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by Lyndon H. LaRouche, Jr.

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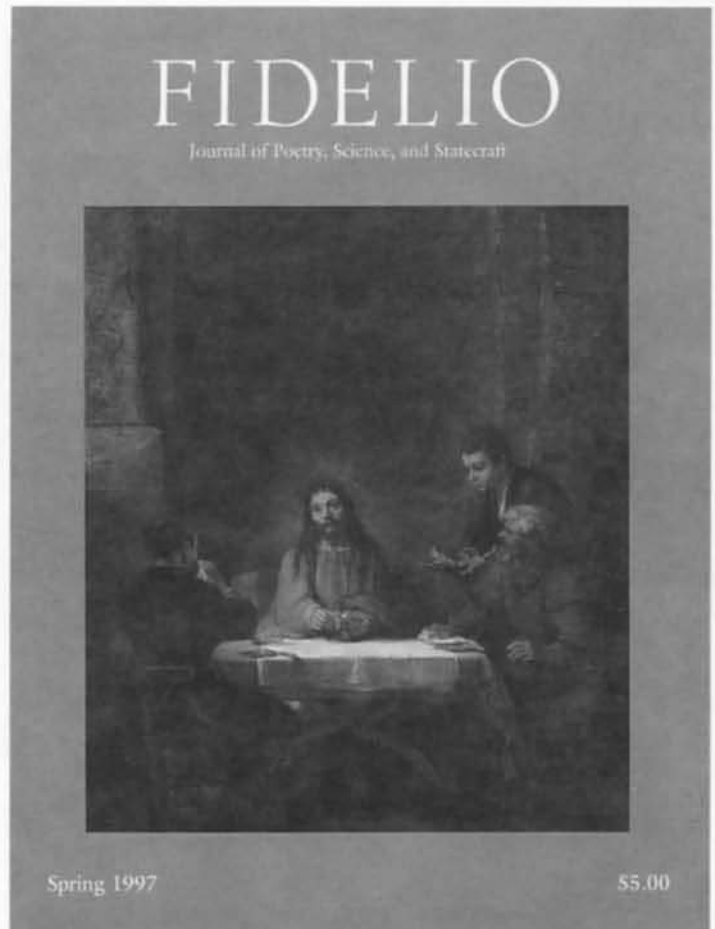
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From the Managing Editor

There are several news packages in this issue that are must reading, for Americans in particular, in order to neutralize British-instigated political campaigns designed to cripple U.S. national interests, and those forces globally which desire an economic recovery.

First, in the context of President Clinton's certification of Mexico as cooperating in the fight against drugs, British forces are attempting to draw the United States into a quagmire, to poison U.S.-Mexico relations, setting up Mexico for destabilization. "Were that result to be achieved, then the political forces allied with drug-trafficking and terrorism, throughout Central and South America, the Fidel Castro-headed São Paulo Forum, would take political control of Mexico," Lyndon LaRouche warns in the introduction to our *Feature*. "Britain is acting in 'go-to-Hell' defiance of the United States, and some officials of the Congress, and in nooks and crannies of the Executive, are lined up with London, and the drug-traffickers, against the United States." That, must stop.

Second, the British are escalating their attacks on the United States and China (see *Strategic Studies*). The geopoliticians are intent on destroying the Eurasian Land-Bridge, and the British, including such as Baroness Caroline Cox and her Christian Solidarity International, have embarked on a "grassroots mobilization" to turn the average American against China. The Land-Bridge project and good U.S.-China relations are key to a New Bretton Woods conference, and organization of an economic recovery, i.e., in vital U.S. national interest. This latest "yellow peril" campaign must be defused, and quickly.

London is worried that President William Clinton may return to Franklin Roosevelt's policies, which would have ended the British Empire at the end of World War II (see *National*). This, London is admitting openly.

And, the European press is admitting that LaRouche was right on the financial crisis (see *Economics*).

The escalation of the British campaigns against the nation-state indicates their fear, that as the crisis deepens, the world will turn to the man who has consistently called the shots—Lyndon LaRouche.



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European press admits: LaRouche called the shots

by Richard Freeman

“The City’s worst nightmare, a meltdown provoked by a crisis in derivatives markets, suddenly looks less like a lurid chapter from a paperback, and more like a future event,” wrote the London *Sunday Telegraph* in an article entitled “Betting the Bank” in its March 16 issue. Citing a \$144 million (£90 million) derivatives loss at London’s huge National Westminster Bank, the same paper continued, “The financial world is asking whether this latest debacle is a NatWest problem, or a warning of a potential, systemic nightmare for the burgeoning world of derivatives.”

This warning of imminent derivatives disasters, as well as a collapse in the U.S. stock market by as much as 40%, is now filling the European press, and is on the tongue of key British and French financial insiders. Two months ago, these same sources said very little about this topic, as they attempted to maintain a stoic face that everything was okay. Two years ago, they were denying that a financial disintegration would ever be a possibility.

The European press, and key inside policy-makers and financiers, are now admitting: Lyndon LaRouche has called the shots on the financial disintegration. They are saying, in effect, “Though we resisted it, he was right, and we are wrong.”

The “systemic nightmare” means that the joyride of the largest speculative bubble in human history is over: The bubble is about to implode.

The most recent public pronouncement of a derivatives crisis, signalling a sea change in policy among certain layers, came in the March 9 *Sunday Telegraph* in an article by city editor Neil Bennett, entitled “The \$55 Trillion Horror Story”—\$55 trillion being the size that Bennett assigns to the world’s derivatives market. Upon its appearance, there erupted a dozen major articles or background interviews with

insiders, stressing the same point in establishment press organs. Summarizing the process and his own qualifications as a forecaster, LaRouche stated in a March 19 interview with “EIR Talks” radio: “So, what we’ve had, starting with the Sunday, March 9 edition of the *Sunday Telegraph*, and then continuing to the *European Wall Street Journal*, and other things, all over last week and now into this week, a massive build-up of coverage along this line on the shock. And you’ll find that at the same time, around the world, that people in that category—that is, in the policy, financial policy area and the specialist newspaper people and so forth, who work with that area—that almost none of them would disagree with what has been my standing evaluation of the threat that’s here, since 1992; or, what I elaborated more fully in 1994, in what’s called my ‘Ninth Forecast.’

“Today, I probably look, in terms of the public domain, as the best forecaster, on this planet, in recent years. And overall, if you take the fact that I’ve only made nine forecasts, that is, of any significance, in my *career*, dating [over] . . . 40-odd years. And, over 40 years I’ve made nine—approximately—nine forecasts, and they’ve all turned out pretty much as I said they were going to turn out.”

The “Ninth Forecast” that LaRouche refers to, titled “The Coming Disintegration of the Financial Markets,” was published in the June 24, 1994 *EIR* and as a mass-circulation pamphlet in August 1994, and has been reprinted several times. It stated, “The presently existing global financial and monetary system will collapse during the near term.” In the pamphlet, LaRouche asserted the reason why:

“As in the case of a heroin or methadone addict, the habit of looting the real-economic basis must be fed to prevent a collapse. Feeding the habit prevents the immediate collapse by hastening the date of total collapse. The addicted state is

destroying the basis upon which it feeds, to sustain itself. As is illustrated by the tragic fate of the enterprises gobbled up in the RJR Nabisco caper, this is the fate of the world's economy under the rule of the cancerous financial bubble marked by derivatives speculation."

It is the documentable accuracy of LaRouche's forecast, based on the highest level of economic science, which has given LaRouche such great authority today. Even when he is not mentioned by name, it is toward his forecast, and his policy solution for generating international economic growth, that policy-makers orient.

The 'horror story'

The *Sunday Telegraph*'s Neil Bennett wrote that "the total value of derivatives in the world today is \$55 trillion . . . , a tidy sum and twice as large as the world's gross domestic product." *EIR* estimates that world derivatives holdings, by financial institutions, today exceeds \$100 trillion. Bennett, citing the outlook of a well-informed City of London fund manager friend of his, stated that "if and when world stock-markets fall," some derivatives traders "wouldn't be able to pay their losses. This would mean all those prudent, hedged banks were not hedged at all, because their counterparties were going bust. Suddenly even large banks could be staring at vast losses," and potentially fail.

In the March 16 *Sunday Telegraph* article, "Betting the Bank?" cited above, the authors, Robert Tyerman and Doug Morrison, looked at the derivatives loss at National Westminster, which is now placed at \$144 million, but which could go higher still, once NatWest completes a second internal audit (assuming NatWest honestly reports its losses). NatWest covered up the loss for several months. The loss stems from interest rate contracts that NatWest Markets, NatWest's investment banking arm, traded over the past two years. While NatWest tried to use the standard practice of blaming the loss on a lone trader—an under-30-year-old Kyriacous Papouis, who has since left the bank—the two authors dispute that. They point to the huge investment which National Westminster had in derivatives. "At the end of last year, NatWest had £267.2 billion outstanding on interest rate options, £80 billion more than its balance sheet." Indeed, almost half of National Westminster's £1.1 billion in profits last year came from NatWest Markets, the bank's investment arm that has a high stakes position in derivatives, meaning, apparently, that the bank is not prepared to cut back its profits, and thus its gambling in derivatives. Tyerman and Morrison call what NatWest is engaged in, a "gambling spree."

But the *Sunday Telegraph* made clear that it is not focused on a single bank, but the broader picture. In a second article in the March 16 issue, by senior economics writer Bill Jamieson, the *Sunday Telegraph* quoted Donald Gordon, head of the South Africa-based international life insurance giant, Liberty Life. Gordon warned of "dramatic casualties" still to come in financial derivatives markets, adding that the

shake-out "could be dire indeed." He noted the connection between derivatives and stock trading—derivatives contracts such as stock index options are used to artificially prop up the speculative stock markets around the world—and admonishes that "Wall Street will be at the center of the readjustment."

Background discussions

In background discussions with *EIR*, knowledgeable financial sources asserted that the situation is far worse than the poor "man on the street" is willing to acknowledge or able to comprehend.

"You should not minimize what just happened at NatWest, even if that is not big and ugly enough for meltdown," a London intelligence insider told *EIR*, referring to National Westminster's derivatives trading losses. But "you can be quite certain, when it comes to derivatives, that a lot of things are happening beneath the water," he added. "*There are probably more NatWest's all over the shop. I wouldn't be surprised to see not a few derivatives crises coming.*"

A senior British media official told *EIR* about the great danger posed by derivatives growth. He said that, in 1993-94, "all the markers were down of the potential for calamity. Then came the collapse of Barings [in 1995]. This was a small calamity, but it did blow away one of Britain's leading merchant banks. Now comes NatWest."

This official warned that "there is very stretched-out valuation on Wall Street. What would happen, now, if there were a 30-40% correction on Wall Street?" Asked if he thought the latter development possible, he said, "Absolutely."

He went on, "These are extremely critical times. If you were to ask, for the next five years, whether we would continue to have the rather benign circumstances that have prevailed over the last five years, I would respond that *there is a 10% chance or less of that happening.*" He raised the warnings sounded by Federal Reserve Board Chairman Alan Greenspan, most recently on Feb. 21 in Coral Gables, Florida, about the over-valued U.S. stock market. Greenspan is part of the U.S. President's Working Group on Financial Markets, along with U.S. Treasury Secretary Robert Rubin, Commodity Futures Trading Commission Chairman Brooksley Born, and Security and Exchange Commission head Arthur Levitt, Jr. They met in February to consider emergency plans in the event of a financial markets or stock market melt-down.

French reaction

The alarm of certain French circles is also rising. "The speculative bubble always ends up bursting," warned Laurent Joffrin, director of the editorial board of the French paper *Libération*, in a March 14 article. "It became indecent, in the 1980s, to express concern about the damage done by speculation," he said. The result was a "casino economy" which has resulted in "devastated bank balances, ruined speculators, empty buildings."

TABLE 1

Some famous derivatives losses, 1987-97

(millions \$)

Year	Entity	Losses	Year	Entity	Losses
1987	British local municipal authorities*	\$ 500	1993	Kashima Oil	\$1,450
1987	Merrill Lynch	335	1993	Metallgesellschaft*	1,340
1987	Volkswagen	260	1994	Codelco, Chile*	206
1988	Klöckner	380	1994	George Soros (hedge fund)	600
1989	Chemical Bank	33	1994	Procter & Gamble*	157
1990	Hedged Securities Associates, Inc.	100	1994	Pat Robertson's Int'l Family Entertainment	2
1991	Allied Lyons*	275	1994	Glaxo*	150
1992	J.P. Morgan	50	1994	Orange County, California*	2,000
1992	Louisiana State Retirement Fund	43	1995	Barings*	1,500
1992	Nippon Steel	130	1995	Wisconsin State Retirement Fund	100
1992	Central Bank of Malaysia	2,660	1996	Sumitomo*	2,600
1993	Showa Shell Sekiyu	1,580	1997	Belgian government*	1,232
1993	Ohio counties (Putnum, Portage, Sandusky)	11	1997	NatWest Markets*	146

* Losses cited by the London *Sunday Telegraph*, March 16, 1997, in a table on "Derivatives Disasters."

"I think this crash is bound to happen," a senior French diplomat averred to *EIR* this past week. "LaRouche is quite right when he speaks of this great dichotomy between the physical economy and the financial economy. The financial economy has become, in fact, nothing more than an abstraction."

The magnitude of the derivatives

The sheer magnitude of the derivatives bubble makes it an entity simply waiting for an "accident" to occur. As of Sept. 30, 1996, U.S. banks held \$20.4 trillion in what the Federal Deposit Insurance Corp. terms "off-balance-sheet derivatives," backed up by \$4.5 trillion in assets, and only \$370 billion in equity capital. Chase Manhattan Corp. alone had \$5.7 trillion in derivatives, compared to \$323 billion in assets, and but \$21 billion in equity. A loss equivalent to just 0.4% of its derivatives portfolio would therefore be sufficient to wipe out Chase's equity capital; the figure is 0.2% for J.P. Morgan, 0.3% for Bankers Trust, and 0.8% for Citicorp.

Other nations have very sizable and growing derivatives portfolios. According to the Basel Committee on International Banking Supervision, as of the end of 1995, financial institutions had total derivatives holdings outstanding of the following size in the following nations: Japan, \$11.5 trillion; France, \$9.4 trillion; United Kingdom, \$7.4 trillion; Switzerland, \$6.3 trillion; Germany, \$4.3 trillion; Canada, \$3.3 trillion; and the Netherlands, \$1.6 trillion.

In all nations, the banks' derivatives portfolios are built upon leverage/borrowing ratios that range up to 99 to 1. One false move, and reverse leverage takes over, and the

whole thing blows. That tiny margin between existence and disintegration, is what terrifies the financiers, the regulators, and the politicians, who are now speaking out.

Table 1 shows only a portion of the major derivatives failures since 1986. The cumulative total of the list of reported losses from derivatives, as kept in the *EIR* database, for the period January 1987 through January 1995, reached \$35 billions, although this amount, due to non-reported losses, is incomplete.

New Bretton Woods solution

What is urgently needed, is that sovereign nation-states declare the International Monetary Fund-centered world financial system bankrupt, put it through bankruptcy reorganization, and convene a new Bretton Woods conference. They would erect a new fixed-exchange-rate monetary system pivoted around the construction of the Eurasian Land-Bridge: high-technology infrastructure development corridors, from the Pacific to the Atlantic, which would ignite global economic development.

A call for a new Bretton Woods system has been drafted by Schiller Institute founder Helga Zepp LaRouche, and Ukrainian parliamentarian Natalya Vitrenko. As of this writing, it has been signed by 53 Ukrainian parliamentarians; 17 Ibero-American parliamentarians; 80 U.S. active and retired state legislators; former heads of state and dignitaries from Europe, Africa, and Asia; 35 clergy; and 40 labor leaders from many countries around the world.

The wave of open warnings about the dangers of a derivatives-fueled financial meltdown, brings with it opportunities for action.

Mass strike in Germany will overthrow 'Maastricht Europe' monetarist scheme

by Rainer Apel

Sometimes, a person indulging in daydreaming does not return to reality, unless he bumps his nose into something hard. This is what happened to the neo-liberal German government of Chancellor Helmut Kohl, which has spent most of its time in recent months, not governing, but looking for ever-new budget items that could be sacrificed, for the sake of "meeting the Maastricht Treaty's strict budgeting and borrowing criteria." The government, which had been a staunch proponent of the balanced-budget insanity even before House Speaker Newt Gingrich made himself a trademark in U.S. politics, has recently turned into the political equivalent of the financial world's shareholder value fetishists.

Now, the chancellor's nose has made acquaintance with bitter reality, after 20,000 enraged coal miners marched to Bonn on March 10, protesting plans to cut the annual state subsidy payments of 10 billion deutschemarks (\$6.25 billion), by two-thirds. They sealed off and put under siege the party headquarters of the Free Democrats—Kohl's minor coalition partner, and is the major ideological evil inside the government—and beleaguered the entire government district of Bonn. This was intended to increase the heat on Kohl, prior to high-level talks with the leaders of the miners union scheduled for March 11.

Faced with the miners just outside the chancellery, Kohl lost his temper and called off the meeting with the union. Learning about this, the miners immediately moved into the inner government district, the "forbidden city," with several hundred of them breaking through police lines, shouting, "We want jobs," and "We are the people." The latter slogan recalled the hot days of the refugee summer and protest autumn of 1989, when the people of East Germany took to the streets, shouting, "We are the people," to make clear that they had lost all respect for the regime. The outburst of the miners into the "forbidden city" not only awakened the government, but also the opposition Social Democrats, who hurried to the site to calm the miners down, and guide them out of the government district. The Social Democrats' fears that things might get out of control were real: As the *Frankfurter Allgemeine Zeitung*, Germany's leading daily, noted the next day in a front-page editorial, the "post-industrialist" SPD got stirred up by "real workers," by real people, about whose existence the SPD seemed to have long forgotten.

In other parts of Germany, such as the two mining states

of North Rhine-Westphalia (N.R.W.) and Saarland, miners blocked roads, highway junctions, canals, and administrative buildings, and, for the first time, miners and steel workers of the Thyssen Steel plant in Duisburg got together to coordinate the potential shutdown of the port there, Europe's largest industrial port, which supplies most of the industry in this heartland of the German economy. And, a delegation of about 100 miners drove the 700 kilometers to Berlin to join the ongoing, parallel protests of 10,000 construction workers against the Kohl government. At the same time, in Saarland, miners became so enraged at Kohl's cancellation of the meeting with their union leaders, that they instantly organized buses to go to Bonn, and some of them even came up with plans to drive to Frankfurt, the banking center of Germany, to "bring hot coal to the bankers."

