national rail network, within the context of a continental vision.

To bring such great projects into being, requires facing the world economic breakdown crisis, and creating new structures to build an alternative economic arrangement. Guest speaker Lyndon H. LaRouche, Jr. addressed this issue in his keynote on "The New Bretton Woods System as the Framework for a New, Just World Economic Order." As laid out in the concluding session of the conference, which was published in *EIR*, Feb. 9, 2001, peace can be achieved only through such "real development."

# The New Bretton Woods System: Framework For a New, Just World Economic Order

by Lyndon H. LaRouche, Jr.<sup>1</sup>

January 15, 2001

The opening days of the year 2001, have unleashed what will quickly prove to be the worst, already long-overdue, global financial collapse in the recent centuries of history of today's globally extended form of modern European civilization. Unless certain corrective actions are taken soon, by some concert among a significant number of governments, this will quickly become, in a matter of months, not only the worst economic depression in recent world history, but also what is known in the economics literature as a global economic-breakdown crisis.

Although the presently accelerating global financial collapse, is far worse than that of the 1929-1933 interval, the lessons of the U.S. economic recovery, under the leadership of President Franklin Roosevelt, provide us today an historical precedent, on which the world as a whole could rely with confidence, for overcoming that far more severe economic crisis being unleashed at the present moment. Important historical lessons are also to be learned from the successful post-war recovery of both the U.S.A. and western Europe, during the first two decades following the close of the great war of 1939-1945.

We must also learn from what the U.S.A. and Europe failed to do, which would have been done, had President Roosevelt not died prematurely. As Roosevelt made clear, repeatedly, to Britain's Prime Minister Winston Churchill, as in the 1942 meeting at Casablanca, it had been the President's intention, once the war had ended, to use the great power of the U.S.A. to force the immediate dissolution of the Portuguese, Dutch, British, and French colonial systems, and to unleash programs for large-scale infrastructure development and technological improvements of the productive powers of labor among the peoples of the nations liberated from imperial domination.

Thus, although good things were done by the U.S.A. in rebuilding the war-shattered economies of western Europe and of Japan, around the ideas of such figures as France's Jean Monnet and the Schuman plan, Roosevelt's body was

scarcely cold, before his successors acted, in concert with the British monarchy, to reimpose, by military force, old imperial and colonial tyrannies over the former Portuguese, Dutch, British, and French colonies and semi-colonies.

These assorted experiences from the 1929-1965 period, have the most vital importance for policy-makers throughout the world today. These lessons from history, show us what past models we must copy, and which we must avoid, in acting now to establish the reorganized world monetary system needed to cope with the disastrous economic effects of the present global financial collapse, disastrous effects, which will be felt by all nations of the world, without exception.

We must not make the probably fatal mistake, of rejecting those models as precedents for today's actions, simply because they are specific to that period of history, or because of acquired hostility to the image of the United States. The survival of civilization in every part of the world today, depends upon reaching prompt and far-reaching agreements on what present opinion will regard as revolutionary changes in international monetary and related institutions. No such agreement were possible, if our reforms did not carry the authority of clear and successful precedents formerly applied to circumstances similar, on many points, to the crisis in full swing today.

For such reasons, any proposed reforms for today, would fail for political reasons, unless the measures to be taken now were clearly identified as modelled upon the successful features of the revolutionary changes made then.

## What Must Be Done

I now summarize, first, the kinds of measures which must be instituted very soon, to bring the presently global financial collapse under control, and, then, secondly, indicate the problems which could not be overcome without exactly those types of emergency measures of international monetary reform. Then, thirdly, finally, I shall summarize certain crucial features of the currently unfolding strategic situation against that economic backdrop.

To bring about both a halt to the presently ongoing worldwide collapse, and to launch a recovery, we must take three classes of essential measures.

First, we must restore the characteristics of the old Bretton

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1. Economist Lyndon H. LaRouche, Jr. is currently a candidate for the Year 2004 U.S. Presidential nomination.

Woods system of the immediate post-war decades. That means, a system of fixed-exchange rates, capital controls, currency controls, and financial controls, and global growth fostered by the same methods employed through institutions such as Germany's Kreditanstalt für Wiederaufbau, to promote large-scale development of basic economic infrastructure, and to use the market potential generated by that infrastructural development, as the base for creating a still-larger rate of growth in development of agriculture and industry.

Second, we must do as President Roosevelt had intended: all sovereign nations must be, on principle, full partners in the new international monetary system. This is the fundamental difference between the old Bretton Woods system, and what must happen now. We cannot have a system which is going to work, which does not treat the majority of the human race as full partners in the system. Otherwise, it won't work.

Third, we must rely chiefly on credit created by the authority of perfectly sovereign nation-state governments, to generate the medium- to long-term, domestic and international trade agreements on which the economic recovery and expansion will be centered.

Now, let me interpolate, because there is a lot of information coming out of Europe, and especially the United States, to the contrary. First of all, *this crash is happening now*. It is not a *recession*, it is not a *soft landing*; it is a full-scale collapse of the entire system. The entire world financial and monetary system is about to disintegrate. Nothing can keep this system alive in the coming period. Any information to the contrary is false. And therefore, the only thing that is inevitable about the situation, is the fact that the system is about to collapse. What happens when the system collapses, is where the options lie. In a situation in which none of the existing, privately controlled central banking systems and international institutions are capable of generating credit, in any significant amounts, you must tear down and replace the present system of credit generation. And there's only one way you can do it, and that is by using the power of sovereign governments, to assert their sovereign commitment, for credit for largely long-term trade agreements. That is, the state agrees to enter into a partnership with another state, or group of states, for long-term trade, such as the exchange of goods over a longer period of time, against capital infusions. It's the only way it can be done. There is no other way that it will work; no other possibilities exist, despite all the talk about free trade and globalization. None of those things can possibly work. They're *doomed*. They're popular, but they're doomed.

Such measures as I propose will be made feasible, through actions taken either by sovereign governments or agencies of cooperation among such governments, which put the existing, generally bankrupt central banking systems of the world through the absolutely unavoidable process of medium- to long-term reorganization in bankruptcy.

Unless each and all of such measures are taken, and that soon, by a significant number of governments, the present

economic situation will be more or less a hopeless one, world-wide, and will continue so for a generation or more to come.

It is only the precedents to which I referred, from the experience of the 1929-1965 interval, which provide the basis for agreement on action among at least a significant number of nations today. Therefore my leading concern, in my various activities in many parts of the world, has been to place in the hands of the nations and their leaders the knowledge and confidence which are needed to strengthen their will to act in a timely fashion in support of those lessons from the recent past of world history.

## How the U.S. Took Five Steps into Hell

The present world financial collapse, is chiefly an outgrowth of the radiated, world-wide impact of a process of post-1965 ruin of a U.S. economy which had been, with all its faults, the most successful model the world had known, prior to that time. There are five leading developments which have, in succession, brought about this self-destruction within the U.S.A. itself.

The most dramatic current expression of this thirty-five-year-long moral and economic decline inside the U.S. itself, is the currently accelerating collapse of the role of the U.S. economy as the "importer of last resort." This presently ongoing turn, means a collapse of that part of the market upon which most among the world's nations had each recently come to depend for a critical margin of its own domestic economic life.

Those five steps downward, and their bearing on the presently accelerating collapse of the U.S. as an import market, are summarily, as follows.

This first step began during the 1966-1968 campaign of former Vice-President Richard Nixon for the 1968 Republican Presidential nomination. During that 1966-68 campaign, Nixon and his circles made a coalition with those sections of the U.S. Democratic Party base which harbored the pro-racist legacy of that Confederacy which President Abraham Lincoln had defeated in the great Civil War of 1861-65. This pro-racist, Nixon-led turn, was known then and later, as the so-called Southern Strategy, a Southern Strategy, sometimes also called "The Third Way," which is still the leading political force inside the U.S. today.

In addition to being a revival of pro-racist sentiments and policies inside the U.S. political party-system, there were certain related shifts in economic policy, away from the so-called Yankee traditions of technological progress in agriculture and industry, large-scale infrastructure improvements, and improvements of the general welfare of the population as a whole. Thus, the pro-racist trend represented by Nixon's Southern Strategy, was accompanied by an increasingly radical "free trade" ideology.

This combination in U.S. domestic and foreign policy under Nixon and Henry A. Kissinger, led into the collapse of the Bretton Woods agreements in August 1971. The effects





*The first step into Hell: President Nixon's shift toward the "Southern Strategy," which led to the collapse of the Bretton Woods agreements in August 1971. Here: Henry Kissinger with the President, 1971.*



*Step 2: Zbigniew Brzezinski's choice for President, Jimmy Carter, wreaks havoc with the U.S. economy. Here, Carter with members of his Cabinet, including Brzezinski (behind Carter, to his left).*

of that, combined with Kissinger's orchestration of such developments as the 1973 Middle East war, unleashed a terrible ruin within the U.S. economy.

The second, even worse blow to the economy, was brought about through Zbigniew Brzezinski's choice for President, the pro-Southern Strategy Jimmy Carter. The rampage of deregulation and related destructive measures under Carter, did far more ruin to the U.S. economy than has occurred under any other U.S. President since Nixon's election in 1968. The worst of these measures introduced under Carter, were the work of Carter's appointment of Paul Volcker as Chairman of the U.S. Federal Reserve System. Volcker's policies, as continued under his designated successor, Alan Greenspan, have continued and aggravated that ruin, up to the present day.

The third blow came beginning 1982, under President Ronald Reagan and Vice-President George Bush. Terribly destructive legislation that year, such as Garn-St Germain and Kemp-Roth, arranged for financial speculators' picking of the bones of the banking and other institutions which Carter's policies had ruined. This was the era of the junk bond, and the beginning of what became the vast financial-derivatives bubble which is exploding the financial system of the world today.

The fourth blow, came in the concerted actions of Brit-

ain's Prime Minister Margaret Thatcher, France's President François Mitterrand, and U.S. President George Bush, in the handling of the disintegration of the Soviet system. Mrs. Thatcher, who was obsessed with the desire to destroy the economy of Germany, allied with Mrs. Thatcher's Germany-hating asset Mitterrand, and Bush, to reduce all of continental Europe from status of ally, to Anglo-American lackey, systematically destroying the real economy of nations throughout continental Europe, including the former Soviet Union. What was thus set into motion, during 1989-1992, was the emergence of a new world empire, an Anglo-American imperialism, called "globalization." This imperial monster, conceived in imitation of the ancient Roman empire, set itself to the task of uprooting, world-wide, not only the political and financial institutions of the sovereign nation-state, but also the ability of national economies to produce even their most essential margins of needs within their own borders.

In this fourth step, even the sovereignty of the United States itself has been systematically destroyed, a virtual act of treason, in favor of an opposing power, world government, which aimed at becoming an imperial form of English-speaking world-wide rule.

The fifth blow, was the fruit of great financial fraud played on the world as a whole. This fraud, known as "Y2K," was perpetrated through an organized panic, known as the fear that



*Step 3: The Reagan-Bush Administration ushers in the era of junk bonds and financial derivatives speculation.*



*Step 4: Margaret Thatcher and George Bush, along with France's François Mitterrand, set into motion the policy known as "globalization," to destroy the world's nation-states.*

the advent of January 1, 2000, would cause a chain-reaction financial collapse.

It was said that this collapse would be caused by widespread dependency of governments and businesses upon computer systems which had based their programs on a two-final-digit code for date, would not do their proper work when confronted with a two-final-digit code "00." During the several years preceding 2000, a vast amount of financial capital was created, to flow into certain measures which might, hopefully, prevent such a Year 2000 crisis. This gigantic swindle was the celebrated cult of "Y2K."

Under the influence of this panic, vast amounts of financial capital were created, to be poured into not only investments in reprogramming computers, but purchasing new computer systems better suited to overcoming the "Y2K" threat. On top of these amounts, a vast financial reserve was created and set aside for the alleged purpose of readiness to cope with the allegedly inevitable threat of a January 1, 2000 "Y2K" collapse of almost everything!

Call it the "Y2K financial bubble." What actually happened, was that, given the global financial collapse already impending for the mid-1990s, Federal Reserve Chairman Alan Greenspan and others created a vast diversionary financial scheme, whose relatively short-lived result was the gigantic public-relations hoax called "new economy."

During the run-up, from the mid-1990s to January 1, 2000, the development of the Internet was used to create a vast diversion, which absorbed gigantic amounts of credit pumped into the financial markets, notably the markets for so-called "information technology" and its by-products. The computer industry, the software industry, and the marketing schemes associated with promotion of the Internet for such purposes, were hyperinflated to impossible financial altitudes. The Eighteenth-Century speculator, John Law, would have been amazed that a modern people could be so credulous as the now-bankrupt financial titans of the "new economy" have been.

In March 2000, there were signs that the "new economy" bubble was ripe for inevitable popping. To delay that collapse, oceanic floods of credit, such as that organized by the notorious "plunge protection committees," moved to prop up an intrinsically bankrupt NASDAQ sector, and also to attempt to manage the delicate relations of all of this to the U.S. banking sector. However, like all financial bubbles, this one was kept alive a bit longer, at a terrible price to the real economy on whose back it sat as a parasite.

During all of that, the process of globalization was building the preconditions for what is now becoming clearly a collapse of the world's principal export market, the U.S. role



*Step 5: Federal Reserve Chairman Alan Greenspan perpetrates the fraud known as “Y2K,” pumping vast amounts of money into the financial system, in a desperate effort to maintain the speculative bubble.*

as “the importer of last resort.”

Beginning about March 2000, the first clear signs of the threatened collapse in the illusory “new economy” financial bubble, were reflected in financial markets. This collapse of that bubble reflected the combined effects of other forms of long-term degeneration in the U.S. and world economy.

To understand how the presently accelerating collapse of the U.S. as an import market, affects the world economy at large, some of these other leading factors must be taken into account.

### **The World Economy Is Now Collapsing**

Apparently, few professionals from around the world ever gave the attention they should have given, to a series of published reports, issued by the New York Council on Foreign Relations as the long-range strategic plan, written and published beginning 1975-76, intended to be set into motion by Zbigniew Brzezinski’s puppet, U.S. President Jimmy Carter. This “Project 1980s” series, later published in full by McGraw-Hill, outlined what has become, since that time, the philosophy underlying virtually every critical measure in economic and social policy of the U.S. government, from the time of Carter’s inauguration, on.

Among the leading features of this operational strategic plan was an explicit proposal for causing “a controlled disintegration of the economy.” This policy, introduced by that

name, was put fully into operation by President Carter’s Fall 1979 appointment of Paul Volcker as Chairman of the U.S. Federal Reserve System. This policy, so specified, in both name and deed, by Volcker, has been the continuing kernel of the monetary and economic policy of the U.S. Federal Reserve System, under Volcker and his only successor, Alan Greenspan, ever since.

That policy has worked just as it was explicitly designed to work. This policy has brought about a process of controlled disintegration of the collective economy of virtually the entire world. When we have felt more fully, very soon, the impact of the presently ongoing collapse of the U.S. economy as the world’s importer of last resort, China, too, with its dependency upon foreign investments in its cheap-labor-produced export categories, will be among the nations struck with the challenge represented by the fully destructive force of the Volcker-Greenspan policy of controlled disintegration.

There can be no competent assessment of any among the leading features of international financial, monetary, and economic developments over the course of the recent thirty-five years, without studying those developments in the light of the impact of the five steps of change in U.S. policy I have just identified. Any different view of the matter must be considered as incompetent, by virtue of the principle of fallacy of composition of the evidence.

As any among us might read the official statements of most of the leading governments and leading economists of those nations and of the IMF and World Bank, and most of the world’s leading press, until recent weeks, we have the following picture of the incompetence of those economists. Virtually every one of what the leading international press has called “mainstream” economists, the economists on which most governments have credulously relied, are now exposed, with rare exceptions, as having issued a totally incompetent analysis and forecast of recent and present trends in the economy of the world as a whole.

Overall, the establishment of the so-called “floating-exchange-rate monetary system,” as set into motion by U.S. President Nixon during August 1971, has been a world-wide catastrophe, especially in its effects upon the foreign-debt balances and internal economies of so-called developing nations. However, the worst structural damage to the world economy occurred under President Carter, not Nixon. The key is the doctrine of “controlled disintegration” unleashed upon the world by that Carter Administration. The form of the presently ongoing collapse of the role of the U.S. as importer of last resort, is chiefly the result of those specific actions set into motion under Brzezinski’s puppet-President Carter.

Concentrate on the transformation of the U.S., from its pre-1977 post-war role as, in partnership with western Europe and Japan, as the world’s leading exporter of technology, to the ruined U.S. economy’s pitiable present economic condi-

tion as importer of last resort for the world at large.

Since the beginning of the modern form of nation-state, during Europe's Fifteenth Century, the growth of the population, life-expectancy, and prosperity of the world, has been chiefly the effect of two factors spreading world-wide from that birth of the nation-state.

First, was the establishing of the sovereign nation-state on the basis of the principle that government has no morally legitimate authority to rule, except as it is efficiently dedicated to promotion of what is called the general welfare, or common good, of the population and its posterity as a whole.

Second, the role of a national commitment to scientific and technological progress, as the driving-force for improvements in both the productivity and general welfare of the nation.

Contrary to much popularized mythology, the generator of great technological progress has not been the giant stockholders' corporation, but rather those technologically energetic smaller enterprises, such as machine-tool enterprises, which reflect a disposition for risk-taking in the areas of development of scientific and technological progress. These are the usually smaller, or medium-sized enterprises, usually the creation of private entrepreneurs, not stock markets. The ability of the large manufacturing corporation to generate production of improved products, has depended chiefly on the role of the medium-sized enterprises which have shown great flexibility and powers of rapid innovation, as suppliers to the giant industrial enterprises.

Carter's measures struck directly against two crucial areas of any successful modern economy.

First, was the rolling back of maintenance and development of basic economic infrastructure. In a modern, healthy agro-industrial economy, these expenditures, largely through government-regulated categories of investment, have amounted to about one-third, or even sometimes more, of the total value of physical output of the national economy as a whole. This was approximately the formula followed by the Franklin Roosevelt Administration, in bringing about the great, accelerating U.S. economic recovery of the 1933-1945 interval.

Second, Carter struck down both investment and regulation of vital areas of infrastructure, but also three other Achilles'-heel sectors of the U.S. economy: the independent, high-technology family farm, the small entrepreneurial business sector, and the credit institutions upon which agriculture and small closely held industries depended for their continued existence. The destruction of the smaller entrepreneurial sectors of agriculture and industry under Carter, was ferocious, sudden, and never repaired to the present day. The most concentrated destruction of the U.S. economy on these accounts, of both basic economic infrastructure and technologically progressive agro-industrial entrepreneurial activity, struck with the greatest force under the initial, 1979-1982, period of Volcker's reign as Federal Reserve Chairman.

Over the course of the 1980s, and especially since the 1989-91 collapse of the Soviet system, the U.S. sources of technology shifted, from earlier reliance on U.S. entrepreneurial and scientific activity, to imports from cheaper-labor areas of the world. As a result of this trend, the U.S. of the past decade, has lost its quality as a "full set" economy, to become dependent for its very physical existence on growing rations of cheap imports, including machine-tool imports, from less economically fortunate regions of the world. Since 1989-1990, the same trend has taken over, with great and accelerating force in Germany and other parts of Europe.

By late in the year 2000, the U.S. dependency on imports had reached levels which were reflected in part by an estimated annual rate of U.S. current-account deficit in the order of about \$600 billions a year. If we consider weighting factors, some of them hidden under the cloak of financial sleight-of-hand, a major collapse of the U.S. as an importer of last resort for the world market is now erupting. The effects on the nations of the world, especially the areas which have been used as sources of cheap-labor exports to the U.S.A., will be massive. The impact on Mexico will be among the worst cases, relatively speaking; but the impact upon all of the economies of East, Southeast, and East Asia, to say nothing of Africa, will be among the most important strategic effects.

### **The Timing of This Collapse**

To understand why the presently ongoing global financial collapse was inevitable during approximately this time, one must compare the way in which the effects of the "Y2K" bubble echoed the 1923 eruption of hyperinflation in Weimar Germany.

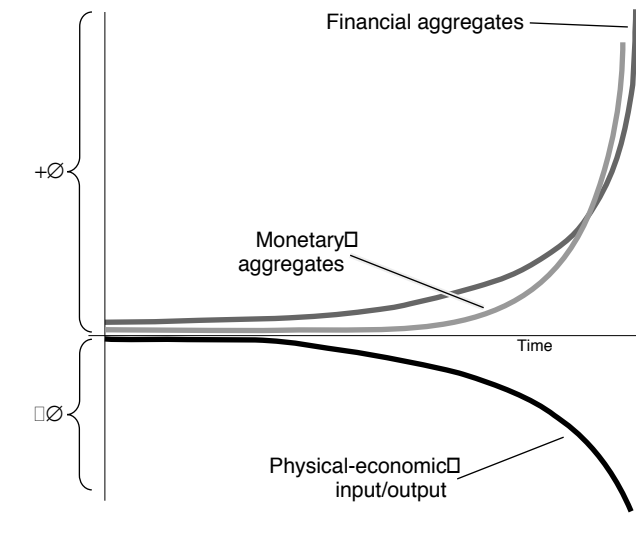
Weimar Germany's inflationary printing-press money-issues had been used to roll over the World War I allies' war-reparations and other debts imposed on defeated Germany. When the point was reached, during early Summer 1923, that this inflationary printing-press tactic was costing more, in terms of inflationary effects, than the total debt being rolled over by such methods, the inflation in money-printing exploded into a spiral of commodity-price hyperinflation.

During the course of early 2000, an analogous effect came to the surface from inside the methods of inflationary pump-priming used, since 1998, by what came to be known as the U.S. "plunge protection committee" of Fed Chairman Alan Greenspan, and Robert Rubin subordinate and successor Treasury Secretary Larry Summers, et al. During early months of the Y2000 U.S. Presidential primary-election campaigns, it became evident that the rate of financial pump-priming required was becoming significantly greater than the amount of debt being rolled over in this way. A situation of potential commodity-price inflation, analogous to that of 1923 Weimar Germany, had developed. [See **Figure 1.**]

The choice between commodity-price hyperinflation and collapse of the role of the U.S. as importer of last resort, was shown clearly by hyperinflationary trends in energy prices,

FIGURE 1□

## The Collapse Reaches a Critical Point of Instability



in real estate occupancy prices, and in many categories of manufacturers' supplies. At that point, the sole mission of continued "plunge protection committee" and related efforts, was to postpone the financial collapse until after the Nov. 7 U.S. Presidential election. The crisis in energy policy now erupting in the U.S. state of California, typifies the conditions which made the present stage of the U.S. crisis inevitable for about this time.

This collapse of the U.S. bubble has the following notable global impact on the U.S.A.'s former role as importer of last resort.

As long as the U.S. financial market was apparently the market of the highest yield on relatively short-term flows of financial capital, the U.S. financial bubble was able to aid the U.S. in forcing multi-trillions-dollar annual rates of inflow of financial capital from around the world, notably including the Euro- and Yen-carry-trade areas. The speculative financial gains on U.S. financial markets were thus able to offset, not only the massive and upward-spiralling U.S. current account deficit, but to maintain the U.S. in the role of importer of last resort for the world at large.

Now, that role has ended. The blow-back against those nations which have depended on the U.S. market, will be tremendous. The effect on Mexico will be catastrophic. Similar trends will be experienced throughout East and other parts of the Asian littoral. For Africa, the combined direct and indirect effects will be catastrophe piled upon calamity.

### The Strategic Implications

At this time, there is world-wide interest in discovering what might be the actual strategic outlook of the incoming

U.S. Administration. As to what representatives of that Administration are saying on that subject, what is widely reported is in fact a mixture of willful deception by such sources, and also an even larger dose of self-deception by the Administration itself. The U.S. and its political institutions, are presently in the grip of a global catastrophe far beyond what the incoming Administration is willing to contemplate. It is fairly said, that the incoming Administration is a spectacle of Classical tragedy on an epochal scale.

To be as brief as possible, the following are the leading considerations to be borne in mind.

In the Biblical book of Jonah, there is an account of Jonah's reluctant mission to deliver a message to the people of the city of Nineveh. God offered Nineveh a choice, to save itself, or be destroyed. Think of my role as that of a not-reluctant Jonah, delivering a warning to my own government. It is impossible to predict what U.S. policy will be, even in the short term. The incoming Administration does not know what its actual policy will become during the course of the crisis-wracked weeks ahead. The U.S. might doom itself, as Nineveh did by rejecting Jonah's warning, or, it might accept the warning, and thus, as Jonah's message promised, survive.

No one alive today, including the new U.S. Administration, could predict anything but the general nature of the choices being presented, and the general nature of the consequences of selecting either of those sets of choices. The choice is one that that Administration will consider awful.

If the new Administration attempts to limit its policy-choices to the set of commitments which it and its leading advisors have maintained up to this point, the U.S.A. as we have known it, is presently doomed. It could survive, and that rather well, only by abandoning what it has adopted as its so-called political principles up to this time. Thus, as is the case in every great Classical tragedy, the doom of a regime, a nation, is brought about because the nation prefers to cling to its acquired habits, rather than choose the contrary pathway of reason.

That choice can be fairly described as an elementary one.

Since the crisis is the outcome of a series of closely related policy-changes instituted over the recent thirty-five years, the crisis must be recognized as one which could be terminated only by abandoning and reversing those policy-changes. In effect, that would mean returning to the kinds of policy-making standards which were in force under President Kennedy and under the pre-1966 Presidency of Lyndon Johnson. The difficulty inhering in that kind of problem, is that the relevant political and other institutions have been radically transformed in character since the successful drive of Richard Nixon to secure election as President.

Changes of that deep-going kind usually occur only as what are perceived to be actual, or virtual political revolutions. Moreover, such revolutions are most unlikely, except under conditions of great shock to the existing system. Thus, the question is twofold. First, whether the shock now in the

process of being experienced, would be sufficiently strong to make such a radical change in policy-matrix possible at this time? Second, whether the needed new policies have become sufficiently widespread knowledge, and have sufficient support from among at least some influential circles and institutions, to make the required changes a clearly visible political alternative?

Certainly, on the first account, the shock in the process of being experienced, is more or less as strong and profound as any experienced in recent history. On the second, there are reasons for doubt. Although my own proposals are widely known, and do have increasing support from important circles around the world, as well as in the United States, there is still room for doubt that my initiatives could be successful. If not, then, the U.S.A. as we have known it heretofore, is assuredly doomed during the near term. Worse, unless some powerful combination of states can act in concert, in the directions I have indicated as necessary, the prospect for the world as a whole, is little better than that for my country itself.

I have given you a grim picture, but, the only accurate and honest one possible. We have our implied options, and we must proceed with the intent for success, whatever we must face in that effort to overcome the obstacles before us. True solutions will be found, only when realistic assessment of challenges before us, is accepted.

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## Discussion

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# What Is Behind the Idea Of the Nation-State

*Following the morning presentations of Jan. 15, three people asked questions of Mr. LaRouche. The first questioner asked why it is that his ideas, which are very persuasive, are not generally accepted by Western politicians; and also, what the countries of the South can do to manage the global crisis, without external support. The second question was from Hamdy Abdel Rahman, professor of political science from Cairo University, who asked how we can rely on the role of the nation-state, when in Africa, nation-states do not exist, in many cases; and also, how we can count on the rationality of leadership, where in Africa, this is often lacking. The third question was from Sam Aluko, professor of economics from Nigeria, who asked for further explanation of the proper role of sovereignty of government; and also, for a discussion of the role of the United States. Here is Mr. LaRouche's reply to the three speakers.*

**Lyndon H. LaRouche, Jr.:** Since we only have a few minutes, I will respond to one key question which came up, which is the most important: the question of the sovereign nation-state.

The importance of European civilization, modern European civilization, was not really reflected, in its influence, until the 15th Century: It was in the 15th Century that Europe developed the modern nation-state. It was developed chiefly, in two works—key works, along with many others, by Nicholas of Cusa, the *Concordantia Catholica*, which is the idea of a community of nation-states, based on principle; and the second one, the *De Docta Ignorantia*, which is actually the work which founded modern science, modern experimental science.

Now, the reason for the success of European civilization, the power *in* European civilization, is entirely an outgrowth of a revolutionary discovery, for the first time in all known human existence, of an institution called the sovereign nation-state. And the sovereign nation-state is based on a moral principle. The moral principle is, first of all, that *man is made in the image of God*. If you don't accept that condition, you don't have a safe nation-state. You can't have one. Because the condition of the authority of the nation-state, is the notion of the general welfare, or common good. What is the general welfare or the common good? It is to take care of all of the people and their posterity, *as human*.

Every culture of every significance, before that, has made

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contributions, in terms of great individuals, or efforts of great leaders of nations. Languages have been created, and so forth. All these things were done. But there was no modern nation-state. No nation-state *existed* before the 15th Century in Europe. Nowhere. States existed, but not sovereign nation-states. Because the state was a thing controlled by an oligarchy, and its armed and other lackeys. And most of the population were subjects of the state. They were *objects* of the state. They were not human beings.

So, you had no system of self-government. Self-government is not *democracy*. Self-government is based on truth, not individual opinion. A government based on truth means, that the government must be accountable for taking care of all of the people and their posterity. Now, if that constitutional feature is not in government, then you don't have government! You want to form a state, based on some charter?!

The problem that we have today, is that the oligarchical interests, which are typified by the British interests today, the *empiricists*, do not believe in man. They say there's "free trade," something mysterious going on under the floorboards, which will make everything work, if you just stick with free trade. It never does! But the mentality, which has been exported by British institutions, and by many European institutions, and by American institutions, which adopt that policy, is to deny the existence of the sacredness of the human individuality as in the image of God, an individuality which must participate in the *ideas* which distinguish man from the monkey. And if that principle of law is recognized—

## A Revolutionary Change

And how do you get that kind of nation-state? One answer: You have to make a *revolution* to create it. How? There have been many efforts to do that. The impact of European civilization, in many parts of the world, was to say, let's do it! Let's do it, not as colonies; let's do it for ourselves. You had the "winds of change" in Africa, in the late 1950s and early 1960s, under Kwame Nkrumah and others. The great wave of change. You had the development of Nigeria, as a product of what was done by Nasser, in Egypt, in the attempt to create the so-called United Arab Republic, which was a unifying factor. The idea: Let us make a revolution, to create a nation-state. Let us mobilize the people, not as shock troops for somebody's ambition; let us mobilize the people to demand a government which is based on this constitutional principle, of man in the image of God.

## The Dialogue of Cultures

Now, let me say one final thing on this subject. I've written another paper here, which is submitted—we didn't have a place to put it in, but it should be shared among the people, on this dialogue of cultures.<sup>1</sup> It deals specifically

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1. Mr. LaRouche's paper, "Dialogue Among Cultures: The Road to Peace," was circulated at the conference, and appeared in *EIR*, Feb. 9, 2001.

with the problem here, and elsewhere, the Middle East war, all such things: this question of religious warfare and similar kinds of warfare. And the obvious thing, which has been propagated largely through the initiative of Khatami, the President of Iran, is extremely important. This man is a very cultivated man. Very unusual statesman, of very unusual quality, from what I've seen of his performance. He has articulated something which is very old, in terms of Iranian history, which is also very good. It goes back to Ibn Sina, and other things, in the history of Iran. What we need is a *dialogue of cultures*.

Now, what do we have? We have cultures which base themselves on the basis of the Mosaic conception of monotheism. Which is not simply a religious doctrine; it is something which has a physical foundation, physical proof. Because only a human being, can make a discovery of a universal principle, by which the power of man in the universe is increased. No individual member of any other species can increase the potential population density of that species in the universe. It can not be done! Only human beings. So human beings, therefore, have the ability to command the universe, in this way, through this power of discovery, which makes every individual child, potentially, in the image of God. Therefore, our job is to educate and develop every child in that direction. To develop people who understand themselves, as in the image of God.

Now, then we deal with cultures like Islam, Christianity, and the better part of Judaism, which agree on that. We have other cultures on this planet, that don't agree, at least on religious and related grounds, culturally. The Buddhists don't agree generally—though many Buddhists do. So, therefore, why don't we recognize that this principle, of winning the entire planet—in which you have China; you have India, where there's a lot of disagreement on this thing; Southeast Asia, where there's not unanimity. You have all the heathen in the United States, and the heathen in Europe, just to make things more complicated. The basic thing we have to do, since the nation-state depends upon a *concept*, which is what the nation-state was created on, the idea of man in the image of God, it requires that the state has no moral authority, except as God's instrument to protect *all* of the people and their posterity, and promote their welfare. That's the law. And that's the basis for the nation-state. Now, if we agree on that, then we run into a conflict with people who do not agree with that. For that, we require a dialogue of cultures, an ecumenical dialogue of cultures, for a political purpose, both to come to an agreement among those of us who *do* agree with the principle, and to win over those who *should* agree, by showing them the truth. As Khatami has proposed.

Therefore, I think that in dealing with these problems, you can not create a nation-state by a formula. You have to evoke, from inside the soul of the individual, a conception which makes them *want* the nation-state. And that's our job.

## Proposals Concerning The New Silk Road

*Professor Awad was the first speaker on the panel of Jan. 16 on "The Role of Continent-Wide Infrastructure in the Development of Africa." He is a member of the Faculty of Economics and Political Science of Cairo University.*

With the recent developments and changes on the international scene, namely the dissolution of the ex-Soviet Union, the collapse of the Berlin Wall, and, accordingly, the end of the Cold War, the Chinese government declared its own initiative concerning the restoration of the legendary historic Silk Road. The Chinese called this project the "project of the century," and put it on the top of their priorities. It was no surprise that they devoted an international conference to this project, held in Beijing in May 1996, under the title, "The Development of the Economic Regions Across Asia," attended by delegations from 34 countries.