Unfortunately, this latter plan was not carried out, but 20,000 Saarland coal miners arrived in Bonn to continue the protests, replacing the N.R.W. miners who had been "rotated back" to their home regions. Thus, hardly had the N.R.W. miners been eased out of the "forbidden city," than the Saarland miners were massing at the gates of the government district on March 12.

A foul deal

The message of this revolt—to find a precedent for which one must look to the last days of the Weimar Republic, when the Great Depression of 1929-32 hit Germany—was clear: Either the government retracts its budget-cutting plans, or the nation would witness the biggest social conflict in its 50-year postwar history, and, likely, the collapse of this government. Thus, when Kohl met in Munich with top industrial leaders from throughout the nation on March 13, he signalled concessions to the miners: The scheme for shutting down the coal mines would be scaled back in size, stretched out in time, and the budget cuts would not be as drastic. It was a foul deal which Kohl offered, but it was signed, not least because of the political pressure exerted on the mine workers union by the Social Democrats.

The miners returned home on March 13, but with their fists in their pockets, because experience had shown them during the most recent years that this government cannot be trusted. In any case, even the new plan implies the elimination of 50,000 mining jobs, so, the miners cannot be expected to



Germany's miners have had it with the Kohl government's endless promises, which do nothing to stop the destruction of their industry and livelihoods. Here, miners at a demonstration in Saarbrücken read *Neue Solidarität*, the newspaper of the LaRouche movement in Germany.

be content with Kohl's concession. Nor have most details of this "coal plan" even been negotiated as of this date, so, the rebellion of the miners can explode again, and soon.

Also on March 13, Kohl made a concession to calm down the protesting construction workers, announcing a special incentive program of DM 25 billion to promote new investments, new projects, and the re-employment of several tens of thousands of workers in the construction sector. The program will be run through the state-owned Reconstruction Bank, which specializes in long-term credit lines at reduced rates of interest, and has been welcomed by the construction workers. But, the government has not agreed to restore certain regulations which Kohl had abolished in autumn 1996, thus contributing much to the dramatic rise in the jobless rates in the construction sector—by 200,000 jobs in January alone. Unless the sector is re-regulated, a time bomb is ticking under this incentives program. The construction workers also want legislation against financial speculation, of which they have become a prime victim, because excessive real estate speculation has collapsed numerous construction firms in the past two years, and killed 420,000 jobs in that sector.

Having calmed the March 10-14 labor revolt, the government found itself in the middle of yet another big conflict on March 18, when enraged steel workers of the Thyssen Steel plant in Duisburg interrupted their work, denouncing plans of three banks—Deutsche Morgan Grenfell, Dresdner Klein-

wort Benson, and Goldman Sachs—for a "hostile takeover" of Thyssen by Krupp-Hoesch Steel. This shareholder-value assault on a few profitable aspects of the German steel sector, that might serve financial speculation, and eliminate an estimated 30,000 jobs in the process, provoked a new wave of unrest among workers in North Rhine-Westphalia and caused a public outcry across the nation.

Whatever intervention the Kohl government might choose to calm the latest wave of unrest, it remains a fact that from one day to the next, the nation is stumbling from one conflict and disaster to another. There are many smaller labor protests and strikes going on every day in Germany, and all of this can develop into a real brushfire, at any given moment. The nation is like a boiling pot, and the stop-gaps which the government is using, for lack of a real lid, do not work properly.

Maastricht becomes the target

It is not just these particular labor revolts which the government has to bring under control, but also the potential for an open, popular revolt against the European Monetary Union plan, the "Maastricht Europe." Most of the budget cuts in the past few months have been justified by the government as measures demanded by the Maastricht scheme, so that labor protests are beginning to target that scheme more and more. When the Maastricht Treaty was signed in February 1992, there was hardly any public notice and no protests occurred. But ever since the government, in late summer 1996, began to implement more drastic budget cuts to meet the criteria by the planned starting date of the monetary union project, January 1999, the Maastricht process has come under broad attack. And, it is unlikely that the government will be able to escape a referendum on the project, which will result in a majority "no" vote, as things now stand.

The government has to look for a way out of the suicidal Maastricht trap, because the prospect of not having the nation's support for this policy, and risking a revolt of the population against the government that pursues that policy, is threatening to become a reality. Moreover, Germany is faced with national elections in autumn 1998, so, there are plenty of reasons for the Kohl government and the political establishment to be concerned. Germany has changed, significantly, in these few days of March 1997, and the elites, at least some of them, have to change as well.

Maastricht: self-imposed containment

It is in this context, that one must look at a very unusual essay on "Maastricht Europe," in the March 13 *Frankfurter Allgemeine Zeitung*, which addressed the fact that that monetary union policy is against the real interests of the German nation. The author, Detlef Junker, director of the German Historical Institute in Washington, D.C., pointed out that the origins of the "Maastricht Europe" scheme lie in the Anglo-American tradition of "containment of Germany," which has dominated most of the 20th century and was the official policy

of the George Bush administration, when the developments of 1989 left no doubt that Germany would soon be reunified.

Junker wrote—for the first time presenting this fact, which *EIR* had previously reported, to a broader audience in Germany—that the Bush approach to the unification of Germany in 1990 was the same type of “triple containment” which Lord Ismay, the first secretary general of NATO, defined for postwar Germany, in 1948: “Keeping the Soviets out, the Americans in, the Germans down, and the Europeans, especially the French, happy.”

Forty years later, in 1989-90, the same constellation re-emerged, when German reunification was put on the agenda. Again, U.S. policy was containment through integration, which included continued (controllable) membership in NATO. Even more important, it included the control of the economic potential of unified Germany—in the framework of European integration treaties which were worked out in 1990-91 and have meanwhile become known as the Maastricht script for European Monetary Union, Junker explained.

But Junker warned that this scheme of control could not be kept alive in a situation like the present one, which is characterized by a revolt of economic realities against unrealistic, signed treaties: “The question is posed, though, whether the American government in the spring of 1990 had the right assessment of the scope and potential dynamic of the price, which especially France demanded and received, for its consent to the unification of Germany: the promise, to Europeanize the united Germany, especially the deutschemark—if the other European nation states were willing, to transfer central functions and rights to a European Center, step by step.

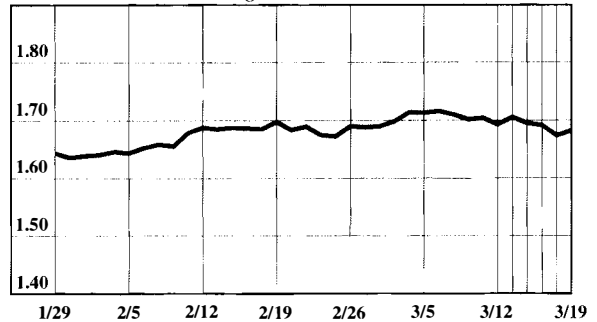
“For, the acceleration of the process of European integration since 1990, the road to Maastricht I and Maastricht II, the struggle for a unified European currency and foreign policy, the discussion about an expansion and deepening of Europe, about a reform of the European institutions and about a democratic legitimation of European policy, all have their origin in the desire of France and other European neighbors, to keep the influence of the new central power in Europe under control, through integration.”

Now, as even France’s elites have come to realize, they are strangling themselves and their economy, in the attempt to control what cannot be kept under control. And, as calls for scrapping the Maastricht agreements are becoming more frequent in France itself, there is a way for Germany to negotiate itself out of this straitjacket it was forced to put on, in 1990, Junker hints. His remarks come at a moment when the Clinton administration seems to have realized that, for the sake of stable U.S.-German relations, it cannot pursue a policy dating from the Bush era that is designed to keep Germans in the Maastricht straitjacket and thereby destabilize Germany by the day. The fact that Junker published his essay in his official capacity, seems to indicate that he wants to address co-thinkers in the Clinton administration, and open the doors for a review of the disastrous 1990 policy.

Currency Rates

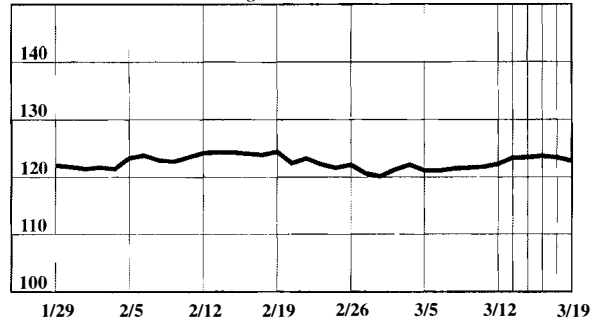
The dollar in deutschemarks

New York late afternoon fixing



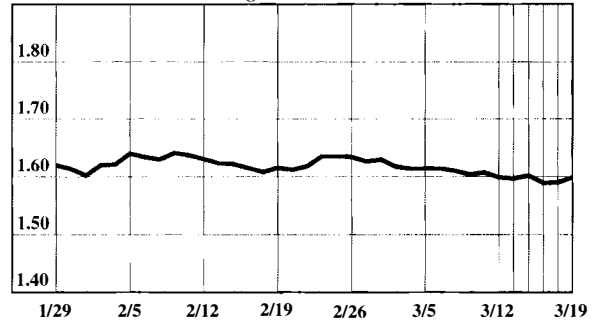
The dollar in yen

New York late afternoon fixing



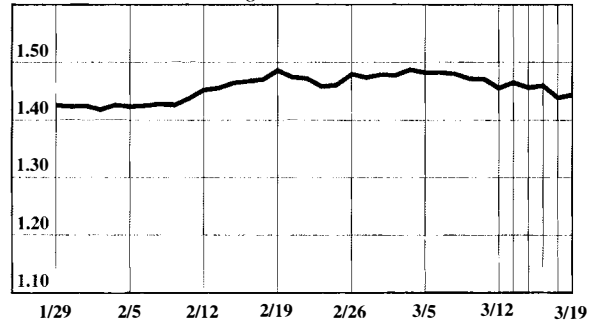
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Turkey: Peace and democracy mean economic development

by Umberto Pascali

The lady sitting in the front row of the Washington Grand Hyatt's big conference room kept her arm raised until she was given the floor by the chairman of the energy seminar. Her voice, initially shaky, acquired confidence and a clear tone of urgency as she "spoke her mind" to the hundreds of diplomatic, political, and business leaders from Turkey and the United States. "I am a housewife from Ankara, and I have to tell you that we have electric blackouts during the day in our city. Do you know what that means when you have children? This is why I do not understand why Turkey should not get natural gas from Iran, when it would provide enough energy and cut our energy bill by 20%. Why?"

The Ankara housewife had posed the key question in the most direct way: Will Turkey find an ally in the United States in developing itself and in overcoming the problems artificially created by British geopolitics in the Middle East and Asia? Or, on the contrary, will the United States accept the continuation of imperial "divide and conquer" policies, and help strangle in the cradle the "Silk Road" development plan launched by the government of Turkey's prime minister, Necmettin Erbakan?

United States at a crossroads

The two-day seminar, "Fuel Availability and Supply," took place in Washington in the context of the Feb. 19-22 conference entitled "U.S.-Turkish Partnership for Regional Stability and Prosperity." The conference, with a trade exposition, is organized every year by the American Friends of Turkey and the Turkish-U.S. Business Council. It included seminars on economic, military, and foreign policy issues, as well as cultural events, tourist promotion, and Turkish wine and food. This year, the level of participation and interest was unprecedented.

It was not just the traditional attention of the U.S. armaments industry to the Turkish market. In fact, an artificial crisis is threatening to erupt because of the irrational decision of House Speaker Newt Gingrich's gang to block the sale of armaments to Turkey, a NATO member and traditional ally.

The remarkable interest shown in Washington toward Turkey is caused by the economic perspective opened by the Erbakan government. Since the government was inaugurated

in June 1996, the prime minister has opened a perspective of development through cooperation for an area stretching from Indochina to Africa. It has been a chain of initiatives, focussed on ensuring Turkey abundant and low-cost energy for its development. It culminated in the official visit of Iranian President Ali Akbar Hashemi Rafsanjani to Turkey in December, and with the announcement of the new economic alliance known as the Developing Eight (D-8) at the beginning of January. The creation of the D-8, which includes Indonesia, Malaysia, Bangladesh, Pakistan, Turkey, Iran, Nigeria, and Egypt, was announced by Erbakan, who had previously visited those countries, establishing the basis for an unprecedented network of exchange and cooperation, including construction of pipelines, railways, and roads.

For Turkey, there is no alternative to development, and to a policy of peace through development. The only alternative is the catastrophe known as the "clash of civilizations," the apocalyptic confrontation between North and South promoted by the British oligarchy. And, this point was made clear by Turkish leaders in Washington.

The highest-level Turkish official who participated in the conference was Minister of State Abdullah Gul, a close collaborator of Prime Minister Erbakan. In a speech at the Carnegie Endowment for International Peace on Feb. 19 (see p. 18), he said that "Turkey's long-standing partnership with the West is critically important for preserving peace, security, and stability in the post-Cold War. . . . We must rise above daily, parochial, and narrow interests and look beyond the horizon." If such collaboration fails, the risks are frightening, he said. "[Harvard] Prof. Samuel Huntington said that future conflicts would basically be characterized by a 'Clash of Civilizations.' Should this prophecy come true, it would indeed be a tragedy and a catastrophe for the entire world. It is our joint responsibility to make sure that cultures do not fight, but respect, complement, and cooperate with each other in order to create a better world."

Low-cost energy

The lady who intervened at the energy seminar was expressing one of the fundamental imperatives for Turkey. Development can take place only if abundant and low-cost en-



The unprecedented level of interest shown in Washington toward Turkey at this year's annual conference, "U.S.-Turkish Partnership for Regional Stability and Prosperity," on Feb. 19-22, is caused by the economic perspective opened by the Erbakan government, to secure gas and oil supplies for Turkey, and to participate in the "New Silk Road." Here, U.S. and Turkish officials and business leaders are briefed by Mustafa Murathan, general director of the Turkish Pipeline Company.

ergy is available. Everything else is just hypocrisy. It was the point stressed by one of the leading industrial leaders of Turkey, Nihat Gokyigit (see interview, p. 12, and speeches, pp. 13-18). A graduate of the University of Michigan and a former structural designer in Harrisburg, Pennsylvania, Gokyigit is also chairman of the board and chief executive officer of Tefken, a giant industrial group that includes energy, pipelines, engineering, heavy steel, fertilizers, manufacture of radar and food-processing equipment, and textiles. Tefken is also active in foreign trade, domestic distribution of goods, banking and insurance, and other sectors. Gokyigit is chairman of the Turkish-Commonwealth of Independent States and the Turkish-Black Sea Cooperation business councils.

Talking to this white-haired industrialist reminded this Italian interlocutor of another industrial leader, the founder of the Italian Oil Company (ENI), Enrico Mattei. His approach is not that of an accountant, but of someone who deals with the real economy. Turkey must develop, and to ensure that, it needs an adequate and expanding amount of energy, and at the lowest cost possible, he said. The most efficient way to do this is to have a mutually beneficial exchange with its neighbors. They are like relatives. "You do not choose your uncle!" he said. And, through economic development and the chance to achieve prosperity, countries are pushed onto the path of cooperation, peace, and real democracy. On the basis of this rational approach, we can ask the United States to collaborate with us, he said.

The question of Iran

Now, the "relatives" of Turkey are countries such as Iran and Iraq, which have the energy resources that Turkey needs.

Only a few miles separates the areas that could flourish with those resources, and the source. But, according to the sanctions policy, Turkey is not allowed to develop, the housewives of Ankara are condemned to daily blackouts, and the youth to a future of forced emigration and unemployment. Already, Turkey, because it respected the embargo against Iraq, has lost \$30 billion!

The sanctions against Iraq and Iran have become a more and more intolerable punishment, not only of the Iraqi and Iranian people, but of U.S. allies such as Turkey. If we step back for a moment, from the virtual reality of justifying death and destruction on behalf of the sanctity of the sanctions against Turkey's neighbors; if we look at the real economy, we see a different picture.

Turkey had new opportunities for development after the collapse of the Berlin Wall in 1989. Turkey had been the flank of NATO against the Warsaw Pact since the beginning of the Cold War, and natural economic opportunities of exchange and cooperation with some of its neighbors had been abandoned. In 1989, those opportunities could be finally exploited. To the north, Turkey could cooperate with the countries of the former Soviet Union; to the south, with the Middle East. To the east, Turkey could link up with Iran, Pakistan, India, Indochina, and China. The old Silk Road was potentially reopened.

The Persian Gulf War and its aftermath became a way to keep Turkey boxed in. What looks obvious and natural from the standpoint of real economy, was made impossible or even unthinkable.

At the energy seminar, this reality briefly emerged from the debate that was triggered by the remarks on U.S. Perspec-

tives on Turkish Energy and Pipelines, by Jan H. Kalicki of the U.S. Department of Commerce. Kalicki said, "We in the U.S. government think Turkey's development is vitally important and, indeed, in the economic and strategic interest of the United States" (see p. 20). He recalled that he "had the opportunity to lead a U.S. government delegation to Turkey which visited American and Turkish energy industry executives," and assured "Turkey of strong U.S. government interest in helping it meet its electric power needs." He praised the Turkish decision to build the huge network of pipelines that would bring natural gas from the Caspian basin and the pipeline system that would link Turkey to the Middle East.

But, he drew the line on Iran, even if the gas from Iran is the cheapest and closest to Turkey. This statement is difficult to accept because, as the businessmen at the seminar knew very well, oil from Iran is carried (without "problems") from the Persian Gulf, and, in fact, could have been resold to Turkey after having been transported thousands of miles by the international oil companies. The political explanation ("it would send the wrong message to Iran") was paper thin.

It was at that point that the housewife from Ankara intervened. After her, a student argued that while Turkey is being pushed to get its energy supply from the former Soviet Union, 10 or 15 years ago U.S. spokesmen were talking about Russia as they now talk about Iran. The student stressed, that it is through economic cooperation that one can establish real prosperity and real democracy. The Commerce Department official answered as if a new idea had suddenly dawned on him: "Do you mean that we could bring democracy to Iran through economic cooperation?"

The obstacles

On Feb. 28, a few days after the conference, the Turkish National Security Council reportedly issued an ultimatum to the Erdogan government, accusing it of having gone too far toward religious fundamentalism. While the prime minister minimized the report and denied any deep disagreement with the military, there was an attempt to use the issue of the "Islamism" of Erdogan to create an internal split. So far, the attempt has not worked. Turkey is much less fractionalized on the need for economic development than it appears from the media accounts.

Dangers, of course, still linger. The refusal of the European Union to accept Turkey as a full member; the test of strength on NATO (if Turkey is not accepted into the EU, Turkey will not accept NATO enlargement); the constant malevolent rivalry of Greek leading circles toward Turkey; the Cyprus time bomb; the crisis in Albania, which faces possible civil war; the possibility of a new domestic destabilization, are some of the crises that Turkey has to face. But despite all this, Turkey is one of the few countries with an open strategy, and a clear, courageous, and positive national goal. It is a great advantage. Many, including in Washington, could learn a thing or two.

Interview: A. Nihat Gokyigit

Turkey represents a fruitful market

Mr. Gokyigit, a leading industrialist in Turkey, is chairman of the board and chief executive officer of Tekfen Holding Co. Inc., a group of highly diversified companies, from fertilizers, to construction, to banking. He is also president of the board of the Black Sea Economic Cooperation Business Council (Bsecbc), and chairman of the Turkish-Commonwealth of Independent States Business Councils Foreign Economic Relations Board (DEIK). He was interviewed in Washington, D.C., on Feb. 20, by Umberto Pascali.

EIR: You have discussed the potentials of Turkey vis-à-vis Asia, the Middle East, and Europe. As one of Turkey's industrial leaders, please tell us, what is Turkey doing, and what is your role in this?

Gokyigit: What we are saying, is that Turkey is an explosive market. Not only because of its own nature—a country with 60 to 65 million people, a young population—that is very important, but also because the markets around Turkey are all emerging markets. The Black Sea—for example, there are 300 million people around that lake. . . . They are quite well educated, and they are determined to live a better life.

It is not just the size of the population: It is a big market, and it's around Turkey. Turkey is quite advanced, compared with the CIS countries, in getting integrated into the world market, in several directions. So, we are in that position, and we started having shortages of energy and power. We had to solve that with minimum investments, as far as possible, and as cheaply as possible.

And, when we turn to our neighbors, there is gas! The gas in Iran is coming from an area 200 kilometers from our border. Iraq, of course, is considered an impossible source now, but there is gas right next to us, the other side of the border. And, on the Turkish side of the border, we have a development, very extraordinary, one of the fastest growing developments in the world, because the Southeast Anatolia project is a new Mesopotamia, with our agriculture production growing two-fold for many items. All this will require gas for the agro-industry we are starting up there, for the fertilizers. We really need a lot of gas, not only for Turkey's overall power shortages, but also because this region is being developed so fast.

And we are telling our friends: You organize sanctions, but you don't realize how much your allies suffer because of that. We are very loyal, staunch allies of the United States. We think we should be friends with the United States; it's to



Turkish business leader Nihat Gokyigit.

our benefit. But, when the sanctions [are imposed], we suffer. I tried to explain in my speech: We do not choose our neighbors. You don't choose your father or uncle, they are there. Can you change it? Yes, but how? Like with Iraq, you go there, you try to change it, and then you have all the troubles you can have in the world.

And when sanctions are applied, you have to consider how much my allies will suffer, and how to find some way to support them. This was my point. This is connected to the question of crude oil supplies. Concerning the crude oil, we are very happy to see that the U.S. is now supporting openly the Baku-Teheran direct line. That is very important. Important, because they found a third new source, beside the ones in Russia and the Gulf, that has to be directly connected with the world markets.

If you don't want a conflict of interest, the pipeline must go through an oil-consumer, not an oil-producer country. Turkey is an oil consumer.

The most efficient tool to help these new republics around the Caspian Sea, is to have a means to transport their oil and gas directly, not with limitations. It is the only way for them to earn foreign exchange to build up their industrial base and prosperity. This would be beneficial to the U.S., and to the world, of course. And this will bring stability. This direct pipeline is very important, and we are happy that the U.S. is behind this line.

Now, on the gas. Of course, there are other considerations, because there are several sources . . . like the Russian side goes through the Black Sea . . . or Iran, a possibility that—we are, of course, trying to see what our allies can do about it before we go ahead with it. But they are next door!

Of course, Iraq is also very important, a big source of gas reserves, oil reserves, are already connected. . . .

To sum up, Turkey is a very important partner, it shouldn't be neglected, shouldn't be underestimated, and the Western world should—because we have turned our face to the West, we are a secularist democratic nation in that part of the world. The only country; and the world should support this country, not only for peace, but also for the big volume of trade that will be emerging from there.

EIR: Minister Abdullah Gul was saying that Turkey could be a bridge to Asian countries. Sometimes, the relationship between economics and politics is viewed upside-down, in the sense that a country is supposed first to be perfect, and then can be allowed to have business relations. But, in most cases, it is through economic development that countries develop social stability, and become real democracies. In particular, the new alliance, the D-8, promoted by Turkey, could push many countries onto the road of development.

Gokyigit: Economic interdependence among neighbors will help peace, because if you are tied up with your economic interest, you cannot very easily initiate hostilities. That's also how we feel about Russia.

Gas developments at the Turkish crossroads

by A. Nihat Gokyigit

These are excerpts, edited by EIR, from the remarks of Mr. Gokyigit, presented in Washington, D.C., on Feb. 20.

Diversified gas pipelines feeding Turkey and the neighboring countries will be crossing one of the zones of the world with the highest potential of gas consumption. There are several reasons for this:

- Turkey and practically all of the surrounding countries are heading for power shortages, which require gas for fast, feasible, and environmentally friendly solutions.

- The huge Southeast Anatolian Project (SAP) of Turkey is creating a new Mesopotamia. This extraordinary development of agriculture and agroindustry in the zone will keep on increasing the demand for gas. Investments in ammonia plants for fertilizers are already encouraged.

- Turkish industry is changing to natural gas to meet its

energy requirements.

- The use of natural gas to solve air pollution problems of big cities in Turkey, proved to be the most efficient solution. (More than 1 million people are migrating every year to the big cities from rural areas.)

- Turkey has an explosive market, with an annual economic growth averaging over 6%, and it has a young, 65 million population (approximately half of the population is under 20).

- The U.S. Department of Commerce certainly had some sound reasons in identifying Turkey as one of the 10 big emerging markets of the world.

- Turkey is on a possible transit route for a diversified source of gas for Europe.

In light of these factors, planners agree on the growth of the Turkish natural gas demands as follows:

Year	Consumption (billion m ³)
1995	6.7 Actual
1996	9.2 Actual
2000	27.0 Projection
2001	34.0 Projection
2010	60.0 Projection

You can be sure that these figures, which were not anticipated five years ago, will be revised upwards, as Turkey is not a paradise for planners.

Presently, Turkey is tied only to one source for the supply of dry natural gas; this is the Russian network through Ukraine, Romania, and Bulgaria, which has a capacity of 6 billion m³/year, with a possible extension to 14 billion m³/year.

As for liquefied natural gas (LNG), there is presently only one long-term supplier, namely, Algeria. Algerian gas, as well as [that from] occasional other suppliers, is shipped through one terminal at Eregli on the coast of the Marmara Sea. (The present capacity of the terminal is 2 billion m³/year which will be increased to 4 billion in the very near future.)

Turkey certainly has to diversify the sources of such an important fuel, which is very vital for its rapidly growing economy.

Excluding Turkey's requirements, Europe is projected to need at least 100 billion m³ additional yearly supply of gas by the year 2010. This shortage could be met either from the Middle East or Central Asia, with Turkey acting as the energy bridge for a diversified new source for Europe.

There are several possible new sources of natural gas for Turkey:

- Increasing the capacity of the existing facility of Russian western supply (dry gas);

- A second eastern connection to the Russian network, either through the Caucasus or by crossing the Black Sea (dry gas);

- Increasing the supply from Algeria (LNG);
- A supply from Turkmenistan through Russia or Iran (dry gas);

- A supply from Egypt (dry gas or LNG);

- A supply from Qatar (dry gas or LNG);

- A supply from Iraq (dry gas);

- A supply from Iran (dry gas).

One other important development is a study to connect Russian natural gas to Israel through Georgia and Turkey.

Russian gas

Under the 10-year-old agreement for gas supply of 8 billion m³/year from Russia to Turkey, 6 billion had to be delivered from the west and 2 billion from the east, namely, from the Caucasus. The Russians were never able to deliver the latter, because of the physical condition of the network.

Now, it is planned to increase the western supply to 14 billion m³/year. New lines and compressor stations have been built and the present system has to be rehabilitated. This investment was encouraged, as the demands of Romania and Bulgaria, through which the pipeline passes, have been increasing as well. Greece also needs more gas.

The immediate additional needs of Botas (the Turkish state pipeline company) is at least 4 billion m³/year from Russia, starting at the end of this year.

The emerging policy of the Russian Gazprom is to participate in the distribution and industrial utilization of its gas by neighboring countries and thus have more added value. Turkey is one of the ideal locations for such Russian activities.

Gazprom has recently formed a new company with Ukr-gas of Ukraine, named Gastransit, to construct and operate new lines in Ukraine. A pipeline that is about 500 km long, with two new compressor stations must be built; existing stations must be renovated.

Four Turkish companies, Tefken, Enke, Entes, and Gama, agreed to form a company, named Transbalkan and become a partner of Gastransit. Transbalkan will provide the financing and do the construction. The Turkish state pipeline company (Botas) is also joining Gastransit with an 18% share.

For the Russian gas delivery from the northeast of Turkey, there are two schemes:

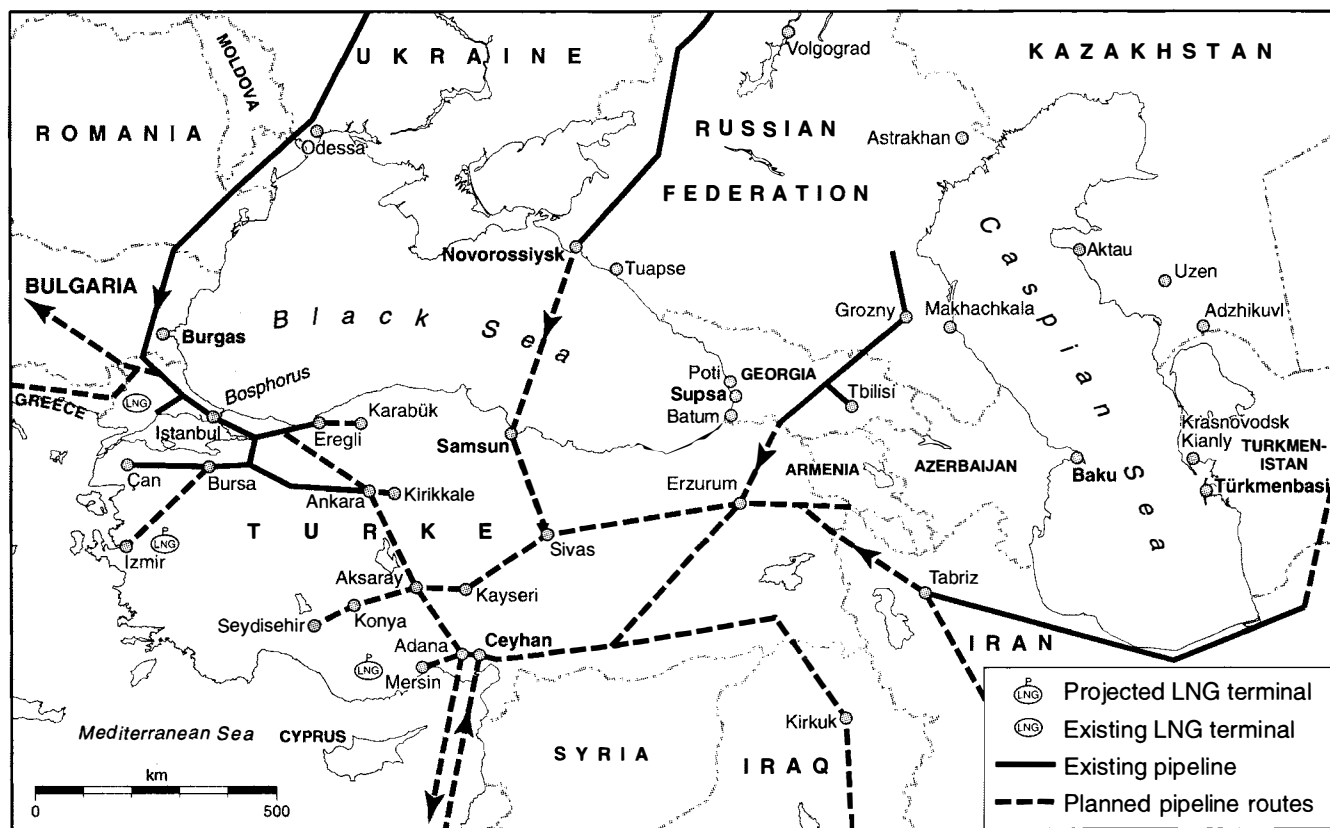
1. Gas through the Caucasus using the existing network.

2. Building a new pipeline under the Black Sea from Novorossiysk to Sumsun.

The first option requires revamping the networks of the Caucasus and Russia. As far as the second option of crossing the Black Sea is concerned, the technical difficulties seem to be significant. The depth of the Black Sea is 2,100 meters. At such a depth, no line has ever been constructed. Also, the pressure of the gas in the line (250 to 300 bars) will require special types of compressors and quality pipe.

Lately, Petergas, a partnership between Gazprom and the Dutch concern Heerama, have been studying the technical feasibility of this project.

FIGURE 1
Gas pipeline routes through Turkey



Turkmen gas

The prospect of importing Turkmen gas to Turkey, and eventually to Europe, is not a short-term possibility, as the development of reserves and their conveyance to world markets will require substantial investments. There is one project now under study for transmitting Turkmen gas east through China to the shores of the Sea of Japan. Another project is being considered to supply Turkmen gas to Pakistan and India.

To export Turkmen gas to Turkey through Iran or the Caucasus, and eventually to Europe, may justify big investments. Swapping Turkmen gas with Iran for small quantities can be a short-term possibility.

If political problems are solved by talking Russia into being a party to the project, and by a change of U.S. policy toward the region, the supply of Turkmen gas can be the most radical long-term project.

Egyptian gas

Agip and Amoco very recently proposed to Turkish authorities the construction of a pipeline under the Mediterranean, which will transmit dry gas from Egypt. . . .

After Turkey signed a gas purchase agreement with Iran, such proposals have started coming. The technical problems to construct this line under the sea are not as great as in the Black Sea option. Nevertheless, the amount to be transmitted must certainly justify the investment. In this respect, supplying gas to Israel at the same time may help the feasibility of the project.

Qatar gas

The possibility of importing dry gas from Qatar was discussed between Botas and Qatar during 1984 and 1988.

The project was later revised to LNG export facilities, for exporting LNG mainly to Japan. But now according to the changed political situation in the Middle East and restricted markets for LNG, dry gas has been put back on the agenda. Turkey has signed a preliminary commercial agreement with Qatar to buy LNG. . . .

Iraqi gas

To get dry gas from Iraq is a very practical option to meet the needs of Turkey, provided the sanctions imposed by the UN are either relaxed or lifted. The feasibility study has been

prepared jointly by the Oil Ministry of Iraq and Tefken. The results of this study have been accepted as being realistic and very economical.

On Dec. 24, 1996, the two governments signed an agreement for supply of gas for 23 years. The determination of the financial and administrative schemes, and the updating of the feasibility study, will be finished in June 1997. Transcanada, some American firms, France Gas, and British Gas seem to be interested to take part in this project.

The advantage of Iraqi gas is that the length of pipeline is shorter compared with the others, and the route will pass right through the rapidly industrializing zone of Turkey and the Southeastern Anatolia Project (SAP). Turkey always stood with its allies through the end of the Gulf crisis and closed the oil pipeline from Iraq right away. However, after Iraq, the country that suffered the most because of the sanctions, is Turkey, which never deserved such damages. Turkey has lost revenues from its pipeline, ports, transportation and construction services, border trade, and registered trade volume, of which it was second only to Germany.

Turkey should not be hit once more with sanctions on gas supplies.

Iranian gas

Since 1983, Turkey has been negotiating with Iran for the purchase of gas, Iran being one of the top five countries with the largest gas reserves.

For several reasons—one being the long-lasting turmoil in the region—this was delayed until 1995, when Botas signed a preliminary agreement for the purchase of gas, which was followed by a final one in 1996, starting at the end of 1998 with 2 billion m³/year and increasing to 10 billion m³ by the year 2010.

Iran is trying to extend its already built network of gas pipelines, but even with the existing system, it was able to supply 2 billion m³ of gas to the Russian Caucasus network last year, and it can swap gas with Turkmenistan. The Iranian gas has already been connected to Tabriz, only 200 km from the Turkish border. From there to the Turkish town of Erzurum, it is only 300 km.

Botas has already issued tender documents for the Turkish portion of the project. Bids will be turned in by March 17, 1997. . . . I am sure that for most of you, it is disturbing to hear that your staunch ally may get connected to Iran for gas supplies, although no investment will be made by Turkey in Iran, as each side will make its own investments in its respective country. I will ask you, then, two questions:

1. If your country desperately needed gas, and if all other alternative sources took a longer time and were much more costly, how much would you hesitate to take this gas from your neighbor—even if you do not consider that it will diversify your sources and help develop your trade with your neighbor?

2. When all countries, large and small, allies or not, pur-

chase oil from Iran, although they can easily purchase it at the same price elsewhere, why does that not disturb U.S. policy? Is it because of the difference of the two strategic items (oil and gas), or is it a double standard?

Conclusion

Turkey, being at the crossroads of such important projects, is trying to speed up its homework on legal, financial, and administrative measures toward establishing a more liberalized atmosphere for energy projects. Fortunately, there is no longer any substantial public or political resistance to such reforms.

Having already been a victim of a power shortage, the Turkish government recently has accelerated its energy-related projects with various types of schemes.

The already-established connection of Turkey with Russian and Iraq crude oil, will soon become an important junction for pipeline links, because of the above projects and water transportation to the thirsty Middle East.