Less than a year later, and exactly in January 1997, the famous and internationally highly respected *Executive Intelligence Review* issued a report of about 300 pages under the title of *The Eurasian Land-Bridge: The "New Silk Road" — Locomotive for Worldwide Economic Development*. Behind this report, which is considered the most recent and the most comprehensive, the most enthusiastic and which defends this new project the most, was the very well-known American economist Lyndon LaRouche, and his wife, Helga Zepp-LaRouche, the director of the Schiller Institute in Germany.

This new project, which is receiving increasing concern and attention from numerous governments and international institutions, is known as the Second Continental Land-Bridge, to distinguish it from the First Eurasian Land-Bridge, which was established in the 1960s, and connects the Russian port of Nakhodka on the Pacific Ocean, with the city of Rotterdam in the Netherlands, on the Atlantic Ocean in Western Europe (**Figure 1**).

Generally speaking, the basic idea of the Second Eurasian Land-Bridge is simply making use of the advantages of communications across land-bridges, with the aim of achieving



integration among the various economic regions and countries throughout Eurasia, in addition to the transmission of civilization and prosperity to the inland areas, mainly the northwestern part of China, the landlocked Central Asian Republics and Caucasia, which are less developed, despite their richness in natural resources.

In fact, the defenders of this great project look at it, not just as an extended net of railroads, but rather as a development corridor, which includes all means of transportation (i.e., railroads and paved land route networks), oil and natural gas pipelines, water supplies, high-voltage electricity networks, etc. All this derives from the assumption, or fact, that development always starts from such main arteries of infrastructure.

According to one of the projected proposals, the Second Eurasian Land-Bridge extends from the Chinese ports on the Yellow Sea in the east, to the port of Rotterdam in Western Europe, and across Eurasia for a total length of 11,000 kilometers, in two major lines: one goes north to Kazakstan, after it traverses China, then to Moscow, and finally to Europe; and the other goes southward to Iran, then to Turkey, and finally to Europe, too.

Some of these proposed projects are highly optimistic, to the degree that they talk about the possibility of extending this land-bridge to the northeastern-most part of Russia, where it crosses the Bering Strait, through a maritime tunnel to the American state of Alaska, and from there to Canada, then to the United States, and from there to the various countries of South America. Not only that, but also the proponents of such a plan view the possibility of extending the land-bridge from China to Myanmar, then to Thailand, where it goes eastward to Laos, Cambodia, and Vietnam, and southward to Malaysia, Singapore, and Indonesia.

This presentation will be divided into three major parts: The first deals with the Silk Road from an historical perspective. The second part presents the most important recent proposals concerning the restoration of the legendary Silk Road. This is, of course, our focus. As for the third and last part, it will deal with the major achievements and breakthroughs.

But before handling these three parts of our presentation, I have to note that the idea of establishing such continental corridors and land-bridges is not a new one. Rather, its root goes back to the American economist Henry Carey, who played a major role in establishing the first continental development corridor in the 1860s in the United States, to connect the country's eastern shores on the Atlantic Ocean with those of the Pacific Ocean, in order to develop the American West.

It is also worth noting that Carey suggested the possibility of developing a similar development corridor across Eurasia from the Atlantic to the Pacific, and from the North Sea to the Indian Ocean.

Carey's idea was welcomed and adopted by Germany, France, Russia, China, and Japan. All these countries agreed at that time to develop such corridors. But the British Empire viewed such corridors as a real threat to it, as a maritime



FIGURE 1

**Eurasia: Main Routes and Selected Secondary Routes of the Eurasian Land-Bridge**



power, in favor of continental powers. Accordingly, it opposed the idea, as Mr. LaRouche’s report reveals.

Because of the British opposition, there was no possibility to implement the idea in Eurasia until the 1960s, with the establishment of the First Eurasian Land-Bridge or Trans-Siberian Railroad.

It is very obvious today, that the discussion about building new relationships between the various parts of Eurasia, has become increasingly intense. It can be argued—with some reservation, of course—that the world today is more open, free from intense ideological and military confrontation, and inclined toward more integration. To this, one must also add the revolutionary developments in information and telecommunications technology.

**I. The Silk Road: An Historical Perspective**

First of all, there are two important remarks that need to be made before talking about the circumstances that led to the establishment of the historical Silk Road. The first is, that no

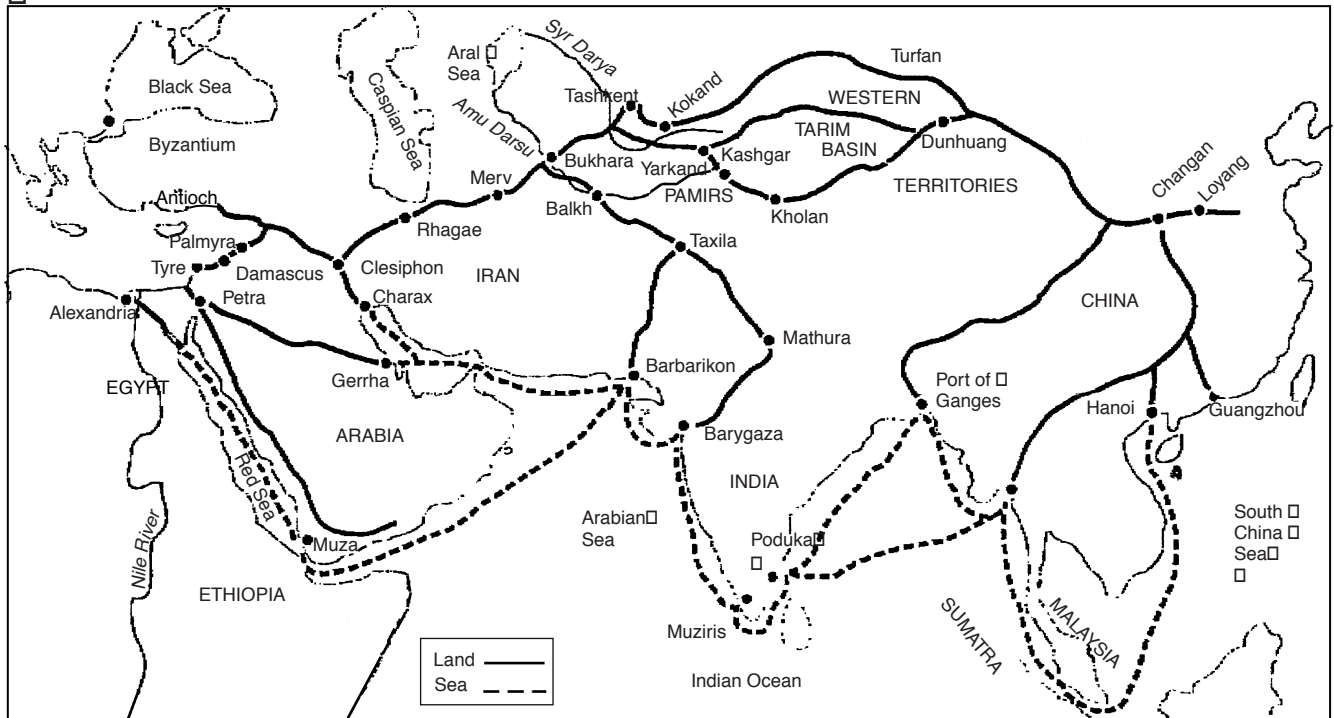
one knows for sure the exact historical passage of the trade routes across Central Asia, but there are ruins at Samarkand and Bukhara, in what is now Uzbekistan. It is believed that there was more than one passage—from two to three passages—although all start from Shangan, then the capital of China, and go through the Gansu corridor to Europe, through Central Asia.

The second remark, is that the description of the route as the Silk Road, is somewhat misleading, as it was not a trade route that existed solely for the purpose of trading in silk. However, silk was one of the major trade commodities. It was named such by the German geographer Ferdinand Richtofen, in the 19th Century.

In short, the Silk Road, as an international trade route, was established about 200 B.C., to connect Asia with Europe, with a total length of 6,400 kilometers, across the Eurasian land-mass, through the Caspian Sea (Figure 2).

Trade along this route reached its peak during the rule of the Tang dynasty in China, in the Seventh Century A.D. After that, its importance deteriorated, especially with the development of the maritime route to China by the Muslim Arabs. And by the 16th Century, it lost its importance completely, with the discovery of the Cape of Good Hope, by

FIGURE 20  
**The Old Silk Road**



the Europeans.

However, it seems that it has regained its importance once again. And this leads us to the second part of our presentation.

## II. Recent Proposals Concerning the New Silk Road

Actually, there are two important recent proposals in regard to the restoration of the legendary, historical Silk Road: The first one came into existence within the Chinese initiative concerning the development of the economic regions along the Eurasian continental land-bridge, which is generally known as the “policy of the Silk Road.” The second one is embodied in the Special Report published by *EIR* in 1997.

### A. The Chinese Project

This project rises on the basis of connecting the Chinese port of Lianyungang, which lies on the China Sea and the Pacific Ocean, with the city of Rotterdam in the Netherlands, in Europe, through a series of railroads and roads, by making use of already existing ones, including parts of the First Eurasian Land-Bridge or Trans-Siberian Railroad, in addition to establishing new ones to fill in the gaps along the bridge.

According to the Chinese project, the New Silk Road starts from the Chinese ports of Lianyungang and Rizhao, in the east, and ends at Rotterdam in the west (about 11,000 kilometers across Eurasia). The route into China, from the east toward the northwestern part of the country, passing through Xinjiang Province and crossing the Chinese-Kazak borders at the Alataw Pass, connects the Chinese railroad net to its counterpart in Kazakstan, and goes westward up to the city of Aktogay, where it splits into three separate lines: the northern, the middle, and the southern lines.

The northern line goes from Aktogay to Bishkek, then goes northward and joins the Trans-Siberian Railroad to Moscow, and from there to north and western Europe.

The second line goes from Aktogay in Kazakstan, through Russia also, then to Ukraine, and from there to Slovakia, Hungary, Austria, Switzerland, Germany, France, and then crosses the British Channel Tunnel to England.

The third line goes from Aktogay in Kazakstan, through Tashkent in Uzbekistan, then from Turkmenistan to the city of Mashhad, then Tehran, in Iran, and from there, to Turkey, where it crosses the Bosphorus to Bulgaria, and from there to central, western, and southern Europe.

It is also worth noting here, that some Chinese studies show that this southern line may go south to the Middle East through Turkey, then to North Africa.

This Second Eurasian Land-Bridge with its three main

routes, represents, from the Chinese point of view, a revival of the Old Silk Road. It connects 40 countries and regions, including China, East Asia, Central Asia, West Asia, the Middle East, Russia, and all the regions of eastern, central, southern and western Europe.

What is more important is that the New Silk Road is no longer a plan for the Chinese. It became a reality, through a huge set of infrastructure projects within the Chinese territories, some of which are already completed, and others are on the way.

The Chinese government has outlined a program to accelerate development along the continental bridge with detailed plans contained in the Ninth Five-Year Plan (1996-2000) and the long-term objective through to the year 2010.

It was not strange, with all these efforts, that the New Eurasian Land-Bridge witnessed the first real achievement in 1992, when the Xinjiang railroads in northwestern China were connected for the first time with the Tuxi Railroad in

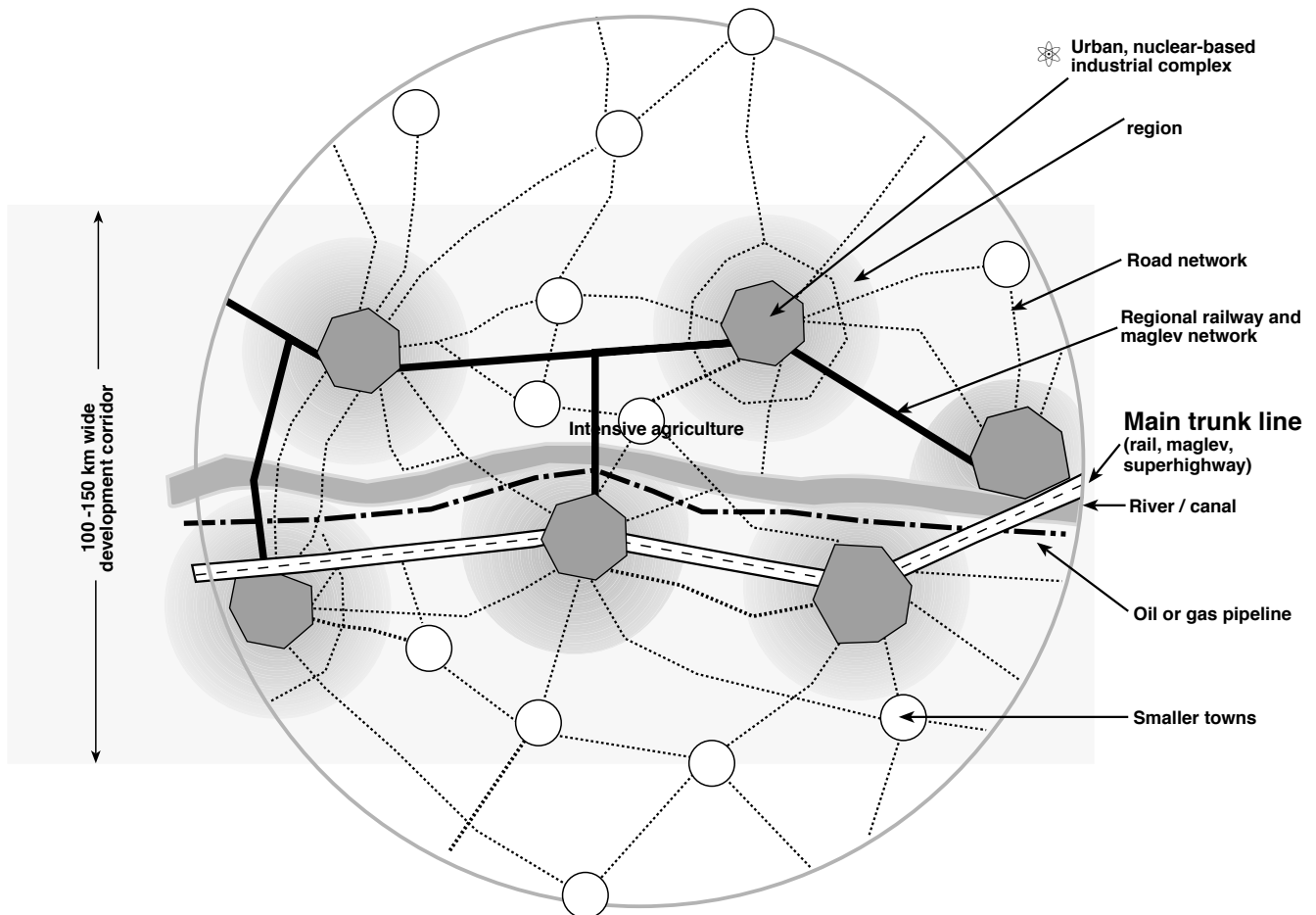
Kazakstan, across the Alatau Pass, on a trial basis. Such a connection represents the actual birth of the Second Eurasian Continental Land-Bridge.

### B. The Proposal of Lyndon LaRouche

In the Special Report published by *EIR* in 1997, Mr. LaRouche proposed a somewhat detailed project for the New Silk Road. The report considers the project as the most important program of world economic recovery at the turn of the 21st Century.

With the collapse of the Soviet Union, Mr. LaRouche and his team believe that there is a real chance to achieve an economic miracle in all of Eurasia. What is really new in Mr. LaRouche's proposal is the idea of development corridors, which distinguishes it from the Chinese one. It is not confined to railroads. Rather, it can be visualized as a continuous strip of land, approximately 100 kilometers wide, centered on a major inland transport route such as the new Silk Road. In

FIGURE 3  
Graphic Representation of a 'Development Corridor' □



addition to the railroads, there will be high-capacity electric power lines, oil and gas pipelines, water supply systems, etc. (Figure 3).

By establishing such infrastructure, the most essential precondition for every kind of industry, mining, and urban construction activity within the corridors will be created. It is easy to figure out, that any region in the corridor will be no more than 50 kilometers away from the main infrastructural arteries in the corridor.

Having presented the two most important proposals concerning the Second Eurasian Continental Land-Bridge or the New Silk Road, one can conclude that there are certain advantages to the second concept, compared to the first. First, it ends in the east with the Chinese ports free from ice all year round, unlike the Trans-Siberian line, which ends at the Russian port of Nakhodka, where water freezes about four months per year.

The second advantage is that it reduces the distance between the Atlantic and the Pacific Ocean, 2,000-5,000 kilometers.

Third, it passes through more than 30 countries and connects regions that are highly independent.

Fourth, it has the possibility to connect it to the rail networks in countries such as Pakistan, India, and Bangladesh.

In addition, there is a plan to connect the network with Southeast Asian countries. At present, China is establishing a new railroad from the Chinese city of Ruili to Myanmar, and from there to Thailand. Then, to Laos, Cambodia, and Vietnam eastward, and to Malaysia and Singapore southward, which line can be extended in the future to Indonesia. That is to say, at a certain point in the future, a railroad from Rotterdam in Europe to Jakarta could exist. Not only, but according to Mr. LaRouche's proposal, it is possible to extend the first Eurasian Land-Bridge at its end at Nakhodka, northeastward to the remotest parts of the Asian continent, across the Russian territories to cross the Bering Strait, through a tunnel to the American state of Alaska, and thence, to North and South America. That is to say, this railroad network could cover the globe.

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### III. Major Achievements

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Up to now, there are two main achievements in the Second Eurasian Land-Bridge, as proposed by China. The first breakthrough came from China, the initiator of the project, and resulted in the connection of the Chinese railroad network in the far northwestern part of the country at Xinjiang province, with its counterpart in Kazakstan, which is already connected to railroad networks in other Central Asian Republics.

The second major breakthrough came from Iran, the major supporter of the Chinese initiative, and resulted in filling another gap on the Second Eurasian Land-Bridge, through what is known as the Mashhad-Sarkhas-Tajan railroad, which, for the first time, linked the Iranian rail networks with those of

Central Asian Republics. This rail line extends for about 300 kilometers (about 165 km in Iran and the rest in Turkmenistan). Bridging this gap led to the reduction of time needed for transportation between China and Turkey, by ten days.

In conclusion, one might say that continental land-bridges are extremely important, due to the fact that they offer substantial reductions in distance and delivery time, when compared to sea transportation.

It seems that mankind is moving from the era of the river economy to the era of coastal economy, and finally now to the era of the land-bridge economy. Many expect that the 21st Century will be the century of continental land-bridges.

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Dr. Hamdy Abdul Rahman

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## Egypt, Africa and the Eurasian Land-Bridge

*Dr. Rahman is a member of the Faculty of Economics and Political Science, Cairo University.*

Let me first thank the Center for Strategic Studies here in Khartoum, and the Schiller Institute, and Mr. LaRouche, personally, and his team, for giving me this opportunity to address this distinguished panel. But let me first make a confession. I am replacing Prof. Mohammed Selim [director of the Center for Asian Studies at Cairo University], who was keen to attend this seminar personally, but was not able to come to Sudan, because he had a strong commitment at Cairo University at the same time. So, I will share some of his ideas, and try to develop some of my ideas, and if I be mistaken, it is my responsibility, and not Professor Selim's.

The second confession, is that I am a student of political science, I am not a civil engineer, dealing with railway issues and infrastructure, but this is relevant, in my opinion, because I think the crash program for infrastructure in Africa needs political vision and political realization. I remember, ten years ago, I was invited to participate in a seminar in Banjul, the capital city of Gambia. It was my first visit to any part of Africa south of Egypt at that time. I had to take a plane from Cairo to Zurich, and from Zurich to Geneva, and from Geneva to Dakar, and from Dakar to Banjul. It was amazing at that time, going to Africa, through Europe.

Two years ago, I was invited to participate in a conference in Durban, South Africa, and the picture was different: I took the plane directly from Cairo to Durban, by Egypt Air. So, there is room for hope for Africa. I do believe in hope, and in the potentiality of Africans to make radical changes, and to face the crisis we are living through, and create new potential.



*Dr. Hamdy Abdul Rahman*

My presentation will emphasize how to link the Eurasian Land-Bridge and Africa, not only Africa, but to connect Africa, Europe, and Asia, via Egypt. So, I will concentrate on the Egyptian project, to make such a link. But, let me first emphasize the role of infrastructure in achieving any real development process; this is very important: Railways, especially, play a crucial, fundamental role not only in the process of development itself, but also as a prerequisite for initiating any development plan.

## **Two Major Rail Projects**

Examples are many, not only today, but throughout history. The Ottoman Sultan Abdul Hamid II thought to build a railway to enhance his empire. This is the Baghdad Railway, but for many reasons, he was not able to complete his plan, and to make it effective. Nowadays, as my colleague said, we have two railway projects in Egypt: the old one, which is the trans-Asian railway, which started in the 1960s, under the supervision of the United Nations Economic and Social Commission for Asia and the Pacific Ocean. This railway project links Istanbul with Singapore. It is not completed yet. The missing link between Iran and Pakistan is around 600 kilometers, and the one between Bangladesh and Myanmar is around 1,400 km. That means the missing parts are 2,000 km.

The second, which is well known, is the Eurasian Land-Bridge, the new Silk Road, which started in the 1990s, a link between Asia and Europe.

Egypt started to build a railway from the delta at Ismailiya and Verden up to Rafah in Sinai, at the border. It is planned to extend this project to link the Arab Mashreq, with the new Silk Road. So, this is very important to discuss the Egyptian

plan, what has been completed, and what is on the way.

Let me first divide my presentation into four main parts: The first deals with the impact of the Eurasian Land-Bridge on the Egyptian interest, not only the Egyptian interest, but on the Middle East and the whole area generally. The second part deals with the Egyptian project to build the Orient Express railway. The third is the potential link between the Orient Express project and the Eurasian Land-Bridge, and the impact of the peace process in the Middle East on the implementation of that project. The last part deals with Africa: how to link Africa with the Eurasian Land-Bridge and Europe, through North Africa, and Egypt will be the center for such a connection.

Regarding the first part, what is impact? Can we identify any impact of the Eurasian Land-Bridge on the Egyptian or the Middle Eastern interest in general? Yes, we can find some areas of influence. The first will be an impact on overall world trade. Once you have a link between different areas, that means facilitating economic and trade relations between countries. In this respect, we can find a great impact on the Egyptian interest after the implementation of the Eurasian Land-Bridge, especially the navigation on the Suez Canal. The second area of impact will be on the strategic position of Egypt. As we used to learn and teach political science, the geographic position determines the strategic significance of any country. Now, after the revolution in communications and technology, there is less importance attached to geographical location. But after the completion of the Eurasian Land-Bridge, Egypt will become a center for this kind of connection between Central Asia, Africa, North Africa, and even Europe. So, I think this will encourage Egypt to play a role and to continue in its plan to make a link between its own project, the Orient Express railway, and the Eurasian Land-Bridge. So, it is clear that the Eurasian road will help Egypt to regain its strategic importance as a link between Asia, Europe, and Africa.

The third area of impact will be on Egypt in particular, and Central Asia. It is known that there is no direct contact between Egypt and Central Asia; whether we are talking about a land-bridge or maritime link, we don't have this. This is considered one of the major obstacles to enhance trade relations between Egypt and Central Asia. Once this connection be completed, this obstacle will be removed.

## **Linking Up To the Port Said Project**

But, one of the most important impacts on Egypt, is the impact on the project Egypt is now working on, on the eastern part of the Suez Canal. The Egyptian government is currently implementing a development project at the eastern part of Port Said, which consists of building a key transit port, and a free industrial zone. This is a very important project in the scheme of development in Egypt nowadays. So, this is very important to talk about: how to link this project with the Eurasian Land-Bridge, because if you have this link, that means, at the same time, you facilitate transportation from this new

industrial area to the Mashreq, Jordan, Palestine, even the Persian Gulf and Central Asia. So, it is very important to undertake this plan, to connect the Orient Express project with the Eurasian Land-Bridge.

In fact, the Silk Road, when it is completed, connected to the Egyptian railway, will have positive results on the Port Said project, because it will facilitate carrying goods and commodities from the free zone to the Arab Mashreq and Central Asia.

Now I turn to the second point: How is the Egyptian project to connect with the Eurasian Land-Bridge? We have a project now under construction, called the Orient Express. It is a railway extending from the Verden city in the north delta, Ismailiya, and across the Suez Canal, via a bridge, which then goes north for 50 km, then turns east parallel to the Mediterranean coast, to reach the city of Rafah, near the border. The estimated cost of this project is about \$400 million. Of course, this is a very crucial and important plan for making a link, but I think we face problems. Because, once Egypt completes this plan, then the question is, how to connect it, because the railway will stop at Rafah, at the border. So, you have to make a connection. We have two options: The first option, is a land-bridge which would go through Palestine and Israel, or, a sea route to Aqaba. If you carry the train from Nuweiba to Aqaba, it is very costly; whether you are building a tunnel or carrying it by ship, it is costly.

The first track is more realistic and applicable than the second, because it has been implemented. Yes, we have historical experience: It was implemented at the beginning of the 20th Century, when the Orient Express extended from Aleppo, Syria, to Haifa, Palestine, and via Sinai to Ismailiya in Egypt. This line was shut down, as we know, with the advent of the Arab-Israeli conflict. The implementation of this railway depends on the peace process in the region. I think there is a clear intention to revive the ancient idea of the Orient Express, as it extended its rail line to Rafah. How can we explain the Egyptian intention to extend the railway to Rafah? They must believe that, one day, there will be a solution to the conflict in the Middle East.

## Other Projects

In this regard, there are other projects in the Middle East: There is a Syrian-Turkish project. On April 29, 1999, the two countries signed an agreement to build a new rail link between them. The agreement explicitly pointed to the Eurasian Land-Bridge and Damascus, Syria, which will be the center of many railways which link Europe, Central Asia, and Iran in the north, and Jordan and Saudi Arabia in the south. The two sides agreed to revive Al Hijaz, which was built by the Germans for the Ottoman Empire in parallel to the Baghdad railways. The Hijaz railway extended for 2,000 km, linking Istanbul and Al Medina in Saudi Arabia, via Damascus. And in the same direction, Jordan agreed with Syria in June 1999, to reopen Al Hizaj railway, to link the Syrian and Lebanese coasts

with Jordanian and Saudi cities. So, this is very important to discuss.

This is according to the Egyptian role and plan to make a link.

## A Matter of Life or Death for Africa

Let me turn now to what is difficult for me, Africa: how to make a plan for Africa as a whole, to connect Africa intercontinentally, and via Egypt or Morocco, in the north, to Europe and Asia. We discussed yesterday the situation in Africa, and how the time is ripe to save Africa, from the crisis of survival. So, this is very important to be aware of; this debate is not a luxury, this is a matter of life or death for Africa. We have to take this seriously. Africa is living through a structural crisis. Africa was one of the most marginalized areas of the world during the years of the Cold War, and even after the changes that took place since the end of the Cold War, it resulted in only the further marginalization of Africa. While Africa was marching toward independence—I am quoting Ali Mesrouwi here—others have walked on the Moon. So, Africa has been deprived for many years and is still suffering.

All economic models that were implemented in Africa have failed to achieve their stated goals. The development policies that were carried out by Africans, with their ideological stance, paved the way for policies of structural adjustment. So, I believe in African responsibility for this. However, it should be known that adjustment programs are not a magical cure. Many of the countries that applied these programs are faced with economic depression, political instability, and civil conflicts. This also applies to crime and AIDS. The adjustment programs have been criticized on different levels. I won't go into detail, because I think all of us accept these ideas.

We have many challenges in Africa nowadays, but we need a prescription to save Africa. How to save Africa? Not by slogans, we have to stop slogans. Yes, I have been raised with such slogans like Pan-Africanism, African unity, African solidarity, but what has happened? We need to realize this: No more slogans, no more socialism or liberalism—whatever. All these are slogans. We have to tackle real issues, the importance of *real development* schemes, infrastructure. What is the plan to save Africa?

I think Mr. LaRouche gave us a plan, it's a very good plan, we have to talk about it, find a way to implement it. There is no other way to save Africa except for real development, not this kind of distorted development we have witnessed since independence. So that we can connect, regarding the railways, Africa (see **Figures 1 and 2**). We have this north-south axis from Cairo to the Cape. What is very funny, is that this was a colonial idea, the Cairo-Cape connection was a British idea, to achieve colonial purposes. But now, we are talking about making this connection for the sake of Africa and the Africans. This is the difference between the current proposal and the colonial proposal. So it is easy now to connect Cairo via

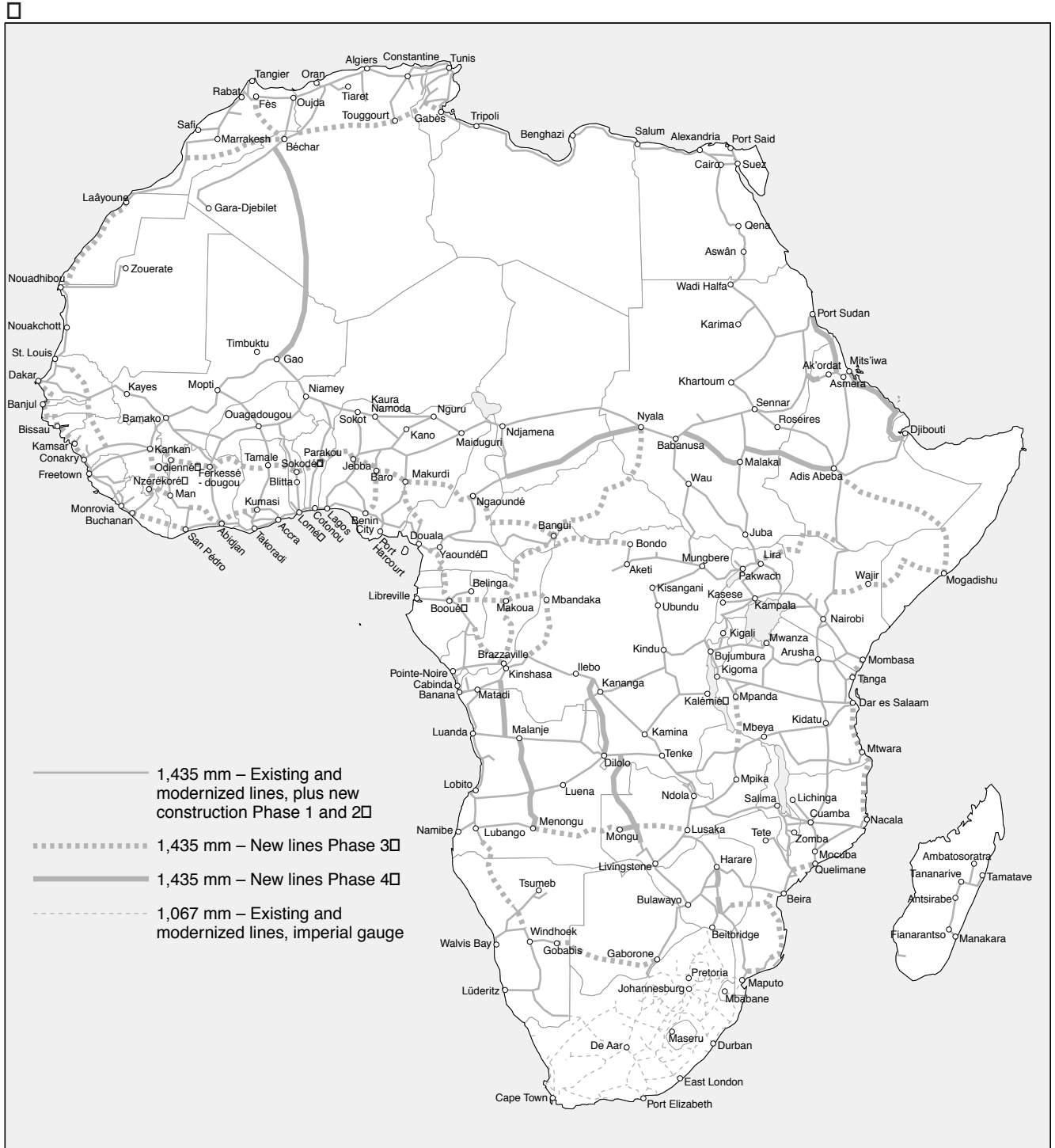
FIGURE 1D  
**The State of African Railways in 1990**



Sources: Fusion Energy Foundation, *The Industrialization of Africa*, Wiesbaden: Campaigner Publications, 1980; *The Times Atlas of the World*, New York: Times Books, 1990.

FIGURE 20

### Projected African Railway Network (Main Lines)



Sources: Fusion Energy Foundation, *The Industrialization of Africa*, Wiesbaden: Campaigner Publications, 1980; *The Times Atlas of the World*, New York: Times Books, 1990.



Sudan, Khartoum, vis-à-vis the Nile, to the Cape of Good Hope. This gives us hope for the future.

## Egypt at the Cross-Roads

Egypt is now a part of Comesa [the Common Market for Eastern and Southern Africa], which consists of 21 states, which covers the whole area from the north to the south. Sudan is part of Comesa; Egypt, and you have the eastern and southern part of Africa. So, this is the first proposal. This link can have other links, North Africa, and you can link North Africa with Europe via the tunnel of Gibraltar, and then you can have a connection between North Africa and Europe. If the Egyptian plan to build the railway, the Orient Express, connected with the Eurasian Land-Bridge, is carried out, you have already a connection between Asia, Africa, and Europe.

The second axis will be a west-east axis, from Dakar to Djibouti. This is also a colonial idea; it was built during the competition between the French and the British in the 19th Century. The British tried to connect their colonies from the north to the south, from Cairo to the Cape, and then the French thought to break up this connection by going through West Africa, Dakar via the Sahel countries, Chad, then to Djibouti. But, after the Entente Cordiale, after the events of Fashoda, both plans were suspended. Now we have to think rationally to achieve such plans. Now, I have a dream to ride a train from Cairo to Durban, instead of riding a plane from Cairo to Durban. Will this dream come true? Yes, by the will of Africa and Africans, it can be realized.