We should not underestimate the contribution of such pipeline links to peace and stability, especially in the turbulent regions of our world, because to create such interdependence will encourage the harmonic coexistence of neighbors.

Caspian oil through Turkey

by A. Nihat Gokyigit

These are excerpts, edited by EIR, from the remarks of Mr. Gokyigit, in Washington, D.C., Feb. 20.

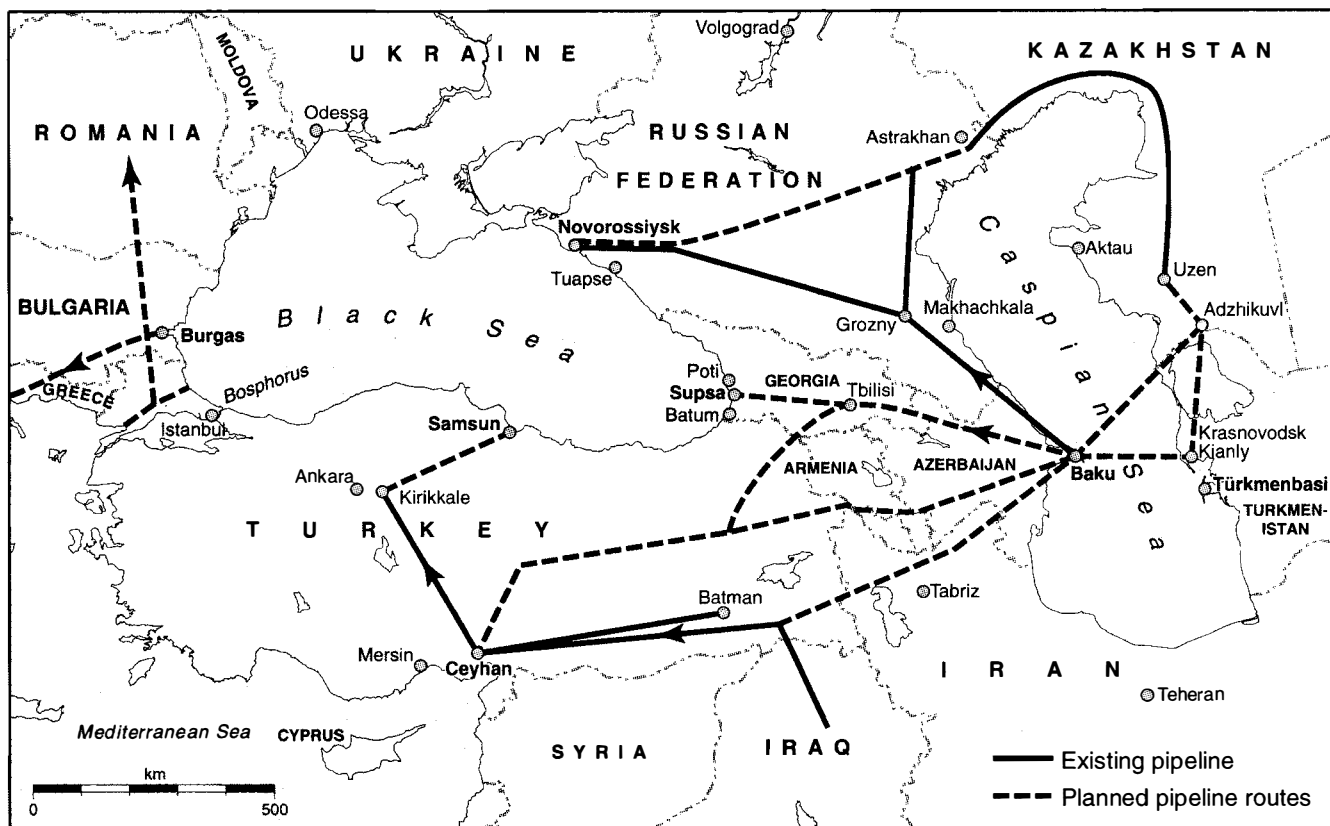
A large volume of oil reserves has been discovered at the Caspian Sea Basin. The Soviet oil industry did not have to be involved extensively in this deepwater, offshore oil, as they had more easily developed oil elsewhere. Caspian Sea oil will be a third new source of oil, besides that of Russia and the [Persian] Gulf *only* in the case it is also *independently* connected to the world markets; that is, to a Mediterranean port of Turkey. Caspian oil will not be considered a diversified, new source if it is only connected to the Black Sea through the Russian network, or connected to the Gulf through Iran.

Furthermore, transporting oil through Turkey will not create any conflict of interest as Turkey is neither an exporter of oil, nor a member of OPEC [the Organization of Petroleum Exporting Countries], but is a big consumer of oil (25 million tons/year with an approximately 3% yearly increase).

One other important factor concerns the future of the Caspian Sea states. As these countries are going through

FIGURE 2

Caspian Sea oil pipeline routes



very difficult periods of transformation, the most efficient and effective tool for supporting them would be building direct pipelines to carry their wealth of oil and gas to marketable places, and relieving them of the limitations set by others.

The shortest and most effective way for them to earn hard currency for their desperately needed essential goods, investments, stability, and prosperity is a *direct outlet* of their oil and gas to the world markets.

The Bosphorus will be congested by traffic in less than 10 years, not only by the increase of volume of oil, but also by the much-expected expansion of the economic activities of the Black Sea zone of more than 300 million people. Environmental and security dangers imposed on the 12 million people living along the narrow Bosphorus straits, cannot be underestimated and therefore this narrow seaway strait cannot be used as a pipeline.

The transportation cost from a Black Sea port to the oil market in Rotterdam is almost twice the cost from the Turkish port of Ceyhan to Rotterdam. This economic advantage cannot be offset by the Gulf terminals, because Mediterranean delivery to the Iranian Gulf is always preferable for Europe,

as going around South Africa or through Suez is also much more costly.

A Bosphorus bypassing route for Caspian oil to be shipped from a Russian seaport is proposed through Bulgaria and Greece to the Aegean Sea. This alternative with three terminals, two of them at the stormy Black Sea and the third one at the Aegean Sea, cannot replace the Turkish project, which would use only the one terminal of Ceyhan on the Mediterranean coast.

The Turkish project means pumping oil directly from the storage facilities around the Caspian Sea to the already built Ceyhan terminal, with minimum handling. It should be noted that Ceyhan has already some 50 million tons/year extra capacity over the 70 million tons to be pumped from Iraq—if the sanctions are lifted one day.

As is well known by oil developers, the oil production of the Caspian region is expected to reach about 100 to 120 million tons/year before the year 2010. Almost half of this production will have to be exported by a new outlet, as the aging Russian network and terminals cannot easily handle such a volume, no matter how much they are improved. A pipeline of about 1,600 kilometers from Baku to Ceyhan,

through Georgia or Armenia, will require an investment of about \$2.3 billion.

The extension of this route to the Kazakh oil fields of Tengiz may cost an additional \$600 million. The Armenian route cannot be introduced before creative steps are taken toward solving the disputes of the area. The world financing sources are following this project with much interest, as its feasibility will not be much of a problem and, in fact, last week an engineering contract that is being funded by the World Bank was awarded to the German company PLE, to carry out the preliminary engineering and feasibility of the proposed pipeline between the Caspian Sea and Ceyhan. . . .

For early Azeri oil, an agreement on two routes has already been reached, and tenders have been issued:

- Northern line—Baku to the Russian Black Sea port of Novorossiysk.
- Western Line—Baku to the Georgian Black Sea coast at Supsa.

The Azerbaijan International Oil Consortium (AIOC) will need multiple outlets, even for early oil, to minimize the political risk of the region.

The Baku-Tbilisi section of the Western line for early oil can serve as the first part or to create an alternative route to that of a possible connection through Armenia for the long-term project of a direct route to the Mediterranean terminal of Ceyhan.

Besides the AIOC export pipelines for offshore Caspian oil, the other major oil export pipeline system in the region is the CPC pipeline. This \$2 billion project will ensure that the Tengiz oil field under development by Chevron and Mobil will have an export route, even if only to Novorossiysk.

The disintegration of the Soviet Union transformed this oil-rich area into the territory of three new, sovereign countries: Azerbaijan, Kazakhstan, and Turkmenistan, in addition to Russia and Iran. While efforts are being exercised for a stable consensus among the five Caspian states, oil development plans and investments are being carried out. Certainly such projects of the Caspian region should be realized in cooperation with Russia. . . .

Let me tell you of one example of how a close cooperation worked out between Turkey and Russia. Up to 10 years ago, before mutual trust and friendship started to grow, our total trade with the Soviet Union was at a steady level of \$450 million per year. In 10 years' time, this reached more than \$6 billion with the Commonwealth of Independent States, a big part of it with Russia. This figure does not include the unregistered "baggage trade"; that is, goods bought in Turkey and flown back to Russia as accompanied luggage, estimated to be of an equal magnitude. Business created by tourism and construction services are also not included in the above figure either. Revenues of the ongoing construction contracts are around \$7 billion and steadily growing.

Russia and Turkey cannot afford to neglect flourishing trade relations with each other. . . .

Turkey has a unique role between cultures

by Abdullah Gul

The following is excerpted from the address of H.E. Abdullah Gul, minister of state of the Republic of Turkey, to the Carnegie Endowment for International Peace, in Washington, D.C., on Feb. 19. Subheads have been added.

. . . First of all, it is clear that the Welfare Party, or Refah as we call it, has given a new impetus to Turkish democracy. Yes, we have a democracy and shall remain so, but ours is not yet at a desired level. The problems in our political system may be attributed to the lack of popular confidence and support for the top-to-bottom government mentality. People cannot be fully represented in a system that is closed, isolated from decision-making, and further inhibited from reflecting its values and demands. This is the real root of the systemic failure that is manifested so long in the political struggle and inability to overcome the political crisis with the existing mentality. Refah professes moral values, the values that actually continuously nourish and sustain Turkish democracy, but it also attempts to revitalize and reform the existing political system with the objective of complete democratization. Always bear this in mind: Turkey and Turkish society do not resemble, and should not be compared with, other societies in the region. This may be the reason why many of our friends abroad could not locate us comfortably in the political spectrum.

In this light, Refah is a party that strongly favors popular participation, utilizing the state tradition in Turkey and opening up new political and economic space in society. . . .

. . . Our party and agenda are not imported from abroad. We are not a reaction against the political process in Turkey. On the contrary, we carry on the genesis of popular modernization, a project under way since Ottoman times, and we proudly attest to the historical and cultural synthesis of our great fathers; we are not bothered by the Western elements in our government, culture, and life. What we stress, though, is that government should not exclude people's moral values, just the opposite: They should be used as catalyst for a healthy and complete democracy. One thing to bear in mind is that the social realities of Turkey would bring another political group with the same agenda into existence even if there were no Refah Party. Therefore, we expect our friends to understand well our reason for existence. . . .

Turkey's foreign policy

Let me now talk about our foreign policy perspective. What Refah emphasizes is a reformulation of Turkish foreign policy, according to the fast growing needs of the post-Cold War era, and establishing a large spectrum of relations with its regional, historical, and cultural partners. . . . Refah belongs to the former pro-society tradition. So, those who think that we are allowing our country to drift away from the West should study Turkish history more carefully. Our history since the 11th century has been inseparable from that of the West, and our democratic experience is not new either; it goes back to 1876. Look at our past and you will also find out that any efforts at modernization since then have always included a value-based precept, respecting and utilizing the distinct Islamic culture of our people for the evolving political system.

Our role in legitimizing the democratic system at home also has repercussions for our region and the rest of the world. It is generally acknowledged that Turkey occupies a unique position along the fault line of different cultures and continents. Geography and history have indeed bestowed upon us a critical role, and a major responsibility, in helping to maintain peace and stability in a difficult region. . . .

We in our party strictly favor encouraging democracy to flourish across our region from Central Asia to the Balkans. . . . As a party that combines and continues the traditions of Western and Eastern values, we pledge ourselves to preserve and ensure stability in our region. This is a task that cannot be done without the active involvement of Western countries, especially the United States. We can no longer act upon the premises of the Cold War *Realpolitik*. Today we need to take into account the massive economic activity that plays a transforming role in non-democratic countries. Just remember how effective rapprochement and *Ostpolitik* were in diluting the Cold War isolation of the Soviet Union and its satellites. . . .

This message chimes in well with our role in Europe, whether in the economic, cultural, or political sense. We are also a catalyst for democratization in the Balkans. . . . We cannot isolate economic integration from the political and strategic cooperation in Europe. I believe that the United States has many interests in emphasizing the role of our country in carrying the democratic message of ours across the Balkans. . . . We think that we can also be a bridge between the United States and eastern Europe. Those who disagree with our reservations about NATO expansion should understand very well that our concerns have several dimensions.

Our friends keep telling us that Turkey is a strategic ally and plays a crucial role in the region. This, of course, is the plain and literal truth. But, can it be said that they are acting on this conviction? Hardly. The list of recent failures on the part of our allies is impressive. For instance, take the economic losses we suffered in the wake of the Gulf War. So far, little has been done to remedy these crippling losses which are now in excess of \$27 billion. So, it is exacting a heavy toll on the Turkish economy, not only in terms of the trade we

have lost, but also due to the fact that the power vacuum that formed in northern Iraq following the Gulf War had a direct impact on heightening terrorism in Turkey, which in turn led us to spend more on fighting this scourge. . . .

However, despite some ups and downs, I should stress that the Turkish-U.S. relationship is basically on a sound course. Our political consultations and high-level contacts continue uninterrupted. There are more than 200 U.S. companies doing business in Turkey. The two countries cooperate closely in many areas, from training the Bosnian Army, to developing the Baku-Ceyhan Pipeline. The United States designated Turkey as one of the ten "big emerging markets," which is expected to give an additional boost to our bilateral trade in the period ahead. We share the same vision of peace in the Middle East. We both want to see the Turkic nations in Central Asia evolve into democratic, independent, and respectable members of the family of nations, and help them achieve this goal. We are loyal allies to each other within NATO. We cooperate over many regional problems such as the situation in northern Iraq. Our government and the U.S. have cooperated on the speedy handling of the recent crisis in northern Iraq. . . .

Refah believes that Turkey is an important ally of the West, and that with Turkey stable under our government, we will enhance our country's role in its region. Refah's value-based democratic agenda is an automatic stabilizing factor for our region, since it mitigates the radical tendencies which grow in reaction to authoritarian governments. Therefore Turkey must be seen as a bridge between the Western democratic tradition and the Eastern democratic transition. In this respect, too, Refah's presence as the major actor in Turkish politics is indispensable for regional stability and thus for the Western countries, as well.

As the only Muslim member of the Western alliance, our historical, cultural, and linguistic ties with neighboring countries, and those beyond our region, offer a further advantage. Turkey's proximity to large markets and its position as the vital land link between Europe and Asia make it an ideal base of operations for joint ventures. Turkey also boasts a young and highly trained workforce, a wide industrial base, a rapidly growing economy, and an expanding domestic market which combine to create unique opportunities for foreign investments. It is in a central position to mobilize regional economic or political cooperation, as exemplified by our pioneering role in establishing the D-8 and the Black Sea economic cooperation. It serves as the only land corridor linking the Caucasian nations to Europe. It offers the most convenient transit route for Caspian and Caucasian oil and gas. It controls the Straits of the Bosphorus and the Dardanelles, which are absolutely essential for European and Western security. . . .

A gateway to Asia

. . . Our interests converge in many areas. If we are to cope with the challenges ahead, we must rise above daily,

parochial, and narrow interests and look beyond the horizon. The unipolar world cannot last forever. It seems that Asia is going to become a tremendously significant economic and commercial place in the next century. Turkey is an important gateway to Asia too. We open our door to foreign investors who want to reach the lucrative Asian markets.

Professor Samuel Huntington, in his now famous article, said that future conflicts would basically be characterized by a "Clash of Civilizations." Should this prophesy come true, it would indeed be a tragedy and a catastrophe for the entire world. It is our joint responsibility to make sure that cultures do not fight, but respect, complement, and cooperate with each other in order to create a better world. We believe and know from history that civilizations can also coexist in peace. As our great Sufi thinker Yunus Emre says, "Seventy-two different peoples together constitute a single truth. He who holds his own being to be of no account, can he distinguish between religions and sects?" In this regard, Turkey's unique historical and cultural position between different civilizations and continents is a blessing. It is also the good fortune of the world that despite the tough challenges we face, our party is determined to maintain and foster our democracy and is committed to peace and freedom. We hope that the significance of this message will not be lost on our friends in the West and that they will start paying increased attention to the very special role of our party and Turkey in general.

U.S. perspectives on Turkish energy

by Jan H. Kalicki

Mr. Kalicki, counsellor to the U.S. Department of Commerce, made the remarks excerpted here before the Annual Conference of the American Turkish Council in Washington, D.C. on Feb. 20. Subheads have been added.

One of the major themes of this year's conference is solutions for Turkey's accelerating energy requirements, due in large part to the continuing growth and modernization of Turkey. Meeting these requirements will, in turn, remove a major obstacle to even faster growth.

As you have heard from Undersecretary [of State for Economic Affairs Stuart] Eizenstat, Ambassador [to Turkey, Mark] Grossman, and others, we in the U.S. government think Turkey's development is vitally important and, indeed, in the economic and strategic interest of the United States. We view

Turkey as one of the ten "big emerging markets" and a close, longtime friend, ally, and partner in three regions—Europe, Central Asia, and the Middle East. More immediately, we are confident that American companies have much to offer and much to gain in helping meet Turkey's energy needs. We have been working on a range of initiatives especially designed to promote our bilateral cooperation in strengthening the Turkish energy sector.

Just two months ago, in December, I had the opportunity to lead a U.S. government delegation to Turkey, which visited American and Turkish energy industry executives including the heads of BOTAS [Petroleum Pipeline Corp.] and power generation and distribution companies, as well as high-level Turkish officials, including the minister of energy.

There were a number of purposes for this visit:

- To assure Turkey of strong U.S. government and company interest in helping it meet its electric power needs and in investing in the power sector, and to gather views on how to make this happen; . . .
- To reiterate strong U.S. government interest in developing multiple export routes from the Caspian; . . .
- To explore ways in which Turkey could diversify its gas supplies, both piped and liquefied natural gas (LNG).

Turkish officials expressed a strong desire to increase and diversify their gas supply. In general, they reacted favorably to many of our ideas and to proposals to work with the U.S. private sector. Our effort, along with the Department of Energy, and the hard work of Ambassador Grossman and his staff advanced the prospects for concrete solutions.

U.S. companies have a long history of working with the Turkish energy sector, including with existing power plants, and want to expand cooperation. Our firms can make major additional contributions. . . . In addition, U.S. firms are heavily engaged in oil and gas exploration, production, and transportation in and through Turkey's neighbors.

Oil and gas pipelines

Let me turn to a review of pipelines, with a look eastward to the enormous hydrocarbon resources of the Caspian basin. The U.S. strongly supports the rapid, environmentally safe production of these resources and the development of multiple export pipelines on sound commercial principles—including from Baku to Ceyhan, from the Caspian to the Mediterranean. From the standpoint of both cost and reliability, the Caspian basin, along with the Middle East, are probably the most promising new sources of supply for Turkey.

Just at the time the Central Asian and Caucasus states became independent, the late Turkish President Turgut Özal initiated a policy of close ties, including the development of energy relations. President [Suleyman] Demirel put into practice the vision of close relations with these countries, and Turkish companies are already playing a role in several major energy projects. The United States has always supported these close relationships, and we agree with Turkey,

that the development of multiple pipeline routes will enhance stability and support the independence of states in the region.

Azerbaijan has substantial gas resources, much associated with oil production already under development in the Caspian, that would be ideal for Turkey. According to preliminary estimates, Azerbaijan has potentially over a trillion cubic meters in gas reserves. . . . Industry estimates suggest that Azerbaijan could be able to produce for export up to 30-40 billion cubic meters/year. . . .

In addition to Azerbaijan, Kazakhstan will also have substantial exportable gas. Much of this would be associated gas produced with oil from Tengiz (which alone could be producing in the next decade, at full production, 15 bcm of gas a year) or the Caspian shelf, which could be transported north around the Caspian, or attached ultimately to a trans-Caspian pipeline to link up with routes from Azerbaijan.

Finally, of particular importance for the future are Turkmenistan's enormous proven gas reserves of 4.4 trillion cubic meters and possible additional resources of a like amount, some of which could be transported across the Caspian and fed into a trans-Caucasus pipeline system. While Turkmenistan now produces 30 bcm/year, new transportation outlets would permit it to increase its production at least to the 80 bcm/year level achieved in the heyday of Soviet production.

Transportation of Caspian basin gas will benefit from oil pipelines from the Caspian already agreed and being prepared for use. A "northern route" agreed between Russia and Azerbaijan would bring oil from Azerbaijan's Caspian fields to the Black Sea port of Novorossiysk. A "western route" for oil is being prepared which will transit Georgia to Supsa, also on the Black Sea. These oil routes and the existing gas pipelines along the "western route," parts of which go all the way to the Black Sea, have raised the prospect of the so-called "Georgian energy corridor" to eastern Turkey. Once export is under way, continued oil and gas development will provide substantial hydrocarbon resources that can be carried into Turkey, both for onward transit and for domestic use.

The signing, last December, of an agreement restructuring the Caspian Pipeline Consortium, a now-well-balanced, multinational public-private project to transport oil from Kazakhstan to western markets, initially via Novorossiysk, was also an important step in unlocking Caspian basin resources. Production growth would strengthen the potential of the Georgian Caspian basin resources. Production growth would strengthen the potential of the Georgian corridor or other oil pipeline routes through Turkey. Furthermore, development of the Georgian route would enhance the possibility of Russian gas coming through Georgia to eastern Turkey.

I want to mention one more potential route for the long term. If increased gas supplies can reach Israel, as well as Jordan and the Palestinian territories, from Egypt as well

as from Qatar, they could also be transported at a reasonable cost for the limited additional distance to southern Turkey. This would be a bonus for Turkish energy security, as well as the cause of peace and development in the Middle East.

In any event, liquefied natural gas is an important additional energy option for Turkey's future development. U.S. companies are world leaders in LNG projects. LNG can provide a key secondary source of supply to Turkey, with ultimate capacities of perhaps one-quarter to a third of total projected needs. Once regasification facilities are in place, there are excellent prospects for new as well as traditional sources. There are large new fields in Egypt, and an important agreement was signed at the Cairo Economic Conference last November, which would supply the currently proposed LNG projects. This could be an important supplement to expanding supplies from Algeria. . . .

In turning all this potential into reality, however, it is important to remember that the companies who will develop, transport, and market these resources, and the financial institutions that will finance both the pipelines and the field development, are the best judges of the most economic, efficient ways of doing this [emphasis added].

The issue of Iran

One option in our opinion, is *not a good one*. *The United States has deep concerns about energy and other transactions with Iran*. There are several reasons for Turkey to be concerned. One is reliability of supply. Iran's energy relations with its customers can be readily affected by Iran's agenda above and beyond commercial considerations. The prospect for international finance of such projects is limited. Of course, there are security concerns. In addition, Iran can be expected to use its revenues to continue to pursue unacceptable international behavior, including undermining the Middle East peace process, acquiring weapons of mass destruction, and supporting terrorism. A boost to Iran's income would also send the wrong message to Iran, that Turkey accepted this behavior. For these reasons, we believe Turkey should consider whether its interests are not best served by working with more reliable partners [emphasis added]. . . .

U.S. goals

Looking ahead, we plan to continue advocacy for the power and other projects proposed by U.S. companies; we hope to meet with many of you this week in private/public sector energy meetings. . . .

To conclude, the U.S. government will maintain a robust engagement with Turkey and its energy industry on oil and gas pipelines as well as other elements of the power generation chain. We believe this will pay handsomely for both sides, in increasing cooperation between U.S. and Turkish firms. . . . A close commercial energy relationship will, in turn, reinforce the longtime alliance and partnership for development and peace between our two countries.

Business Briefs

Southeast Asia

Thailand, Laos meet to improve transport

The Thai and Laotian transport and communications ministers met to discuss rail and other transport improvements on Feb. 3, the *Bangkok Post* reported. Thai Transport and Communications Minister Suwat Liptapallop met his Laotian counterpart, Phao Bounnaphone, to discuss improved use of the "friendship bridge" across the Mekong River, linking Nong Khai with Vientiane.

The bridge was opened in 1993, but use has declined sharply. To promote rail transport of goods and passengers from Thailand to Laos via the bridge, construction of railway tracks on the Thai side from a new Nong Khai railway station to the middle of the bridge will be completed in July. Laos has contracted Pacific Transportation, a joint venture between the Laotian government and Sahaviriya Co., a Thai firm, to construct the railway from that point to Vientiane in two years, at an estimated cost of \$40 million. Laos also plans to extend the rail line to other provinces up to its border with China.

Space

Sagdeev: Russian program lacks financial support

University of Maryland physics professor and former Soviet space scientist Roald Sagdeev described the state of Russian space infrastructure and capabilities, in a presentation written for the 35th annual Goddard Memorial Symposium, held in Greenbelt, Maryland on March 4-5. He asked, "Is Russia still a great space power?"

Overall, Sagdeev said, the Russian space program is one-fifth what it was five years ago, with less than 30% of the physical infrastructure in use. The rest, made up of launch pads, test facilities, manufacturing plants, and the like, is "nearly lost," and many of the supporting industries are out of business. Those that are still functioning, are relying on western Europe for parts

and components.

The major problem, Sagdeev said, is "the lack of financial support." He reported that only 0.5% of the companies can issue paychecks on time. Young engineers are not considering careers in space research, because they do not believe it has any future. But, he said, the performance of the program overall is about the same—better in launch vehicles than in satellites. Those that are doing the best, are teaming up with Western companies.

He predicted that half of Russia's space enterprises will "go down the tubes," and said that most are now bankrupt. He forecast that the Russian government is not going to bail out the failing companies.

Eurasia

Polish deputy backs Eurasian Land-Bridge

Deputy Wojciech Blasiak (KPN-BBWR), a member of the Polish Sejm (parliament), outlined an economic program which urged Poland's participation in the Eurasian Land-Bridge, in a speech to the parliament on Jan. 22. Blasiak criticized the 1997 budget proposed by the government, and compared the government to a slumlord who only cuts services and never invests. That government, he said, is controlled by the International Monetary Fund.

"Poland has not been sentenced to profess the false doctrine of neo-liberalism," he said. "Poland's geographic position is a great challenge, but at the same time a great chance for development, because our country is 'a juncture of European and Asian land connections.' Poland has one of the best conditions in Europe to create land route junctions, which define the future axis of world development over the territory of Europe and Asia. However, Poland is losing an historic chance for a strong development impulse in the form of construction and development of those routes."

Blasiak called attention to one project, in particular. "The key for Poland is to open, as soon as possible, the connection between the Oder and the Danube, and in this way allow Scandinavian countries to get access to the

Suez Canal," he said. "The whole Polish economy would benefit from constructing an Oder-Danube water route on the territory of Poland and the Czech Republic, as well as the development of a port complex in Szczecin and Swinoujscie. This project would also help to make export of Polish coal more profitable."

That canal, he said, "is only one of the most urgent elements of the great and bold program of infrastructure building in the country, in the form of waterways, railroads, and highways, which would allow Poland to use its place as a junction of the development axis of Europe, both north-south and west-east. This great project would serve as a catalyst of an overall economic development.

"Our strategic economic collaboration with the East, especially Ukraine, is a historical challenge, but at the same time a great opportunity, since it is connected to the west-east axis. The development of transport infrastructure in this direction is a precondition for a closer economic collaboration. Therefore, Poland should aid Ukraine during the coming years, especially in economic matters."

Finance

Another bankruptcy hits Japanese real estate

The Japanese real estate finance company Koei Corp. filed for liquidation on March 10, with bad debts of more than \$2 billion, the latest casualty of "bubble"-era bad real estate loans. The Industrial Bank of Japan Ltd., a leading commercial bank, and other large banks such as Sumitomo Trust, hold shares in Koei and have lent money to it.

The collapse, in debt terms, was Japan's biggest so far this year, and the ninth-biggest insolvency case involving a non-bank financial institution in Japanese corporate history. Koei is a "non-bank," a financial institution which makes loans but cannot take deposits, relying on money borrowed from banks, which can be heavily exposed if the firms fold.

Meanwhile, Japanese stock scandals are putting new pressure on the Tokyo stock

market's Nikkei index, which fell below the 18,000 barrier on March 13 to the lowest level since the mini-crash of Feb. 7. On March 13, Japanese government regulators announced an investigation of Japan's five leading commodity firms for making illegal payoffs to favored Taiwanese clients. The Tokyo Commodity Exchange had held an emergency hearing on Feb. 21 with heads of five Japanese commodity brokers currently operating in Taiwan (Nihon Unicom Co., Tokyo General Co., Okato Shoji Co. Ltd., Kobayashi Yoko Co. Ltd., and International Trading Co.).

The week before, media reports said that Japan's largest brokerage house, Nomura Securities Co., is being investigated (yet again) for payoffs to *yakuza* racketeers. The Nomura-*yakuza* saga in the past has always led straight to the door of Sir George Bush's brother Prescott Bush. The market is also full of rumors that Daiwa Securities Co., Japan's second-largest broker, is under investigation by Japanese officials.

China

Policy to develop hinterland advances

Two important projects in China's plan to shift economic focus to its underdeveloped interior central and western regions have just been completed, Xinhua reported March 10. One is the rail-laying for the most expensive railway in the country, the Nanning-Kunming railroad; the second is the beginning of full operation of a large power-generating plant in Shanxi Province. The Chinese central government plans to spend 75 billion yuan (\$9.5 billion) in Xinjiang, northwest China, alone, for development projects.

A long-range development plan was approved by the National People's Congress in March 1996, to accelerate development in the central and western areas so as to obtain "common prosperity for the entire country in the next century," Xinhua reported. In the first half of 1996, growth in investment in infrastructure and technological renovations in these areas exceeded that in coastal areas for the first time in many years. For the whole

year, over 43% of all investment money for key projects launched went to the interior areas, up from 30% in 1991-95.

Different from the open policy in the coastal areas, China's shift in focus to the central and western areas is mainly represented by increased government input in infrastructure construction so as to improve the investment environment, Xinhua quoted economist Wu Jinglian. "It is a successful worldwide experience to promote the economic development of a country through government investment in infrastructure facilities."

Trade

Kazakhstan, Lithuania step up cooperation

Kazakhstan President Nursultan Nazarbayev said he regards Lithuania's Klaipeda seaport as of "exceptional importance" for Kazakhstan, at a joint press conference on March 7 in Almaty, the capital of Kazakhstan, with visiting Lithuanian President Algirdas Brazauskas. Nazarbayev said his nation was prepared to invest in the construction of a new terminal with a throughput of up to 8 million metric tons to facilitate exports of crude oil, which Kazakhstan would pump through existing pipelines across Russia to the Baltic Sea, and onward to Europe.

Nazarbayev said that oil could also be shipped across Russia by rail. Brazauskas said that he and Nazarbayev had discussed the possibility of refining the crude in Lithuania, and had "agreed on joint participation in the development of the Asian republic's oil wealth."

Lithuania also wants to gain access to Chinese and Southeast Asian markets via Kazakhstan, through the Druzhba-Alashankou rail connection on the Eurasian Land-Bridge. Nazarbayev said this was a question of "mutually beneficial cooperation," and stressed the importance of economic and trade accords and an agreement on freight and other services related to shipping Kazakh goods via Klaipeda. The two Presidents said bilateral relations, especially economic ones, had increased.

RUSSIA'S State Duma, the lower house of parliament, passed a draft resolution on March 12, which directly attacked the International Monetary Fund. The government's policies, under the diktat of the IMF, it said, are bringing the country "to the brink of catastrophe."

THE BEIBU GULF area in southeast China, bordering Vietnam, could become a new economic center similar to the heavy industrial belt at the Bohai Bay in north China, in the early 21st century, Xinhua reported March 3. Beibu Gulf, once an agricultural area, has one of the six largest oil-gas fields in China and one of the eight largest iron mines in Asia.

THE CLINTON administration has asked to participate in 20 major infrastructure projects in China, the March 5 *Wall Street Journal* reported. U.S. Undersecretary of Commerce Stuart Eizenstat said that "tens of billions of dollars" worth of deals in "telecommunications, energy, and aviation" would be involved.

A PYRAMID SCHEME fund called TAT collapsed in the Republic of Macedonia on March 7. Losses are estimated at \$65-150 million. The collapse forebodes greater instability in the Balkans, and the government has appealed to the UN not to reduce its blue helmet contingent, in this former part of Yugoslavia.

SIERRA LEONE capitulated to IMF demands and hiked fuel prices 20% on March 8. "The IMF made it clear that if the government failed to meet its demand immediately, it would withdraw its assistance to the country," a Finance Ministry official said.

INDIA'S national TV network, Doordarshan, may be an investment target of James Packer, the son of Kerry Packer, the alleged "Mr. Big" of the Australian organized crime scene. Privatization of part of the network is reportedly being considered by the government, to raise funds to expand transmitting capacity.

The certification of Mexico

by Lyndon H. LaRouche, Jr.

March 20, 1997

President William J. Clinton has certified the government of the Republic of Mexico, for its commitment to cooperation with the United States in combatting the international traffic in illegal drugs. An astonishing assortment from both Republican and Democratic members of Congress, has combined forces to challenge President Clinton's certification.

The most notable leaders of this curious combination, are rallied around the proposition, that it were preferred that Mexico's governing establishment should be destabilized. Were that result to be achieved, then the political forces allied with drug-trafficking and terrorism, throughout Central and South America, the Fidel Castro-headed São Paulo Forum, would take political control of Mexico. The result would be a massive increase in the flow of illegal drugs across the U.S. border with Mexico. It would appear, that some members of Congress either have been grossly misled, or, in the alternative, have acquired some very strange desires.

Part of the story, is former President George Bush's former close relations with the Salinas brothers, former Mexico President Carlos Salinas de Gortari and his legally challenged brother, Raúl. It was under Bush's crony, Salinas, that Mexico was transformed into the preferred route for moving Colombian cocaine into the United States; perhaps coincidentally, perhaps not, the Salinas brothers grew astonishingly rich in the process. Significant as the Bush connection may be, the more important fact, is that the political operation being run against President Clinton's war on drugs, is being run from London.

This is not the only war which London is running against the Clinton administration. Clinton's efforts to secure peace in northern Ireland, is another battleground.

While the U.S. is seeking constructive engagement with China, the British Commonwealth is open in its repeatedly stated commitment to breaking up China, even at the risk of war. The U.S.A. de-certifies the narco-plutocracy known as Colombia; the British House of Lords presents its sympathies to its putative peers, the ruling drug-lords of Colombia. The United States is committed to the integrity of the sovereign states of Africa; the British Commonwealth, helped by former President Sir George Bush, is engaged in war and genocide against the people of African nations, while carving out concessions, manned by mercenaries, around



President William Clinton and Mexico's President Ernesto Zedillo, at the White House on Oct. 7, 1995. The political forces that are opposing Clinton's certification of Mexico's effort to combat drugs, are determined to destabilize Mexico's governing institutions, just as they seek to wreck the U.S. Presidency.

the choicest tid-bits of petroleum, precious metals, and strategic minerals throughout the region of the Great Lakes. The British Commonwealth is arrayed in massive political support for the pro-terrorist factions in Central and South America.

The British intervention into Mexico, against the United States, recalls the years 1861-1865, when the government of President Abraham Lincoln was engaged in Civil War against London's slave-holders' puppet-state, the Confederate States of America. Not since 1863, has imperial London dared to intervene in the internal affairs of Central and South America, with the shameless abandon displayed today. The terrorism in Colombia, Peru, and Mexico, are only expressions of the more general assault against this vital southern strategic flank of our United States.

After a review of the salient facts in this situation, the editorial board of *EIR* commissioned a special report on the current British operations against the United States, in Mexico. It was clear, that most of today's Washington policy-shapers, including representatives from both parties in the Congress, especially those challenging President Clinton's certification, know almost nothing of the relevant problems of Mexico. They do not understand the Mexico political system's actual workings, nor the history which that system embodies, up through the history of Iran-Contra drug-running through Mexico during the time Vice-President George Bush and his lackey, Ollie North, were on watch. They do not recall, and perhaps never learned the virtual war against the United States, involving the 1861-1865 invasion and occupation of Mexico by the United States' adversaries, Spain, France, and Britain.