This is the proposal. I have to confess there are problems, of course, facing the realization of such a plan. One familiar and famous problem, is the problem of gauge. It is a colonial problem, because they built a narrow gauge for economic reasons, because it is cheaper, and not effective. Besides this, for example, on the Egyptian side, they built a gauge different from the gauge on the Sudanese side. So, if you try to make a connection between the Egyptian train and the Sudanese train, you have to make a shift to a different system. I don't know how to overcome this problem. It needs technology, maybe, I'm not able to deal with this issue, but I think we can overcome such a problem.

The second problem which has to be tackled, is, we consider railways not as a means of communication per se, but as a highway for development. So, you need to provide organic communities around these railways. In Africa, you need water. When I travelled from Cairo to Aswan by plane, it was amazing: All I found was desert—sand, yellow color—and only a narrow, tiny part of the country around the Nile is green. So we need water, to make this plan real, and to implement it, we have to provide water. This is a real issue; we have to discuss it, and to make a consensus, and instead of following the Western paradigm—the “war over water,” the “conflict over water”—let us make water a source of peace, not conflict. This is a real issue that we have to put at the heart of our debate here.

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Omer Mohammed Nour

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## The Significance of Rail Links in Africa

*He is the General Manager of Sudan Railways Corp. He addressed the conference on Jan. 16, on “The Significance of Interconnection of Neighboring Countries by Railroad.”*

The main reason for early construction of the means of transport in Africa, especially railways, was to serve colonial policy objectives of domination upon the continent. This situation affected most African countries after their independence. There have been no interconnections between these countries, resulting in many difficulties in the conveyance of both commodities and people between them.



The railways in Africa after independence were characterized by the following:

- Limited railway network compared with other world countries;
- Some African countries have no railways at all;
- Characteristics of different technical specification for the railways in the region;
- They serve only colonial needs, and the continent has no corridors that can serve more than one African state;
- The infrastructure specifications were of a very low standard, thus enabling no room for high-speed and heavy-axle loads;
- Low share in transport market compared with other modes.

Years later, national independent governments exerted hard efforts to maintain railway infrastructure and to develop and upgrade operational efficiency. But, scarce financing handicapped attempts to extend the internal and continental African network.

Promotion of African railways is a prominent economic and geographic endeavor because:

1. Vast African geographic areas necessitate efficient rail transport.
2. High-density population centers are located apart from rural productive areas.
3. There is a need to explore rich natural resources and

mineral potentials.

4. The fertile agricultural land of Africa can secure food for the entire world.

5. Railway networks are a prerequisite for economic development.

Construction of rail track has been given great importance, especially in the pattern of infrastructure that strengthens the national economy of African countries. At first, it is taken for maximization of benefits in the pattern of one state; during the last decades, it has become very important when deep, considerable thought has taken place, obviously to find a means of collaboration, integration for the existing track routes that can serve more than one African country for benefit—exchanging, such as passengers, commodities, and transport insurance.

This actual endeavor arises as the result of:

1. Recommendation of African Ministers of Transport;
2. To apply the policy of the OAU [Organization of African Unity];
3. To execute UAR [Union of African Railways] resolutions;
4. Directives of the ECA [African Economic Community];
5. To follow the advice of regional African organizations (IGAD, Comesa) [Intergovernmental Authority on Drought and Common Market for Eastern and Southern Africa];
6. To activate African countries by bilateral convention.

The Sudan government's strategic policy related to the African connection issue involves the following steps:

1. Ensure political and regional commitment of African transport integration;
2. Stress Africa-Sudanese linkage in all fields of economic integration, security coordination, and African culture encouragement.

Sudan railways is one of the largest networks in Africa. It operates a 5,898 kilometer-long single line of 1,067 millimeter gauge, hence facilitating its connection with neighboring countries, through six main corridors as follows:

### 1. Sudan-Egypt

A stretch of 450 km is needed to connect Wadi Halfa with the high dam (Aswan), but the difference of Sudanese (1,067 mm) and Egyptian standard gauge (1,435 mm) hinders this.

The solution would be to start container transport, then in the future, change the Sudan track to 1,435 mm to match the Egyptian track; thus the cost will about \$89.6 million.

### 2. Sudan-Central Africa

Interconnection feasibility study sequence shows three directions as follows:

A) Track extension from Duain station to Purram, then Copper Valley up to Central Africa's borders at Ounda Djalle city; estimated cost \$150-200 million;

B) Wau-Tumburra-Aubbo at mid Afro-borders, length about 350 km. Estimated cost \$170 million;

FIGURE 1



C) Nayala (Chad-Central Africa junction) of length 300 km. Estimated cost \$150 million.

Preliminary studies recommended option (C) or option (B).

### 3. Sudan-Chad

Interconnection would be done via the extension of Nayala with both Chad and Central Africa, at the same time, 300 km can link the two countries with Sudan.

### 4. Sudan-Ethiopia

Actions took place at the end of 1999, after the last meetings between the Executives of the two countries; from administrative and leaders level, the first surveys' recommendations are:

1. Huirry-Samsum-Basenda-Gallabat: 241 km
2. Huirry-Samsum-Dokka: 261 km
3. Geddarif-Dokka-Gallabat: 170 km
4. Demazine-Ethiopia border.

Later on, an invitation for constancy will take place, so as to conduct feasibility and technical studies services for choosing the suitable route for the linkage between the two countries.

### 5. Sudan-Eritrea

Since the Second World War, in 1945, Sudan-Eritrea was linked with a rail track length of 52 km, 26 km inside the Sudan and the rest to Eritrea's Tesanai city. For the rail branch

from Malauia, 28 km south to Kassala, the operation of this section had stopped since 1966. Estimated cost of reconstruction is about \$15 million.

#### 6. Sudan-Uganda

It is significant to put into consideration that it is the unique entrance and the suggested way for the African south, starting from Wau across Juba, Nomoly to Ugandan Gulu. It is 625 km, while the cost for its reconstruction inside the Sudan borders is about \$207 million.

#### Conclusion

As we have mentioned, rail tracks have a great role, and benefits in social and economic areas, for the African continent. In addition to safety, economical cost, ability to confront the critical transport crisis, save the environment from pollution, noisy continuous movements, and less consumption of fuel, railways everywhere are more favorable than other modes of transport.

The subject requires the African governments to work jointly to overcome all obstacles and constraints that hinder their way, so as to reach the goals that are required for African unity in various fields.

#### Recommendations

In the short term:

1. Submit feasibility studies for inter-African rail links.
2. Activation of bilateral agreements in the way of linkage of countries with each other.
3. To enable the Railways Union to play an effective role in African interconnection, by which member railways should honor their obligation towards the Union.
4. UAR must play its role in coordination and harmonization between the African railways, to reach the goal of unifying the rail terms across the continent.

In the long term:

1. Union of African Railways effort must go ahead in their studies of having one type for railways' length and characteristics.
2. Encourage the existing rail industries in some African countries, until they are able to produce rail spare parts and equipment.
3. Financing of the extension of rail to link African countries, is the government's responsibility.

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Kamal Ali Mohamed

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## Development of Nile Water Resources

*Kamal Ali Mohamed is an engineer, and is Minister of Irrigation and Water Resources of Sudan. His speech was entitled, "Water Potential of the Nile: Achieving Peace Among the Nile Riparian Countries Through the Development of the Water Resources of the Nile."*



#### Introduction

The River Nile, shared by ten riparian countries, Burundi, Democratic Republic of the Congo (D.R.C.), Egypt, Ethiopia, Eritrea, Kenya, Rwanda, Sudan, Tanzania, and Uganda, is one of the most important rivers in the world. The salient hydrological data are appended as annex 1. The area encompassed by the basin is 3 million square kilometers, which is about 10% of the land area of Africa (**Figure 1**). The total population of the basin today is 140 million people.

The basin has variety of climatic zones, ecosystems, and cultures. It was the home of famous civilizations in history. The Nile is a great asset with a lot of opportunities for cooperative socioeconomic sustainable development and integration.

Today, despite its vast natural resources, the people of the Nile Basin face the challenges of alleviating poverty, instability, imbalance between population growth and available food and water supplies, environmental degradation, and peace threats and foreign intervention (in the Horn of Africa, the Great Lakes, etc.).

#### Cooperation in the Nile Basin

Cooperation among the countries of the Nile Basin dates back to 1967 within the context of the Hydromet. Studies of the Equatorial Lakes Project have been steered by a basin-wide technical committee, composed of the heads of Water Resources Ministries of all the riparian countries, including Ethiopia as an observer. This has laid formidable ground for basin-wide cooperation. This cooperation continued until 1992, when the Ministers of Water Resources met in Uganda and agreed to further cooperate to formulate an action plan. Cooperation continued until 1996, and culminated in the Nile Basin Initiative, supported by the World Bank and other do-

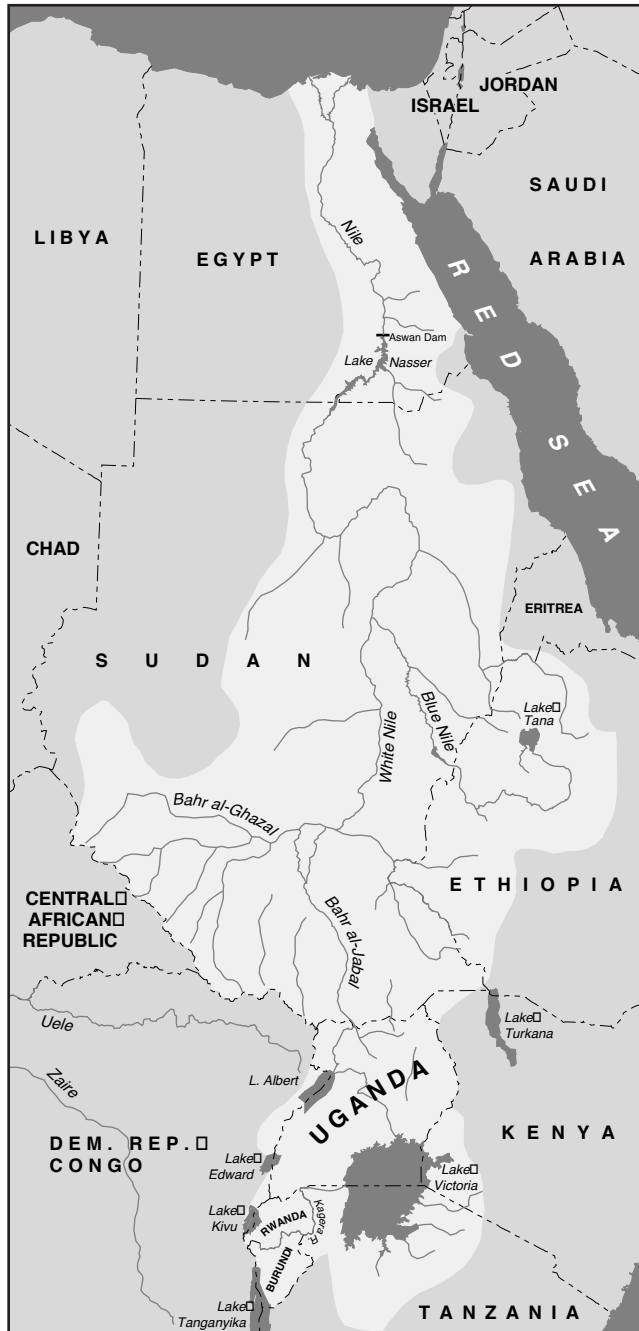
LAROUCHE IN 2004

[www.larouchein2004.com](http://www.larouchein2004.com)

Paid for by LaRouche in 2004.

FIGURE 10

## The Nile River System



nors who constituted an International Consortium for Cooperation on the Nile.

### The objectives of the Nile Basin Initiative:

To formulate a strategic action plan and program to utilize the potential of the Nile for benefit of all its peoples.

To move forward from studies to planning to action on the ground.

To achieve sustainable socioeconomic development

through the equitable utilization and benefit from the common Nile water resources with efficient water management and use, and without causing harm, and to realize economic and social prosperity, security, and peace for all its peoples.

To cooperate in joint action to achieve win-win benefits.

To eradicate poverty, environmental degradation, and instability.

### The Strategic Action Plan and Program:

The Strategic Action Plan and Program is composed of two complementary sub-programs, the “Shared Vision” sub-program, and the “Subsidiary Action” sub-program.

### The present institutional set-up for cooperators:

The Council of Ministers of the Water Resources Affairs of the Nile Basin (Nile-COM) is the policy and guidance body for the Nile Basin on ongoing cooperation.

The Nile-COM established a technical advisory committee (the Nile-TAC), which is a transitional technical body to coordinate the joint activities of the Nile Basin Initiative until the Institutional Legal Cooperative Framework is established.

The Nile-TAC forms working groups as required.

An Executive Secretariat, based in Uganda, has been appointed.

A panel of experts was established in 1997, composed of three law and water resources experts from each country, to look into the equitable use of the Nile Basin.

## The Shared Vision Program

The Nile Basin Council of Ministers endorsed the Shared Vision Program, composed of five basin-wide pillars which are currently being prepared for implementation by working groups of experts from all the Nile Basin countries as follows:

1. Confidence-building multi-stakeholders involvement and participation in political engagement community awareness.

2. Socioeconomic environmental and sectoral analysis which comprise water resources planning and management for socioeconomic development and benefit, sharing Nile trans-boundary environmental action, including water quality monitoring, environmental impact assessment, bio-diversity conservation, macro-economic analysis, regional sectoral analysis (poverty alleviation, water, energy, regional power protection and trade, agriculture environment industry).

- Regional integration opportunities, noting that integrated development is the key factor for peace.

- Financing alternatives, including or emphasizing the role of the private sector.

- Opportunity cost analysis.

3. Development and investment planning, which comprises data management; modeling, including decision support systems; win-win scenarios; and regional integrated water resources planning, etc.

4. Applied training, which includes specific support to universities and applied research institutions in relevant water resources disciplines, building centers of excellence and targeted technology transfer, basin interchange of research re-

sults, training, and interaction among professionals.

5. Establishment of a legal, institutional framework to achieve sustainable socioeconomic development through the equitable utilization of, and benefit from, the common Nile water resources.

A panel of experts was established in 1997, composed of three law and water resources experts from each country, who prepare a report containing many general principles and institutional structure, but, to resolve all issues, the Council of Ministers agreed in the Khartoum Nile-COM session in August 2000 to extend dialogue on outstanding issues with UNDP [UN Development Program] support.

It is to be noted that the Nile Basin Initiative is a transitional arrangement until such a permanent legal institutional framework is established.

It is to be noted that the panel of experts has agreed on the will to cooperate, to adopt the principles of equitable use and no harm, to resolve water conflict through peaceful means, and to have an institutional body composed of a Technical Advisory Committee, a Council of Ministers, and a Council of Heads of States at the top of the proposed legal institute framework.

#### **What Has Been Achieved with Respect to the Shared Vision Projects:**

Establishment of working groups by the Nile Technical Advisory Committee (already established).

Preparation of TOR (done).

Detailed project preparation (under implementation).

This will be followed by submission to the Nile Council of Ministers session in Khartoum, hopefully by February 2001, and then mobilization of funding from the ICCON [International Consortium for Cooperation on the Nile] for implementation, hopefully in April 2001.

#### **The Subsidiary Action Program**

This comprises actual development projects at the sub-basin level within the basin-wide framework. Two experts groups of subsidiary action program have been formed. One is the Eastern Nile Subsidiary Action Program (ENSAP), including Egypt, Ethiopia, and Sudan, and Eritrea can join.

The other is the Nile Equatorial Lakes Region (NELSAP), including Burundi, the D.R.C., Kenya, Rwanda, Tanzania, and Uganda, as well as the two downstream riparian nations, Sudan and Egypt. The two experts groups are currently identi-

TABLE 1  
**NELSAP Program**

<b>NEL-COM Priority Areas</b>	<b>Project</b>	<b>Countries Benefiting</b>
1. Irrigation and drainage	1.1 Enhanced agriculture productivity through rainwater harvesting and small scale irrigation project	BUR, DRC, KEN, RWA, TAN, UGA
2. Sustainable management and conservation of lakes and linked wetlands	2.1 Fisheries project for Lake Albert	DRC, UGA
3. Watershed management	3.1 Development of a framework for co-operative management of the water resources of the Mara River Basin	KEN, TAN
	3.2 The Kagera River Basin Integrated Water Resources Management Project	BUR, RWA, TAN, UGA
4. Water hyacinth and water weed control	4.1 Water Hyacinth Abatement in the Kagera River Basin Project	BUR, RWA, TAN, UGA
5. Hydro-power development and power trade Sub-program 1 Hydropower development  Sub-program 2 Transmission interconnection	5.1 Rusumo Falls Hydro-Electric Power Development, HEP	BUR, RWA, TAN, UGA
	5.2 Ranking of HEPs in the NEL Region	BUR, DRC, KEN, RWA, TAN, UGA
	5.3 Feasibility studies of HEPs in NEL Region	BUR, DRC, KEN, RWA, TAN, UGA
	5.4 Interconnection between Kenya and Uganda	KEN, UGA
	5.5 Interconnection between Kenya and Tanzania	KEN, TAN
	5.6 Interconnection between Rwegura-Kigoma	BUR, RWA

fying cooperative projects for further project preparations, assessing upstream and downstream impacts, as the subsidiary action programs are to be built on the principle of equitable utilization, no significant harm, and to ensure benefits for all involved and to distribute benefits, costs, and risks equitably, such that the cumulative aggregate of impacts optimizes benefits for all parties involved.

Following is the list of potential Subsidiary Action Program projects.

Generic water resources management projects:

Water supply and sanitation; Irrigation and Drainage Development; Fisheries Development; Hydropower Development and Pooling; Watershed Management; Sustainable Management of Wetlands and Bio-diversity Conservation; Sustainable Management of Lakes and Linked Wetland Systems; River Regulation; Flood Management; Desertification Control; Water Hyacinth and Weeds Control; Pollution Control and Water Quality Management; Water Use Efficiency Improvements.

Other related joint development project possibilities are:

*Infrastructure:* Regional energy networks, including power intercommunication development; telecommunications development; regional transports, including railway and road networks, river, marine navigation, and aviation.

*Trade and industry:* Promotion of trade (including border trade); industrial development; regional tourism development; promotion of private investment and joint ventures; marketing and storage of agricultural products; and forest crop harvesting.

*Health, environment, other:* Malaria and other endemic diseases control; protection of wildlife; environmental management; disaster forecasting and management.

What has been achieved of the Subsidiary Action Program:

- a. Establishment of Experts Working Groups of both ENSAP and NELSAP (see **Table 1**). (Already done)
- b. Prioritization process and formulation of priority Subsidiary Action Program preliminary analysis (under implementation).
- c. Consultative Group Process, submission to Nile-COM through the Nile-TAC (hopefully in the Nile-COM meeting in Khartoum in February 2001).
- d. The Nile-COM will submit the ICCON for mobilization of funding for prefeasibility, feasibility, design, and then
- e. Funding for implementation.

An International Consortium for Cooperation on the Nile (ICCON) is being established to support the Nile Basin Initiative, organized by the World Bank as a partnership of the riparian states and the international community to seek funding for the shared vision and Subsidiary Action projects, to promote transparency among the countries and donors.

A financing mechanism is currently under formulation. It is proposed to have a Multi-Donor Trust Fund, or, alternatively, direct funding by the donors for specific activities of both programs.

## **ENSAP**

The following is a list of proposed project profiles:

### **Egypt**

1. Ethiopia Plateau Simulation Model
2. Hydropower and Flood Control
3. Baro-Akobo Conservation Plan
4. Power Pooling Study
5. Sediment Discharge Management along the Blue Nile and the Nile River

### **Ethiopia**

#### *Irrigation Projects*

1. Tana-Beles Irrigation Project
2. Humera Irrigation Project
3. Didessa Irrigation Project
4. Angar-Nekemt Irrigation Project
5. Metema Irrigation Project
6. Nesh Irrigation Project
7. Baro Irrigation Project

## 8. Gilo Irrigation Project

### *Hydropower Projects*

1. Karadobi
2. Mabil
3. Mendaia
4. Boarder
5. Chemoga-Yeda
6. Beles
7. Didessa
8. Baro 1&2
9. Geba 1&2
10. TAMS
11. Birbir A&R
12. Geba R

### *Watershed Management Projects*

1. Integrated Conservation Based Development and Intensification of Rainfed Agriculture
  2. Participatory Soil Conservation
  3. Catchment Protection Forestry Development
  4. Integrated Gully Reclamation
  5. Development of Conservation Based Agronomic Practice
  6. Agroforestry Development
  7. Promotion of Forest Conservation and Tree Planting
  8. Establishment of Conservation Structures on Highly and Moderately Eroded Areas
  9. Establishment of Conservation Structure in 500 square kilometer catchment areas of dam sites
  10. Low-cost Surface Water Development
  11. Lake Tana Area Fogera Plains Nature Reserve
  12. Conservation and Utilization of Plant Genetic Resources
  13. Ecological Forestry
  14. Soil and Water Conservation Research
  15. Catchment Management and Training
  16. Training in Catchment Management
  17. Improved Forage Development and Seed Multiplication Centers
  18. Nursery Development and Establishment
  19. Support to Improved Stove Dissemination
  20. Dissemination of Kerosene Wick Stoves
  21. Demonstration of Biogas Technology
  22. Malaria Control
  23. Improving Agriculture Techniques
  24. Delivering Family Planning Units
  25. Detailed Study and Design of the Programs (4 projects)
- ### **Sudan**
1. Merowi Hydropower Project
  2. Atbara Watershed Management
  3. Hydrological Data Transmission and Flood Forecast
  4. Kajbar Hydropower Project
  5. Upper Atbara Development Project
  6. Great Kenana Irrigation Project

# The Agricultural Potential of Sudan

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## 1. Introduction

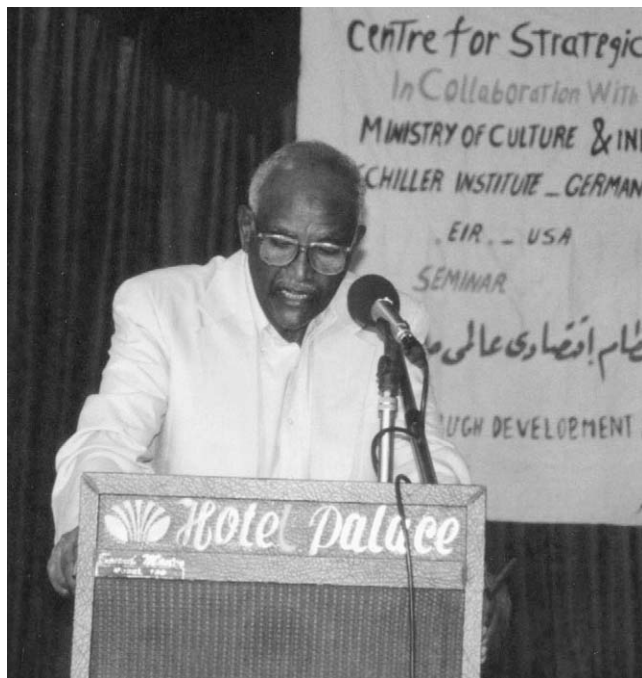
Sudan is the largest country in Africa with an area of about 2.5 million square kilometers. It is bounded on the east by the Red Sea, and on the other sides by nine African states: Eritrea, Ethiopia, Kenya, Uganda, Democratic Republic of the Congo, the Central African Republic, Chad, Libya, and Egypt. Its topography is generally a broad plain, with mountains in the northeast near the Red Sea coast, and low mountains near the southwestern borders. The Blue Nile and the White Nile originating, respectively, in the Ethiopian highlands and in the Equatorial lakes, join in Khartoum to form the Nile River which flows to Egypt. The Nile has several tributaries and extensive swamps in the south. Extending from the arid north (21° North) to the wet tropics (5° North), Sudan has several agro-ecological zones (**Figure 1** and **Table 1**), with varying climatic conditions. Rainfall ranges from none in the hot arid north, to more than 1,500 millimeters in the wet tropics of mixed deciduous forests.

**a. Arid zone:** Covers 29% of the total area of the country; rainfall is rare, and hence there is no vegetation cover; crop production is concentrated in the irrigated areas along the Nile, and, because of the cool nights of the relatively longer Winter season, faba beans, wheat, dates, vegetables, fruits, and spices are grown. This part of the country falls within the water-bearing Nubian sandstone aquifer, and further agricultural development will depend on the use of the groundwater and on the intensification of irrigated agriculture.

**b. Semi-arid zone:** Comprises 20% of the total country area; rainfall varies from 50 to 300 mm, adequate only for annual vegetation suitable for limited transhumant grazing; vulnerable to frequent droughts; investment potential lies in rational grazing and cropping in wadies (valley).

**c. Savannah, low rainfall:** 13% of the total area dominated by goz soils, and rainfall ranging from 200 to 400 mm, suitable for traditional farming of sorghum, groundnuts, and millet (dukhun); potential for farming gum arabic and live-stock.

**d. Savannah, medium rainfall:** 14% of total area, rainfall



Abdalla Ahmed Abdalla

FIGURE 1D  
Sudan: Agro-Ecological Zones

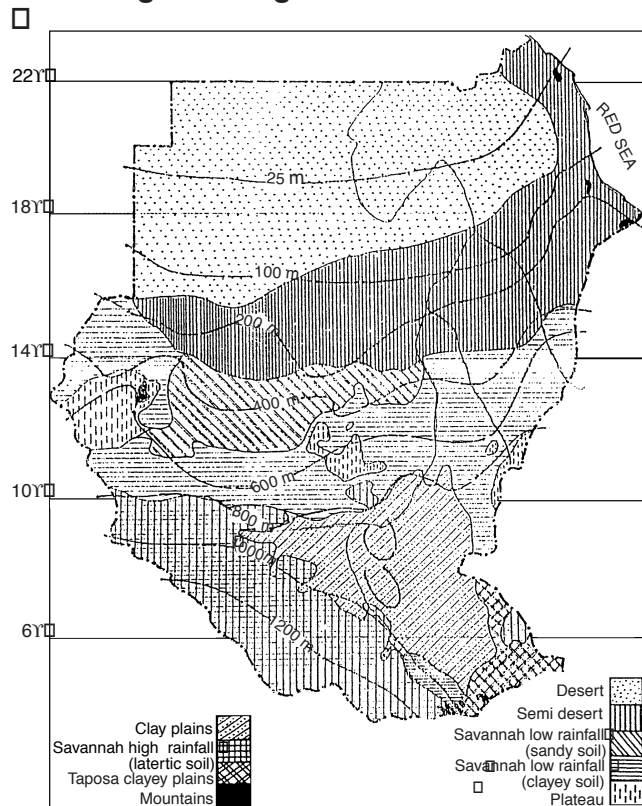


TABLE 1

**Climatic Regions of Sudan**

(Area in Thousands of Sq. Km.)

Climatic Region	Area	%	Potential Field Crop
Desert (Lat. 16-22°N)	726	29	Sorghum, maize, millet, wheat, barley and pulses. north of 14°N under irrigation
Semi-Desert (Lat. 14-16°N)	490	20	Sorghum, maize, millet, rice in all areas. wheat, barley and pulses north of 14°N under irrigation
Low Rainfall Savannah (Lat. 10-14°N)	684.4	27	Millet, sorghum, maize, rice and oil seeds in all areas. wheat and barley, north of 14°N under irrigation
High Rainfall Savannah (Lat. 4-10°N)	348.7	14	Sorghum, maize, millet
Swamps	246	9.7	Rice, sorghum, maize and millet, after reclamation
Uplands	7.748	0.3	Mediterranean fruits and vegetables in Jebel Marra
<b>Total</b>	<b>2,502.848</b>	<b>100</b>	

Source: Ministry of Agriculture, Natural Resources and Animal Wealth, Khartoum, Sudan.

400-800 mm; includes rainfed mechanized farming in clay soils, traditional farming, gum arabic, and large Summer grazing area. Vast agricultural potential for mechanized and improved traditional farming and livestock.

**e. Savannah**, high rainfall (800-1,500 mm): 13.8% of total country area; includes vast pasture areas and productive soils for several crops with immense potential for crop production and forests.

**f. Mountainous areas:** Includes J. Marrali, Amatong, Aloun plateaus, suitable for growing of tea, coffee, and other tropical crops.

Sudan's total population is estimated at 30.7 million in the year 2000, with a population growth rate of 2.9% per year. Twenty-five percent of the population are urban.

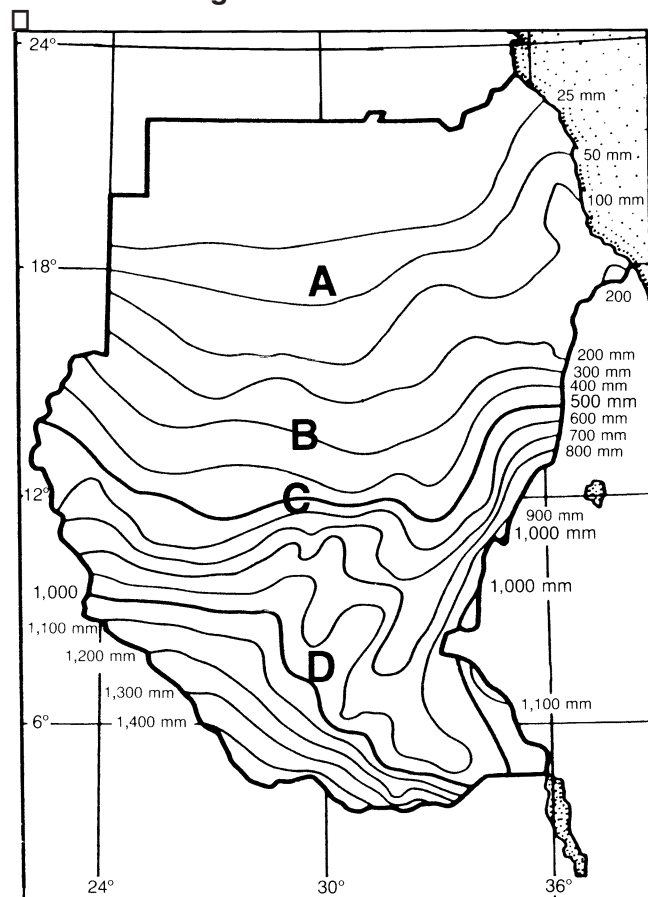
Agriculture, including crops, livestock, forests, fish, and wildlife, has been and will continue to be for some time the backbone and engine of the national economy. Its annual share of GDP has been around 36%, and until recently has been contributing about 90% of Sudan's exports. It employs about 60% of the active labor force, and provides livelihood for more than 75% of the population. The relative contribution of the different sub-sectors in the GDP indicates that livestock and irrigated crops are leading, contributing, respectively, 5.7% and 11% of average GDP for the period 1990-91 to 1994-95. The contribution of the traditional and mechanized rainfed farming and forestry was 3.2, 3.8, and 3%, respectively. All other sectors, including trade, manufacturing, transportation, and services, depended on it.

## 2. Renewable Agricultural Resource Base

Sudan has a wide and diversified national agricultural resource base. The renewable agricultural resource base includes the climate, soils, water, and biodiversity.

**a. Climate** (rainfall, temperature, radiation): Sudan's multivariate ecological zones, with plenty of sunshine, provide for diversity in crops and farming systems, vegetational

FIGURE 2

**Sudan's Average Annual Rainfall**

cover and, hence, livestock production and forestry. Average annual rainfall is shown in **Figure 2**.

**b. Agricultural soils resources:** The total arable land amounts to 84 million hectares. There are also large areas



TABLE 2

**Sudan Land Use**

(Thousands of Hectares)

Type of Land Use	Area	%
Land suitable for cultivation:	84,000	35.7
1) Land under crops:	14,690 (17.5%)	
a. Irrigated	1,600 (1.9%)	
b. Rainfed	12,054 (14.4%)	
c. Fallow	1,044 (1.2%)	
2) Land not exploited	69,310 (82.5%)	
Forest and Woodland	64,360	27.4
Range	24,000	10.2
Desert and waste land	26,942	26.7
<b>Total land area*</b>	<b>235,302</b>	<b>100</b>

\*Total estimated geographical area is 250,581 hectares.

Sources: Forest National Corporation (1992); FAO Year Book.

TABLE 3

**Average Annual River Flows in the Nile River System**

(Billions of Cubic Meters)

Bahr el Jabal at Mongolla (before entering the swamps in the suds region)	26,000
Bahr el Gazal	15,000
Sobat at junction with the White Nile	13,000
<b>Total</b>	<b>54,000</b>
Losses in the swamps of the suds region	27,300
Available in the White Nile at Malakal	26,700
Blue Nile at junction with Nile	53,400
Atbara at junction with Nile	11,600
<b>Total</b>	<b>91,700</b>
Losses along the river downstream of Malakal	7,700
<b>Net available*</b>	<b>84,000</b>

\*Sudan's share according to the Nile Water Agreement of 1959 is 18.5 milliards of cubic meters measured at Aswan (20.55 at Sennar).

Source: Ministry of Irrigation, Khartoum, Sudan.

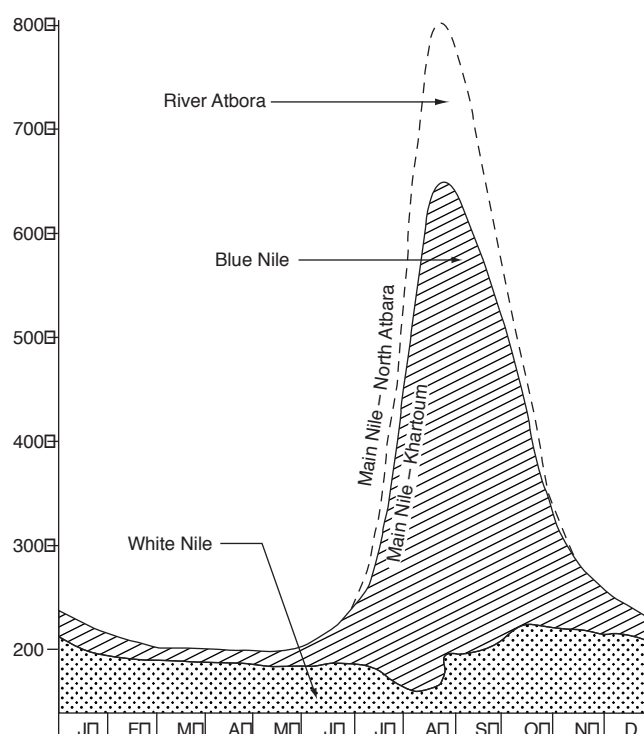
classified as N1 (not suitable for cultivation now). This means that arable soils are plentiful and would not constitute a limiting factor for agricultural development, and particularly so in soils in areas with underground water. Out of the 84 million hectares of arable land, only about 18 million are now utilized. The breakdown of the total land area of Sudan is shown in **Table 2**.

**c. Water resources:** Water resources in Sudan comprise

FIGURE 3□

**The Nile and Its Tributaries' Flow, 1912-89□**

(Flow in Millions of Cubic Meters Per Day)



Source: A. A. Ahmed, 1991.

rainfall, groundwater, and river flows, all interrelated as part of the national hydrological cycle. Annual river flows are shown in **Table 3**.

The current water resources available to Sudan amount to about 30 billion cubic meters (bcm) (share from Nile is 18.5 bcm at Aswan, non-Nile streams, groundwater) (see **Figure 3**). Expected share from reclamation of swamps in the south is about 6 bcm.

Rainfall is a major water resource for agriculture. Annual rainfall varies from nil in the hot arid north to more than 1,500 mm in the wet tropics. The duration and amount of rainfall increases from north to south.

Rainfall varies from year to year. This variation is crucial for rainfed farming.

**3. Major Farming Systems**

Farming systems have evolved mainly as a function of agro-ecological conditions, acquired technology market, and socio-economic conditions. Crop production is practiced in three main farming systems, namely: irrigated, traditional rainfed, and mechanized rainfed.

**a. Irrigated farming system:** Covers about 1.9 million hectares, irrigated mainly from the Nile and its tributaries and

includes flush irrigated areas (Tokar, Gash Delter), and, to a less extent, from groundwater. The irrigated sector is dominated by the large irrigation schemes (Gezira, New Halfa, and Rahad) which are owned and managed by the public sector.

The main crops grown under irrigation include cotton, sugarcane, sorghum, groundnuts, wheat, legumes, fruits, vegetables, and irrigated fodder. The sub-sector contributes 100% of the wheat and sugar, about 99% of the cotton, 52% of the groundnut, and 25% of the sorghum. On average, the irrigated sub-sector accounts for about 64% of the total crops contribution to the GDP.

**b. Traditional rainfed farming:** Largely confined to the 350-800 mm isohyets for sorghum, cotton, and sesame. Millets and groundnuts are grown in the sandy soils, receiving around 300 mm.

The sector is also a major producer of gum arabic and livestock. The cropped area varies from 5-8 million hectares and varies annually with variation in rainfall. Crop production is labor-intensive with hand tools and the productivity is low; 75% of the population live in this sector.

The sector contributes 90% of the millet, 48% of groundnuts, 28% of the sesame, 11% of the sorghum, and 100% of the gum arabic. Despite its importance, the sector has been largely neglected.

**c. Mechanized rainfed farming:** Traditionally practiced in the heavy clay soils in areas with rainfall between 400-800 mm per annum. The area cropped varies with variation in rainfall. The annual area covered is on the average about 8 million hectares. The main crops in this sector are sorghum and sesame. Mechanized farming accounts for about 65% of the sorghum, 53% of the sesame, 5% of the millet, and almost 100% of the sunflower. On average, mechanized rainfed farming accounts for about 18% of the crops contribution to the GDP.

The major constraints in the sector include poor infrastructure, poor services, and lack of drinking water which limit permanent settlement of farmers.

**d. Livestock production system:** Sudan has about 110 million head of cattle, sheep, and goats. Livestock production, generally confined to the traditional rainfed sector, contributes significantly to the GDP, reaching 20%, and food security of the country. It accounts for about 45% of the agriculture GDP, with a valuable contribution to export earnings. However, the quantities and qualities of the animal products are not commensurate with its size and falls short of the domestic and export-market demand for these products. The livestock is raised under a national pastoral system, which makes them vulnerable to ecological and environmental changes.

Major constraints include food shortages, overgrazing, and desertification, low genetic potential of local breeds for high production, in addition to some institutional, technological, and disease constraints. The development potential is, however, great in the traditional pastoral system. Sudan is self-sufficient in meat and has surplus for export.

**e. Forests system:** Trees provide timber and about 80%

TABLE 4

### Cereal Production in Sudan (1984-85 to 1995-96)

(Thousands of Metric Tons)

Year	Sorghum	Millet	Wheat	Total
1984-85	1,097	158	79	1,334
1985-86	3,542	428	360	4,330
1986-87	3,277	285	157	3,719
1987-88	1,363	153	181	1,697
1988-89	4,425	495	247	5,167
1989-90	1,536	161	409	2,106
1990-91	980	85	686	1,751
1991-92	3,581	308	838	4,727
1992-93	4,042	449	445	4,936
1993-94	2,386	221	475	3,082
1994-95	3,648	973	448	5,069
1995-96	2,433	385	527	3,345

Source: Ministry of Agriculture, Khartoum, Sudan.

of the total energy requirements of the country. Gum arabic produced from hashab is a valuable export product and provides for shelter belts.

## 4. Land Utilization

Total arable land in the Sudan is estimated at 85 million hectares, of which 17 million hectares are currently under crop production. The arable land within the zone of isohyets 400-800 mm is estimated at 25 million hectares, of which 15 million are currently utilized either traditionally (9 million) or mechanized (6 million). The grazing area is estimated at 39 million hectares, while the forests occupy some 64 million hectares.

**Field crops:** Field crops in the Sudan may be divided into six groups: cereals, oil crops, legumes, fiber crops, fodder crops, in addition to sugarcane.

**a. Cereals:** These include sorghum, dukhn (millet), wheat, corn, cassava, and rice (**Table 4**).

**Sorghum:** Sorghum comes first by area and volume of crop. At least one-third of the total cropped area in Sudan is annually placed under sorghum, producing about 75% of food grains in the country. Most of the crop is consumed locally, with a significant part used as fodder, and yet another part is utilized by the industry for the production of glucose and starch. All excess sorghum is exported, especially to the markets of the Kingdom of Saudi Arabia.

Sorghum is grown all over Sudan in the irrigated as well as in the rainfed areas. However, as 90% of total sorghum area is in the rainfed areas, total production varies from year to year relative to the volume and distribution of rains. However, the rainfed sector provides, on average, about 66% of total sorghum production. This necessitates the establishment of a strategic reserve to secure food requirements and trade

commitments.

Sorghum in Sudan is characterized by wide genetic variations, opening the way for selecting varieties with differentiated qualities with respect to ripening period, stalk length, grain color and size, drought resistance, resistance to pests and diseases, etc., to suit the various environmental regions and consumer tastes.

Breeders in the Research Corporation have produced high-quality varieties that suit both the irrigated and the rainfed regions, in addition to some hybrids. Farmers are increasingly using suitable technological packages to enhance productivity and promote the comparative advantage of sorghum production in Sudan.

**Dukhn (millet):** Dukhn is the most important cereal in western Sudan, where 95% of total dukhn area is found. Estimated at 2.1 million hectares, dukhn is grown in the Goz soils with sparse rains, and soils with poor fertility. The productive area is usually not more than half the cultivated area. The total annual production is estimated between 320,000 and 400,000 tons, all consumed locally.

**Wheat:** Wheat cultivation has been known in northern Sudan between latitudes 17 and 22 North for thousands of years. The area cultivated with wheat never exceeded 15,000 hectares up to the end of the '50s and the production was enough to cover the consumption needs in northern Sudan and the main towns. The rest of the population has been dependent either on sorghum in central and eastern Sudan, and on dukhn in the west or cassava in the south. All these grains, with the exception of wheat, are produced under rains. However, with the expansion of the urban communities in the last 50 years, food consumption habits have changed, and wheat consumption has soared to about a million tons annually. The wheat area expanded from about 75,000 hectares in 1989, to 415,000 hectares in 1992, increasing production from 234,000 tons to 839,000 tons consecutively, which was enough to realize self-sufficiency in wheat at that time. However, in the following years of policy liberalization and the ensuing inflation, the cost of production became prohibitive and the area was reduced to the level of 1989, prompting the country to import most of its wheat requirements.

At present the Gezira Scheme produces more than 50% of total wheat production, which is also produced in the northern and Nile States, in addition to specified areas in Rahad and New Halfa schemes. However, plans are under way to construct Hamdab and Kajbar Dams to facilitate the expansion of wheat production area in the Northern State, not only for attaining self-sufficiency, but also for export. Moreover, the heightening of Roseires Dam will avail adequate irrigation water to intensify wheat production in the irrigated schemes of central Sudan.

**Corn:** Corn is one of the most important cereals in world trade, drawing its importance from its use as human food, animal feed, and raw material for the production of vegetable oil, glucose, starch, etc. Locally, corn is a secondary crop, and is used as a food crop in some parts of the Southern States.

TABLE 5

### Oilseeds Production in Sudan (1984-85 to 1994-95)

(Thousands of Metric Tons)

Season	Sesame	Groundnut	Sunflower	Total
1984-85	130	121	—	251
1985-86	134	192	—	326
1986-87	216	193	—	409
1987-88	233	234	39	506
1988-89	194	298	40	532
1989-90	140	99	22	261
1990-91	80	22	23	125
1991-92	97	66	11	174
1992-93	266	380	38	684
1993-94	175	428	32	635
1994-95	170	714	48	932
1995-96	313	738	25	1,076

Source: Ministry of Agriculture, Natural Resources and Animal Wealth, Khartoum, Sudan.

Now there is a growing attention to expand corn production for export, making use of the favorable conditions with respect to climate and abundance of land and rainfall that give the country a comparative advantage in growing corn. Moreover, the existence of the Greater Arab Duty-Free Zone will enhance the competitiveness of Sudan in the Arab markets, which import 5 million tons of the 8 million tons which are traded in the international market. To support these efforts, a number of research programs are being implemented to produce high-quality hybrids and improved seeds that suit the main production regions. In the circumstance, a number of investors from Qatar, Algeria, Morocco, and Libya have expressed interest in investing in corn production.

**Pearl millet:** This is an important cereal in Southern Sudan and is cultivated traditionally in areas with excessive rains that do not allow sorghum production. It is also inter-cropped with dura and sesame.

**Rice:** Trials to introduce rice cultivation in Sudan started in 1905. Rice was introduced in the crop rotation in the Gezira Scheme during the '60s. However, due to its high water demand and the risk of spreading water weeds, it was excluded from the rotation. As rice grows wild in the Heavy Rains Savannah Zone of Northern Bahr El Ghazal and Southern Darfur States, a project was launched in the early 1960s to introduce commercial rice production in the area, starting with Aweil Region, but the efforts were frustrated by the civil war. Some private investors from Egypt and Pakistan, in collaboration with farmers, are active in rice production in the White Nile State.

**b. Oil Crops:** Sesame, groundnuts, cotton seed, and sunflower are the main vegetable oil crops in Sudan. Other prospective oil crops which have been successfully tried in Sudan

TABLE 6

### Exports of Sudan by Commodity Share in Percentage (1990-91 to 1994-95)

Commodity	1990-91	1991-92	1992-93	1993-94	1994-95
Cotton	51.8	33.0	18.2	18.2	15.2
Gum Arabic	14.5	11.7	5.7	16.4	13.9
Oilseeds and Products	11.4	14.0	20.2	18.7	20.0
Meat and Livestock	6.5	9.2	20.9	17.4	19.1
Skins and Hides	5.5	—	3.7	1.1	2.7
Others	10.3	32.1	31.3	28.2	29.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Ministry of Economic and Finance (October 1995): *Economic Review Report*, Khartoum, Sudan.

include safflower and niger (see **Table 5**).

**Sesame:** Sesame is the most important vegetable oil crop in Sudan, coming third in area after sorghum and dukhn. It draws its importance as a food crop, a raw material for industry, as a feed for livestock, as well as a leading export crop (see **Table 6**). Sudan is second to none in the volume of sesame exports, cultivating 80% of all sesame area in the Arab world, and 40% of all sesame area in the African continent. Sesame cultivation is concentrated in the Goz area of Northern Kordofan State, as well as in Gedarif and Damazine clay plains, in addition to scattered areas in the states of Southern Kordofan, Southern Darfur, and Northern Upper Nile. Recently sesame has been introduced in the crop rotation of the irrigated schemes in the Nile State as a Winter crop. Expansion of irrigated sesame will open the way for the country to enter the international market earlier and to stay longer.

**Groundnuts:** Groundnuts is a leguminous crop that fits beautifully in the crop rotation of irrigated schemes, as well as in the rainfed areas. Annually more than a million hectares are cultivated, which constitutes about 90% of all the area grown with the crop in the Arab region. At present, only a limited quantity of selected seeds is being exported, as all seeds are processed locally in favor of exporting the oil, which fetches high prices in the European markets.

**Sunflower:** Sunflower ranks fourth in the world oil crops after palm oil, rapeseed, and soybeans. Locally, commercial production was only started during the late 1980s in an area of 150,000 hectares in Damazine and Gadaref regions. The need to import the seeds has impeded expansion of the area. Now programs are under way to produce the seeds locally with private capital, and this will lay the foundation for extensive crop production in various parts of the country, specifically under rains in the Nuba Mountains region, by flush irrigation in the deltas of El Gash and Tokar, as well as in the irrigated schemes.

**e. Leguminous crops:** The leguminous crops grown in Sudan include faba beans (*Vicia faba*), cow-pea, chick-pea, haricot beans, peas, lentils, and lupin, all of which are grown as Winter crops in the irrigated schemes, as well as in the flooded area after the flood water recedes.

*Vicia faba* is also grown as a Summer crop in the rainfed areas. *Vicia faba* is the most important leguminous crop, due to its role as a staple food item all over Sudan, specially for urban populations.

**d. Fiber crops:** Cotton is the main fiber crop in Sudan, while Kenaf is grown in limited areas in Sennar State.

**Cotton:** Cotton used to be the leading export crop, but has now given way to sesame, and livestock and meat. This has come about for various reasons. First: The demand for extra long and long staple cottons has decreased in world trade. Second: The cost of imported inputs has been inflated, as a result of floating the price of the local currency, thus decreasing the economic feasibility of cotton. Third: Sesame and livestock are not dependent on imported inputs, a comparative advantage that has increased their economic feasibility and opened the way for expanding exports. However, cotton is still an important crop, as it provides the local textile factories with lint, and the oil factories with cotton seed. The resultant seedcake is an important feed element, especially in fattening export animals. Sometimes cottonseed oil is used for soap production in place of imported fats.

Long staple cotton was first grown in Tokar delta in 1862. It is believed that the success of cotton production was among the factors that attracted Great Britain to intervene in Sudan affairs. The British Administration later facilitated the construction of Sennar Dam on the Blue Nile in central Sudan to provide irrigation water for cotton plantations. When cotton prices soared during the early 1950s as a result of the wars in Southeast Asia, cotton cultivation expanded greatly, not only in irrigated schemes, but also in rainfed areas, especially in the Nuba Mountains area. With time, the area expanded to reach its climax in season 1974-75, when 500,000 hectares were cultivated. In the following years, the area has gradually decreased to reach its bottom line of 120,000 hectares in 1993-94. When the prices in world trade doubled in 1994 to 110¢ per pound, the area increased to about 200,000 hectares.

Further expansion was hampered by the high cost of imported inputs and the scarcity of credit financing. However, with the upturn of the economy due to the earnings of petroleum exports and the functioning of fertilizer factory, cotton may regain the lost ground and sustain itself as an important export and industrial crop.

**e. Forage crops:** Total fodder available to livestock is estimated at 85.6 million tons of dry matter, including natural range, crop residues, processed feed, and green fodder.

The grazing area with natural range is estimated at 110 million hectares, extending throughout all environmental zones from the equatorial region in the south, to the poor Savannah in the northern part of central Sudan. The natural

range provides 90% of the animal feed estimated at 62.4 million tons of dry matter. Production of green fodder is estimated at 3.6 million tons grown in the northern states (0.36 million tons), the eastern states (0.93 million tons), the central states (1.25 million tons), and Khartoum State (1.09 million tons). The production of green fodder is concentrated mainly around towns and urban centers to feed dairy cows and small ruminants. Alfalfa is the most important green fodder, contributing 94% of total green fodder, followed by Abu 70 with 5% total weight. Alfalfa grows well in Sudan, giving about 17 cuts per annum, compared to Abu 70 which gives 8-12 tons per hectare per annum.

Other green forage include hyacinth bean, phillipesara, clitoria, and lemon grass, which together give no more than 1% of total fodder crop. In view of the expansive areas grown with field crops, the crop residues constitute an important fodder element, contributing about 18.6 million tons annually. These are mainly the residues of sorghum, sugarcane, wheat, oil crops, etc. There are a number of animal feed factories in Sudan making use of sorghum, as well as about 410,000 tons of cotton seedcake, 106,000 tons of groundnuts seedcake, 61,000 tons of sesame seedcake, 168,000 tons of wheat bran in addition to 1.5 million tons of molasses.

**f. Horticultural crops:**

Vegetables: Various vegetables are grown in both irrigated and high rainfed areas, in a total area of about 525,000 feddans (220,000 hectares) i.e., about 3% of total cultivated area, giving an average of about 489 tons of vegetables. The most important vegetables are onions, tomatoes followed by potatoes, okra, eggplant, water melons, cucumbers, pumpkins, and a number of leafy vegetables. Onions and tomatoes occupy about 50% of the vegetable area. Vegetables are grown in small plots with pumped water, as well as in the national corporations, such as Gezira Scheme, where about 30,000 hectares are devoted to vegetables. Vegetables are also grown in the traditional sector for household consumption. Most of the vegetables are consumed in the urban areas at a rate of 70 kilograms per capita per annum, in comparison with the rates in the rural areas which average about 8 kg per capita per annum.

This is far below the average in developed countries, estimated at 100 kg per capita per annum. This reflects the potential local demand, which may be realized in the near future when petroleum production increases and exports are sustained. Apart from the local market, there is a big demand for vegetables in the Arab markets, as well as in the markets of the European Union. Already, thousands of tons of galia (melon, onions, potatoes, green beans, and green peppers) are exported annually. Research stations have incorporated programs to improve the varieties and to produce improved seeds. The new Arab-Sudanese Seed Co. is investing in the propagation of selected seeds for the local market, as well as for export. Facilities to promote the post-harvest operations are being installed in some central markets and airports. A small export complex is being established in the vicinity of

TABLE 7  
**Fruit Production, 1992-99**  
(Thousands of Tons)

Year	Production Estimates
1992	921
1993	943
1994	1,056
1995	1,231
1996	1,458
1997	1,646
1998	1,914
1999	2,150

Source: Ministry of Agriculture & Forestry, Horticultural Dept., 1999.

Khartoum Airport to provide integrated services for exported vegetables. A company for the development of vegetable exports has been established to promote export and to encourage foreign investments in this sector, preferably in the Northern and Nile States, the Rahad basin, and the deltas of El Gash and Tokar.

The food canning industry in Sudan was initiated in the early 1960s in the Northern and Kassala States, but has since then spread to Khartoum, Gezira, and other states. With increased vegetable production, the processing industry may develop to meet the local demand and for export.

Fruits: The variations in climate and topography have created conditions for the production of various types of fruits, including date palms, citrus, mangoes, guava, pineapple, and banana, in addition to tea and coffee, etc. In the high areas of Jabal Marra, temperate fruits, such as apple, grapes, strawberry, and sweet oranges, grow very well. However commercial production is hampered by the absence of good transport facilities (see Table 7).

Although the volume of fruit export is not great, the country has established a name for its high-quality grapefruit, mangoes, lemon, and dry dates. The expansion of exports is hindered by the lack of suitable transport facilities and proper package services. Efforts are being made to develop these services. Tissue culture laboratories are now producing improved varieties of banana, date palm seedlings, and other fruits, to pave the way for the production of high-quality fruits for export markets. Exportable crops include melons, snapbeans, onion, okra, pepper, eggplant, mangoes, grapefruits, lime, and banana.

Medicinal and aromatic plants: These are the main source of raw material for the production of medicines, for food flavoring, and for the production of aromatic products. The medicinal and aromatic plants may be divided into three categories:

- i. Wild plants that grow naturally.
- ii. Plants that have been introduced and have got acclima-

tized to Sudan conditions.

iii. Exotic plants that may be introduced.

The potential to expand the production of all these types is great.

Northern Sudan is suitable for the production of such plants as henna, shamar (fennel), yansoon (aniseed), karawya (caraway), black seed (black cumin), babong (camomile), lemon-grass, nanaa (mint), psilium, mahareab (camel's hay), sekran, handal (bitter melon), local khilla, shaitani, senna, etc.

Western Sudan is suitable for the production of karkade (roselle) and sanamakka (senna). White gorongal (galangal), zangabeel (ginger), sheeh (*Artemisia*), and pepper nanaah (peppermint) grow well in Jabal Marra area. In the east and center are found arak (tooth brush tree), winka, psilium, sabbar (aloe), garlic, lemon grass, and a host of other plants. Black pepper, rawlfia, zangabeel (ginger), and gorongal prosper in the upper lands of southern Sudan.

Numerous plants grow naturally or with traditional methods, requiring no chemical inputs, which is most suited for these products. Moreover, small capital investments are required, which suits the traditional farmer.

**g. Forests and Forest Products:** While trees in the north are only found along the banks of rivers and in wadis, the number of varieties and density of trees increase with rainfall. Indeed the life of the Sudanese is highly dependent on the forest, as it improves and protects soil, ameliorates climate, protects water sources, supports livestock and wildlife, and contributes to food security with such forest fruits as nabag, goddeim, jogan, dom, gongoles, daleib, and honey. Forest trees provide poles to construct rural houses and timber for furniture. Indeed Sudan is dependent on trees for about 78% of energy requirements in the form of firewood and charcoal. On the other hand gum arabic collected from *Acacia senegal* and *Acacia seyal* trees is an important export crop, fetching annually more than \$50 million on average.

Sudan is rich in valuable timber trees. Examples include Sunut (*Acacia nilotica*), which grows on the banks of rivers, Vuba (*Isoblerlinia doka*), which grows well in the ironstone region in the south, which is suitable for railway sleepers and building material. Teak, mahogany (*Khaya senegalensis*), bai, and bu provide high-quality wood for furniture.

The extensiveness of forests calls for investment in forest products such as paper, plywood, and the furniture industry.

**5. Crop protection services:** Crop protection services were started in 1903, with the establishment of Welcome Laboratory. Later, research on plant pests and diseases was transferred to the Agricultural Research Corp., which boasts of having the largest pest collection in Africa. It is the main source of basic studies on the identification of insects and insect environments.

Research on pest and insect control is carried out by the departments of pest control of the Ministries of Agriculture and by the faculties of agriculture in the various states. Research is now concentrating on integrated pest management (IPM) and the continuous development of chemicals in accor-

dance with the articles of the chemicals action of 1994. Greater emphasis is placed on protection methods through the use of treated seeds and crop resistant varieties.

The actual protection services are performed by the managements in the irrigated schemes and by the farmers and producers in the private schemes. Various methods of protection are used, including air spraying by airplanes, implements drawn by tractors to combat weeds, while manual implements are used in horticulture fields. On the other hand, the Control Department of Plant Protection takes care of combatting migrating pests, such as grasshoppers, birds and mice, together with water hyacinths, etc.

To incorporate farmers effectively in controlling pest and diseases, a number of farmer schools have been established to educate and enlighten the farmers about pests, insects, and diseases, and the rationale of integrated pest management. Sudan is the first African country that uses farmer schooling as an effective extension leverage.

**6. Plant quarantine:** Plant quarantines play an important role in protecting the country from the spread of exotic pests and diseases. On the other hand, all exports are subjected to quarantine checks to ensure that they are disease-free and of high quality according to the standards accepted internationally and contracted for. No plant material may be introduced into the country without having acquired a phyto-sanitary certificate from the quarantine authorities. It should be noted that the first quarantine act was issued in 1900. The last modification of the law was made in 1998, to keep in line with the phyto-sanitary regulations of the GATT Agreement 1994 and the World Trade Organization. The main quarantine station is found in Port Sudan, in addition to stations within the main airports of Khartoum, Port Sudan, Halfa, Dongola, Gineina, Nyala, Kela, Nimole, and Juba. Smaller stations are also established in all towns connected with the outside world such as Abidiya, Gallabat, Hamart El Sheikh, Mellit, etc. Recently a number of quarantine farms have been established to keep introduced plant material and to train the technical personnel and upgrade their abilities. The farms are furnished with documents from the UN Food and Agriculture Organization and scientific journals and books to enhance the theoretical background of the technical staff.

**7. Agricultural potential:** The agricultural development potential is manifest in the large mass of productive land not yet utilized and in the favorable land/man ratio. The magnitude of the arable land, water, vast pastures, and forests qualifies Sudan for large-scale crops and livestock production. Sudan is currently utilizing about 24% of its potentially arable land.

Only about 18% of that is under intensive irrigated agriculture. The remainder, including mechanized and traditional rainfed agriculture, is under extensive patterns of land use. About 75% of the total natural pasture is utilized by nomadic and transhumant animal production systems. There is a great opportunity for optimization of the present farming and production systems through an enabling policy framework, use

of modern technology for increased productivity and improved rural and public and physical infrastructure. The present levels of productivity per man or unit land are low in both crops and livestock.

The potential for irrigated and mechanized rainfed farming lies mainly in increased use of suitable packages of technology, including high-yielding varieties and improved crop management methods. There is also room for horizontal expansion.

Sustainable agricultural growth is constrained by natural and structural constraints, technology constraints, socio-institutional constraints, policy constraints, infrastructural constraints, and exogenous constraints.

In spite of these constraints, Sudan was able to produce about 6 million tons of sorghum in years of good rainfall. Sudan's annual need of sorghum for consumption is about 3 million tons. According to the Comprehensive National Strategy 1994/95-2001/2002, the area for grains will increase by 15 million feddans, i.e., 78% more than the area grown in 1992-93. This expansion will require investment in irrigation and water resources to improve on the information and implementation capacities, generation and rational use of technology, and effective coordination with the neighboring countries sharing water resources with us.

Sudan is not only viable for itself, it is also important for a viable future for the countries around it. The physical and human resources base in Sudan can provide for sustainable agricultural growth and food security for Sudan and others in the region. Several causes may be cited for its failure to do so in the past, including misguided policies, poor infrastructure, low-level technology, political instability, recurring droughts—all these elements and others have led to questioning the viability of Sudan in spite of its vast resources.

## Conclusion

Sudan has plenty of sunshine, vast productive land yet to be utilized, and plenty of water resources from the Nile system, and rainfall and groundwater not yet fully tapped.

Sudan is geopolitically well located, bridging the Arab world to Africa. Its large size and extension from north to south provide for several agro-ecological zones with a variety of climatic ecological conditions that support a variety of food and industrial crops and vast natural pastures and forests that support a large herd of livestock, including cattle, sheep, goats, and camels (Tables 8 and 9). Sudan has clear comparative advantages for the sustainable production of cereals, oil crops, sugarcane, pulses and vegetables, and fruits. Sudan can produce surplus quantities of tobacco and cotton, in addition to tropical fruits, tea, and coffee in the south.

Water resources available to Sudan from the Nile system and the groundwater resources provide a potential threefold increase in the irrigated sub-sector. There are also opportunities for increased hydropower generation.

A great potential for increasing production of food crops

TABLE 8

### Animal Population (1985-86 to 1994-95)

(Thousands)

Year	Cattle	Sheep	Goats	Camels	TLU*	Poultry
1985-86	19,630	18,690	13,799	2,713	28,503	29,373
1986-87	19,738	18,807	13,942	2,705	28,480	30,027
1987-88	19,858	19,207	14,196	2,722	28,723	30,536
1988-89	20,167	19,668	14,482	2,732	29,158	31,387
1989-90	20,583	20,168	14,875	2,742	29,720	32,262
1990-91	21,028	20,701	15,264	2,757	30,325	33,463
1991-92	21,630	23,043	18,650	2,787	31,783	35,429
1992-93	25,092	26,518	22,673	2,886	36,406	37,511
1993-94	27,571	30,977	27,267	2,886	40,265	39,715
1994-95	30,077	37,145	33,319	2,903	44,580	42,423

\* Tropical Livestock Unit (TLU) = 250 Kg = 1 cow, 6 sheep, 8 goats, 0.7 camel.

Source: Ministry of Animal Resources (MAR), Khartoum, Sudan.

TABLE 9

### Animal Production (1985-86 to 1994-95)

(Thousands of Metric Tons)

Year	Red Meat	Milk	Fish	Poultry	Eggs
1985-86	265	2,698	25.3	—	22.8
1986-87	302	2,717	29.2	20.1	23.1
1987-88	311	2,744	27.5	20.1	23.1
1988-89	328	3,179	27.8	20.5	23.5
1989-90	338	1,987	28.9	21	24.1
1990-91	422	2,402	31.7	17.3	25.1
1991-92	610	4,060	35	19	28
1992-93	860	4,353	36	25	30
1993-94	1,137	5,198	40	27	33
1994-95	1,295	5,955	45	29	35

Source: Ministry of Animal Resources (MAR), Khartoum, Sudan.

and livestock lies in the rainfed sector. Its realization will require attractive policies, generation and use of proper technology, and improved physical infrastructure.

The physical and human resources base in Sudan can provide for sustainable agricultural growth and food security for itself and for others in the region. Its failure to do so in the past derives from several causes and conditions that are manageable. These include misguided policies, poor infrastructure, low-level of technology use, recurring droughts, and political instability.

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## Prince Philip's WWF Leads Offensive Against Brazil

by Lorenzo Carrasco

In mid-January, the Brazilian branch of the World Wide Fund for Nature (WWF), an organization founded by the British Queen's Consort Prince Philip, obtained a court order and carried out a raid to suppress publications exposing its efforts to prevent industrialization of the Amazon and all of South America, claiming that the exposé—whose factual basis is impeccable—is destroying it. The publications were printed by the Ibero-American Solidarity Movement (MSIA) of Brazil, the political movement associated with Lyndon H LaRouche, Jr. in that country, whose legal response to the WWF's lies we report below.

In an article in the Feb. 9 *EIR*, entitled "Look What Happened in Brazil," U.S. Democratic Presidential pre-candidate for 2004 LaRouche explained why this, and related attacks, occurred: The British monarchy fears LaRouche because its own existence is very much in question. LaRouche there reviewed the underlying issue: That he aggressively represents the interests of the human species, thinking people, whereas Prince Philip represents that oligarchical species that sees itself, as well as everyone else, as being just a different kind of beast.

### The Battle Against Free Trade

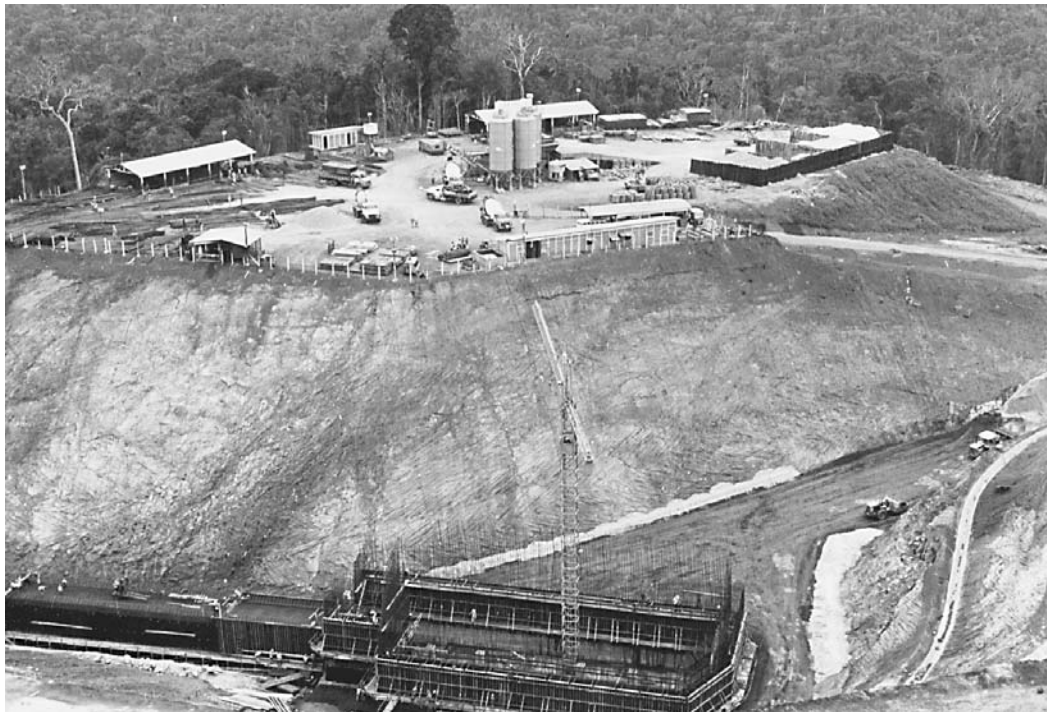
Within Brazil, the WWF's attack on the activities of the MSIA in that country, using a legal contrivance which allowed them to raid the offices of the MSIA in Rio de Janeiro in January and confiscate printed materials, is designed to further the Anglo-American oligarchy's desperate attempt to stem the resistance building within Brazilian ruling circles, which LaRouche's MSIA has helped catalyze, against the total opening-up of the Brazilian economy that would follow entry into the Free Trade Area of the Americas (FTAA). The issue of the FTAA is the central agenda item at the upcoming

Summit of the Americas, to be held in Quebec City, Canada, this April.