The 1861-1863 invasion of Mexico by British, French, and Spanish forces, is key to understanding the history of subsequent U.S.-Mexico relations.

Originally, Lord Palmerston and the man, Napoleon III, whom Palmerston had placed upon the throne of France, had intended to send the combined British and French naval forces, to join with the Spanish fleet, not only for a war of aggression against Mexico, but also to break the Union blockade of Confederate ports, meaning acts of war against the United States. It was in the setting, during 1862-1863, that President Lincoln's admirer, Czar Alexander II of Russia, not only sent Russian naval forces, under sealed orders, to help defend the U.S. Atlantic and Pacific coasts, but the Czar warned London that Russia would unleash war throughout Europe should Britain and France take military action against the United States. So, our nation's enemies in London and Paris settled for attacking the U.S. southern flank, the invasion and occupation of Mexico.

When the U.S. Civil War had ended, and Washington ordered the French forces to leave the Caribbean, the French scooted, leaving the silly Habsburg emperor, Maximilian, to endure justice for the crimes against humanity conducted under his regime. From that time on, Britain did not dare to defy the United States' Monroe Doctrine openly, until the 1982 Malvinas War, into which Britain entrapped Argentina, and fought, with U.S. backing, against the U.S.A.'s ally, Argentina. Throughout this century, until 1982, Britain preferred the discretion afforded by that spawn of the Confederacy, President Teddy Roosevelt, and his famous rebuttal to Argentina's Minister Drago, the so-called "Roosevelt Corollary." Yet, even in the case of Mrs. Thatcher's war against Argentina, Britain acted with U.S. consent. The difference today, is that Britain is acting in "go-to-Hell" defiance of the United States, and some officials of the Congress, and in nooks and crannies of the Executive, are lined up with London, and the drug-traffickers, against the United States.

Great Britain plots to sink Washington into a Mexican quagmire

by Dennis Small

It used to be that knowledgeable people around Washington, D.C. would say, that if you wanted to know what Henry Kissinger would be saying on Thursday of any given week, you had to read the *Times* of London of the Tuesday before. Within two days, Kissinger would be mouthing the British line.

Today, the same could be said of the entire retinue of congressmen, media outlets, and other Washington “insiders” who march to the beat of the British drummer, many without even knowing it.

Take the case of the ongoing crisis in U.S.-Mexican relations, which has been orchestrated around the Clinton administration’s March 1 decision to certify the Mexican government of Ernesto Zedillo as fully cooperating in the war on drugs.

In its Feb. 22, 1997 issue, *The Economist* magazine, which infallibly speaks for City of London financial interests closely associated with the British Crown, argued that the Feb. 18 arrest of Mexico’s anti-drug czar, Gen. Jesús Gutiérrez Rebollo, on charges of collusion with the narco-cartels, gave new credibility to a nightmare scenario of U.S.-Mexico warfare concocted by none other than Sir Caspar Weinberger, Knight Grand Cross of the Most Excellent Order of the British Empire, formerly secretary of defense in the Reagan years. Wrote *The Economist*:

“Imagine this. Mexico’s drugs barons grow so strong that they buy control of all levels of government. The United States, alarmed that instability might imperil investments or send millions of brown migrants northward, sends in its troops and sets up a puppet regime to ‘clean up.’

“Dream stuff? No, thinks Caspar Weinberger, once Ronald Reagan’s secretary of defence, who alerts Americans to such possibilities in a new book (*The Next War*, no less).”

The British intelligence outlet went on to complain, in its characteristic snide style, that the Clinton administration ought to decertify the Zedillo government in its upcoming March 1 decision, but that it probably would not do so, because “Mr. Zedillo has American support.”

In the month or so since they promoted the prospect of

open war between the United States and Mexico in the pages of *The Economist*, the British have unleashed everything in their power to bring that about. First, they tried to get Clinton to fall into the decertification trap, which would have triggered a wave of anti-American nationalism in Mexico on the eve of the U.S. President’s scheduled April 11-12 visit there. When that strategy failed, they turned to the U.S. Congress and media to do the job.

A campaign was mounted for a first-ever Congressional override of Clinton’s certification decision, which on March 13 won majority approval in the House of Representatives. Although there is less support in the Senate for a certification override, the mere tenor of the public debate is already threatening to trigger uncontrolled political explosions in Mexico:

- Senators are openly calling for “creating a crisis down there” in order to “get rid of that PRI,” Mexico’s ruling party.
- There are on-the-record exchanges about whether or not the United States should try to overthrow the Zedillo government.
- Specific demands are being made of Mexico, in writing, such as for U.S. forces to be allowed to engage in “hot pursuit” of drug-runners into Mexican territory—demands which it is known that Zedillo cannot possibly accept and stay in office.

Such “cowboy” proposals are calculated to provoke a nationalist outcry against the violation of national sovereignty, and are predictably doing just that. As the Mexican President warned on March 13: “That is where we draw the line. . . . Our sovereignty and dignity as a nation is not negotiable.”

In a few short weeks, the British, with the full complicity of Wall Street, have succeeded in provoking the most profound crisis in U.S.-Mexican relations in decades, which they now intend to parlay into uncontrolled social chaos in Mexico, and a quagmire which will entrap the United States as well. State Department spokesman Nicholas Burns seems to have gotten a smell of the operation, as he told the press on March

5: "We're involved in a life-or-death battle for the security of both Mexico and the United States in the drug war."

The British line on Mexico

As if on cue, every British agent of influence in the political world and the media on both sides of the Rio Grande—and a sizeable number of dupes and opportunists to boot—have begun spewing out a packaged line on Mexico, which is designed to force this policy through. The "line" is made up of some combination of four principal myths, and attached policy proposals, which are attired in either leftist or rightist rhetoric, as the occasion requires. They are:

Myth #1: Mexico is a thoroughly corrupt, autocratic society, dominated by the dictatorial ruling party, the PRI, which must be smashed if the country is ever to have democracy and progress.

Myth #2: The institution of the Presidency is instrumental in preserving the undemocratic status quo, and must therefore also have its wings clipped.

Myth #3: The Mexican Army is heavily involved in human rights violations and in the drug trade, and should not be allowed to have a major role in national life.

Myth #4: Mexico is guilty of massive overpopulation, and has to be forced to deal with this problem, rather than sending surplus labor across the border to the United States. As Rockefeller agronomist William Paddock put it many years ago: "Shut the border and watch them scream."

If implemented, these policies would lead within months to a chaotic breakdown of Mexican society, followed by a probable takeover by a "narco-nationalist" government similar to the Samper regime in Colombia today—or worse. The British-sponsored Zapatista insurgency, and other indigenist separatist movements like it, would have the run of the country. The drug cartels and their political front-men would wrap themselves in the banner of "narco-nationalist" opposition to "Yankee imperialism." War lords would seize chunks of the national territory, each with their private armies. And Mexico's 2,000-mile border with the United States would become a virtual war zone: Growing violence would spill over into the United States; drug and arms traffickers, as well as related youth gangs, would spread on both sides of the border; illegal immigration would skyrocket; and lawless armed self-defense groups would spring up overnight on the U.S. side of the border, not to mention growing calls for officially shutting the border militarily.

In short, the movement to overthrow Zedillo in the name of "democracy" and "human rights," will actually usher in a narco-dictatorship that threatens both countries. Zedillo, it should be recalled, was democratically elected in 1994 by an overwhelming majority of Mexicans, in elections which even international observers were forced to admit were fair and legitimate. It is those who are engaged in the plot to overthrow President Zedillo, who are bent on undoing democracy in Mexico.

Bush and Salinas

When one looks more closely at the political networks promoting these policies inside both countries, as we do below, one consistently finds the footprints of two ex-Presidents: George Bush (1989-93) and Carlos Salinas de Gortari (1988-94).

In fact, it would not be far off to say that the current British gameplan for the United States and Mexico, is to pick up on the unfinished agenda of the Bush-Salinas years, which was lamentably interrupted by the Clinton and Zedillo Presidencies, and worse still, by their cooperation against drugs—or, so think the British.

In a few short weeks, the British, with the full complicity of Wall Street, have succeeded in provoking the most profound crisis in U.S.-Mexican relations in decades, which they now intend to parlay into uncontrolled social chaos in Mexico, and a quagmire which will entrap the United States as well.

Recall that it was George Bush's networks which introduced crack cocaine into the black ghettos of the United States, as part of his Contra drug-running operation. Recall that it was under Salinas that Mexico became the preferred transshipment route of Colombian cocaine heading to the United States, and that his brother Raúl is currently facing criminal charges for running a multimillion-dollar protection racket for Mexico's drug cartels.

And recall that it was Bush and Salinas's North American Free Trade Agreement whose "free trade" and deregulation features opened up both economies fully, especially Mexico's banking system, to takeover by the drug cartels.

Salinas not only carried out London's "economic reforms" for Mexico; he began to execute its "political reforms" as well. His administration moved to dismantle the traditional base of the PRI, and to replace it with drug-runners, narco-terrorists, and other corrupted groups organized in his fascist Pronasol apparatus—which became the breeding ground for the Zapatistas, among others, as we have extensively documented elsewhere.

When he left office, Salinas's sponsors rewarded him with a post on the board of directors of Dow Jones, publisher of the *Wall Street Journal*. Their preferred candidate to succeed Salinas, and finish off this project, was the one-worldist agent

and George Soros ally, Manuel Camacho Solís. But Luis Donaldo Colosio was selected as the PRI Presidential candidate instead—and was shot dead in the middle of his campaign, in March 1994.

Despite every effort by Camacho to replace the conveniently departed Colosio as the PRI's Presidential candidate, Zedillo was named instead, and he was inaugurated as President of Mexico in December 1994.

At first, the British hoped to use Zedillo to finish off their project, or, to at least look the other way and allow the Salinas machine to keep running the country for them. But Zedillo apparently had a different agenda, as did Bill Clinton, and things began to turn sour for the Bush-Salinas cartel, as the following highlighted events indicate.

February 1995: Raúl Salinas de Gortari, the former President's older brother, was arrested and charged with murdering a former head of the PRI party.

March 1995: After weeks of histrionics, including a purported "hunger strike," Carlos Salinas fled the country in disgrace, taking up residence in Havana, Cuba, and eventually Dublin, Ireland.

November 1995: A major international scandal erupted over evidence of Raúl Salinas's laundering of hundreds of millions of dollars of drug money into Swiss and other secret bank accounts.

January 1996: The Zedillo government captured Gulf Cartel capo Juan García Abrego, and within hours expelled him to the United States, where he was wanted for drug-running crimes. On Oct. 16, 1996, he was convicted on 22 counts of trafficking, and sentenced to life in prison without parole.

February 1996: Carlos Salinas flew in from Cuba to meet in the Bahamas with his old partner in crime, George Bush, and Bush's former treasury secretary, Nicholas Brady.

May 1996: Carlos Salinas met in his Dublin home with old ally Manuel Camacho, and PRI-basher Jorge Castañeda (see below), to map out their joint political comeback in Mexico, with U.S. support.

August 1996: The *San Jose Mercury News* printed an exposé of Contra cocaine running in the United States, which rapidly became a national scandal, involving George Bush's direct oversight of the operation.

October 1996: Zedillo said "no" to a central element of London's economic strategy for Mexico: the full privatization of the petrochemical sector.

December 1996: Zedillo said "no" to a central element of London's political strategy for Mexico: the granting of "indigenist autonomy" to the Zapatistas, which would have shattered Mexico as a unified nation, and which Zedillo rightly denounced as "segregationist."

January-February-March 1997: All hell breaks loose, orchestrated by London, to topple the Zedillo government and sink Washington into a Mexican quagmire.

Meet London's (bilingual) mouth: Jorge Castañeda, Jr.

by Gretchen Small

Less than 48 hours after President Clinton announced the certification of Mexico, the *Washington Post* was publishing a diatribe against the decision, in its Sunday, March 2 "Commentary" section. The author was Jorge Castañeda, Jr., a former Mexican Communist Party member who now serves as spokesman and tactician for Fidel Castro's continental Jacobin gang, the São Paulo Forum.

"There they go again," Castañeda complained. "By certifying that Mexico is fully cooperating with the U.S. on drug enforcement, the Clinton administration has shown that it intends to pursue long-standing American policy toward Mexico, no matter how obsolete. Given the choice of propping up the PRI regime, whatever the cost or consequence, or risking a transition which would put an end to the PRI's 75 years of one-party rule, Washington will always choose the first option."

Since the January 1994 Zapatista uprising in Chiapas, in particular, Castañeda has become a familiar name in the international media, regularly trotted out as a leading "authority" on Mexican events. In 1996, the "leftist" Castañeda was catapulted into prominence in the debate over U.S. policy toward Mexico, by the New York Council on Foreign Relations (CFR), the American branch of Britain's Royal Institute of International Affairs. The July/August 1996 issue of the CFR's *Foreign Affairs* magazine, the banking establishment's flagship journal, published an article by Castañeda, "Mexico's Circle of Misery," which elaborated the shift in United States policy toward Mexico advocated by these London circles, to wit: that the United States abandon the view that Mexico's stability is a matter of its own national security, and, instead, adopt the policy that chaos in Mexico is not only tolerable, but, in fact, necessary, to bring about "reforms" there.

Castañeda's *Foreign Affairs* piece was built around three basic arguments.

First, that a solution to Mexico's dire economic and political crisis requires the replacement of its "authoritarian political system" with a "new order" and "reworked social contract." Few specifics are given as to the shape of this proposed new order, other than that it must include "a draconian birth control program" and a "comprehensive political opening" for "civil society" (indigenous, civic groups, etc.). Castañeda

readily acknowledges that this “would undoubtedly unleash centrifugal forces that the central government would be hard-pressed to control.”

The problem he identifies, however, is that an insufficient number of Mexicans currently wish to overthrow their political system and government, a situation which will likely continue, he frets, as long as relations with the United States, and the U.S. economy, continue to hold out some hope of change. Thus, he poses the urgency of breaking U.S.-Mexican ties:

“The segments of Mexican society linked to the United States include key constituencies and power centers, and their indifference to the course of events in Mexico weakens the chances of meaningful reform. . . . A nationwide social explosion, such as the Revolution of 1910, is virtually impossible while such a large, regionally well-distributed, broadly based segment of the population is thriving.”

With the key to change identified as lying outside Mexico proper, Castañeda proposes that a consensus be formed around inducing revolution in Mexico:

Reform “requires Mexico’s elites and the United States to be tolerant of the upheaval that it will inevitably bring. . . . Washington will have no attractive options should a future Mexican crisis arise. Rejecting another Mexican plea for help would certainly generate unpleasant circumstances. But while not devoid of dangers and repercussions, waiting out the next debacle from the sidelines seems a wiser course than again saving the PRI and friends in exchange for cautious reforms. Mexico needs new leadership . . . and it will not flower as long as the old cliques remain in place,” he concludes.

What is Castañeda?

Castañeda is a second-generation British agent-of-influence. His father, former Mexican Foreign Minister Jorge Castañeda, Sr., is an international law expert and long-time United Nations bureaucrat who worked closely with the International Law Association, whose Canadian head, Maj. Louis M. Bloomfield, was a founder of the British intelligence front, Permindex, implicated in the assassination of John F. Kennedy, and numerous attempts against such other industrial world leaders as France’s Charles de Gaulle and Italy’s Enrico Mattei.

Castañeda, Jr. worked the radical track in politics, for the same international financial interests for which his father had promoted a more “centrist” line. Trained at Princeton University and the University of Paris, Castañeda, Jr. was a militant in the French and Mexican Communist Parties. But that didn’t stop him from maintaining his “respectable” connections in the United States: By the 1990s, Castañeda, Jr. had taught at the University of California and at Princeton, was a syndicated columnist for the *Los Angeles Times* and *Newsweek International*, and had co-authored a book with the Carter Center’s leading Ibero-American expert, Robert Pastor.

With the advent of the post-Cold War era in the 1990s, Cas-

tañeda, Jr. joined Fidel Castro’s São Paulo Forum, the continental association of narco-terrorist forces and “left” political parties founded in 1990 by the Cuban Communist Party and Brazil’s Workers Party (PT). Inside Mexico, Castañeda became a spokesman for, and adviser to, the São Paulo Forum’s major force in Mexico, the Revolutionary Democratic Party (PRD) of Cuauhtémoc Cárdenas. Enjoying an aura of importance from his U.S. connections, Castañeda today runs errands for the São Paulo Forum throughout Ibero-America, coordinating meetings of the political side of the operation, and promoting the group’s strategies through such fora as his syndicated column in the Montonero-run Argentine daily, *Página 12*. On Jan. 16, 1994, *Página 12* published a call by Castañeda for the Zapatista narco-terrorist insurgency to “put off any beginning of talks, or at least any substantive negotiations, until they had demonstrated a greater military capacity.” The Zapatistas, Castañeda wrote suggestively, should “have no other agenda than “democracy, even if through bullets.”

In early 1996, Castañeda wrote in the same newspaper: “The political support of the White House kept a dying political system and governing class intact [in Mexico]. . . . Let’s hope that 1996 brings in its wake struggles, protests and ruptures up and down the length of Mexico, the only recipe for a change which is possible, desirable, and appropriate.”

Castañeda’s prime sponsor in the United States is the Inter-American Dialogue, London’s leading British policy channel into Washington on Ibero-American affairs, and the architects of every major feature of George Bush’s foreign policy toward the area (see below). In September 1993, the Alfred A. Knopf company published Castañeda’s magnum opus, *Utopia Unarmed, The Latin American Left After the Cold War*, a book touted in the Western world as *the word* on Ibero-America and its immediate political future. The Inter-American Dialogue hosted a big reception in Washington, D.C., to present the book’s author, a Nov. 4, 1993 shindig which catapulted Castañeda into the ranks of established “authority” on Ibero-American affairs.

The book, after presenting his version of the history of the left in the region in the twentieth century, outlines a strategy for how, even after the collapse of the Berlin Wall, the left can maintain itself as a central actor in hemispheric politics, and even project itself into new positions of power.

If the “left” is to come to power, Castañeda argues, it must accept the reality of globalization; if it wants to govern, it must do so with the World Bank and the International Monetary Fund. He endorses international speculator George Soros’s favorite economist, Harvard’s idiotic Jeffrey Sachs, as the kind of reform-minded economist whose policies must be listened to by those who would rule. After all, the central crisis facing the region is a financial one, he intones: How will the resources be raised to pay the foreign debt, once the privatization “fire sales” of state properties reach their limits, and stock exchanges stabilize? “Drug-dealing was by defini-



Jorge Castañeda, Sr., British agent-of-influence, at a press conference on the Caribbean Basin in New York, 1982. His son, Jorge Castañeda, Jr., is following London's marching orders, in his father's footsteps.

tion a highly profitable but untaxable economic activity," he notes coyly. There is great wealth in the region, but without a social explosion, no government will have the political force to extract it at the levels required.

The political strategy proposed to extract that wealth, is what he later proposed for Mexico in his 1996 *Foreign Affairs* article. For Mexico, it is a call to have a re-run of the bloody 1910 Revolution, which led to a decade of chaos and war in which more than 1 million Mexicans died. For Ibero-America as a whole, Castañeda names Peru's Pol Pot-allied Shining Path (Sendero Luminoso) narco-terrorists, as the means to extract debt payments. In his chapter on "A Grand Bargain for the Millennium," Castañeda writes:

"Thus the condition for the renewed viability of reformism in Latin America . . . lies inevitably in the threat of something worse. Since it cannot be revolution as such—the way Cuba was for nearly twenty years—it must be different, yet terrifying nonetheless. This is the syndrome of Sendero Luminoso. . . . The social disintegration of which Sendero, the violence in Rio, military unrest in Venezuela, and the drug trade in Colombia represent nothing more than symptoms, is the new greater evil that might make reformism a going concern again in Latin America. Without the fear inspired by the prospect of losing everything, the wealthy and middle class will prefer to lose nothing."

Or, as Castañeda repeated in his Jan. 6, 1997 contribution

to Argentina's *Página 12* newspaper: Either Castañeda's cronies are brought to power through elections, or, by the end of the century, Che Guevara, the infamous theoretician of revolutionary guerrilla warfare, may prove to have been correct.

A Salinas agent, after all

The publication of Castañeda's *Foreign Affairs* piece led to a quantum leap in his access to the media in the United States—and those of Castañeda's perpetual sidekick, Alonso Aguilar Zínser, currently a federal congressman, and formerly campaign spokesman for Cuauhtémoc Cárdenas's PRD party. From the House of Morgan's *New York Times*, to CBS's 60 Minutes, to Katherine Graham's *Washington Post*, Castañeda and Aguilar Zínser have been held up as champions of the battle against corruption, and purported opponents of Mexico's corrupt former President, Carlos Salinas de Gortari.

What the U.S. media have chosen not to report, however, is that their anti-corruption heroes, Castañeda and Aguilar Zínser, are busy coordinating their "overthrow the PRI" strategy, not only with the Wall Street and London power centers which had put Salinas in power, but with George Bush's own Carlos Salinas himself—to this day.

That coordination became a matter of major national scandal in Mexico in mid-1996, when the news broke that on May 6, Jorge Castañeda, Jr., Manuel Camacho, and Carlos Salinas had held a closed-door pow-wow in Dublin, Ireland, where Salinas lives in self-imposed exile, fearing prosecution for his multitude of crimes, should he return to Mexico. The secretive meeting had been arranged by Castañeda, with some help from Aguilar Zínser who, while reportedly not there himself, had been in Europe at the time with Castañeda.

The subject of the meeting was reportedly the coordination of strategy between the political machines controlled by Salinas, Camacho, and Cardenas's PRD (represented by Castañeda), for the overthrow of President Zedillo.

Within days of the meeting, well-orchestrated rumors swept Mexico and the international press, that Ernesto Zedillo would not last out his term, but would be forced out of office early by Mexico's "dinosaurs," as the "anti-reform" nationalist current in Mexico's PRI and Army are often dubbed. Mexican government sources were quick to point the finger at the Salinas machine as the source of the rumors. According to one Mexican press account, Aguilar Zínser used the May 14 National Congress of Book Publishers and Distributors in Cancún, Mexico, to make sure that the rumor took off. Then, on July 4, he used his position as secretary of a congressional commission investigating financial irregularities, to try to "Watergate" President Zedillo, charging him with having authorized an illegal payment of \$6 million to the Maseca Industrial Group, back when he was Minister of Programming and Budget. Aguilar Zínser's attack on Zedillo was then picked up and given international play on July 5 by the *New York Times*.

Inside the United States, the rumor that Zedillo wouldn't last out his term was promoted by Cardenas's U.S.-based neo-conservative economics adviser, Christopher Whalen, who

published articles in the London *Economist*-owned *Journal of Commerce* and the *Houston Chronicle*, retailing the line that Zedillo was about to be overthrown. Whalen additionally argued that Zedillo's only hope for beating the "dinosaurs" was to devalue the peso—a good recipe for setting off international capital flight from Mexico, and thus igniting a full-blown crisis.

Castañeda family agents in Mexico's diplomatic corps lost their jobs over the Dublin pow-wow. Mexico's ambassador to Ireland, Gutiérrez Canet, a close friend of the Castañeda family, was fired in June; Castañeda's step-brother, Andrés Rozenthal, Mexico's ambassador to the Court of St. James, was also summarily dumped shortly thereafter.

The 'Rallying around the Revolution' thesis

What was lead news in Mexico, however, did not disrupt the British drive to push the Clinton administration into a Mexican quagmire. Publication of Castañeda's argument in the magazine of the Council on Foreign Relations signaled that the chaos strategy had been placed on the table for review within the Anglophile establishment more broadly.

That campaign has crossed all the so-called ideological boundaries. On Aug. 18, 1996, the leading neo-conservative outlet in the U.S. capital, the *Washington Times*, the voice of George Bush's Moonie cult bankrollers, endorsed the revolution strategy promoted by Castañeda, by name, in its lead editorial. It hailed Castañeda as a leading expert on Mexico, and parroted each of his arguments, point for point: Mexico is wrong to reject the "Asian model" in favor of a "socialist-oriented, corruption-plagued, vehemently nationalistic, highly protectionist, import substitution strategy." Mexico is a "narco-state" developing along the U.S. border; the Clinton administration should have decertified Mexico in the war on drugs a year ago; and Clinton ought to listen to Castañeda's warnings, that political reform and political stability are failing in Mexico.

Castañeda is right, the Moonie *Times* concluded: "The American-provided net has allowed Mexico's authorities to fail miserably yet remain in power. . . . Waiting out the next debacle from the sidelines seems a wiser course than again saving the PRI and its friends in exchange for cautious reforms."

The Mont Pelerin Society's networks in the Heritage Foundation have also lined up behind "the Castañeda thesis," albeit with less publicity: They don't want to be blamed for blowing up the North American Free Trade Agreement (NAFTA), a spokesman confided. (The Heritage Foundation was described by one of its own staff members as "an outpost for British intelligence in the United States.") Washington should be "criticized for having maintained a policy of stability-at-all-costs in Mexico, since that has contributed to a lot of what we're seeing in Mexico today," including drug corruption, a Heritage spokesman explained privately. Despite "ideological" differences, "I agree with Jorge Castañeda on that point."

What is good enough for London's neo-conservative think-tanks, is good enough for London's liberal media. The *New York Times*, for example, editorialized on March 12, "Congress and the Clinton administration appear headed for a collision over Mexico. Just weeks before President Clinton is scheduled to visit Mexico, Congress is moving to override the administration's disingenuous certification [of Mexico]. . . . A successful override would invite a diplomatic confrontation with Mexico. But the crisis would be worth enduring if it led Washington to a more realistic appreciation of Mexico's problems and of President Ernesto Zedillo's failure to address them with sufficient resolve."

And what are the problems which the *Times* argues must be addressed? That the PRI has ruled the country for nearly seven decades, by fraud and patronage, and is an obstacle to democracy.

The *Times* also opened its pages on March 11 to an op-ed by Juan Enríquez Cabot, a Mexican member of Boston's treasonous Cabot Lodge family, who is now based at Harvard's Center for International Affairs. Enríquez Cabot has long been an ally of Mexico's would-be President and most renowned destabilizer, Manuel Camacho (see below). Said Enríquez Cabot: The PRI "is incompatible with economic stability and democratic governance. . . . The PRI is increasingly unable to govern. The system is so corrupt that even the best and the brightest politicians cannot fix it, no matter how honest they are. . . . As long as the PRI is in power, it is hard to imagine that things will get better in Mexico. . . . The U.S. should support Mexico, not the PRI. It should share its information on the economy and the drug trade with a multi-party group from the Mexican Congress. . . . Although an opposition coalition seems unlikely in the near future, it may be the sole way to avoid what seems like Mexico's path toward more chaos and violence."

It is these hackneyed British arguments—even including many of the same phrases—which issued forth from the mouths of numerous U.S. congressmen in the recent debates on overriding Clinton's certification of Mexico. Perhaps most dangerous, because of the angry reaction they understandably provoked in Mexico, were the March 6 remarks of Sen. Ernest Hollings (D-S.C.), who urged the U.S. government to "create a crisis down there. . . . We've got the wrong friends. . . . And the only way I know to get the right friends down [there] is to get rid of that PRI."

Various Mexican newspapers were quick to report on Hollings's remarks as a provocation to Mexico, noting the unity of their political effect with the operation run by Castañeda, Aguilar Zínser, et al. For example, *El Financiero* alleged that Hollings "has a close friendship with Jorge Castañeda and Adolfo Aguilar Zínser. . . . [This] is all part of a strategy unleashed in Mexico by the ineffable Camacho Solís . . . [who is] betting on the destabilization of Mexico." Although *EIR* cannot confirm the reported friendship, nor speak to Hollings's motives otherwise, the Mexican paper is correct in its analysis of the political purposes served.

Salinas de Gortari: Wall Street's 'reformer'

by Carlos Méndez

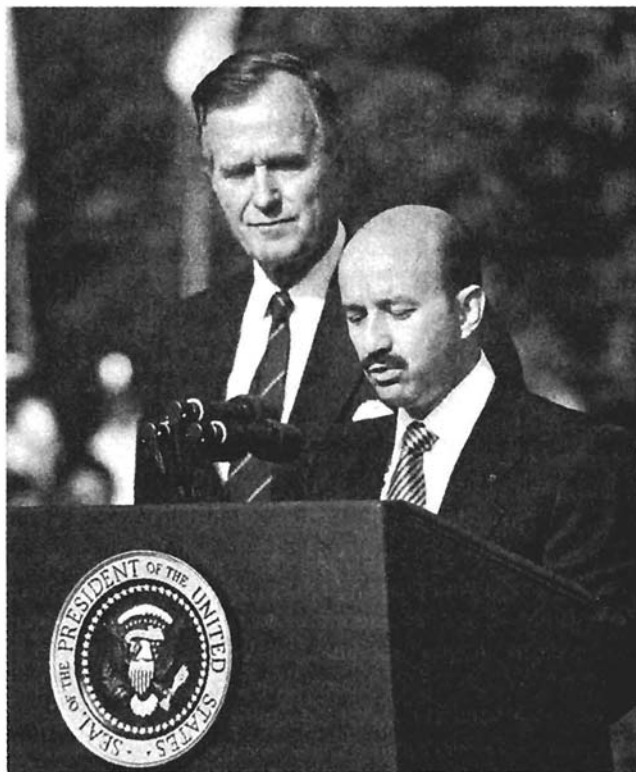
The man who brought Mexico to the brink of disappearing as a nation-state, both economically and politically, is George Bush's friend and ally, Carlos Salinas de Gortari, President of Mexico from 1988 to 1994.

Salinas is a highly unstable, supremely corrupt individual. A pro-Zapatista and radical Maoist, Salinas was not only allied with George Bush's narco-terrorist operations within his government, but he destroyed the economy of Mexico, and handed over to his friends the most important companies to be privatized. By this means, and through other maneuvers—such as the protection of drug-money laundering—Salinas created a new group of billionaires virtually overnight, some of them accused of being accomplices of assassinations (such as his brother Raúl), and many others who are now fugitives from justice. Things reached such a point that the former deputy attorney general, Mario Ruiz Massieu, currently charged with drug trafficking and money laundering, has said that the nearly \$10 million he had deposited in Texas banks, was given to him by President Carlos Salinas himself, and that he had done the same for other people as well.

Although he was driven from the country in disgrace shortly after leaving office, Salinas today still controls the single most powerful political machine in Mexico. It is his control over corrupt politicians and law enforcement officers, his protection of the drug cartels and their assassination squads, his sponsorship of the Zapatista and other insurgencies, his deployment of billions of dollars of dirty money, and, above all, his alliance with Bush and the financiers of Wall Street (Salinas sits on the board of directors of Dow Jones, publisher of the *Wall Street Journal*), which has made Mexico virtually ungovernable for President Zedillo today.

Even from his self-imposed exile in Dublin, Ireland, Salinas has been able to push the country to the brink, working through long-standing allies such as the sinister Manuel Camacho Solís. But his current activities are nothing more than a continuation of the job he began when he was President, as Wall Street's "Great Reformer."

Salinas is very well-known internationally for his role in the North American Free Trade Agreement (NAFTA), and for the other neo-liberal economic reforms of the IMF which he imposed in Mexico, in partnership with Bush, and which led to the explosion of the debt bomb in that country in December 1994. Less well-known, but of equal importance, is the fact that Salinas undertook a series of disastrous "political



Partners in crime: George Bush and Carlos Salinas de Gortari, 1989.

reforms," under the argument that, if the Mexican political system were not dismantled, his neo-liberal structural reforms of the economy would not last. Specifically, during this government, Salinas did everything possible to destroy the PRI ruling party, and to replace it with the "parallel party," Solidarity, or Pronasol (National Solidarity Program), in which he gave positions to a large number of "ex"-terrorists and "ex"-communists of every stripe.

Throughout his Presidential term, Salinas virtually co-governed with the opposition PAN party, especially those layers of it which, like him, are politically close to Bush and Washington's International Republican Institute (IRI), and share their obsession with "globalization" and British-style "free trade" and "democracy."

One of the top "globalizers" in the PAN, who remains a major force in that party today and has undisguised Presidential ambitions, is the current governor of the state of Guanajuato, Vicente Fox. Fox is a Mont Pelerinite New Ager, who participated in the 1996 meeting in San Francisco of the Bush-Gorbachov "State of the World Forum," and then hosted a follow-up meeting of the Forum in 1997 in Guanajuato. The Forum, founded in 1992, describes itself as "a multi-year global initiative to focus on the fundamental challenges and opportunities confronting humanity as we enter the next phase of human development. . . . We are experiencing the birth of the first global civilization." The stars of the Forum's 1995

conference were none other than George Bush and Margaret Thatcher.

The ‘technocrats’ vs. the ‘dinosaurs’

From the very beginning of his government, Salinas began to drive out of power the nationalist politicians and leaders of the PRI, and to replace them with his “technocrats.” Virtually his first political act in office was the blow he dealt the leader of the oil workers union, Joaquín Hernández Galicia, “La Quina,” who was jailed on false charges (and remains in jail today).

Salinas’s offensive against the PRI nationalists, which the press dubbed the battle of “the technocrats vs. the dinosaurs,” had its counterpart at Pronasol, which was created by Salinas as an apparatus, under his control, to replace the PRI. Endowed with huge sums of money—some of it clean, most of it not—Pronasol grew to become a monstrous national apparatus capable of mobilizing diverse sectors of society behind the Salinas agenda. For example, many of the founders of the Zapatista insurgency emerged from networks liberally sponsored by Pronasol.

Salinas himself admitted that this was his strategy, during a private presentation given at Harvard University, his *alma mater*, in May 1996, according to the Mexican magazine *Proceso* of June 24, 1996. According to eyewitnesses quoted by *Proceso*, Salinas spoke a great deal about Pronasol to the Harvard professors present: “Yes. Surprisingly, he described it as the greatest achievement of his government, even beyond NAFTA . . . or his privatization policy.”

Proceso added that, “according to the source, Salinas said that Pronasol was conceived as part of a ‘strategy to replace the PRI.’ Did he say when he was going to carry out this plan? ‘Yes, he said that it was a medium-term strategy.’” *Proceso* went on to report how Salinas had targeted the PRI “dinosaurs,” which he called the “nomenklatura,” for elimination, noting that “this ‘nomenklatura’ was rebuilding its positions and awaiting the best moment for reversing the economic strategy and the changes that he had promoted.”

Proceso noted that the Harvard meeting, held May 16, 17, and 20, was private, and that it was organized by professors John Womack of the History Department and Robert M. Unger of the Law School. Womack, the international expert on Emiliano Zapata, had been Salinas’s professor, and has defended both Carlos and his imprisoned brother Raúl, on numerous occasions. Manuel Camacho also acknowledges Womack as one of his mentors.

In an interview with the newspaper *El Financiero* of Sept. 26, 1996, Womack said that Salinas’s social liberalism was the “self-organization of civil society,” an idea which Salinas put into practice through his Pronasol program.

A few weeks after his visit to Harvard, Salinas met in Dublin, Ireland with Manuel Camacho and with political scientist Jorge Castañeda. Almost immediately afterwards, the rumor began to circulate in Mexico that President Ernesto

Zedillo would resign the Presidency. In a mid-June edition of the magazine *Impacto*, its director Juan Bustillos Orozco said that as soon as Castañeda returned to Mexico, the rumor began to spread, while Camacho and his San Angel Group spread the same rumor in Washington, D.C.

Everything indicates that Salinas continues to coordinate this plan with his old ally, George Bush. In February 1996, Mexican journalist Manú Dornberier reported in the newspaper *El Financiero* that she had accidentally run into former President Salinas in the Bahamas, where he had met with President Bush and with former U.S. Treasury Secretary Nicholas Brady. According to Dornberier, Salinas, who was at that time living in Cuba, met with Bush on Feb. 3, at Brady’s vacation home in Nassau on New Providence Island. Dornberier said that the newspaper *The Nassau Guardian* had published a full-color photograph of Bush. It is also reported that when she arrived in Nassau, a small 30-seater jet from Cubana de Aviación airline was in the hangar area. She gave it no thought at the time, but Cuban businessmen familiar with Salinas’s presence in Cuba, commented that the Bahamas are Salinas’s gateway to and from Cuba.