Resistance began to take shape following the failure of the November 1999 World Trade Organization (WTO) meeting in Seattle, when Brazilian diplomacy shed its illusion that the so-called Millennium Round of WTO negotiations would bring enormous benefits, especially for the export potential of Brazilian agricultural products. This cold bath of reality was the driving force that led Brazil to convoke a summit of South American heads of state last August, with the clear intention of forming a South American economic bloc as a counterpole to the FTAA (see "Fujimori Urges S. American Summit: Take Path of Unity," and pp. 60-62, *EIR*, Sept. 15, 2000). This project, dubbed by then-Peruvian President Alberto Fujimori as the United States of South America, proved a shock to the Anglo-American establishment, which had underestimated the potential reaction against its efforts to turn the continent into a vast looting ground, by means of which they hoped to give new life to their dying world financial system.

This same resistance now extends to business layers, as can be seen in the unusual reaction of the entire country to the attempts of the Canadian government to knock down Brazil's agricultural export capacity, by imposing a ban on the import of Brazilian beef, on the basis of malicious and totally unfounded suspicions that Brazilian cattle are infected with bovine spongiform encephalitis, more commonly known as "Mad Cow disease," which contagion is currently affecting European cattle herds. As Brazilian Agriculture Minister Pratini de Moraes stated, after this act of aggression by Canada, "from the standpoint of agriculture, the FTAA is finished." President Fernando Henrique Cardoso himself threatened to boycott the April 20-22 Summit of the Americas in





*The Grande Carajás Project: The Carajás iron mine, which is in the middle of the Amazon rain forest, in hills 2,000 feet above sea level, has an estimated 18 billion tons of iron ore, with an average purity more than twice that of most U.S. iron mines. Initial plans called for an agro-industrial city of 20,000 people, but the dictates of the international banking groups turned the project into one of raw materials export only. The WWF is deployed to stop such projects forever.*

Quebec City, if the incident is not satisfactorily resolved.

Brazil's importance for the Anglo-American scheme is acknowledged in a memorandum issued by a New York Council on Foreign Relations (CFR) task force on Brazil, sent to President George W. Bush on Feb. 13, in which it is recognized that Brazil is "the fulcrum of any successful U.S. policy initiatives in South America." The memorandum thus reflects the clear intent of coopting Brazil to the Anglo-American design, in what is, in effect, a return to the Kissinger diplomacy of forging a "special relationship" with Brazil: That is, by praising Brazil, to coopt it. The document urges President Bush to act: "This moment may not last long, and it should not be allowed to slip away because of lack of attention on the part of the U.S. government. Brazil is too important in everything that is going to happen in South America, for a policy of benign neglect." (A fuller analysis of the CFR document will appear in an upcoming issue of *EIR*.)

It is in this context that the WWF launched its attack on the MSIA. The MSIA's exposés of that British Crown-led genocidal hit-squad, put at risk the extensive operations under way to castrate, once and for all, the possibility of fully developing the capacities of Brazil, and of South America as a whole, especially with regard to Brazil's considerable scientific and technological potential. Equally important to the WWF, is the determination to neutralize the development of what could become the world's richest breadbasket in the great region known as the Cerrado, in the heart of South America.

It is not just the MSIA's past exposés which have the

WWF worried, but rather the MSIA's potential to mobilize an enormous and growing contingent of Brazilian patriots who understand the real motives of the WWF and the network of non-governmental organizations (NGOs) that attend it, and who could unmask the structure of a virtual parallel government which is slowly but systematically infiltrating, and which intends to supplant altogether, the institutions of government.

In tandem with this process, the NGOs have waged a type of guerrilla war against various infrastructure projects, using the judicial system. The ambiguity of new legislation and procedures for environmental licensing, copied from the equally ambiguous U.S. legislation, has made this possible.

### **NGOs Infiltrate the Government**

There is a clear intent to insert the ideology and even the leaders of the main NGOs into the structure of the Brazilian government. This drive began at the beginning of President Cardoso's first term in January 1999, with the naming of several key NGO executives to government posts. Thus, at the same time that a Defense Ministry was created, which reduced the political role of the military leadership of the country, Justice Minister José Carlos Diaz named Elizabeth Susekind, of the *Rios Vivos* NGO, as the executive secretary of his ministry, with the assignment to restructure the country's public security policies.

Likewise, Federico Mares, of the NGO Socio-Environment Institute, was appointed to the National Indian Foundation, for the purpose of introducing the principle of limited

sovereignty, under the slogan of a new indigenist policy. Similarly, Mary Alegreti, creator of the Chico Mendes mythos (Chico Mendes was a leader of the rubber workers, whose assassination in 1988 triggered an international campaign against Brazil) and propagandist for several environmentalist NGOs, assumed the post of Secretary of the Legal Amazon, in the Environmental Ministry.

Within this same thrust, the new president of the government's Brazilian Environment Institute (Ibama), Hamilton Casara, under the label of "integrated management," announced that Ibama would establish a program of cooperation with the WWF, "so that Brazil can meet the international goal of 10% of national territory as protected areas." President Cardoso personally promised WWF-International President-emeritus Prince Philip, that he would achieve this goal, during his state visit to England in December 1997.

Casara emphasized that in the agreements with the WWF, special attention was given to the areas of the Cerrado and Mata Atlantica, "because they are [areas of] biomass considered internationally to be 'hotspots.'" According to Ibama, this implies the mapping into biomass and eco-regions, "of 200 million hectares of savannah, which occupy one-fourth of national territory and embrace the richest biodiversity in the world." This "union of effort, and the integration of programs and projects developed separately by federal, state, and municipal governments, by companies and NGOs, is exactly what the International Convention on Bio-Diversity recommends."

The nature of these agreements with Ibama is best seen in two studies that the WWF released in early February, in which the intention of sterilizing any development efforts in the region of the Cerrado, is clearly enunciated. In the first of these, entitled "Agricultural Expansion and Lost Biodiversity of the Cerrado," the "WWF associates the [environmental] devastation with the increase in agricultural and fishing activities in the area," *O Estado de São Paulo* reported on Feb. 9. According to the WWF study, "The Brazilian Cerrado has already lost 80% of the 226 million hectares of its original covering of vegetation, which could compromise one of the most important freshwater reserves on the planet."

The study does not hide its concern that development of the Cerrado would allow the Brazilian nation to exercise sovereign dominion over the Amazon region, by bringing human population to the region. "Another concern of the WWF regarding the region is related to the construction of the export corridors outlined in the federal government's Advance Brazil program, as a means of cheapening the cost of grain transport."

One of the most crucial of such projects, is the development of the Paraguay-Paraná waterway, which would provide a huge leap toward achieving the interconnection of the La Plata and Amazon river basins, opening up the possibility of developing the very "heart" of South America and placing

the enormous natural resources, which the Anglo-American oligarchy covets so, at the disposal of the people of the continent. For precisely this reason, the oligarchy is determined to prevent this enormous waterway integration effort at all cost, under the same logic by which British geopolitics used two world wars to prevent Eurasian integration.

This same objective can be seen in another WWF study, "Portrait of the Navigation of the Upper Paraguay River." According to *Diario de Cuiaba* of Feb. 8, this study attempts to demonstrate that the barges used to transport agricultural products from the Cerrado are causing irreparable damage to the natural environment along the banks of the Paraguay River. "If the same course is maintained, a future waterway would cause irreparable damage to the ecosystem of the swamp." The WWF charges that "the navigation companies which operate on the Paraguay River have been using much larger barge fleets than recommended."

According to *Diario de Cuiaba*, "in ten years, this is the third time that the NGO has financed a study focussed on the Paraguay-Paraná waterway and its effects. . . . The first was 'The Paraguay-Paraná Waterway: Who Pays The Bill?' in 1994, which sought to prove, apart from the socio-environmental ramifications of the project, that it was economically unviable. Especially for Brazil. In 1999, in response to the release of official studies on the environmental impact of the waterway, the WWF-Brazil published 'Reality or Fiction: A Review of the Official Studies,' which once again questioned the project."

## Why the Cerrado

Clearly, one of the main concerns of the Anglo-American oligarchy is to block the physical integration of the Ibero-American continent, because this would awaken a sleeping giant with an extraordinary economic potential for development, especially with regard to the potential production of food, which could easily destabilize the Anglo-American cartel's control of food surpluses. In a speech to the recent Davos Forum in Switzerland, Agriculture Minister Pratini de Moraes identified the tremendous potential of Brazil, alone:

"With an area of 8.5 million square kilometers, Brazil finds itself in the position of being the fifth-largest country in the world. In terms of population, recent census results showed that we are the sixth-largest population in the world, with 170 million inhabitants. In a territory of 850 million hectares, of which 350 make up the Amazon jungle, total cultivated area—both permanent and temporary—is only 50 million hectares, while 220 million hectares are used for grazing animals.

"To illustrate the potential of Brazilian agriculture, I would like to emphasize the fact that Brazil still has 90 million hectares of land available for the production of grains, in the vast central area and in the prairies of the north, which could be developed without damaging the envi-

ronment. To give you an idea of what this could represent in terms of the supply of agricultural products on the world market, this still unexplored area is almost the equivalent of the total area currently planted with corn, soy, and wheat in the United States.”

It is clear, that the full development of this region, should be taken up as one of Brazil’s principal missions, so that, together with the nations of South America, it can become a future granary for the world. A mission, for which the development of great infrastructure projects is fundamental. These will not only make possible future economic development and increase the economy’s general productivity, but will also serve as the motor force for a great employment plan, capable of alleviating the enormous social problems which the country faces. To fail to do so, is to play with the danger of an internal conflagration.

## Who’s Who in WWF-Brazil

by Lorenzo Carrasco

In looking at World Wide Fund for Nature (WWF)-Brazil, we discover the power grouping which has domestically sustained, in large measure, the neo-liberal governments which have ruled Brazil since the infamous election of President Fernando Collor de Mello in 1990. Collor de Mello initiated the use of environmental legislation as a Trojan horse against economic development, a mechanism continued under the government of current President Fernando Henrique Cardoso.

The WWF-Brazil board of directors is presided over by José Roberto Marinho, vice-president of the O Globo Organizations, Brazil’s largest telecommunications monopoly, which operates a vast array of television, radio, newspapers, and magazines. Marinho, director general of the Roberto Marinho Foundation, also serves on the board of directors of numerous non-governmental organizations (NGOs): Conservation International, The Natural Conservancy, the Rockefeller Foundation, and Rockefeller’s Council of the Americas. In short, he is in charge of international relations for the Marinho group.

Another member of the executive board is Pedro Sirotsky, whose RBS group holds a similar media monopoly in the south of Brazil.

The vice-president of WWF-Brazil, Mario Frering, is the heir of the CAEMI mineral group of the late Augusto Azevedo Antunes, who was the front-man for the late Nelson Rockefeller’s business interests in Brazil. His brother, Guilherme Frering,



*Chairman of the Board of WWF-Brazil José Roberto Marinho.*

ing, is also a member of the Council of the Americas. The CAEMI group took over the Jarí project, set up by the late Daniel K. Ludwig, when it went bankrupt; Ludwig, too, was a member of the WWF’s board, and also its international fundraising arm, the 1001 Club.

Other prominent members of the WWF’s leadership in Brazil include: the banker Joseph Safra, owner of Banco Safra, and brother of Edmond Safra, assassinated last year in Monaco, who had also been a member of the WWF’s elite 1001 Club; and Roberto Paulo César de Andrade, president of the Canadian Brascan group, which represents the Bronfman family’s interests in Brazil. Brascan is the successor company to the Light company, which was one of Anglo-American intelligence’s most influential instruments in the country’s affairs in the first half of the 20th Century.

Another member of the WWF-Brazil’s leadership, Francisco Antunes Maciel Müssnich, a partner in the law firm of Barbosa, Müssnich, Aragão, which brought the lawsuit against the MSIA, is a director of the Roberto Marinho Foundation.

As the board of directors makes clear, WWF-Brazil is made up of the principal “juniors” of the power structure consolidated in Brazil after World War II under the guiding hand of Nelson Rockefeller, who structured Anglo-American intelligence networks in the Western Hemisphere at that time.

Now, this group is determined to recast the country’s institutions, on behalf of a world government structure, under which they would perpetuate themselves as an oligarchy retaining power over Brazil. This requires the creation of a new generation of politicians, with a New Age profile, who would function under conditions of an occupied nation. Here, for example, lies the relevance of the fact that the heirs of Roberto

Marinho broke old agreements with the once all-powerful Sen. Antonio Carlos Magalhaes, abandoning him to his fate in the midst of corruption scandals.

The reason for this, is that the tendency of the old political structure, for all that it keeps its agreements with the dominant international system, will tend to resist the ongoing metamorphosis, announced by President Cardoso, of non-governmental organizations into neo-government organizations, as the WWF in Brazil is seeking to do today.

## A Two-Century Battle To Open the Interior

by Lorenzo Carrasco and Nilder Costa

From the last century onward, British imperialists have based their policies for Ibero-America on preventing the nations there from following the American example of industrializing the interior. To this end, the British pursued policies of controlling the mouths of all the continent's great rivers, encouraging the balkanization of Ibero-America, and maintaining Brazil as a giant slave plantation (Brazil was one of the last countries in the world to ban slavery, doing so only at the very end of the 19th Century).

In the mid-19th Century, London organized a scorched-earth war against the then-highly developed nation of Paraguay, led by the so-called Triple Alliance (Argentina-Brazil-Uruguay), which was controlled by the British Foreign Office. That war achieved the desired effect of suffocating, down to the present time, the development of what is potentially the economically richest region of the entire continent: the area defined by the Paraná and Paraguay River basins (**Figure 1**), which includes rich agricultural regions in Argentina, Uruguay, Brazil, and Paraguay, and which, properly conceived, could bring about the agro-industrial development of the entire region, including Bolivia and the interior of all South America.

The result of the sabotage by the British and their collaborators in South America is today visible everywhere: Six different rail gauges are used for the continent's railways, making their link-up next to impossible; transcontinental transportation systems are lacking; electrical energy is generated at different cycles per second in neighboring countries; and regional and border disputes are deliberately fostered, which have kept the countries of Ibero-America at each others' throats. During the 20th Century, the British have kept up the same geopolitical games that served them so well in the 19th Century, using now the cover of environmentalism, indigenism, and the fomenting of Jacobin revolts.

### The 'Great Waterway'

For example: The Paraná River and its tributaries represent the principal natural line of penetration into the South American interior, starting from the Río de la Plata estuary. The Paraná River system includes the region called the Cerrado (near No. 7 on Figure 1), a strategic, virtually unexplored region of 2 million square kilometers of prairie lands, in which a number of the major river systems of the continent (the Amazon, Paraguay, San Francisco, and Paranaíba) originate. The Cerrado region, with its 150 million fertile hectares to be exploited and with no shortage of water, could be one of the world's most important breadbaskets in the 21st Century.

There is a long-standing proposal to open up this area to development by establishing an integrated waterway on the Paraná and Paraguay Rivers. In fact, the Paraná-Paraguay waterway is merely one component of a century-old project, even more ambitious, known as the "Great Waterway," first envisioned by the German scientist Alexander von Humboldt, following his 1800-04 trip to South America. The latter would join the basins of the Orinoco, Amazon, and La Plata rivers, and would integrate all the countries of South America (with the exception of Chile) in a river network 9,818 kilometers long. This project would facilitate the development of the vast interior of the continent.

The strategic significance of the economic development and population this would bring to the interior of the continent, is comparable to that of the Rhine-Danube waterway in Europe envisioned by Charlemagne, but only recently completed.

There are two critical bottlenecks in this proposed Great Waterway: the linkage of the Orinoco with the Amazon system; and the linkage of the Amazon with the de la Plata system. Thus, it is not surprising to find, that one of the principal campaigns of the World Wide Fund for Nature in South America since 1994, has been to demand the creation of a 300,000 hectare "ecological park," the so-called Pantanal Nature Park, precisely at the latter of those two bottlenecks: the headwaters of the Paraguay River in Mato Grosso do Sul, Brazil, where water management and river improvements are required, to link the two systems.

## MSIA Counterattacks In the Courts

On Jan. 29, the Ibero-American Solidarity Movement (MSIA) in Brazil filed an appeal before the Rio de Janeiro state appeals court, requesting that an injunction issued against the MSIA on Jan. 17 at the instigation of the World Wide Fund for Nature's Brazilian association, WWF-Brazil,

FIGURE 10  
**South America: Great Water Projects**



be overturned, that the MSIA's full freedom of thought and speech restored, and that MSIA publications seized by the court be returned.

The injunction prohibits the MSIA from attacking the "good name and honor" of the WWF, until such time as a slander suit against the MSIA—which the WWF has yet to file!—could be tried in court. The WWF-Brazil argues, that should the MSIA be permitted to continue its exposés of the genocidal WWF until the suit is heard, the continued existence of the WWF-Brazil itself could be called into question.

The MSIA appeal brief, drafted by the law firm of the highly respected former president of the Brazilian Lawyers Association (OAB), Dr. Hermann Assis Baeta, charges that the WWF-Brazil secured the injunction by "disguising and willfully concealing the truthfulness of the facts," in a blatant attempt to restrict freedom of speech, and impose censorship upon an opposing political organization.

It was only at 5 p.m. on a Friday, Jan. 19—when two Rio de Janeiro state court officials showed up at the MSIA's offices, armed with a court order to search the premises (breaking down the door if necessary) and seize any copies of MSIA pamphlets exposing the WWF—that the MSIA learned that the WWF-Brazil had even sought an injunction. The MSIA discovered that the WWF-Brazil had first sought a court order against it in October 2000, which request had been roundly rejected by Judge Paulo Mauricio Pereira of the 24th Civil Court of Rio de Janeiro, in November. Only when an appeals court judge, Edson Scisinio of the 14th Civil Court, issued the order to censor the MSIA on Jan. 17, 2001, did the WWF-Brazil get their way.

The MSIA's legal brief, excerpted here, comes back with guns blazing against the WWF. It documents that every one of the statements made by the MSIA which the WWF charged were "untruthful, slanderous, and even insane," are irrefutably true.

By granting the injunction, the brief argues, the court, in effect, decided in advance the outcome of any future slander suit, before even hearing the MSIA. In so doing, the court violated "the Constitutional principles of the right of reply, a full defense, and freedom of thought and expression (Art. 5, Clauses LV-IV, IX and Art. 220 of the Federal Constitution), and, even worse, imposes a censorship prohibited by the Federal Constitution, in its Art. 220, 2nd. Clause: 'Any and all censorship of a political, ideological, and artistic nature is prohibited.'"

In the following brief, WWF-Brazil is the Appellant (because it lost its first attempt to silence the MSIA), and the MSIA, plus the three named individuals, are referred to as Defendants. Excerpts follow:

## II. The Appellant's Baseless Allegations

... Before analyzing each of the Appellant's baseless allegations, it should be underscored that the central discussion,

as [Judge Pereira who first rejected the WWF petition] well noted, "summarize an entire discussion involving what nationalists call the 'imperialist policy of the great world powers' and 'the policy of internationalizing the Amazon,' " adding, even, in his decision . . . that these matters "for a long time have been discussed in the press, including by members of the Brazilian government and military, the latter because of the duty they have to safeguard our borders and sovereignty."

Hence, it is evident that we are dealing, essentially, with opinions and criticisms inherent to citizenship, based upon analyses of facts and information in the public domain.

From this standpoint, we take up the analysis of each one of the baseless allegations of the Appellant:

**Allegation A:** "The MSIA, seeking support and recognition from Brazilian civil society, proceeded in a totally irresponsible manner to spread false, slanderous, and even insane information regarding the Plaintiff."

The information which the MSIA indeed circulated, is in the public domain and has been cited by diverse scholars from around the world. Some sections of the work done by Canadian journalist Elaine Dewar, in the book, *Cloak of Green* (Toronto: James Lorimer, 1995), stand out as exemplary:

"In sum, WWF Canada was not anything like the image I had carried in my mind for years. It is neither a democratic nor a representative organization and it never has been. It has a restricted and partially secret group of funders and members. Its annual report is not carefully reflective of where its donations come from or how its money is spent. It responds to the themes set by its international parent, which is not transparent or democratic either. The parent organization, World Wide Fund for Nature, is directed by members of aristocratic families, CEOs of major oil, gas, transport, pharmaceutical, investment, tobacco, and banking interests with strong political connections. The parent takes money from people with a need to buy political influence. The parent has hired people who have worked for intelligence agencies. The objectives of the organization can be interpreted as real concern for the dangers facing human life or as attempts by managers and owners of multinational corporations, with considerable influence on Western governments, to preserve areas likely to produce the riches of the future." . . .

In light of these and other statements in the public domain, to characterize highly plausible interpretations of widely known and publicized facts as untrue, slanderous, or insane, constitutes, therefore, vacuity and inconsistency of allegation.

**Allegation B:** "Later, Mr. Nilder Costa, the third Defendant, gave a speech in the city of Campo Grande on Feb. 25, 2000. In said speech, the Defendant repeatedly attacked the Plaintiff and the WWF, offering entirely false information, such as, for example, that members of the movement, including the president of the WWF, had been members of the Nazi Party."

As for the allegation that it is slanderous to say that the president of the WWF was a member of the Nazi Party, it should be emphasized that it is a public fact that Prince Bernhard of Holland, who was the first international president of the WWF, and who played a key role in the expansion of the group through the creation of the 1001 Nature Trust Fund, better known as the 1001 Club, was recruited by the Nazis to work for I.G. Farben in 1934, when he studied in Berlin, having also joined the party, a past which caused him innumerable problems when he married Queen Juliana.

These facts are even mentioned in the biography of Queen Juliana, of the Netherlands, wife of Prince Bernhard, written by William Hoffman, *Queen Juliana: The Story of the Richest Woman in the World* . . . (Doc. 7).

Similarly, the Dutch newspaper *De Krant*, published in Canada on Dec. 23, 1995, an article confirming the Nazi past of Prince Bernhard. The aforesaid newspaper said that the Prince “became a member (of the Nazi Party) in 1933, and only resigned from the party one day before he became engaged to then-Princess Juliana, in 1936” (Doc. 8).

It is confirmed that this matter was also revealed by an Australian magazine, *Citizens Electoral Council of Australia*, December 1997, where on page 9, a receipt for Prince Bernhard’s monthly dues to the Nazi Party, under the membership number 2583009, is reproduced (Doc. 09) . . .

**Allegation G:** “At no time did the WWF pressure the Brazilian Government for the establishment of Indian reserves, making baseless any assertion that a meeting for that purpose took place between the President of the Republic and any representative of this organization.”

What the editorial of the [MSIA] pamphlet, *Roraima at the Center of the Internationalization of the Amazon* (November 1999) [one of pamphlets ordered seized by the court], said, is: “This new phase of environmentalist-indigenist escalation against Brazil is the direct result of the agreements reached by President Fernando Henrique Cardoso during his state visit to London in December 1997, during which he promised Prince Philip—the ‘chief executive’ of the environmentalist-indigenist campaign—to dedicate himself to achieving the goal of setting aside 10% of Brazilian territory as areas of environmental protection.”

Nor is there anything untruthful in that information. This news was even published by the daily *Folha de São Paulo*, on Dec. 5, 1997, page 6. There it was reported that during a visit of President Fernando Henrique Cardoso to London, Ambassador Rubens Barbosa delivered a letter from the Brazilian President to Prince Philip (president-emeritus of the WWF International), in which he committed himself to the goal of preserving 10% of the Brazilian forests.

The abovementioned meeting of President Fernando Henrique Cardoso with Prince Philip, was also reported by *Jornal do Brasil* on Dec. 5, 1997 (Doc. 15).

**Allegation H:** “Any assertion that the Plaintiff intended to transform areas into ‘sacred places’ without man’s pres-

ence, or that it would promote a supposed contempt for the human being, are entirely baseless and defamatory. On the contrary, the Plaintiff has always carried out sustainable development projects jointly with communities.”

Since the aforesaid allegation does not provide specific references, it is possible that it is referring to the opening paragraphs of the chapter, “WWF, the Green Face of World Fascism,” in the pamphlet, *The Green Mafia, ex verbis*:

“Whoever sees the propaganda that the WWF puts on television and in Brazil’s leading magazines, would have a hard time imagining that, behind the supposedly altruistic proposal to ‘protect nature,’ or behind the sympathetic figure of the panda bear, hides one of the British oligarchy’s most sophisticated and insidious instruments for inducing a ‘cultural paradigm-shift’ in people’s minds, whose principal objective is to substitute the anthropocentric concept synthesized in the *Book of Genesis* 1:27-30, for another in which beasts and vegetables are equal to Man.

“Under this dogma, Mother Earth is deified, and all her parts, even those which are inanimate, are elevated to the category of ‘sacred,’ and her evolutionary processes should follow their ‘natural’ course, in which the ‘artificial’ intervention of man should be stopped. Therefore, the Earth has a limited ‘carrying capacity,’ which is rapidly being reached by the uncontrollable increase in human population, principally in the prolific underdeveloped countries, with their growing need for vital space and natural resources.

“This contempt for the human being is at the very root of environmentalism, the direct descendant of the eugenics movement of the first half of the [20th] Century, whose tenets of ‘racial improvement’ were weakened by the atrocities committed by the Nazis, leading the families of the British oligarchy which backed the eugenics movement to transform themselves into ardent defenders of demographic control—Malthusianism—and of ‘protection of the environment.’ ”

It should be emphasized that these criticisms are based on the statements of Prince Philip himself, the president-emeritus of the WWF. In this light, examine the following quote, cited in the book, *Trashing the Economy: How Runaway Environmentalism is Wrecking America*, by Ron Arnold and Alan Gottlieb. . . :

“. . .The Malthusian leaning of the WWF has been made clear on numerous occasions, among the most memorable of which was the following quotation by international WWF president Prince Philip . . . in *People* magazine: ‘Human population growth is probably the single most serious long-term threat to survival. We’re in for a major disaster if it isn’t curbed. . . . I was in Sri Lanka recently, where a United Nations project set out in the late 1940s to eradicate malaria. It’s an island, and it was therefore possible to destroy the mosquito carrying the disease. What people didn’t realize was that malaria was actually controlling the growth of the population. The consequence was, that within about 20 years, the population doubled.’ ”

Corroborating the above-cited statements, note, also, that the magazine, *Executive Intelligence Review (EIR)*, published in November 1994 (Doc. 17), carried an interview where Prince Philip said that if he could choose how he could be reincarnated, he would come back as a “virus against humanity;” the which, obviously, provides the basis for any charge of total contempt for the human race. . . .

### III. The Truth of the Statements In Fact Issued

Note that, in light of the evidence presented in the previous section, it becomes clear that a) there are distortions made by the Appellant as to information attributed to the Defendants; and b) the information which was in fact put out by the Defendants is duly based on evidence taken from various sources in the public domain, and, even, that it is “true that they are not the only ones issuing such opinions,” as [the first judge] rightly pointed out in his decision. . . .

### V. The Teachings of Rui Barbosa

In the frontispiece of the appeal, the Appellant transcribed a phrase from Rui Barbosa, the eminent patron of Brazilian lawyers. . . .

It is a pity that the [WWF] did not pay attention to the other teachings of Maestro Rui Barbosa, contained in his famous “Speech to the Youth” . . . given as the valedictorian for the Class of 1920 of the old Law Faculty of São Paulo. If the [WWF] had read the entirety of the speech in question, it is probable that they would not have brought the present Appeal, nor brought to court the action which they are testing, because the teachings which follow, as an illustration, are as if Rui already raised the alarm about what could happen in the future to a country such as ours:

“Let us not seek the path of a return to a colonial situation. Let us protect ourselves from international protectorates. Let us be on the watch for economic invasions. Let us be on guard for absorbing powers and expansionist races. Let us not so much fear the already wasted great empires, as much as those anxious to make themselves one, at the expense of defenseless and poorly governed peoples. . . .

“Brazil is the most coveted of prizes; and offered, as it is, unprotected, ingenuous, defenseless, it has more than enough to satiate the ambitions of countries two or three times more formidable than we.

“But what is important, is that it begins to govern itself, because none of the arbiters of peace and of war take into account a nationalism made dormant and weakened by the perpetual oversight of governments that it did not choose. A people which is dependent within its own territory, and within it subject to masters, cannot seriously hope to maintain its independence abroad. . . .

“O, *senhores!* Virile youth! Brazilian intelligence! Noble exploited Nation! Brazil of Yesterday and Tomorrow! Give us that which today we lack!”

## LaRouche, British Crown Battle in Brazil over S. American Development

Lyndon H. LaRouche, Jr.’s *EIR* and Ibero-American Solidarity Movement (MSIA) are today recognized by an increasing number of nationalists throughout Brazil as the authoritative source of reference for the “who, what, and why” of the war they see being waged against Brazil, to keep this largest of South America’s countries from becoming the highly developed industrial, technological, and agricultural giant it clearly could become—and even to strip it of the greatest portion of its territory, the Amazon.

In large part because of the LaRouche movement’s work, the British royal family has come to personify the face of the enemy for a broad spectrum of Brazilian nationalists from all walks of life: military officers and soldiers, scientists, teachers, labor leaders, farmers, businessmen, journalists, leaders of Indian communities. Most enraging to the British Crown, a number of Brazilian nationalists have had the audacity to publicly single out the British Crown, as the effective head of the war to destroy their nation.

The following chronology of a few of the direct run-ins between LaRouche’s forces and the Crown’s in Brazil in recent years, demonstrates the battlelines as they have been drawn locally in Brazil, and reveals some of what drove the WWF-Brazil to seek court “protection,” to defend its very existence.

**May 1997:** *EIR* published a special issue of its Portuguese-language weekly *Scientific and Environmental Alert*, dedicated to *The Great Waterway*. The issue documented the role of the WWF, and other non-governmental organizations (NGOs), both in sabotaging development worldwide, and in financing the anti-waterway campaign in Brazil. The report circulated widely among business and other pro-development circles in Brazil.

**Sept. 7, 1997:** *A Gazeta*, the daily newspaper of the capital of the state of Mato Grosso, Cuiaba, published a five-page article on the waterway, quoting extensively from *EIR*’s *The Great Waterway* report. The impact of the report was such, that the Governor of Mato Grosso, Dante de Oliveira, publicly attacked “the environmentalists and NGOs which receive anti-waterway funds from the U.S. to fight this project,” and named the WWF as one of the “foreign entities interfering” in Brazil’s internal affairs. Another indication of its impact came a week later, when *A Gazeta* published an ID-format slander of LaRouche on Sept. 15, penned by one of the opera-



tives of the NGOs in the coalition against the Great Waterway. (The author was particularly incensed over LaRouche's proposals for building large infrastructure projects around the globe and for colonizing the Moon and Mars.)

**Oct. 11, 1997:** In a speech before the Commercial Association of Corumba, Mato Grosso do Sul, reported also in *A Gazeta*, Adm. Moura Neto, then Commander of the Sixth Naval District, warned that "international interests cannot obstruct the development of a region which was, in the past, a great fluvial center." He named the WWF and *Rios Vivos*, a coalition of NGOs opposed to the Waterway project set up at the instigation of the WWF, as two of the most "radical" NGOs which are "being sponsored by international organizations for the purpose of stopping the waterway."

**April 29 and 30, 1998:** Under the headlines "Foreign Plan To Dismantle the Country" and "London Sponsors Subversion in Brazil," the national newspaper *Jornal do Comercio* reported that Brazilian military intelligence had sent President Fernando Henrique Cardoso a "secret dossier" which warned that London, in collaboration with the International Monetary Fund (IMF), is deploying the Jacobins of Brazil's Landless Movement (MST) in a project to set up an independent republic in the southeastern region known as the Pontal de Paranapanema, break up Brazil, and thus "reestablish its colonial control over the Ibero-American subcontinent." The source for the dossier, author Genilson Gonzaga reported, was *EIR* and a MSIA pamphlet on the MST.

The military intelligence document warned that "a vast network of NGOs headed by the WWF, of Prince Philip, Consort of Queen Elizabeth II of England," is being mobilized against Brazil, and that the MST functions as a Jacobin irregular army on behalf of London, which aims to "Africanize" Brazil, stop any great infrastructure projects, and destroy the scientific and technological capabilities "without which the subcontinent cannot save itself from economic disintegration which the IMF is imposing," Gonzaga wrote.

**May 1998:** MSIA published *The 'Green Mafia' Assaults the Waterways*, one of the pamphlets cited as evidence of "slander" by the WWF, and seized in the court raid.

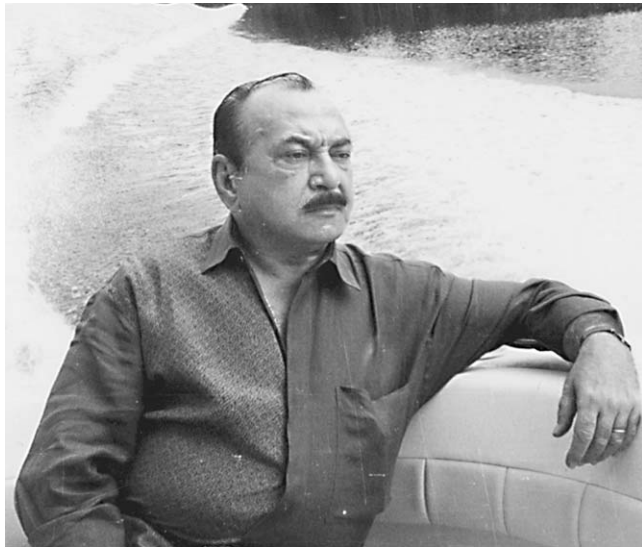
**Oct. 13, 1999:** Gen. Luiz Gonzaga Schroeder Lessa, then-head of the Amazon Military Command, delivered a three-hour speech at Rio de Janeiro's "Clube Militar," one of Brazil's most influential military institutions, laying out systematically the foreign threat to Brazil's Amazon. The speech was attended by more than 200 people, including commanders of other military regions, retired military officers of the highest rank, and the press. The Amazon has long been coveted by "foreign greed," General Lessa argued, and today these foreign efforts employ indigenism and environmentalism to achieve their goal, with foreign NGOs demanding the creation of nature parks and Indian reserves. Lessa presented a map of the Amazon region, with three overlays: the areas targeted to be locked up as "ecological corridors" linking up the Amazon's numerous nature parks; the Indian reserves

(existing and planned); and deposits of key minerals. The overlap of these three areas is no coincidence, he suggested, but follows a carefully thought-out logic.

**Oct. 15, 1999:** *EIR* came head-to-head with the British Crown over another major development battlefield: the strategically located northern state of Roraima, bordering on Venezuela and Guyana, where more than 40% of the state's territory has already been declared off-limits to modern economic activity, as a "nature" or "Indian" reserve. *EIR* correspondent Lorenzo Carrasco testified at the final session of the State Assembly's Parliamentary Commission of Inquiry (CPI) on Land, set up to investigate the efforts of an NGO, the "Amazon Alliance," to create yet another "nature reserve" in the state, as well as the drive to create another giant Indian reserve, the Rapose Serra do Sol. As covered extensively in the state capital's daily *Folha de Boa Vista*, Carrasco provided the CPI with a dossier, identifying how the Amazon Alliance campaign for the new park was but a part of a broader, historically British project to split off a northern piece of Brazil, join it with a southern part of Venezuela, and all of Guyana, Surinam, and French Guiana, to form the so-called "Guyana Island," and that the WWF, its sister organization, the International Union for the Conservation of Nature (IUCN), and the World Bank were funding the project. In one of several articles published on this fight, *Folha de Boa Vista* reported that the head of the Amazon Alliance so feared that the state of Roraima would shut down his NGO, that he had called in two high-ranking emissaries of the British government, Secretary of the Foreign Office Paul Taylor, and British Embassy secretary John Pearson, to pressure the State Assembly and government.

**Nov. 5, 1999:** Sen. Gilberto Mestrinho, from the state of Amazonas, raised the possibility of convoking a Parliamentary Commission of Inquiry, empowered to subpoena witnesses, documents, etc., to investigate the NGOs operating in Brazil, given the role of foreign NGOs in locking up Brazil's territory in "nature" and "Indian" reserves.

**Nov. 8, 1999:** As Senate debate continued on the role of the NGOs in blocking Brazil's development, Sen. Bernardo Cabral, also from the state of Amazonas, called the Senate's attention to General Lessa's Oct. 13 Clube Militar presentation. Senator Mestrinho went directly after Prince Philip and the WWF, and he was seconded by Senator Cabral. Mestrinho stated on the floor of the Senate: "I know and follow this plot against the nation, which has its official headquarters in Grandson, Switzerland, but the intellectual author is in London. Initially, Prince Philip, the Duke of Edinburgh, Prince Consort, ally of the former Nazi, Prince Bernhard of Holland, who, after the scandal of the airplanes [the Lockheed bribery scandal] left the group— . . . and today serves in the 1001 Club. This plot against the Amazon has existed for a long time, from the time in which the Guyana Shield was disputed. . . . That Guyana Shield—which includes French Guiana, Surinam, and the old British Guyana, today the Re-



Sen. Gilberto Mestrinho, who represents Brazil's state of Amazonas, has asked, "Why should Brazilians go hungry to please the Queen of England?"

public of Guyana, part of Venezuela, which is the region contested between Venezuela and Colombia, today the State of Roraima—awakens the appetite of that conglomerate of bankers and controllers of oil and the timber market which has dominated the world for so long (above all, when it comes to the mining companies), and makes this constant assault over the Amazon through the publication of false news stories. . . ."

**Nov. 10, 1999:** Senator Mestrinho delivered an impassioned address before an Extraordinary Session of the Senate National Defense and Foreign Relations Committee, on the subject of "The Amazon, Threatened Patrimony," chaired by former President, Sen. José Sarney. Mestrinho charged that the Brazilian government has adopted an environmental policy which is designed "to expel man from the Amazon, creating conditions under which life becomes impossible in the region," in order to please foreign interests, who know that the Amazon contains the largest mineral deposits on Earth, with an estimated \$6 trillion worth of metals (iron, copper, titanium, and precious metals such as gold, platinum, niobium, uranium). NGOs, using "the same principle of brainwashing as the theoreticians of the Tavistock Institute of London," systematically invent lies, "to stop, at any price and any cost, the development of the Amazon," to "empty" the area, so it would be easier to control, he charged. As a result, economic activity has been prohibited:

"From what are men going to live? How are they going to feed their children? In exchange for what? To please the Queen of England? To please the Duke of Edinburgh? Unfortunately, this is reality in the region. . . . It is man which is endangered in the Amazon, with this government's policy and this international pressure," said Mestrinho.

**November 1999:** The MSIA published another of the pamphlets now confiscated by court order on behalf of the WWF: *Roraima: At the Center of the Internationalization of the Amazon*.

**Feb. 23-25, 2000:** Nilder Costa, editor of *Scientific and Environmental Alert* and one of the MSIA leaders named in the WWF suit, was invited by Mato Grosso do Sul's Agricultural Federation to speak at forums in two cities on "The Pantanal and International Environmentalism." His first presentation was in Corumba, the headquarters of WWF's project to create a nature preserve over the Pantanal, the world's largest swamp. The head of the WWF Pantanal project attended, and quietly took notes throughout the two and a half hours of discussion between Costa and the 90 people present, from among the elite of the city, on how and why environmentalism was created historically for geopolitical reasons, the network of "blue-blood NGOs" which run it, how and why the British Crown's networks are "defending" a giant swamp, and why these activities by the NGOs constitute a national security threat.

When Costa delivered a similar speech two days later to 120 people in the capital of Campo Grande state, the WWF's Director of Public Policy, Dr. Manuel Cesario, flew down from Brasilia to film the event; that video was submitted by the WWF as "evidence" for why the MSIA must be silenced. Cesario attempted to debate Costa from the floor, but his imperial manner only succeeded in provoking several participants to take the microphone and put him in his place. The tenor of his polemics was exemplified by his argument that Prince Philip could not wish to be reincarnated as a deadly virus, because Anglicans do not believe in reincarnation. To which Costa simply replied: that then makes Philip a heretic, as well as a Malthusian.

**Feb. 28, 2000:** Carrasco met with Roraima farmers, businessmen, and state legislators, in the auditorium of the Roraima State Assembly. The meeting was called to discuss the plan to dismember Brazil's Amazon region. Adding to the urgency of the discussions, was the fact that Prince Charles had visited Guyana the day before, to inaugurate a 400,000 square kilometer ecological reserve on the border with Brazil. The meeting, Carrasco's discussions, and the "Manifesto to the People of Roraima" which came out of the meeting, were covered by *Folha de Boa Vista*. The manifesto attacked the insane proposals of the international NGOs to turn the state into a "no man's land" of depopulated Indian reserves, which the manifesto rejected as "human zoos," and announced the formation of a "permanent forum in defense of the state of Roraima and of Brazilian sovereignty."

**March 2000:** Representatives of three principal Indian associations of Roraima lobbied in the nation's capital, Brasilia, against the planned Rapose de Sol Indian reserve. Included in the packet of materials they handed out to Congressmen, Senators, and government officials, was the MSIA pamphlet, now confiscated by the WWF, *Roraima and the*

*Internationalization of the Amazon.*

**March 27, 2000:** The MSIA issued a declaration, "End the British Crown's 'Ecological' Intervention in the Amazon," targeting Greenpeace, the House of Windsor, the WWF, and others who act as "shocktroops" in an irregular war against Brazil: "The MSIA calls upon the citizens, both individually and through their representative institutions, to firmly repudiate this gross intervention of a supranational organization into the sovereign affairs of the country, and the apparent collusion of Brazilian authorities with that strategy, harmful to national interests. It is necessary to say, in a loud and clear voice: End this 'Green Mafia.' "

**March 30, 2000:** Meeting as the Amazonian Parliament, Deputies from 11 Brazilian states unanimously voted to support a request made by the Roraima State Assembly, to reevaluate the demarcation of Indian lands in that state. Several participants distributed the MSIA's Roraima and Greenpeace pamphlets here.

**March 30, 2000:** MSIA was notified that Greenpeace intended to sue; no suit, however, ever materialized.

**May 2000:** The MSIA published *The WWF's Forest Trap*, another pamphlet now confiscated by the WWF. Most of the 15,000 copies, however, were immediately distributed to political sectors in Brasilia, including the National Congress, and in four key states: Paraná, Mato Grosso do Sul,

Goiás, and Acre.

**June 2-3, 2000:** MSIA leader Nilder Costa addressed the final session of the Amazonian Parliament meeting titled "The Man of the Amazon, the Amazon of Man," in Belém, Pará, attended by several state governors, 4 senators, 10 federal deputies, and 172 state deputies, as well as parliamentarians from Venezuela and Ecuador. He presented a resolution to declare the British Crown's Greenpeace an "organization non grata" in Brazil.

**July 13-14, 2000:** Costa spoke on "Infrastructure and Environmentalism," at the "Sixth Conference of Cargo Operators and Transporters of the Atlantic-Pacific Axis of Integration," held in Cuiaba, Mato Grosso. Co-sponsored by the Mato Grosso government, the Mato Grosso Federation of Industries, and the Andean Corporation for Development, attendees included representatives of private transportation companies, port operators, waterway development promoters, and government officials from Peru, Chile, Argentina, Paraguay, and Brazil. Several participants told Costa after his speech, in which he identified Prince Philip's WWF's war against the development of the South American interior, that they finally understood why the NGOs are so intensively deployed to stop the waterway projects, and why they have found it so difficult to expand trade among their countries.

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# The Situation in the Middle East Is Even Worse Than It Looks

by Dean Andromidas

The situation in the Middle East is far closer to an all-out war than most people — including key policymakers in Washington and other world capitals — wish to admit. As we go to press, Israeli Prime Minister Ariel Sharon has yet to form a government, but nonetheless, the confrontation between Israel and the Palestinians continues to escalate. Caretaker Prime Minister Ehud Barak has escalated the tactic of assassination by helicopter gunships, to eliminate Palestinian security officials. Despite an appeal by the European Union (EU), Barak has ordered a tightening of the political and economic blockade which Israel has imposed on the Palestinian-controlled areas since the Al Aqsa *Intifada* (uprising) began at the end of September. This, in turn, has fuelled fears that the Palestinian National Authority (PNA) faces an early collapse, if the disastrous economic and social conditions caused by the blockade continue.

A collapse of the PNA, and, therefore, of the government of Palestinian Authority President Yasser Arafat, would leave the region in chaos, and would hand over the Palestinian streets to the most radical and intransigent elements. Already, Hamas, the militant opposition to Arafat's Palestine Liberation Organization (PLO), is taking responsibility for a growing number of attacks within Israel itself, including the Feb. 14 attack on a bus stop that killed eight Israelis. The overall death toll will soon top 400.

The Bush Administration's "stepping back" from direct involvement in peace talks, promises to return Palestinian-Israeli negotiations into simply a "zero-sum game" of bargaining over limited resources, which is guaranteed only to lead to war.

Without the perspective put forward by Lyndon LaRouche, based on the Treaty of Westphalia that ended the Thirty Years War in 1648, coupled with a program of regional economic development based on the creation of new water resources and infrastructure networks, no negotiated settlement will ever be possible. But given the degeneration of the political dynamic in the region itself, such an approach will have to come from outside — from Europe, for example.

Meanwhile, in the United States, more calls are being heard within the Bush Administration for eliminating Iraq's President Saddam Hussein, threatening to launch a new Gulf War. With such a policy, the Bush Administration would find a willing partner in Sharon.

## Sharon Seeks Help from His American Friends

Sharon has moved immediately to synchronize his policies with the worst elements in the United States. The Israeli daily *Ha'aretz* on Feb. 13 wrote that Sharon has moved to revive Israel's links with American Jewry as "Israel's influence peddler in Washington." These are the same organizations that Prime Minister Yitzhak Rabin all but shunned before his murder, and whom he warned not to interfere in Israel's efforts to forge a peace agreement with the Palestinians.

Predictably, the first representative of American Jewry with whom Sharon met was Abe Foxman, director of the Anti-Defamation League of B'nai B'rith, who was in Jerusalem on Feb. 12. Foxman, after a meeting with Sharon in Jerusalem, was quoted saying that Sharon "places great importance on American Jewry as a central instrument of Israeli policy. . . . He'll move to enhance relations with American Jewry."

At the same time, Malcolm Hoenlein, director of the Conference of Presidents of Major American Jewish Organizations, was in Jerusalem praising Sharon "as someone who defines himself first as a Jew and then as an Israeli." Hoenlein and the chairman of the Conference, Ron Lauder, were sharply criticized by many of the Conference's member organizations for attending a political demonstration in Jerusalem last January, which was seen as a support rally for Sharon. Such support for Sharon is not surprising, because Lauder, the heir to the Estée Lauder cosmetics empire, is a big financial supporter of both Sharon and Israeli right-wing former Prime Minister Benjamin Netanyahu.

Sharon also dispatched his three key "America handlers" to Washington, for discussions with the Bush Administration, as well as in Congress. Included in the trio were Moshe Arens and Zalmon Shoval, both former Ambassadors to Washington, and Dore Gold, former Israeli Ambassador to the United Nations. Arens, who is good friends with Henry Kissinger, is credited with transforming Netanyahu from a furniture salesman into an Israeli politician, while Gold is another Netanyahu groupie.

## Building a War Cabinet

As of this writing, indications are that Sharon's plans to build a national unity government, comprised of his right-wing Likud Party and the ousted Labor Party, will go forward.



Israeli Prime Minister Ariel Sharon.

There should be no illusions that such a government could “stay the hand” of the extremist Sharon. It is a government that will be prepared to wage war. The total collapse of the peace process, and the continued Al Aqsa *Intifada*, ensure such an eventuality.

A senior military intelligence source warned, that under the Sharon government, the violence is going to increase and the situation will deteriorate. He told *EIR* that, once in office, “Sharon is sure to go on the offensive against the violence. What he will do, will not be much different than what Barak would have done if he won the elections.”

The source also pointed to a deteriorating internal situation in the Palestinian camp, and that “Arafat cannot fully control the violence. He is afraid to give the order, for fear that it won’t be obeyed.” When asked whether there were any hope of negotiations, he replied, “No one is talking about anything. There will be no discussions until the Palestinians stop the violence, but the Palestinians have suffered so much over the past four months, they want something to show for it. . . . But Sharon is not going to give them anything. That’s where the situation stands, it can only get worse.”

Under the proposed national unity government, Barak is expected to drop his promise to resign from all his political positions, and accept Sharon’s offer as defense minister. La-

bor Party leader and former Prime Minister Shimon Peres, who is one of the major supporters of a national unity government, has been offered the post of foreign minister. Other Labor Party figures are lining up for another four to six portfolios that Labor has been promised in a unity agreement.

This haste to embrace Sharon, the “Butcher of Lebanon,” is based on the illusion that Israel will get through the next two years through crisis management, and a series of interim agreements with the Palestinians.

A senior source in Israel’s peace camp told *EIR*, “Yes, there is a mad dash for a unity government. . . . All the old stuff is coming out: ‘Peres will manipulate Sharon,’ ‘Sharon will change.’ The problem is, they think that they can have a policy of interim agreements over the next two years, but this is nothing but dreams in Spain, as we say; it’s all words disconnected from reality.”

The ascension of Sharon as prime minister, and Barak and Peres at his left hand and his right, has predictably thrown the peace camp into disarray. Already, two senior members of the Labor Party’s peace wing, Uzi Baram, a founder of the party, and Elie Goldschmidt, who ran Barak’s election campaign, have resigned their Knesset (Parliament) seats, and left the party, doing so out of disgust with the Israeli political establishment.

A leading member of Peace Now told *EIR*, “The Labor Party is deluding itself. Ariel Sharon’s old instincts will prevail, he has more patience than the others. He has been waiting for this moment for 50 years. He will pour money into the settlements, calling it ‘natural growth’; Labor will be unable to deal with the security situation and simply give way to Sharon.” Also alarming, the source said, was the demoralization within the peace movement. He pointed out that a recent poll of the voters from the strongly pro-peace Meretz party, showed that 74% no longer believe a peace agreement is possible with the Palestinians. He also said that the idea now circulating in the peace camp is “unilateral withdrawal.” But this will solve nothing, because the securing of 200,000 inhabitants of the settlements scattered throughout the West Bank and the Gaza Strip would mean seizing over half of these occupied territories.

The expected return of Barak is calculated to cut short a revolt in the left wing of the Labor Party led by Barak’s former Justice Minister Yossi Beilin, one of the framers of the Oslo Accords, and Avraham Burg, the Speaker of the Knesset.

Beilin denounced the scramble by senior Labor Party leaders to form a unity government, saying that they are willing “to sell the soul of the Labor Party and kill any hope of peace” in order to become ministers in the new government.

Beilin had hoped to split nine other members of the Knesset from the Labor Party to form another faction in the Knesset, or even combine with Meretz to form a new social democratic-oriented party. At the same time, Burg had hoped to mount a leadership fight within Labor, putting himself forward as candidate. If Barak was to enter the unity government, this is seen as undercutting any effort in this direction.

## When Will Sharon Show His Real Face?

In mid-February, the world was offered Sharon's very special logic of peace. Commenting on a request by the EU that Israel should ease the economic sanctions against the Palestinian Authority, because they constitute collective punishment, Sharon replied, "I don't believe in collective punishment, but how can I lift the closure when the violence continues?"

When will Sharon drop the peace mask he donned when he began campaigning for Prime Minister? A brief look at his biography might answer the question.

In 1981, during the funeral of Egyptian President Anwar Sadat, who had just been gunned down by Islamic militants, U.S. Secretary of State Alexander Haig spoke with Israeli Prime Minister Menachem Begin. Haig, fearing that the Sadat assassination was only the beginning of a radicalization that threatened to spread throughout the Arab world, asked Begin to begin implementing the clauses of the 1979 Camp David treaty calling upon Israel to begin the process of ending its occupation of the West Bank and Gaza Strip.

Sharon, who had just become defense minister and responsible for the occupation, took on the role of peacemaker with the Palestinians. According to a commentary in the Feb. 9, 2001 *Ha'aretz*, Sharon was effusive: "We shall continue with the peace process! There is a positive change in the air, a feeling that we can live together in mutual respect. We will change our roadblock policies! Residents of the territories hurrying to work will not have to wait in long lines of cars anymore. Anyone in the territories who is willing to talk, will find an open door and an attentive ear." Several roadblocks were removed, and Sharon even offered to relocate some Palestinian refugees inside Israel to relieve the congestion in the refugee camps. He promised to draft a "plan" that would solve these problems. The press gave favorable coverage, and the Reagan Administration seemed pleased.

But, while holding off presenting his "plan" to the cabinet, Sharon continued to issue orders to seize more land in the territories and establish more settlements, in direct contradiction to the Camp David agreements and promises made to Washington.

Also, the negotiations with the PLO were not part of Sharon's peace plan. Discussing Sharon's role in this early period, military affairs commentator Ze'ev Schiff, wrote in the Feb. 9 *Ha'aretz* about how, in the middle of this euphoria and in one of the many positive articles then circulating on Sharon, *Ha'aretz* had reported that he was, at the same time, planning "to take action against the PLO in Lebanon in order to influence events in Jordan, so that it [Jordan] would eventually become the Palestinian state. That was the plan behind the positive headlines" of 1981.

Shortly afterward, the "real Sharon" showed his face, engineering the 1982 war against Lebanon, and carrying out the massacres of Palestinians in the Sabra and Shatila refugee camps.

## Palestinians Know Who The Enemies of Peace Are

by Carl Osgood

Dr. Hanan Ashrawi, spokeswoman for Palestinian Authority President Yasser Arafat, warned, during a press conference at the National Press Club in Washington, D.C. on Feb. 14, that conditions in Gaza and the West Bank are the worst she has ever seen, in the aftermath of Ariel Sharon's invasion of the Temple Mount/Al Haram Al Sharif, in Jerusalem on Sept. 28, 2000, which sparked the Palestinian uprising, known as the Al Aqsa *Intifada*.

The theme underlying Ashrawi's remarks was how the Palestinians have been victimized for decades by the occupation of their lands by the Israelis, and then are blamed for the violence that is the lawful result of an occupying Israeli army, and the illegal settlements, in Palestinian territory. She also pointed to these factors as the reason for the past decade's political instability inside Israel, which has gone through six governments since 1990.

"One of the basic problems," Ashrawi said, "is the fact that every Israeli government has declared its commitment to peace and at the same time sought to impose a unilateral version of peace as designed by Israel," an approach which has undermined "the requirements for peace." Also, she said, the domination of the peace process in recent years by the United States has in effect shut out other participants, especially the United Nations and the European Union.

Ashrawi blamed Sharon for his Sept. 28 provocation. However, all this did was "ignite" what she described as a "powderkeg" that resulted from the loss of confidence in the peace process, and in the Israelis, because there was no correspondence between what was being negotiated and the facts on the ground, over the many preceding weeks. Sharon and his extremist backers "somehow managed to reap the rewards, the fruits of their own acts of provocation and violence, undermining the possibilities for peace."

"I think there is one sure way of stopping the violence," Ashrawi said. "Remove Israeli tanks, Israeli gunships, Israeli checkpoints from Palestinian territory, lift the state of siege, issue orders to the Israeli army to stop its policies of assassination and willful and deliberate and cold-blooded murder. . . . We are not on Israel's land: Israel is on Palestinian land."

Ashrawi rejected calls that Arafat make a statement that all violence must stop, following the incident in Tel Aviv that morning, in which a bus rammed into a bus stop, killing eight Israelis. "Can Arafat tell the Israeli army to withdraw and to stop shooting and stop killing and to lift the siege?" she asked.

“I think in many ways this is the outcome of a very racist mentality which is the result of decades of unquestioned occupation, where they always not only blame the victim, but tell him what he has to say and how to say it and when.”

### **Zionists and Fundamentalists**

The high-point of the press conference came in response to a question from this author, who noted that very little happens in Israeli politics without the influence of certain circles in the United States, notably, certain Jewish financial networks that help fund the settlements, and the Protestant fundamentalists who are much of the base of the Bush Administration. Ashrawi began by discussing the American-Israeli Public Affairs Committee. She described AIPAC as a “key player in the American domestic scene in terms of campaign funds and in terms of campaign votes,” which has its own agenda, “and probably played a major role, particularly through its arm, the Washington Institute for Near East Policy—that has been very active in formulating American policy adopted by the State Department.”

She also described the activities of California bingo billionaire Irving Moskowitz, who “has singlehandedly funded settlements in and around Jerusalem. . . . He has single-handedly defied also, Israeli government decisions not to build in certain areas and not to support the extremist fundamentalist elements in Israel . . . and he has always supported the campaigns of right-wing extremists within Israel.”

Ashrawi then pinpointed the alliance between the Israeli right wing and Protestant fundamentalists. This alliance, she said, “was most visibly expressed by [then-Israeli Prime Minister Benjamin] Netanyahu himself, who, whenever he was faced with any kind of pressure or criticism by the U.S. and by Clinton, would sort of threaten to go over the heads of the Administration to his own constituency, and he went and met with the Falwells and others, here, in order to forge this unholy alliance between extremists.” Clearly, what Ashrawi had in mind was Netanyahu’s Jan. 19, 1998 appearance at a Washington, D.C. rally organized by Rev. Jerry Falwell, just three days after the Monica Lewinsky scandal broke in the press. As *EIR* documented, President Clinton was pressuring Netanyahu to live up to the Oslo Accords, but Netanyahu, with the backing of Falwell and the Christian Coalition’s Pat Robertson, refused to make any concessions.

Ashrawi noted that the more extreme elements of the Christian fundamentalists are even more “ardent” Zionists than many Zionists. She spoke of the “Christian Embassy” in Jerusalem. “One person from the Christian Embassy, told me I had no right to exist, we as Palestinians, because we’re standing in the way of prophecy. And I said, it doesn’t sound very Christian to advocate genocide.”

Ashrawi said, “I think there’s a corrective force within the U.S., and I think the U.S. should work within—and public opinion, should try to rectify this in a way as to not subjugate foreign policy to . . . special interest groups.”

## **Crises in Indonesia, and the Philippines Strike ASEAN Unity**

by Michael Billington

Only days after the overthrow of the Philippines government on Jan. 20, the political crisis in Indonesia escalated into a showdown between President Abdurrahman Wahid and the various opposition parties, with street demonstrations on both sides threatening the nation with violence and chaos. In both nations, the instability is being fuelled by outside interests, including the International Monetary Fund (IMF) and the U.S. State Department, whose declared intentions are to destabilize the growing momentum toward the creation of a new Asian monetary regime independent of the IMF, as has been put forward by the ten members of the Association of Southeast Asian Nations plus China, Japan, and South Korea (ASEAN-Plus-3).

According to a high-level Indonesian source, the U.S.-backed military coup in the Philippines which ousted President Joseph Estrada (poorly disguised as a “people’s power” campaign) is not likely to be repeated in the same way in Indonesia, in part because of the strong sentiment in most leading Indonesian circles toward following constitutional procedures, mindful of the past 35 years of strong-man rule under General Suharto.

The Feb. 1 vote in the House of Representatives to censure President Wahid over possible involvement in two minor financial scandals, was supported by eight of the ten political party factions, and set in motion a Constitutional process that could bring about an impeachment in four months. When some opposition leaders, led by Amien Rais, the Speaker of the People’s Consultative Assembly (and a leading figure in bringing down General Suharto in 1998), tried to bypass the four-month waiting period and move straight to impeachment, both Vice President Megawati Sukarnoputri and House Speaker Akbar Tandjung, head of Suharto’s former party, the Golkar, instructed their party members that Constitutional procedures must be strictly followed.

The military faction within the House, although voting for the censure, announced that they would not support impeachment, and reasserted their loyalty to Wahid as the “legitimately and constitutionally” elected President. It is widely recognized in Indonesia that the Philippines military’s withdrawal of support from President Estrada was unconstitutional, and could not have been carried out without approval from Washington.

Nonetheless, the danger of mass violence escalated in mid-February, when thousands of Wahid's supporters from the 30-40 million-strong Islamic organization Nahdlatul Ulama (NU), attacked and set aflame the offices of Golkar in nine cities in Eastern Java, and attacked schools associated with the rival Islamic organization, Muhammadiyah, formerly headed by impeachment-advocate Amien Rais. Wahid, like his father and grandfather before him, once headed the NU. In an effort to stop the violence, Wahid travelled to East Java, instructing the NU youth to remain peaceful in their protest, while indicating that there was evidence that the violence may have been the work of provocateurs "funded by foreign NGOs [non-governmental organizations]." Even the head of Muhammadiyah in the region, Rahim Nur, who was forced to take refuge in the local police station, told the press that he did not believe the NU had initiated the violence, but that it "looks more like the work of provocateurs who want to set up NU against Muhammadiyah."

President Wahid is adamantly refusing to resign. At one point, he suggested that he may dismiss the Parliament and call elections, and even discussed with government and military leaders the possibility of imposing martial law, but he has since pulled back from both measures. Defense Minister Mohammed Mahfud, however, openly warned that either a severe failure of leadership, or uncontrolled chaos and anarchy, would justify direct intervention by the military.

### **The IMF Squeeze Is On**

In a manner which mirrors the IMF's subversive role in orchestrating the downfall of President Suharto in 1998, the IMF and the World Bank have moved to squeeze the Indonesian economy, at a time that such actions will do the maximum damage to Indonesian stability. The IMF has withheld a \$400 million tranche scheduled for last year, while the World Bank has just slashed its commitment by two-thirds, both claiming that the government has not done enough to meet IMF conditionalities demanding austerity, privatization, and deregulation.

There is also deep concern in Indonesia over the statements by both U.S. Secretary of State Colin Powell and Secretary of Defense Donald Rumsfeld that the Bush Administration will support the increased military role of Australia in the region, based on Australia's supposedly exemplary role in the UN's East Timor fiasco over the past two years. With Indonesia facing continued economic decay and poverty brought on by the speculative raids in 1997 and the IMF conditionalities thereafter, and facing several separatist movements being supported from abroad, the nation's leadership has good reason to be wary of such promotion of foreign military preparations.

### **The Philippines Crisis Deepens**

The successful military coup which brought down the Philippines government on Jan. 20 has not brought any stabil-

ity to that troubled nation. The deposed President, Joseph Estrada, has not left the country, and continues to insist that he has only granted his Vice President, Gloria Macapagal-Arroyo, temporary status as "acting President," while trying to regain his position in court, arguing that the coup was unconstitutional. Since the military coup-leaders have openly bragged about their long-term plot to bring down the Constitutionally elected government, Estrada is not without grounds. The opposition to the new government, which is not necessarily limited to efforts to bring Estrada back, has formed a coalition of forces to contend in the May elections for Congress, and appears to have a good chance to win a majority.

The actual controller of the new administration, former President Fidel Ramos, and his cohorts who staged the military operations in January, are now consolidating their positions, including a move to remove Army Chief of Staff Gen. Angelo Reyes, who only reluctantly joined the coup plotters under threat of military civil war.

Further instability has been engendered by the professional assassination of leftist labor leader Filimon "Popoy" Lagman on Feb. 6, who was one of the leaders of the coalition of forces which were demanding the resignation of President Estrada, but who was equally dedicated to removing Macapagal-Arroyo and her military backers. Tens of thousands of labor union members boycotted work on Feb. 12 to march in protest to the murder, and to demand justice. With rumors concerning the source of the assassination pointing in all directions on the political landscape, the possibility of opportunistic "retaliatory" strikes has dramatically heightened tensions in the country.

Indicative of the direction to be taken by the Ramos circle running the new administration, is the rush to pass a bill to privatize the state power company, Napocor, despite Macapagal-Arroyo's initial personal opposition to the bill, and despite the obvious signal from California that privatization and deregulation are a blueprint for disaster. As in Indonesia, the IMF is escalating its demands on the weakened nation, with the included purpose of slowing down any move toward regional collaboration toward a new Asian monetary institution by the ASEAN-Plus-3.

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# Major Russia-Ukraine Economic Deals Made, as Kuchma Is Under Fire

by Rachel Douglas

Sixteen agreements, signed Feb. 12 by the Presidents of Russia and Ukraine, boosted the two nations' commitment to cooperate in the aerospace, defense, and energy sectors of their economies. At the end of the summit, however, it was unclear whether Russia's Vladimir Putin would be left trying to make the agreed-upon collaboration stick, with a successor to his negotiating partner, Ukrainian President Leonid Kuchma. The scandal over the disappearance of journalist Heorgi Gongadze and audio-tapes, allegedly showing Kuchma in crude discussions with his staff about getting rid of Gongadze, continues to be fanned by warring economic interests in Ukraine, political opposition groups, and the foreign press. It is now commonly called "a political crisis" for Kuchma and his regime.

The Putin-Kuchma summit took place in Dnipropetrovsk, in the heavily industrialized Dniepr bend area of Eastern Ukraine. The city is home of the giant Yuzhmash missile factory, of which Kuchma was once the director, and which the two Presidents visited. Yuzhmash will be involved in a number of the agreements, involving joint missile technology development, other high-tech aerospace projects, and the power industry. Some of the bilateral talks were held at the plant, behind closed doors.

Agreements were signed on joint production of the AN-70 large transport military aircraft; joint production of the TU-334 civilian airliner; joint development and production of a new ballistic missile; Gazprom's becoming a majority shareholder at Ukraine's biggest producer of large-diameter pipes for oil and gas pipelines; and, Russian car manufacturer Avtovaz's becoming majority shareholder of Ukraine's biggest aluminum producer. Furthermore, Russia and Ukraine resolved to re-connect their overland power grids, after ten years of separation, to enable Russia to supply Ukraine with electricity at guaranteed, stable, and preferential prices. This also lays the ground for future exports of electricity from Russia, to Western and Southwestern Europe.

There is an umbrella program of cooperation on peaceful space research for 2001, and one between the Russian Aerospace Agency and the national Space Agency of Ukraine. Russia and Ukraine will pool their marketing efforts, to sell Ukrainian-Russian space technologies on the world market, as well as carrying out terrestrial and marine mapping, natural

resource evaluation, and ecological monitoring.

One of the most prominent projects envisaged, is the construction of a highway and rail bridge across the Straits of Kerch, at the mouth of the Sea of Azov onto the Black Sea, which will link the southern Russia region of Krasnodar with the Crimean peninsula. This project will require investments of \$1 billion, and is to be completed in the Summer of 2005, with construction beginning this year.

"We are delighted by the results," a Russian analyst told *EIR* on Feb. 14. "This is a very important step, from the standpoint of strengthening the military-industrial complex in Ukraine. Now, Kuchma is being fully backed by the military-industrial complex and armed forces, and it is not accidental, that as soon as Putin left, the leading opposition figure Tymoshenko was arrested, on tax-evasion charges. Kuchma would never have dared that, before the Putin visit." Suggesting that the industrial deals were the only chance for the Ukrainian economy to get out of its horrible state, this analyst noted, "It is hard to believe, but the Ukrainian economic situation is twice as bad as the Russian economic situation."

## In the Streets

The arrest of Yuliya Tymoshenko was only one of the political bombshells going off one after another in Kiev, before, during, and after the Russian President's trip to meet Kuchma. Until recently, Tymoshenko was a Deputy Premier, having headed Ukraine's largest power company before that. In early February, her political supporters joined the Socialist Party of Alexander Moroz and other parliamentary and extra-parliamentary opposition figures, gathered on Kreshchatik, the main street in Kiev, to demand that Kuchma step down.

On Feb. 2, Prosecutor General Myhailo Potebenko confirmed that one of the voices on the tapes released by Moroz late last year, allegedly surreptitiously recorded in the President's offices, was indeed that of Kuchma. His words, however, had been doctored to suggest the President's instigation of a crime—the murder of Gongadze. On Feb. 6, Potebenko suddenly took a six-week leave of absence.

That day, several thousand demonstrators gathered on Kreshchatik. The London *Guardian* headlined, "Ukrainian President Fights for Survival." Some of the demonstrators marched under a new slogan, "Ukraine Without Kuchma." A London *Independent* article of Feb. 6, titled " 'Murder Tape' Threatens To Topple Ukraine President," trumpeted that Kuchma was "under growing pressure to go."

Prime Minister Viktor Yushchenko, the ex-Central Bank chief far preferred to Kuchma by foreign bankers and financiers, stayed clear of the Dnipropetrovsk summitry. In the latest twist of the power struggle, however, Yushchenko issued an open letter to Kuchma on Feb. 15, in which he demands the removal of Minister of Fuel and Energy Sergei Yermilov and Chairman of the National Commission on Electricity Regulation, two of the officials who helped nail down the new agreements with Russia.

## Ties to Russia Are Gaining Momentum

*The potential for industrial cooperation is not tapped yet, but talks are making progress.*

In the past ten months, Chancellor Gerhard Schröder and Russian President Vladimir Putin have met four times—two of these encounters occurred as “private” summits, with no translator attending. This intensification of political contacts between Moscow and Berlin is being watched with suspicion by Anglo-American geopoliticians, who smell that something is going on there that is not in their interest. In particular, they are suspicious of two aspects of Russo-German relations: the skepticism of the Germans against the military plans of the Bush Administration, notably the National Missile Defense (NMD) project, and ongoing talks between Berlin and Moscow about a debt-for-investment arrangement that would ease the debt burden on Russia and create conditions for Russian industrial projects with German participation.

The German view of the NMD project has been attacked repeatedly by Bush-related circles in recent weeks. The most violent attack came from Henry Kissinger, during the Munich “Wehrkunde” conference on Feb. 3, when he warned Germans to stop criticizing NMD and other U.S. policies. Kissinger did not name names, but it was clear that he was referring to Rudolf Scharping, the German Minister of Defense who, in remarks to the press a few days earlier, after talks with Russian Defense Minister Igor Sergeev in Moscow, characterized NMD as an ill-bred project. Scharping will most likely provoke more opposition among Kissinger’s co-thinkers, when he leaves for high-profile visits to China and India at the end of February—China being a “rogue” state in

the eyes of geopoliticians, and India rapidly becoming one for them, as it refuses to join a U.S.-led alliance against the Chinese (another ill-bred project).

By comparison, the remarks that German Foreign Minister Joschka Fischer made on NMD on Feb. 12, during a two-day visit to Moscow, were “soft”: He told journalists, after talks with Russian Foreign Minister Igor Ivanov, that he sees a Russian commitment to enter talks with the Americans on NMD and its effects on the 1972 Anti-Ballistic Missile Treaty, if those talks were offered seriously. Fischer said that the Bush team is committed to NMD, irrespective of skepticism abroad, and that his impression from the talks in Moscow is that the Russians would accept NMD “in the end,” if it were part of a new international agreement. Interestingly, Fischer said that he thinks Bush will have a much harder time with the Chinese and the Indians, who will not be content to sign agreements that cut deeply into their national sovereignty.

If Germany maintains its opposition to NMD, there is little that it could do militarily, except not become part of it, and make arrangements with the countries affected by it, to make sure that should there be tensions between the United States and the so-called “rogue nations,” relations between Germany and the latter would not suffer substantial damage. Necessarily, such agreements must have an economic foundation; they must reflect a genuine mutual interest in industrial and financial cooperation.

While Fischer was in Moscow, the economics ministers of Russia and

Germany met in Berlin, to again discuss proposals to transform Russian debts into German physical investments in Russia under preferential conditions. Russian Economics Minister German Gref presented his German counterpart, Werner Müller, with a list of 13 potential projects, out of which they chose three, to be signed before, or at the next Russian-German summit, in St. Petersburg on April 9-10. The three projects are said to be worth 2.5 billion deutschemarks, covering the following areas: The German branch of Sweden’s furniture-maker, IKEA, will build a huge department store in Moscow; the German oil and gas company Wintershall will engage in a new joint project with Russia’s state gas firm, Gazprom; and the Ferrostaal company will engage in joint projects with Gazprom for building new oil- and gas-processing facilities.

With Ferrostaal, a division of the German machine-building company MAN, a very promising aspect comes into play: The company is engaged in an array of sound, classical industrial facility-building, and of infrastructure technologies that are of utmost interest for any government that wants to re-industrialize Russia. For example, Ferrostaal is building industrial machines and machine tools, and is involved in metallurgical technologies on a broad scale. Ferrostaal is also building modern port and shipyard equipment and facilities, and one of its subdivisions, Dillinger Stahlbau, is building bridges and heavy industrial cranes, and nuclear engineering components and equipment for power plants and fuel reprocessing.

The Ferrostaal part of the Feb. 13 Berlin agreements may be the first step toward broader industrial cooperation between Russia and Germany. Granted, the agreements are still small, but there is new momentum in Russian-German relations.

## 'I Dream of Pauline'

*The populist genie of Australian politics has again been let out of the bottle to counter LaRouche.*

The Feb. 10 state election in Western Australia saw the biggest political shift in the history of the state, when the Australian Labor Party (ALP) won 13 seats, to capture the government. Reacting to high gasoline prices, a new 10% value-added tax, and a crisis in the public hospital system, voters punished the government of Liberal Party Premier Richard Court.

Yet, the ALP, led by Third Way fruitcake Geoff Gallop, one of British Prime Minister Tony Blair's closest friends from their days at Oxford, attracted just 37.6% of the vote, only 1.8% above what they received in the 1996 elections, when they were smashed by the Liberal/National party coalition, their traditional rivals. Almost 10% of the state's voters chose the anti-globalization Pauline Hanson's One Nation party, and cast their "preferences" votes away from sitting Members of Parliament, the majority of whom were from the Liberal/National coalition. (Under Australia's system, voters number their second, third, etc., choices, and these "secondary votes," or "preferences," often determine the outcome of the election.) The deposed Court rued, "With the preferences directed largely against our sitting members, it's been bang-bang, you're gone."

The most remarkable aspect of the election, was that just six months ago, One Nation was politically dead. As a party, it had fallen a long way from the heights of June 1998, when it won 24% of the vote and 11 seats in the Queensland state election, and then garnered an astonishing 1.2 million votes in the October 1998 federal election, although the major parties' "preference

swaps" prevented it from winning but one Senate seat.

One Nation was largely created by the media beginning in 1997, to deflect support from LaRouche's Australian associates in the Citizens Electoral Council (CEC), who commanded great influence in rural Australia by 1996-97 (see "Globalization and 'Land Rights': The Crown Plot To Loot Australia," *EIR*, Feb. 15, 2001). However, One Nation threatened to become a Frankenstein's monster. As Rupert Murdoch's *Courier-Mail* gasped about Hanson on Aug. 26, 1998, "She does have ideas, alas, and her ideas are essentially those of the CEC." But, because the party had almost no mass-based organization, as quickly as it had made her, the establishment was able to break her. Following its high-water mark in the October 1998 Federal election, a vicious media campaign unleashed the party's near-destruction: It was de-registered; all 11 of its Queensland representatives defected; and its leadership disintegrated. For the next two years, One Nation registered 1-2% in the polls.

The purpose of this recent resurrection of One Nation is, again, to stop the rising influence of LaRouche and the CEC. The political establishment was rocked in April 2000, when the CEC and the executive of the Municipal Employees Union of Western Australia, co-founded a new political party, the Curtin Labor Alliance (CLA). Not only has the CEC survived years of media blackout, but, through mass-organizing, it has won support among sections of the ALP's traditional constituency—the trade unions. CLA Western Australia chairman

Adrian Bennett forecast, "This new party will change the course of this nation. The likelihood is the establishment will start screaming bloody murder about the CLA."

It did more than scream. The state government immediately prepared new laws to block the registration of the CLA. Then, on Aug. 29, 2000, media mogul Kerry Packer's flagship magazine, *The Bulletin* ran a glossy, four-page cover story headlined, "Pauline Hanson, Can This Souffle Rise Twice?" which let the genie back out of the bottle. Observed Lynton Crosby, the director of the Liberal Party, "She may be off the radar screen right now . . . but if you start putting her on the cover of *The Bulletin* . . ." With a renewed media boost, and doors suddenly opened to its re-registration in Queensland and Western Australia, support for One Nation surged.

By election day, the clear choice the voters would have had, between the establishment parties' status quo, or LaRouche's economic policies to survive depression, had been muddied by a flood of media coverage of policy-void Hanson populism. Still, the CLA's 21 candidates polled a hard-core vote of up to 7% in 5-, 6-, and 7-way races. In one seat, the combined vote of the CLA's Jean Robinson, with 7.65%, and her One Nation opponent's 21%, was more than the 27.47% of the votes of the winner. "How did [the One Nation vote] happen?" asked Liberal Party commentator Christopher Pearson in the Feb. 12 *Australian Financial Review*. "The re-invigoration of a 'party' bereft of ideas is a tribute to the power of the media," he wrote. According to Pearson, between mid-December and Feb. 8, there appeared no fewer than "174 press or electronic media reports which could be construed as talking up One Nation's electoral prospects."

## Bush Administration Already Coming Apart at the Seams

by Jeffrey Steinberg

While much of the world contemplates with horror, the consequences of the Bush Administration proceeding, unilaterally, with the National Missile Defense provocation, inside Washington, the Administration's war hawks got doused with a bucket of cold water, in the form of threats of a freeze on any new military spending. The recent announcement by White House spokesman Ari Fleischer, that President George W. Bush is imposing a two-year curb on any expansion in the defense budget, purportedly caught Defense Secretary Donald Rumsfeld by surprise—as he was about to leave for Munich, Germany, to address the annual international Wehrkunde defense policy meeting on Feb. 2-4.

While the issue remains unsettled, the incident underscores the accuracy of Lyndon LaRouche's assessment that the so-called "Bush coalition" would come apart at the seams very early, with the fanatical right-wing "Yahoos," who comprise a large part of "Dubya" Bush's social base and electoral coalition, demanding draconian tax cuts and other "anti-big government" measures, that would undermine some of the

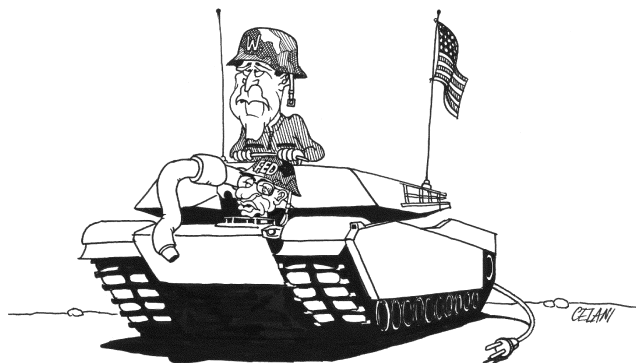
pet programs of such senior Cabinet officials as Rumsfeld and Secretary of State Colin Powell.

### The Cave-In on Ashcroft

When Senate Democrats caved in and confirmed John Ashcroft as Attorney General—despite the fact that they had sufficient votes to kill the nomination via filibuster—the "Yahoo" faction inside the Bush Administration won an important advantage. The first casualty of that "Yahoo" victory was Rumsfeld's much-heralded plans for a defense buildup.

Part of the story of the defense budget crash landing was spelled out in the *Washington Post* on Feb. 7. A news article reported that, the day before, Rumsfeld had met with top Pentagon brass and informed them that all plans for a military buildup were to be shelved for at least two years—despite the fact that, on the campaign trail, both Bush and Vice President Dick Cheney had skewered Al Gore for presiding, along with President Clinton, over a take-down of American military readiness. Pentagon officials and national security planners, buoyed by the Bush-Cheney campaign rhetoric, had set their sights on a \$50-90 billion boost in defense spending for fiscal year 2001, and began dreaming about Pentagon increases paralleling the fabled spending spree of the 1980s Reagan era—complete with their own Rube Goldberg fractured version of Reagan's Strategic Defense Initiative. Now, suddenly, it was largely down the drain.

In an accompanying commentary in the Feb. 7 *Washington Post*, Carnegie Endowment for International Peace analyst Robert Kagan filled out the picture. "If the European leaders who met with Donald Rumsfeld last week had peeked under the table," he wrote, "they would have seen a Secretary of Defense whose legs had just been cut out from under him." He continued, "The day before Rumsfeld set off for Munich to urge allies to increase their defense spending, Ari Fleischer announced that the Bush Administration would seek no in-





*Secretary of Defense Donald Rumsfeld (right) shakes hands with British Defense Secretary Geoffrey Hoon, at a meeting during the Wehrkunde conference in Munich on Feb. 3.*

crease in U.S. defense spending—not this year, and not in next year’s budget either. . . . A well-placed Administration official says Rumsfeld ‘didn’t know this was coming.’ ”

Kagan then got down to the nitty gritty: “Obviously, Bush and his political advisers have decided to throw defense overboard in order to sell their tax-cut plan this year. Fleischer’s spin-art explanation, that the Bush Administration needs to complete a full-scale strategic review before seeking any increases, is absurd.” Kagan concluded by noting that, ironically, no viable National Missile Defense system is possible without serious investment in R&D.

What Kagan neglected to note, in his otherwise accurate account of the behind-the-scenes war inside Bush-land, was that the Administration, in another even more fundamental blow to any kind of defense buildup and NMD deployment, had failed to intervene to solve the energy price crisis, particularly in the Western states of the United States. This failure to abandon the insanity of deregulation threatens to gut the major defense industries, and wipe out what remains of the computer high-tech sector in California’s Silicon Valley, which is already reeling from last year’s crash of the Nasdaq high-tech stock index.

Again, it was “Yahoo” ideology and the greed of Bush’s backers in the deregulated energy industry, that prevailed over reality, and made an even bigger joke out of the so-called Bush military buildup. The Bush decision to please his financial angels at Enron, at the expense of the California economy, has set the stage for an even bigger crisis in the immediate days and weeks ahead, with several major U.S. commercial banks, led by Bank of America and Wells Fargo, now facing collapse if the California power utilities are driven, by Bush’s incompetence, into bankruptcy.

Federal Reserve Chairman Alan Greenspan’s babbling

performance at Senate Banking Committee hearings on Feb. 13 further underscored the looming crack-up of the U.S. physical economy and the banking system. Two days earlier, former Treasury Secretary Robert Rubin, now a top official at Citicorp, penned a Sunday *New York Times* commentary, in which he warned that the planned Bush \$1.6 trillion tax cut would blow out the greatly exaggerated Federal government budget surplus, and jeopardize the so-called American economic “boom.” “Boom” silliness aside, Rubin’s public surfacing further reflected the growing fear on Wall Street that the insane policies of the Bush Administration will accelerate the crash.

### **Moves and Counter-Moves**

Several days after Kagan’s exposé on the White House decision to prioritize deep tax cuts over military spending, the defense lobby on Capitol Hill was mobilized by Rumsfeld and the military brass. In separate letters to President Bush, Senate Armed Services Committee Chairman John Warner (R-Va.) and committee member Sen. Joe Lieberman (D-Conn.) demanded that the planned freeze be reconsidered, because of pressing national security needs. Warner confidently told reporters that a supplemental defense budget, with substantial increases, would be adopted by the White House “in a matter of weeks.”

Indeed, the White House did backtrack, announcing that the Pentagon would conduct a “top-to-bottom” review before making any final decision on spending for new programs. The man placed in charge of that review was Andrew Marshall, a RAND Corp. founder and Defense Department mandarin, who has run the Pentagon Office of Net Assessments since 1975. Ironically, as *EIR* first reported in 1988, following the arrest of Israeli-Soviet spy Jonathan Jay Pollard, Marshall’s

name appeared on a short list of suspected Pollard collaborators, who stole the crown jewels of American national security and passed them, via Tel Aviv, on to Moscow. The so-called “X Committee” of Israeli-Soviet spies was never rooted out. Indeed, some of the leading suspects on the list prepared by then-Secretary of Defense Caspar Weinberger’s general counsel, have now made their way back into the Bush national security apparatus!

### The Knuckle-Dragers Join the Bush Team

While the “Establishment” grouping within the Bush Administration—represented by Rumsfeld, Cheney, and Treasury Secretary Paul O’Neill (the former chairman and CEO of Alcoa)—was taking its licks over the defense budget cuts, another nasty element was being added to the Bush II equation. Several senior posts at the Defense Department and the State Department were filled by veterans of the Reagan-Bush era “X Committee” and Iran-Contra “secret team.” The emergence of this corrupt, killer apparatus in senior management posts at the State and Defense Departments will further tilt the Bush Administration toward the Ashcroft “Yahooks,” who share these knuckle-draggers’ fanatical commitment to Israel, particularly the Israel of right-wing warhawk Gen. Ariel Sharon, the incoming Prime Minister.

In the span of one week, President Bush announced the appointments of Paul Wolfowitz as Deputy Secretary of Defense, Richard Armitage as Deputy Secretary of State, and Dov Zakheim as Under Secretary of Defense/Comptroller.

In February 1998, Wolfowitz, Armitage, and Zakheim were all signators on a letter to President Clinton, demanding the launching of a covert military operation, modelled on the “Contra” operations against the Sandinista regime in Nicaragua in the 1980s, to overthrow Iraqi President Saddam Hussein. With Armitage due to run the day-to-day business of the State Department, and Wolfowitz set to handle the same duties at the Pentagon, there is no doubt that such an Iraqi “Contra” fiasco, and similar covert wars, are back on the agenda—regardless of whether the United States has a defense-industrial sector or not.

Armitage made this secret war policy, particularly toward Iraq, clear, at a recent meeting of the New York Council on Foreign Relations, in which he discussed the Bush foreign policy agenda. “I personally have no doubt that early on in the Bush Administration, the President will be challenged by Saddam Hussein in one manner or another. And this may offer an opportunity to resolve the questions of WMD [weapons of mass destruction] capability in Iraq,” he said. In an interview with the *Washington Post*, he cited Saddam’s flouting of UN resolutions, concluding, “many people have come to the view that perhaps eviction is in order.”

Armitage painted an even more graphic picture of what to expect from the Bush national security team, when he described himself at another forum on Bush policy: “I’m the guy with the blood, the mud, and the beer.”

## ‘Get Clinton’ Chieftain Named to Ashcroft DOJ

by Edward Spannaus

Following weeks of leaks in the news media, President George W. Bush nominated Theodore Olson, the man who ran the “Get Clinton” campaign from behind the scenes for the past eight years, for the position of U.S. Solicitor General. Olson came into the public eye as Bush’s chief lawyer before the U.S. Supreme Court in the Florida election case, where Olson argued in front of his cronies, Justices Antonin Scalia and Clarence Thomas, and Chief Justice William Rehnquist.

But, since 1993, for almost the entire period of Bill Clinton’s Presidency, Olson dispensed more than \$2 million of Richard Mellon Scaife’s money to bring down Clinton; it was Olson, as the lawyer for the *American Spectator*, who set up the so-called “Arkansas Project” to dig up dirt and witnesses against Clinton starting in late 1993.

The project resulted in numerous anti-Clinton articles in the *American Spectator* and the *Wall Street Journal*, and produced David Hale as the key witness against Clinton in the fraudulent “Whitewater” investigation. Already by November-December 1993, Olson was in contact with Hale, and had become his attorney. “Olson is somebody who Scaife would trust to see that nothing went wrong and that his money would not be wasted,” a source told *Salon* magazine in 1998.

Olson and Starr go back together to the 1970s, when they were partners in the Los Angeles law firm Gibson, Dunn & Crutcher; and they entered the Justice Department together at the beginning of the Reagan Administration. Both are also activists in the mis-named Federalist Society, founded in 1982 under the direction of Scalia.

Given that Olson was involved in orchestrating the Arkansas Whitewater scandals against Clinton *before* Starr was appointed Whitewater independent counsel, it is likely that Olson secretly played an instrumental role in arranging Starr’s appointment.

Olson and his wife Barbara (who wrote a vile book-length screed against Hillary Clinton) hosted regular Friday night meetings of the “Get Clinton” legal and journalist crowd at their Great Falls, Virginia home, which reportedly sometimes included Starr, their mutual friend Robert Bork, the *Wall Street Journal*’s Robert Bartley, and the *American Spectator*’s Emmett Tyrrell.

On Feb. 14, Bush also nominated Larry D. Thompson, a former U.S. Attorney in Atlanta, as Chief Deputy to Attorney General John Ashcroft. The nomination of Thompson, an African-American, is apparently intended to blunt some of

the criticism of Ashcroft as a racist and an opponent of desegregation. However, in Thompson, Bush and Ashcroft have found that rarity, a black lawyer who fits into the Scalia-Scaife mold.

Thompson is a native of Missouri, and is a good friend of Scalia-protégé Thomas; in fact, Thompson was both an adviser to, and a witness for, Thomas during his contentious 1991 confirmation hearings.

Thompson chaired Georgia Lawyers for George Bush a decade ago, in the campaign of George W. Bush's father. He is a partner in King & Spaulding, the law firm of Jimmy Carter's Attorney General, and quasi-Republican, Griffin Bell. Thompson was, until two years ago, a member of the board of the Southeastern Legal Foundation, a Scaife-funded right-wing legal group which filed a complaint seeking the disbarment of President Clinton while Thompson was still on its board.

### More Scalia Kindergarten

Meanwhile, the White House Counsel's office is also being filled with lawyers who are mostly members of Scalia's Federalist Society, and many of whom participated in the assault on the Clinton Presidency stage-managed by Olson and Starr. Among the eight staff lawyers appointed are former law clerks for Supreme Court Justices Scalia, Thomas, and Anthony Kennedy, and for Chief Justices Rehnquist and Warren Burger. They include:

**Brett Kavanaugh**, a veteran of the first Bush Justice Department, who worked for Starr's law firm of Kirkland and Ellis, and then in Starr's Office of Independent Counsel, where he wrote parts of the infamous Starr Report.

**Timothy Flanigan**, who headed the Office of Legal Counsel under President Sir George H.W. Bush, was part of the Bush team in the Florida recount, and who praised Starr in testimony before a House Judiciary subcommittee in 1999.

**Bradford Berenson**, a criminal defense lawyer who became a pro-Starr media pundit during the Lewinsky affair.

**Christopher Bartolomucci**, from John Keeney, Jr.'s law firm Hogan and Hartson, who worked in the Senate Whitewater investigation.

**Helgi Walker**, a former clerk to Thomas who worked in Olson's law firm of Gibson, Dunn & Crutcher.

**Noel Francisco** and **Rachel Brand**, the first a former clerk to Scalia, and both of whom come from the law firm of Cooper, Carvin and Rosenthal. The senior name of that firm, Charles Cooper, headed the Office of Legal Counsel in the Reagan-Bush Administration, and was implicated in the Iran-Contra cover-up. Cooper is a mainstay of the Federalist Society and Conservative Revolution legal circles.

The White House Counsel's office plays a key role in setting Administration legal policy and in selection of nominees for Federal judgeships. Another Scalia protégé and a founder of the Federalist Society, Lee Liberman Otis, is heading up the judicial selection process for the Bush Administration.

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## Book Reviews

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### Garbarino Offers Little To Combat 'New Violence'

by Donald Phau

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#### **Lost Boys: Why Our Sons Turn Violent and How We Can Save Them**

by James Garbarino, Ph.D.  
New York: Anchor Books, 2000  
274 pages, paperbound, \$13

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James Garbarino's book is a testimony to the impotence of mental health professionals' attempts to explain the reasons for the growing violence and crime among children under 18 years of age. Garbarino writes about boys such as Kip Kinkel and Michael Carneal, who in 1997-98, committed mass shootings of high school students and teachers. However, after reading his book, the reader is no better informed about what to do about such boys than before he began reading. The book is a mélange of "sociological" recipes mixed with "feelings" about the "lost" youth, with only glimmers of real solutions thrown in.

*Lost Boys* was written before the slayings at Columbine High School in April 1999. Its publication last August made it popular, as parents attempted to understand how such tragedies can occur — with many, no doubt, fearing that their own children may be the next victims.

Garbarino is a psychologist and the founder of a center which deals with violent, troubled youth, located at Cornell University in Ithaca, New York. What he and other professionals will not admit, is that they must become active in preventing civilization's descent into a New Dark Age. The ongoing financial collapse which, for example, has led to electricity blackouts in California, is a portent of things to come. The same collapse is part of what Democratic Presidential pre-candidate for 2004, Lyndon LaRouche, has entitled the "New Violence" (see "Commission To Be Formed Against the 'New Violence,'" *EIR*, May 5, 2000). LaRouche has cited the work of Lt. Col. David Grossman (ret.), who revealed that the teens who carried out the mass shootings were avid players of the point-and-shoot video games *Doom* and *Quake*. The shooters, Grossman explains, carried out their attacks with accurate head shots to victims, despite having no previous training in firearms, because of their experience with

such video games.

In Garbarino's smorgasbord of the "whys" such shootings occur, he mentions Grossman's work, but it's only one of many studies mentioned. He weakly condemns the media, Hollywood, and the video-game producers, but, his ultimate explanation is, "We are all to blame."

## Youth in Trouble

From the beginning of the book, Garbarino presents the reader with a statistical analysis which shows that our youth are, indeed, in trouble. The number of children considered subject to child abuse has nearly doubled, from 22 per 100,000 in 1986 to 42 per 100,000 in 1993. Arrests of children under 18 increased more than 50% from 1980 to 1994. Even though the overall youth homicide rate has dropped (at least in these now out-dated figures), the rate of small-town and rural homicides has increased 38%. He writes, "Today almost every teenager in America goes to school with a kid who is troubled enough to become the next killer."

The rate of serious depression among American youth is even more startling. Serious depression has increased from 2% in the 1960s to 25% in the 1990s. Eric Harris, one of the shooters at Columbine High School, was being treated for depression and was taking the psychiatric drug Lovox. Mitchell Johnson, the 13-year-old who opened fire and killed four of his classmates and a teacher in Jonesboro, Arkansas, suffered from depression. Kip Kinkel, who shot 24 classmates in Springfield, Oregon, and Michael Carneal, who shot eight (killing three) at a high school prayer meeting in Paducah, Kentucky, were also being treated for depression.

The author goes through some figures on the rates of recidivism of youth, i.e., the number who are re-arrested and returned to prison. The figures show that methods and programs to reduce youth violence are obviously not working. In Florida, 55% are re-arrested within 18 months; in Utah, 79% within 12 months. In California, a study showed a recidivism rate of nearly 100% over 15 years. Garbarino writes: "When all is said and done, it is clear that the problem of recidivism is a big one, even with the current state-of-art programming for kids. In fact, it is not uncommon to hear an estimated 85% recidivism rate offered . . . off the record, for the most troubled and aggressive boys by the people inside the system, people who know that some of the published research reports overestimate program success because they only include boys who were positive enough to participate in and complete the program."

What does Garbarino propose as solutions? He serves up a soupbowl of watered-down answers. He cites, for example, a "cognitive-behavioral" program called Anger Replacement Therapy, developed by a Syracuse University psychologist, which teaches kids to deal with anger by, on cue, practicing heavy breathing exercises and imagining "peaceful imagery." Garbarino spends a number of pages on meditation, and gives as an example, "Tibetan monks who came to a juvenile correc-

tion facility to demonstrate the art of sand mandala, an elaborate art made out of various colored sands and including symbols of positive cultural significance."

Garbarino, in an editorial in the January 2001 issue of the *Archives of Pediatrics and Child Medicine*, reported on a comprehensive study by a team of medical researchers at Stanford University in California, showing that reducing the numbers of hours that children view TV lowers their aggressiveness. The study showed that reduced TV watching led to as much as a 50% drop in incidents of fighting and teasing among third and fourth graders. Garbarino's editorial belittled the study, espousing his firm belief that "we all are to blame."

The author writes: "At a recent public forum the moderator turned to me and asked, 'When it comes to making children violent, who is to blame?' I responded, 'Blaming is not the issue. Blaming makes the blamer feel righteous and the blamed feel ashamed. Neither is productive in solving social problems.' But if the goal is to point a finger at those 'responsible' for violent children, then we must start with the understanding that it will take a whole handful of fingers and then some, and that all of us should always save one finger for ourselves."

If it's left up to the author's efforts his "Lost Boys" will remain lost, and we can expect more Columbines and Paducahs.



## Political Prisoners in America??

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# Fight to Save D.C. General Hospital Takes On Evil ‘Shareholder Values’

by Dennis Speed

*“For what doth it profit a man, if he should gain the whole world, and lose his own soul?”*

Since the beginning of the year, three emergency town meetings—“citizens’ assemblies”—have been held in Washington, D.C. to address the national emergency embodied in the decision to close the capital’s only public full-service hospital: D.C. General. The tone for the meetings was set during the Jan. 3 Washington seminar/webcast by Lyndon H. LaRouche, Jr., during LaRouche’s exchange with Dr. Abdul Alim Muhammad, Minister of Health of the Nation of Islam, regarding the impending shutdown of D.C. General, which he described as one of the nation’s oldest and best medical facilities, and the only hospital serving well over 80,000 Washingtonians who lack medical insurance.

LaRouche replied: “First of all, I think you have to take this as a paradigmatic case, because it’s the nation’s capital. Therefore, what we do in the nation’s capital tells us what we are doing to the nation as a whole, or more. What I would wish

were done, would be to repeal the HMO [health maintenance organization] act, and restore the former act, the Hill-Burton, which mandated the purpose of medical care.”

Speaking to 100 people during a town meeting on Feb. 8, LaRouche activist Dr. Ernest Schapiro said, “Hill-Burton mandated that, following an inventory by the Federal and local governments of available health facilities, priorities were established to ensure that all Americans would be, as soon as possible, given access to a full range of health care, by building institutions with the necessary hospital beds in every county in the country.” Dr. Schapiro and Dr. Muhammad have assembled a growing national circle of physicians, as an emergency task-force to reverse the criminalization of U.S. medicine. Dr. Schapiro continued, that, today, the 1946 Hill-Burton Act is virtually a revolutionary idea, because it is a direct challenge to the “shareholder/slaveholder values” cultural matrix that has come increasingly into the ascendancy with the Confederate, anti-general welfare, economic policy bias of the new administration in Washington.



*A demonstration to save D.C. General Hospital on Jan. 11. The shutdown of the hospital would leave hundreds of thousands of people without medical care.*

Contrary to the radical nominalism of Attorney General John Ashcroft, the Founders of our nation did not fight to preserve and protect what Ashcroft refers to as “their sacred fortunes.” Rather, the Founders’ Preamble to the Constitution includes a clause, “to promote the General Welfare,” which was intentionally excised from the Preamble to the Constitution of the Confederate States of America. The General Welfare of the U.S. population, has now become a life-and-death issue, as witnessed by the failure of every feature of the physical economy from the electrical grid to public schools. In Washington, that issue has now taken center stage in the fight to save D.C. General Hospital.

### ‘General Welfare’ vs. Crisis Management

Founded in 1806, D.C. General was cited in a recent National Hospital Association report as among the best in the District. Why then, is it being closed? As a former D.C. mayor commented, “It’s not a fiscal decision. There’s a particular philosophy behind the decision.”

LaRouche and his associates have briefed more than 400 D.C. residents at the recent meetings, including doctors, nurses, clergy, trade union activists, elected officials, and educators, as to exactly what this policy is: On Feb. 6, LaRouche spokesman Dennis Speed told 200 persons gathered to oppose the closing of the hospital, “There are two possible policy directions for our nation. . . . These two directions have no third alternative, no ‘third way.’ . . . Either our nation will go the way of Germany 1933, under the Nazis, or it will re-adopt the commitment to the General Welfare clause of the Constitution, adopted as the basis for both foreign and domestic policy during the Franklin Delano Roosevelt administrations of 1932-45.” Emergency measures, implemented under the rubric of “crisis-management” echoing what Hitler did in February 1933, would be the future, unless the U.S. population acts in its own behalf, Speed said.

At the town meeting on Feb. 13, speaker Lynne Speed reported to activists on what the various formal bids being made to run D.C. General—which requires expenditures of \$120 million a year to run—on \$60 million. She pointed out that Greater Southeast Hospital, which, on Feb. 8, won the bid to take over D.C. General, is owned by an Arizona-based private hospital group that has already shut down two hospitals in the greater Washington area; further, under the already-announced cuts, *all* Emergency Room service, as well as most long-term care, would be eliminated.

LaRouche recently emphasized to this author, that *no* plan, other than restoration of 100% of the hospital’s capacities, and for *expansion* of hospital facilities, including new hospital construction, could result in anything other than death. In the accompanying articles, we document that preserving and expanding the services of D.C. General Hospital, far from being a local issue, is a paradigm for the national fight to defend the General Welfare against “shareholder values.”

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## Interview: Kenneth Lyons

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# Hospital Closing Is National Catastrophe

*Kenneth Lyons is president of the Washington, D.C. Emergency Medical Services Association, a non-profit community outreach and education association, and a emergency medical services (EMS) paramedic with the D.C. Fire Department, with which he’s served for 16 years. He was born, raised, and educated in Washington, D.C. He received his college education at the University of Miami. Mr. Lyons spoke with Lynne Speed on Feb. 5, 2001.*

**EIR:** Being on the front end of the health delivery services, you probably get a good opportunity to see the impact of the existing budget cuts in D.C. General Hospital, and also what the impact of shutting this hospital would be.

**Lyons:** Exactly. What’s happened is, that the result of just the most recent downsizing of the hospital has had a dramatic impact on the health-care industry. Look at the city: Currently, there are 15 medical facilities in the District, and only five level-one trauma centers. What we see now, just with the downsizing of D.C. General Hospital, we’re finding the shift in the patient load to extend from the far end of Southeast [quadrant of the city]—that’s the Greater Southeast Hospital—to the far end of upper Northwest, which is Sibley Hospital. All those hospitals have felt the impact of D.C. General being downsized.

Even in the early phases of the downsizing of the facility, they are witnessing the impact, that is, no patient beds, six- to eight-hour waiting times, to extend even to ten-hour waiting times, turning [emergency] patients away at the door. The most dramatic case, is when patients are near D.C. General Hospital, and we are not able to take them there. This is true of the most serious trauma, of the most serious medical cases. We have to find other hospitals to take them to.

This is a hospital that serves at least 40% of the city’s population. I don’t just mean the city’s population. You’re talking about a population that is between 500,000 (which is the indigenous population), and the population of 1.5 million that’s in the city every day. They’re not just from the District of Columbia. They’re from all over the world. They’re from Maryland, Virginia, Pittsburgh, California, Europe, Asia. Wherever they may be, D.C. General Hospital serves those people.

So, to say this is a District problem, no, it extends beyond the boundaries of the District, and in doing so, with this hospital being downsized, it’s impacting all of the hospitals, not

only in the city, but those hospitals in Maryland, those hospitals in Virginia, those hospitals in Philadelphia, those hospitals in North Carolina. We're seeing the epicenter of a catastrophic event, and unless we realize the importance of this one medical facility, but look at it not from the perspective that it serves this city, but we have to realize that it serves the world. It serves the nation. At the very least, it serves the nation; at the very most, it most serves the world.

So when you start looking at it from those perspectives, then it becomes more than just a problem of the District of Columbia, but a problem of this nation. And it should be addressed in that manner.

**EIR:** You mentioned that you're going to have an increase in the number of deaths. Have there been some recent incidents that you can cite?

**Lyons:** Yes. We actually saw the initial downsizing of the facility occur, we felt the burn of it, starting in 1988, and it became worse over the years. I can just point out the one incident, where D.C. General, when it was available as a full-service facility, did help. There was an individual, whose name is "Kenneth." He worked at the Rayburn Office Building. On his way home, down Pennsylvania Avenue, Kenneth suffered a head wound. He was shot in the back of the head. We took him to D.C. General Hospital, where he lived for ten hours. Ten hours to make peace with his God, ten hours to see his family, ten hours to see his daughter, and then he died. D.C. General bought him that time. He didn't live in the District, so he didn't fit the normal makeup of what you want to say of an individual who would utilize that facility.

Just two weeks ago, an individual was shot three blocks from D.C. General Hospital. Because they were closed, we couldn't take him there. We had to drive him to Med-Star Hospital, where this 16-year-old male died on the ramp of the hospital.

If you had a chance to speak to any of the medical individuals there, when asked, "Would it have made a difference if D.C. General was open?" they said, "Without a doubt": because the most important thing for a trauma patient is surgery. We delayed that transport ten minutes, because this facility was closed.

**EIR:** Why was the facility closed?

**Lyons:** Because at that particular point, they didn't have the staff to man the ER, the trauma area. They didn't have the upkeep, the maintenance in their generators, to keep the doors opening and closing. So we went to the doors and they told us, we don't have the staff, but it won't make a difference anyway, because since the generators broke, we can't open the doors.

I thought that was perfect! What a perfect illustration of the health-care crisis we have here now. The doors of a major medical facility are closed to those who need it the most. And you're left to your own devices.

**EIR:** And you couldn't get him directly into the hospital?

**Lyons:** The doors wouldn't open. The staff for the Emergency Room that particular day wasn't available. What made it even worse, though, was that the doors to the hospital were closed, because the maintenance on the generator hadn't been done, because of staff cutbacks.

The Emergency Room itself was closed. As a matter of fact, the entire hospital was closed. They weren't seeing any patients that particular day. When asked why, they simply said, we don't have the staff and personnel to carry out the basic functions of the hospital. We don't have it.

**EIR:** Does it also frequently happen that you find longer waiting times, even to get into the Emergency Room? In other words, it's open, but you have more patients than can be accommodated?

**Lyons:** When D.C. General was open, on a busy day—mind you, we have the busiest EMS system per capita in the country. We run over 130,000 calls a year. When D.C. General is open, the waiting time decreases from six to four hours. There's a four-hour waiting period in the rest of the hospitals, because they pick up the load. When they are closed, not only does it impact the waiting times, which may exceed six hours, but it also impacts on the response times of the [EMS] units that are working in the streets to transport the patients. So, we're seeing extended response times, because we don't have that facility available to the patients in that area.

**EIR:** What do you need for trauma care? I understand that there are a large number of cardiac arrests, and I imagine, also, shootings and other kinds of trauma cases. What's the timing? How quickly do you have to get a patient to the hospital?

**Lyons:** To put this into some perspective, the number-one killer in this city, in this nation, is incidents that involve cardiac disease and cardiac arrest. In this city alone, the save rate, that is, the rate at which individuals actually go to the hospital, who have suffered cardiac arrest, and leave, and walk out and live, and go on to lead productive lives, is 1% or less. The national norm is at least 7%.

It's been known for years, that the most important part of treatment, besides education, once it's recognized that an individual is suffering a cardiac event, is to get them the most intensive treatment necessary in a very short period of time. That time-span is between 8 and 14 minutes—*8 and 14 minutes*. We know that we can have a definite impact on an individual's life, who's not breathing, who has no pulse, if we can get the equipment there that we need within eight minutes, and that, basically, is a transport unit.

But what we're finding out, is that, even though we may get these individuals in a unit and transport them to the hospitals, there's a waiting period, and that waiting period is the difference between life and death.

**EIR:** So, once a person goes into cardiac arrest, the save-rate, the people who actually live, nationally, is 7%?

**Lyons:** It's around 7%.

**EIR:** And that means 93% don't make it?

**Lyons:** Ninety-three percent don't make it at all.

**EIR:** But in D.C., the rate that don't make it is 99%?

**Lyons:** Between 98 and 99%. What's even more significant about D.C. General Hospital, is that they had, to my knowledge, one of the most successful community outreach and educational programs to address issues involving hypertension, cardiac disease, diabetes—all of those are significant in this section of the city, whose geriatric rate we saw grow, I think, by 35%. To now say that we don't have that ability to go out and reach out to the community to educate them, leaves it on the shoulders of a few small non-profits, or whatever organizations there may be, to go out there and impact the community. I tell you, it's virtually impossible.

**EIR:** So, there have also been massive cutbacks in the preventive and educational services?

**Lyons:** Oh, most definitely. The community outreach program at D.C. General included an outreach center—actually, they had a van, which went around and took blood pressures, did cardiac checks, and did diabetes checks. It was a useful tool, if not educating, at least pointing out those specific areas that needed to be addressed, in specific areas of the city. This van served the entire city, not just one section.

They also had several clinics that they had available, where individuals could actually come in. They were community outreach clinics. I know of three, where people could come in and have blood pressure checks, and you could identify the problem, and then, say, refer these individuals to other medical facilities.

Those have been cut back. So, there's a direct correlation between the cutback and phasing out of those programs, and our cardiac save-rate.

**EIR:** Are any of the vans functioning now?

**Lyons:** No.

**EIR:** The paramedic unit is run through the Fire Department. We've pointed out in some previous articles how the cuts in the Fire Department, in the case of New York, related directly also to a disruption in health services and overall services in the city, with a very dramatic effect. Have you seen that kind of thing also in D.C.?

**Lyons:** Yes. The cutbacks in the Fire Department are a case in point: Not a day goes by when you can go past at least five to six firehouses, and find ambulances sitting in those firehouses unmanned. No manpower. So what you have, is a small fleet of units left to do the job that D.C. General used to do. If we don't transport, we're left to educate. In a city where

you have 130,000 calls, and people are calling at a rate of ten calls every 10 or 15 minutes, you don't have time, even though you would like to do it, to do a job that a single hospital used to do.

So, we see that there seems to be a phasing-back or cut-back in all of the major services, but the most important of those services, which directly affect the health and well-being of the citizens, or again, those 1.5 million people who visit and work in the city every day.

**EIR:** How many cardiac arrest cases do you get per year?

**Lyons:** Between 800 and 900.

**EIR:** What percentage of these 130,000-plus calls have traditionally used the services of D.C. General Hospital?

**Lyons:** Between 28 and 38%—it's huge. The majority of our units are located either in very close proximity of D.C. General Hospital, or on the fringes there. A large majority of our patients are transported to that facility.

**EIR:** So, despite the fact that it's one of 15 hospitals, since it's one-third of the caseload of the city, you can't simply transfer that.

**Lyons:** No, you can't. Not without seeing what we see now. Not without going to hospitals in the far Northwest and their telling us: "Look, we can't handle this patient load any more." Not when you go to hospitals outside of the District of Columbia, like Washington Adventist Hospital. They're saying, "we have our own concerns." Not when you're transporting patients that would normally go to D.C. General Hospital, and we're now taking them to Prince George's County [in neighboring Maryland]. They're saying, "We can't handle this caseload."

So, we hear the same thing time and time again, even though individuals are saying that the patient caseload can be handled by the surrounding hospitals. You need but step into any Emergency Room on any day, at any time, and just see the impact of this one hospital being downsized. The tentacles reach out, again, as far as Maryland and Virginia.

But is it affecting the hospitals directly in the District of Columbia? Yes, it is. We have Med-Star, a premium trauma facility, closing its doors. That's Washington Hospital Center, closing its doors, because it can't take any more patients. Where do we send them? We have Howard University putting patients in hallways—trauma patients in hallways—because their trauma rooms are packed. Where do you go? What do we give the patients?

Again, a true indication of the success of any city government, or any country, is its ability to care for its weak, its injured, its sick, and its young, and its old. The ability to care—compassion.

At EMS, we have a saying: "Do no harm." Can we say we're doing that now? No, we're not. We're doing anything and everything but that. So, are we really showing any com-

## 'Budget Cuts Killed My Baby Sister'

*Rev. Clarence Turner III, pastor of Fruit of the Spirit Baptist Church in Washington, D.C., addressed the Feb. 6 emergency Meeting to Save D.C. General, where he announced that he would begin a vigil and fast at D.C. General Hospital the next day. Rev. Turner was a delegate candidate for Democratic Presidential candidate Lyndon LaRouche in the May 2, 2000 Washington, D.C. primary election. Here are excerpts of his remarks.*

I was treated at D.C. General Hospital, in 1959. If you look carefully, you'll see I stand straight. My back was broken in three places. My neck was broken. But on the third day, I got up out of the bed at D.C. General Hospital, when I thought I was going to die. But God chose to allow me to live.

But let me take you a little further. I've got a son that had been beaten almost to death, about five years ago. He works as a fireman and a paramedic now. We got him to D.C. General Hospital in about eight minutes. Finally, they were able to work on him. He stayed in intensive care for five days, [with an] induced coma because of brain swelling. He survived, and he's now doing everything he can to make sure people live.

I've been in Code Blue [inpatient life-threatening emergency, such as cardiac or respiratory arrest] seven times. Four of those times were in D.C. General Hospital. Those doctors got on their job. They found out the problem, worked right on it and got me out of there.

My baby sister had all kinds of insurance. My baby sister did not have to die. Somebody said it was D.C. Gen-



*Rev. Clarence Turner III*

eral's fault, but the biggest problem, was because of the budgetary cuts, and some doctors that were so busy trying to save money, that they didn't deal with her situation: She was sent home, and in an hour and a half or two hours, she was dead. The same ambulance crew that delivered her, had not even gotten off their shift, came back to pronounce her dead.

I've watched them in those ambulances fighting to try to save somebody's life, trying to keep blood from running out of people's bodies. They suffer harder than you do about somebody dying. And can you imagine, they have to go another 10 or 15 minutes somewhere—it's not going to work, folks.

A change has to happen in our system. Our system is set up for you to die. If they snatch D.C. General Hospital, what do you think they're going to put in there? High-rises and beachfront condominiums and properties. How many of you are willing to die, because somebody wants to make a few extra million dollars?

Whatever way you do it, you'd better take it back now, because tomorrow might be too late.

passion to these people? Or, are we turning them away and saying, "Get your compassion elsewhere, because you just don't matter to us"? I think, at the end of the day, we are all measured by what we've done in life. How will the District of Columbia and its leaders answer up? You turned your back on your very young and your very old. How will you answer? I don't think you can.

To be honest with you, I see the faces of those individuals I can't help, because the system has failed them, and they ask me for help. What do I tell them? You never want to lie to a patient. You want to be honest and up-front with this patient. But you reach a point where, in some cases, it's best that you say nothing. How can I tell a family member sitting across from me, in the back of my ambulance, with their loved one

lying on my cot as I do CPR [cardiopulmonary resuscitation] on them, "Ma'am, I'm sorry, we're going to have to go on the other side of the city because D.C. General is closed"? Then, when we get there, the doctors come to the family member and say, "I'm sorry, your husband, your son, your daughter, your child, has died."

I explain that to them: We passed the hospital that may have made the difference in this case. The ability to care, to show compassion: It's just apparent to me that that just doesn't exist now.

**EIR:** There are various schemes and plans, that people have tried to come up with, around the hospital. Of course, it all boils down, as Mr. LaRouche has said, to a question between

whether you believe the general welfare is primary, or shareholder or slaveholder values are primary. He has stated that there is no plan that can function, except the plan to have a full-service hospital; and that, in fact, there should be a Federal emergency renewal project in the city immediately, to make the nation's capital a national model, as opposed to a national shame. What is your response to his proposal? And do you think that the degradation of services so far, that that is workable, or does that have to be reversed?

**Lyons:** The degradation of services, is it workable? Ask that 16-year-old. We should be setting the trend, not following the trend. This is the nation's capital. I think Mr. LaRouche hits it right on the head, when he says that, not only should this hospital be reinstated as a full-service medical facility, by those who use the city's services the most—it is basically the Federal employees. But all those services, those outreach services, in which D.C. General used to participate, that had such an impact on the community—all of those should also augment the total reinstatement of a full-service center.

You mention that there are plans. I ask you, plans for what? Again, ask that 16-year-old what the plan was. Ask "Kenneth" what the plan was. Ask that family member who sits on that bench next to me, as I do CPR on his loved one, what the plan is. I'm sure, at that particular time, they will agree with me, that the hospital must be—it's not a question whether or not we should, whether or not we could—we've reached a point where we have to. We are at the bottom looking up. For us to turn our back on that hospital—and all these convoluted plans to somehow address the needs of the community, which we all know don't work—I see it every day.

If we turn our back on that hospital, we turn our back on the nation, at the very most, and we turn our back on those individuals who live here, the most important.

The plan, again, Mr. LaRouche is right on target. The only plan is quite simple. It's the plan that's worked, and that is, to reinstate the hospital. Other states have fought to keep their hospitals available. When I was in Florida recently, in the small town of St. Lucy, the question came up as to whether or not they should close their general hospital. The statement from the city leaders was: Whatever it takes. The city hospital not only cares for the community, it truly represents how much we are willing to care, what our compassion for the community is.

That's what the answer should be, in the case of D.C. General Hospital: What it really represents. To sign off on anything less is to simply say, we turn our back on the community, we turn our back on the nation. To do that, is to give away what makes us human. I think now is the time that we make that decision: Whether we are unwilling to turn away from what makes us human, or give in to those individuals who seek to benefit from others' miseries. Those individuals know who they are. I think now is the calling time. Now the horn is being blown, and we've got to answer. But first, the

failure of every part of civilization is first, the inability to care for its population. From there, it tends to go downhill.

This is a national problem, but we should be setting the trend, we should set the example for the entire nation, that hospitals like D.C. General do more than just care for our sick and injured. They represent our capacity to care. There is a duty to act and a passion to care.

**EIR:** You were saying that D.C. General was the most successful in the city in dealing with trauma, and of course, this is a relevant issue, because you have everybody concerned with biological terrorism, the threat of that. Since this is the nation's capital, it's a legitimate concern. How does this function?

**Lyons:** First of all, D.C. General is only one of two medical facilities in this city actually constructed to deal with bioterrorism and weapons of mass destruction. That was one of its primary duties. But the way it dealt with trauma, in being one of the more successful hospitals in dealing with that, because it saw so much of it, other medical facilities, teaching medical facilities, realize that. So, what they started to do was send their [medical] residents there. It became such a successful program, that the U.S. Army and Walter Reed Hospital became a partner program. So the benefits of this hospital then expand even more than what we've discussed in the past.

It's a teaching hospital, where individuals came through, because of the type of patients that were being brought to the facility. They handled the most trauma in the city, and they did it well. It was one of the most successful in dealing with trauma in the District of Columbia, so much so, that it was actually recognized throughout the country as that.

In the District of Columbia, we're sitting on a time bomb, with the downsizing of services at D.C. General Hospital affecting, like an octopus, every agency service that we have now. What happens is, as long as key individuals in certain areas can keep the true gravity of the situation quiet, then the public truly won't know the extent of the crisis. Because, if they knew, you would come very close to having riots in the street. This is not something that I'm condoning, but individuals, if they truly knew how it would impact their lives, they would be up in arms. Because they would then realize, it's not just the District of Columbia. It's Maryland, it's Virginia, it's my next-door neighbor. Or it's me.

As long as they're able to keep it quiet, people go along their merry way, thinking that it won't touch me. But I'm here to tell you today, it has. It touches every visitor, every employee, every citizen of this city, every day. You don't have to get involved. Just go to an Emergency Room. Just go to Children's National Hospital, which has accepted an overwhelming number of kids, because D.C. General has downsized their pediatrics. Walk through their doors. Kids are no longer being handled as children or humans. They're being handled like merchandise. Stick them in, stick them up, and stick them out. That's what this system has come to.

It's not because they want to. It's because they're being put in a position where they have to. The impact stems from simply the downsizing of a major medical facility like D.C. General Hospital. To think that if you plan on wholesaling out parts of it, that there won't be any repercussions — they'll knock on my door today, they'll knock on yours tomorrow.

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## Documentation

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### House GOP Enforces 'Shareholder Values'

*The following report (#106-786), on the District of Columbia Appropriations Bill for 2001, was adopted by the House Committee on Appropriations on July 25, 2000, as presented by Committee Chairman Rep. Ernest Istook (R-Okla.), speaking for the Republican majority on the committee. We offer it here as evidence of the commitment to shareholder (or slaveholder) values over the general welfare that predominates among Congressional Republicans. It also makes clear that the plan to close D.C. General Hospital has been a long time in the making, despite the charade to make the public believe that the decision was only made in February 2001.*

The Committee is deeply concerned that the District must act immediately to stop the fiscal hemorrhaging that is occurring at the Public Benefit Corporation (PBC), which operates D.C. General Hospital. For the past 30 months the PBC has run a monthly deficit, now reaching \$2.5 million per month. During this time, rather than confront difficult decisions to keep the PBC from going bankrupt, the District and Control Board have used a facade of "loaning" money to the PBC. During this 30 months, these loans have reached \$90 million beyond the \$40 million annual subsidy which had been budgeted and approved. The Committee finds it insulting to hear anyone now seek to call these loans "receivables," as though the euphemism made any difference in their nature. Past practice reveals that these "loaned" monies then are routinely written off as bad debts. Nor can any title conceal the fact that this was unauthorized and unapproved spending, especially since the payments were not accompanied by any promissory note, repayment agreement, security interest, collateral agreement, agreement of interest to be charged, nor any other documents to demonstrate the due diligence which should accompany financial transactions of this magnitude. These were not *bona fide* investments of funds, which by law, were not authorized to be spent.

By failing to address the problem of the PBC and the associated hospital, the District and Control Board have made matters worse. They have lost the opportunity to correct the

underlying mismanagement, cost taxpayers many millions of dollars, and destroyed any confidence that any new proposed solution would be better than past proposals. The greater threat to public health in the District is not the potential closing of D.C. General Hospital, but in letting it continue to siphon off precious health care dollars without providing an equal value of benefit to the public. Other hospitals have indicated their readiness to assume the burden, and likely at lesser cost to taxpayers.

Just as bad as the financial failure, is the failure of political will to address this problem. The Committee is disappointed that officials have preferred to procrastinate and spend, rather than risk the unhappiness of the political constituencies involved in the PBC and D.C. General Hospital. District officials have failed to muster and demonstrate political will power or courage, and for more than the 30 months mentioned above. The problem dates back beyond ten years. The PBC was created in order to bail out a failing hospital, namely, D.C. General Hospital. District officials have had more than ten years to undertake the necessary operational or management reforms so badly needed. A recent report by the Cambio Group stated that the PBC should reduce its staff by 30%, and then, even this rightsizing of the workforce at the PBC would not totally eliminate the monthly deficit incurred by the PBC. The recently announced staff changes are but a tiny fraction of the savings now needed.

Leaders in the District have been asking, "What can we do to get through this without upsetting anyone?" when they should have been asking, "How can we prepare today to make a better tomorrow?"

No matter how good any current proposals may sound in this area, the Committee has no faith in the political will power of District officials to follow through with them. The Committee questions the legality of the so-called "loans" or "receivables," and even if this were somehow a legal loophole, the Committee has acted to close it.

### Dissenting Views

*The following is from the Democratic Committee members' dissent:*

The second provision bars the Public Benefit Corporation from using its existing lines of credit to borrow funds above its budgeted amount. While the minority shares the majority's concerns about the grave financial condition of the Public Benefit Corporation, which operates D.C. General Hospital, emergency-care services, and health clinics for some of the District's poorest residents, it does not believe Congress, by fiat, should force its insolvency. Policy experts within the Control Board, the Mayor's office, and outside consultants, who are currently working on a remedy, were never consulted prior to inclusion of this provision. Moreover, the full ramifications of this provision are still not known, but certain to disrupt, and probably eliminate, health-care services to some of the District's neediest residents.

## Tax Cut Proposal Fuels Partisan Rhetoric

Democrats are digging in their heels in opposition to President Bush's proposed \$1.6 trillion tax cut. On Feb. 8, Senate Minority Leader Tom Daschle (D-S.D.) told reporters that \$1.6 trillion is only the "base price" for the tax cut. What he called the "hidden costs" have to be added to it, including \$80 billion to extend expiring tax provisions, which are routinely extended every year; \$200 billion to reform the alternative minimum tax; and another \$500 billion in interest costs because the national debt won't be paid down as fast as it otherwise could be. Daschle estimates that the actual cost of the tax cut will be on the order of \$2.6 trillion.

Democrats also attacked the projections on which the tax cuts are based. Daschle warned, "If the economy grows just eight-tenths of 1% slower than projected, the size of the surplus [over ten years] drops \$4 trillion." House Minority Leader Richard Gephardt (D-Mo.) said, "There isn't a family in this country that makes economic and spending decisions today based on what their income is going to be ten years from now."

Senate Budget Committee Chairman Pete Domenici (R-N.M.) responded during a Budget Committee hearing on Feb. 12, "We have no intention of producing a budget that will have tax cuts of more than \$1.6 trillion. . . . We intend to pay down the national debt absolutely as fast as it can be paid down." He added, "We intend to fund all of the priorities that have been discussed by the President and others," including education, prescription drugs, and so forth.

As for the economic projections, Secretary of the Treasury Paul O'Neill, who has become the Administration's chief lobbyist for the tax

cuts, told the House Ways and Means Committee on Feb. 13, that making such long-term decisions is not unlike making business decisions, such as whether or not to build a new plant that will last 40 years. With the tax code, he said, "people make decisions in anticipation or in good faith on the basis of what you all do, so that if you say you're going to enact a phase-in program for death taxes or the marriage penalty, people rely on that." He suggested that there's a 25% safety valve built into the Congressional Budget Office forecasts, but that fiscal discipline is needed to protect that.

## Minimum Wage Increase Gets Boost from Democrats

Democrats are promising that they will fight for an increase in the minimum wage. On Feb. 7, Sens. Edward M. Kennedy (D-Mass.) and Barbara Mikulski (D-Md.), and House Minority Whip David Bonior (D-Mich.), announced that they will introduce legislation to increase the minimum wage from \$5.15 to \$6.65 over the next two years. The increases would be in increments: 60¢ 30 days after enactment, 50¢ a year after that, and another 40¢ a year after that.

Kennedy showed reporters charts that indicated that low-wage workers are earning less than they were 20 years ago despite the fact that they are working more hours, especially in the bottom fifth of the working-age population. Bonior added that if Bush wants to prove that he's a compassionate President, this is his opportunity.

Kennedy and Bonior indicated that they are prepared for a confrontation with the White House over the issue. This would come if the GOP tries to add a provision allowing states to opt out of the Federal minimum wage;

Secretary of Labor nominee Elaine Chao indicated during her Jan. 24 confirmation hearing that President Bush would support such a provision. A second issue would be an attempt to link a minimum wage increase to business tax cuts. Such a link killed similar legislation last year.

Bonior warned the White House to be cognizant of what happened to Bush's father in 1991-92, when he refused to support additional funding for the unemployment compensation fund. Bonior said that Democrats "went after that issue with a vengeance," and that this time, "we will engage in the same type of intense efforts." He added, "It will be incumbent upon President George W. Bush to understand how that debate, back in the 1980s and early 1990s, affected his father. It will affect him as well, unless he understands how serious we are, and how serious the American people are about making sure we get a minimum wage for these workers, and not a minimum wage which allows states to opt out at their whimsy."

## Patients Bill of Rights Sabotaged by Bush

On Feb. 7, President Bush sent a letter to Congress outlining his principles for Patients Bill of Rights legislation that is somewhat at odds with the bill that was introduced by Sens. John McCain (R-Ariz.) and Edward Kennedy (D-Mass.) the day before. In a statement of principles accompanying the letter, Bush said that coverage should be "comprehensive," patients should exhaust their appeals before resorting to litigation over a treatment decision, that lawsuits should all be directed to Federal court, and that damage awards should be subject to "reasonable caps."



The McCain-Kennedy bill would only force lawsuits to Federal court in certain cases, whereas all other cases go to state court, which typically allow larger damage awards than Federal courts. McCain said, "It isn't clear how the President would protect existing state laws, such as those in Texas and Arizona, by insisting that all disputes be handled in Federal court."

## **Water Infrastructure Plan Gets Backing**

On Feb. 13, Sen. George Voinovich (R-Ohio) and Reps. Sherwood Boehlert (R-N.Y.), John Dingell (D-Mich.), and Peter DeFazio (D-Ore.) were joined by Detroit Mayor Dennis Archer to endorse a plan for vastly increased support for city and state water systems by the Federal government. The plan was assembled by the Water Infrastructure Network, a coalition of water and sewage treatment associations.

The report recommends about \$57 billion in Federal investment over 2003-07, as opposed to the current funding level of about \$3 billion per year. This increased funding would be used to help states and localities address unmet needs in water and sewage infrastructure upgrades, including the replacement of infrastructure that, in many cities, is up to 100 years old.

The participants in the press conference emphasized that water infrastructure is critical to the health and welfare of the population, and is essential to the economy. Dingell reported that "there is near-agreement among all" parties concerned "that there is a vast need for greater investment from the Federal government." Boehlert warned that without adequate funding, all the gains resulting from the 1972

Clean Water Act will be lost. Voinovich said that many communities are facing water rate hikes of up to 150% as a result of efforts to comply with recent new mandates imposed by the Environmental Protection Agency.

However, when this reporter raised whether this initiative may come into conflict with President Bush's tax-cut plan, Voinovich replied, "It's important that the White House take into consideration unmet needs." He added, "We need to see what needs to be done and find a way to get it done." He promised that, even if the legislation that he has already introduced to increase the Federal contribution to the state water pollution control revolving funds is not passed this year, he would make an effort to increase funding in future years. Voinovich endorsed the formulation put forward by DeFazio, that making the necessary investments in water infrastructure would put more money into people's pockets faster than a tax cut, both through the economic effect of water improvement projects, and through resulting lower water rates.

## **Social Security Lockbox Bill Passed by House**

On Feb. 13, the House passed a so-called Social Security lockbox bill, by a vote of 407-2. "Under this legislation," said Pete Sessions (R-Tex.), "we will be honest with the American public and exercise fiscal discipline by locking away all the surpluses from the Social Security and Medicare trust funds." The bill creates a point of order against any legislation, be it a bill, an amendment, a conference report, or a budget resolution, that "spends any of the Social Security or Part A sur-

pluses."

The overwhelming bipartisan support of the bill did little to cover over the fact that it's largely an exercise in politics. Jerrold Nadler (D-N.Y.), one of only two Democrats to vote against the bill, called the lockbox "nonsense," which has been embraced by members of both parties for opportunistic reasons. He explained that the Social Security trust fund surplus is not retained in cash, but is invested in government bonds. "What the government does with that money has no bearing on the security of the Social Security trust fund," he said.

Nadler said that "the proceeds of borrowing from Social Security and paying it back with interest for anything other than paying down the debt . . . is a good excuse on the part of some why we cannot have government spending for things that otherwise people . . . might want to spend it on," such as prescription drugs, housing, health, education, or the defense budget. Nadler added that, though it might make sense this year to use the surplus to pay down the national debt, "it makes no sense to tie the hands of future Congresses and say that always in the future, in all circumstances, the best economic choice for the United States, the best policy choice, the best budget choice, is to use that money for paying down debt."

The Democrats don't want to be seen as opposing setting aside Social Security and Medicare, but that didn't stop them from complaining about the procedure under which the bill was brought to the floor. Tony Hall (D-Ohio) complained that Democrats couldn't amend the bill with their alternative. The bill has "worthy aims," Hall said, but "it does not take Medicare off-budget which would give Medicare the same protection as Social Security."

# *Democratic Traitors Surface Again*

The *Wall Street Journal*, leading attack dog against the recent Democratic Administration in Washington, doesn't often offer its prime editorial page space to a Democrat, but on Feb. 15, the mouthpiece for Wall Street felt it had reason to do so. Its leading opinion column was given to an article by one Paul Goldman, a former chairman of the Virginia Democratic Party and former member of the Democratic National Committee, with the prominent headline, "Democrats Must Censure Clinton." What gives?

The promotion of Goldman's vitriol against former President Clinton, serves one of the primary purposes of the bipartisan agreement in the Establishment to wipe out everything and everybody in the Democratic Party, which could interfere with their policy of "triangulation," the broad area of agreement between George W. Bush and Al Gore.

Goldman, as usual, is shameless. He begins by saying, honestly, that back in 1998, he had promoted a movement to censure President Clinton. This movement was smashed in the leadership councils of the Virginia Democratic Party, where he first surfaced it through his minions, and was ultimately destroyed nationally, through the rallying of Democrats by the Americans to Save the Presidency, promoted by the LaRouche movement.

But then Goldman begins to spin his lies. He claims that it was because of the Democrats' failure to distance themselves from President Clinton's moral lapses, that Al Gore did not win the White House in November 2000. It's not too late, Goldman argues. He proposes that the Democratic Party take the occasion of the scandal surfacing around Clinton's pardoning of sleazy fugitive Marc Rich, to lead a movement to censure President Clinton now, allegedly "clearing the way" for a Democratic Party revival based on "moral principles."

How do we know Goldman is evilly lying? First, as any sane person knows, Al Gore didn't lose because of popular disdain for President Clinton—just the contrary. Al Gore lost the Presidency, just as LaRouche said he would, because of his own venal pursuit of anti-Democratic constituency policies, including violation of the Voting Rights Act. Gore was his own worst en-

emy. Democrats didn't come out to vote for him.

Second, Paul Goldman himself represents the very contrary of the principles of the Democratic Party of Franklin Delano Roosevelt, John F. Kennedy, and Martin Luther King, in which he wraps himself in this column. Goldman is the quintessential Bush Democrat, as he showed himself to be back in 1990, when, as head of the Virginia Party, he made a deal to prevent Democratic opposition to Republican John Warner's run for U.S. Senate. Goldman's support for Gore over Clinton, represents that same policy commitment.

Goldman an advocate for the policies of Martin Luther King against those of Clinton? Garbage. This pusillanimous twerp heaped disdain on civil rights leaders who stepped forward in 1990, to support the candidacy of a LaRouche Democrat against Republican John Warner. To this day, he runs a slander campaign against leading members of the Virginia Legislative Black Caucus, who have attacked the judicial corruption in the witch-hunt against Lyndon LaRouche.

Sources report that if anyone wants to ask about the Marc Rich pardon, the person to question is Al Gore. The attorney for Rich, who coordinated the lobbying effort for his pardon, was Jack Quinn, Gore's former chief of staff. He was inserted into the Clinton White House by Gore and has always operated with loyalties to Gore.

What Goldman is doing, is what destroyed the Democratic Party in Virginia, leaving it with no officials in state government, and no Democratic Senator. He is attacking President Clinton for representing an allegiance to civil rights, and a lingering commitment to the policy of the general welfare—and implicitly demanding that the discredited Gore wing of the party take over. Goldman wants any resistance to Gore's anti-Democratic policies to be swept away, emphatically including that of the only visible leadership now in the Democratic Party, the leadership of LaRouche.

Bush Democrats, and Wall Street Republicans, are determined to reshape the Democratic Party as a tool for their own objectives, and *prevent* its reshaping under an FDR-style policy. Paul Goldman should be repudiated again, as he was in 1998, and this time, for good.



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