Camacho: Britain’s ‘wannabe’ viceroy

by Carlos Méndez

Manuel Camacho Solís, an ambitious, unbalanced, and obsessive individual, is the ideal puppet for the British plan to destroy Mexico, because he is a puppet “with initiative,” who is obsessed with becoming President—or dictator, or viceroy. Closely associated with the globalist networks of the United Nations, Camacho can be credited with first bringing the mega-speculator and drug legalizer George Soros into Mexico in the late 1980s. Since that time, Soros has built up sizeable financial and political holdings in Mexico, which are today often deployed by the Camacho machine for the goals he and Soros share.

Especially with Carlos Salinas de Gortari’s forced departure from Mexico in early 1995, Salinas’s long-time friend and ally, Manuel Camacho, has become the visible political figure around whom revolves Britain’s plot to destroy Mexico. In the course of his long political career, he has been the secretary general of the PRI, ecology minister, mayor of Mexico City, and Special Commissioner for the Chiapas negotiations.

For decades, Camacho has argued the necessity of getting rid of the PRI, in order to destroy the Mexican state—although

he himself was a prominent member of the PRI for most of his political career. His argument is simple: Either hand power over quietly, or we will plunge the country into civil war—in other words, dictatorship, disguised as “democratic reforms.”

“It doesn’t take 50% of the population to make the country ungovernable. If just 5% take to the streets, that could be enough” Camacho told the *New York Times* of July 20, 1996.

Back in February 1995, he was threatening to spread the Zapatista insurgency to the rest of the country, with “an escalation of the Chiapas conflict . . . [and] many other conflicts throughout the country, beginning with Mexico City.”

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And in a Jan. 17, 1997 interview published in the daily *Reforma*, Camacho defended the Zapatista National Liberation Army (EZLN) and said that “once a war begins, nobody knows what the consequences will be. If there were to be an authoritarian coup in our country, leading to the repression of Indians or students or peasants, or to a dirty war, it would be a war of the state against society. And no one will end up winning that one. We would enter into an era of darkness and regression that could last 5, 10, or 15 years.”

Camacho has been at this same project for almost three decades. In a 1969 essay which won first prize in a national contest, “How Youth View Contemporary Mexico,” Camacho argued that the national institutions that have been the basis of the Mexican political system must be annihilated, and replaced with supranational, one worldist, malthusian institutions.

Years later, Camacho was inducted into the so-called Commission on Global Governability, of the United Nations Development Program (UNDP), whose 1994 “Report on Human Security” characterizes Mexico, along with 17 other nations, as “countries which face a grave danger of disintegration.” At the beginning of 1995, Camacho became a spokesman for this commission in Ibero-America; it issued another reported entitled “Global Neighborhoods,” which asserts that the world has reached “the end of geography” and that “the concept of global security should be broadened . . . beyond the exclusive interest of the State.” The report calls for supranational institutions to intervene in the internal affairs of

nations, such as in the case of Chiapas.

On Jan. 10, 1994, President Salinas de Gortari named Camacho special commissioner for peace negotiations with the Zapatistas in Chiapas. Camacho used this post to openly support the narco-terrorist cause, and to thereby push the British project forward. When resistance from nationalist sectors of the PRI forced his resignation from this post, Camacho left the PRI—in order to promote its destruction from the outside.

On April 24, 1996, at a forum organized by the so-called San Angel Group of Mexican opposition politicians, Camacho called for a “coalition of forces and political parties” to defeat the “party of the state,” the PRI, in the upcoming federal elections in 1997, and to bring about the “institutional re-founding” which would allow for a “transition to democracy.” Camacho said that “the economic model Mexico is following has succeeded in other countries. . . . Mexico’s problem is its political mistakes.

“The issue today is to replace the current system with a new political order. . . .

“In Mexico there is the certainty that the system is finished, and the lack of clarity over how to replace it is the main source of instability.”

Camacho said that there were only four options available, among which he included “a change of regime beginning with electoral victories in 1997,” or to “empower opposition forces in order to force the departure of the current governing group.”

On June 24, 1996, Camacho and the San Angel Group published a manifesto, “Commitments to the Nation,” in which they say that “Mexican presidentialism must be limited”; “indigenist autonomy cannot be seen as an invention or as a concession, but rather as the beginning, for the first time in five centuries, of a process of institutional recognition of, and exchanges with, the Indian peoples”; and that it is necessary to “seek the broadest possible convergence of political, social, and civic forces, to make it possible to place a new majority in the congress in 1997.” The manifesto adds: “But we also hold that this transition must be based on a new majority that could take on the character of a Constituent Assembly, which would emerge from the federal elections of 1997.”

The manifesto is signed by, among others, Manuel Camacho, Jorge G. Castañeda, Adolfo Aguilar Zinser, PAN globalizer Vicente Fox, and PRD opposition party leader Porfirio Muñoz Ledo. It is also signed by the historian Lorenzo Meyer, a member of the Inter-American Dialogue.

On Jan. 6, 1997, the same Camacho-linked networks launched another manifesto under a new front, this time called “Alliance for the Republic.” This document calls for ending “the monopoly of power which goes back almost seven decades,” asserting that the two main opposition forces, the PAN and the PRD parties, are already “a new majority” who should ally in order to bring about a “change of government.” Although Camacho chose not to sign this particular manifesto, its proposals are a scarcely veiled endorsement of his campaign to take power in Mexico, as was widely recognized

by political commentators in Mexico. Furthermore, many of his political cronies did sign this call, including Vicente Fox (PAN), Porfirio Muñoz Ledo (PRD), Adolfo Aguilar Zinser, and the PRI's ex-governor of the state of Tabasco, Enrique González Pedrero, an EZLN supporter and the political controller of the current head of the PRD, Manuel López Obrador.

Target: the Presidency

Camacho is intent on destroying not only the PRI, but the institution of the Presidency as well. In a July 18, 1996 speech, Camacho argued that Mexico's authoritarian Presidency needs to be replaced by a prime minister, along the lines of European parliamentary systems. Camacho proclaimed that "the authoritarian President must be replaced by a Presidential institution that is not deformed by control of the state party. . . . We must take from the President the excessive weight of administration . . . and leave the responsibility for administration in the hands of a head of the cabinet, who would be named by the President at the time of the Presidential election, and would remain in power if the President won the majority in mid-term elections. If an opposition political force should win a majority, the head of the cabinet would be named by the Congress."

The Soros connection

Another crucial facet of Camacho can be seen in his close association with international speculator George Soros.

Named mayor of Mexico City in December 1988 by then-President Carlos Salinas, Camacho used this post to develop a close relationship with Soros. Camacho assigned this task principally to Juan Enríquez Cabot, head of Metropolitan Services of the Federal District, whom he commissioned to attract foreign investment into Mexico City real estate ventures. Enríquez Cabot's main qualification was the fact that he was the son of Marjorie Cabot Lodge, heiress of the famous U.S. family which founded the Bank of Boston, and of Antonio Enríquez Savignac, Mexico's tourism minister in the Miguel de la Madrid government, who designed "the world's most expensive" real estate projects in order to "re-urbanize" Mexico City. The investors who were attracted to Mexico City by the Camacho administration, according to the London *Financial Times*, were George Soros and Paul Reichman, of Soros Realty and Reichman International. According to the same paper, Enríquez Cabot claimed that Soros's "investments are a vote of confidence in Mexico and in its economic future."

Of those mega-projects, the "Alameda Project," in the historical center of Mexico City, is currently frozen, but the Santa Fé Project is alive and well. This is a luxury residential area on the outskirts of Mexico City.

In speaking of Soros, one must keep in mind that he is not only a speculator, but also an open promoter of drug legalization and a protector of narco-terrorists, through such non-governmental organizations as Human Rights Watch/Americas, which he finances. Human Rights Watch/Americas is

heavily involved in Mexico, defending the EZLN and granting human rights prizes to pro-terrorist Theology of Liberation priests such as the Jesuit father David Fernández, director of the Agustín Pro Human Rights Center of Mexico.

After Camacho left his post as mayor of Mexico City, Enríquez Cabot continued to work for him. When Camacho was named peace commissioner for Chiapas, Cabot became his special envoy to "negotiate" with "Sub-Commander Marcos." In March 1994, CBS's "60 Minutes" interviewed Marcos and that interview included the participation of none other than Enríquez Cabot, identified only as "Commissioner Camacho's public relations liaison . . . to the U.S. media."

Enríquez Cabot currently resides in the United States, operating out of Harvard's Center for International Affairs (see section on Castañeda).

EZLN: the British plot's military wing

by Carlos Méndez

From its first "Declaration from the Lacandón Jungle," in January 1994, the narco-terrorist Zapatista National Liberation Army (EZLN) defined its goals as the destruction of the Mexican Army, overthrow of the President, setting up a Constituent Assembly, and imposing indigenous "autonomy"—that is, separatism. Since then, its demands have not changed one iota.

In its first "Declaration of War," issued on Jan. 2, 1994, the EZLN also attacked the Army, stating, "we issue this to the Mexican Federal Army, the basic pillar of the dictatorship under which we suffer, monopolized by the ruling party, and led by the Federal Executive whose maximum, and illegitimate, leader, is Carlos Salinas de Gortari.

"Through this Declaration of War, we urge the other branches of government to restore the Nation's legality and stability by overthrowing the dictator."

In point No. 3 of its Declaration of War, the EZLN ordered its terrorist troops to "begin summary trials of the soldiers of the Mexican Federal Army, and the political police who have taken courses, or been advised, trained, or paid by foreigners, either in our nation or abroad."

In the "Fourth Declaration from the Lacandón Jungle," issued Jan. 1, 1996 as a "New Year's Message," the goals defined are the same as those included in the first, among them, the destruction of the Mexican Army and writing of a new Constitution.

In statements published in the Mexican media on June 16, 1994, the EZLN's "Sub-Commander Marcos" called on all the country's social organizations to attend a meeting to take



A Zapatista guerrilla in Chiapas, Mexico, January 1994. The main goal of the EZLN is the destruction of Mexico's Armed Forces.

place before Aug. 21 of that year, that is, prior to the Presidential elections, to organize a National Democratic Convention “from which a proposal for a provisional or transitional government would emerge.”

In a lengthy, three-part interview published by *La Jornada* in June 1994, Marcos threatened that “the only possibility of avoiding war is mobilizing before the 21st [of August], and take the test for admission to democracy on the 21st or 22nd.” That is, either the PRI “loses,” or there would be “a civil war, with many heads, or with no head, but in the end, with many forces fighting each other, with no clear definition of the dividing line between one side and the other.”

At an international narco-terrorist conference hosted by the EZLN in Chiapas, Mexico, at the end of July 1996—the Intercontinental Conference against Neo-Liberalism and for Humanity—a call was issued for the elimination of defense budgets, and for drug legalization. During his speech to the group, Marcos explicitly targeted “national armies,” characterizing them as “simple units of a larger Army—the one which neo-liberalism arms and deploys against humanity.”

Separatism = segregation

As for indigenous separatism, in an interview with the Mexican daily *El Financiero*, *Proceso* magazine and the *New York Times*, given in January 1994 “from somewhere in the Chiapas jungle,” the so-called “Sub-Commander Marcos” said that, for him, the most important goal was to obtain the “administrative and political autonomy of the Indian regions,” adding that, for this, it would be necessary to reform

Article 4 of the Constitution to recognize the existence of various ethnic regions, each with their own structure.” It is this reform which President Zedillo finally rejected as “segregationist” in early 1997.

A wire from the French news service AFP, published in the Miami-based *Diario las Américas* on Feb. 27, 1994, reported that “In statements made to the *Vanguardia* correspondent [of Barcelona, Spain], ‘Marcos’ says he seeks ‘autonomy’ [in the Chiapas region] like that which the Basques and Catalans enjoy in Spain.”

Samuel Ruiz, the bishop of San Cristóbal de las Casas, Chiapas, considered to be the EZLN’s real *comandante*, has also repeatedly attacked the Mexican Army. On Columbus Day, Oct. 12, 1996, he stated in Guatemala that the Mexican Army is already carrying out political tasks, and that, according to observers, it is they who have the upper hand inside the Zedillo government. Slanderingly charging that the Army was plotting a coup, Ruiz added that “for many, there is a very visible penetration of the Army, not only in the military arena but also in a political position; those with experience in this area say that when the military enters politics, they rarely leave.”

Barely a week later, on Oct. 20, 1996, the *New York Times* published a similar attack: “The growing role of the Army is worrisome,” they fretted. “If the Mexican Army becomes an independent central power, it could be a catastrophe for the nation and would weaken President Ernesto Zedillo’s hopes of moving forward with economic and political reform.”

London's policy outlet in Washington

by Valerie Rush

Since its 1982 founding, the Washington-based think-tank, Inter-American Dialogue (IAD), has played a leading role in promoting the very British policies which have now reached a fever pitch in the campaign against Mexico. In this regard, the Dialogue has centered its policy and lobbying efforts, both in Washington and by its members in Mexico, around: a) dismantling the Institutional Revolutionary Party (PRI); b) targeting the military; and c) advocating drug legalization.

The Dialogue is not an “also ran” group. Founded as a “policy forum” on the Americas by establishment luminaries such as Cyrus Vance, Elliot Richardson, and David Rockefeller, the Dialogue is a critical channel of British intelligence influence into U.S. policymaking circles. The Dialogue was the architect of every major feature of George Bush’s policy towards Ibero-America. And although it has lost significant ground under Clinton, it remains a powerful policy force in Washington, and across Ibero-America. Until early 1996, for example, Clinton’s Latin American director at the National Security Council was Richard Feinberg, a former president of the Inter-American Dialogue.

The Dialogue also retains significant influence in the U.S. Congress: Sen. Dianne Feinstein (D-Calif.), for example, who has argued strongly for Mexico’s decertification, is a member of the Dialogue.

Much of Britain’s influence is exercised through their assets in the Canadian establishment who are part of the Dialogue. Sitting on the Dialogue’s executive board, for example, is Ivan Head, who was the top foreign and intelligence adviser to Canadian Prime Minister Pierre Trudeau in the 1970s. Another influential Canadian member of the Dialogue is top globalization ideologue and environmentalist fanatic, Maurice Strong, who takes his orders directly from England’s Prince Philip.

Get Mexico, ‘democratically’

Under the watchword of “democratic reform,” the Dialogue and its members inside Mexico have systematically targeted the ruling PRI party for dismantling. Mexican Inter-American Dialogue member Lorenzo Meyer, along with Jorge Castañeda and Manuel Camacho, is part of a group of pro-terrorist “intellectuals” known as the San Angel Group, which has repeatedly attacked the PRI as “authoritarian.”

Meyer, who authored a book on *Authoritarian Liberalism*, and is regularly cited by both Mexican and U.S. media as an expert on the Mexican political system, has proposed that the Presidential system in Mexico be demolished in favor of British-style parliamentarianism. In early 1997, Meyer signed a full-page advertisement, together with a number of his San Angel Group cohorts and others, calling for the creation of an electoral alliance of opposition forces to put an end to the PRI’s “authoritarian monopoly” on power.

Another signer of the ad was Mari Claire Acosta, also an active member of the Inter-American Dialogue in Mexico. Acosta is a featured player in the operations against Mexico’s military as well. The head of the Mexican Commission for the Defense and Promotion of Human Rights and a former director of London’s Amnesty International in Mexico, Acosta has led an assault on the Mexican military for alleged “corruption” and “human rights abuses.” The recent exposé showing that anti-drug chief General Gutiérrez Rebollo was on the payroll of the drug cartels, has added grist to the Dialogue’s mill.

The Dialogue and the rest of the human rights lobby have taken up the case of Army Gen. José Francisco Gallardo, as their *cause célèbre*. General Gallardo, who is in jail on charges of embezzlement and corruption, suddenly found himself converted into a “political prisoner” when, on Jan. 23, the Inter-American Human Rights Commission (CIDH) of the Organization of American States (OAS) issued a finding claiming that Gallardo had been jailed because of his attempt to expose human rights violations within the Mexican Armed Forces. The CIDH demanded Gallardo’s immediate release from jail—basing its findings on information and arguments provided by Acosta and the Dialogue network.

On Jan. 13, an article in the London *Guardian* on the Gallardo story, suggested that Mexico’s military is just as “willing to engage in torture and extra-judicial killings” as the rest of Ibero-America’s militaries, except that it has been kept on a tight leash—at least until now. But, says the *Guardian*, “Now human rights groups fear President Ernesto Zedillo may be untying the military’s hands again,” in the name of fighting drugs. The CIDH ruling, says the *Guardian*, demands “an end to the military’s untouchable status.”

The Gallardo story was also picked up by the *New York Times* on Jan. 25, under the headline, “Mexican Army Participation in Civilian Activities Causes Concern,” and by the London *Economist* of Feb. 22, which argued that not only is President Zedillo’s government corrupt, but “Worse, they have silenced whistle-blowers: Brig. Gen. Francisco Gallardo, who dared to point out Army corruption.”

The Dialogue campaign against the military of Mexico, as well as against all the national militaries in Ibero-America, goes back a decade, to a 1986-88 task force IAD established to look into “redefining military missions” and “reducing military budgets.” In 1991, IAD founding member Robert McNamara, former U.S. secretary of defense and former World

Bank president, made a big splash with this anti-military focus, in a well-publicized speech calling for “conditioning financial aid to developing countries on their reduction of military expenditures.” Today, under the rubric of “collective defense of democracy,” the Dialogue and its networks have mooted the creation of a multinational military force, under OAS control, with simultaneous “reform” of military education to weed out “traditionalists” (read: nationalists) and so-called “human rights abusers.”

For example, in August 1995, the IAD sponsored a forum in Chile, which included representatives from a number of São Paulo Forum parties, and which was addressed by Uruguayan Juan Rial, co-author of the 1990 book, *The Military and Democracy: the Future of Civil-military Relations in Latin America*. That book, and the political project associated with it, became known across Ibero-America as the Bush government’s “manual” on how to dismantle the armed forces of the continent (see *EIR*, Jan. 11, 1991, “A Handbook for Dismantling the Armed Forces of Ibero-America”). The Mexico part of the project, including a chapter in the book on the Mexican military, was under the direction of Adolfo Aguilar Zinser, Jorge Castañeda’s sidekick.

Push for drug legalization

Until George Soros upstaged them by pouring in millions of dollars in the mid-1990s, the Inter-American Dialogue had been the leading establishment force lobbying in favor of drug legalization in the United States. In its April 1986 annual report, the IAD argued that the war on drugs was an abject failure, and that, “because narcotics is such a formidable problem, the widest range of alternatives must be examined, including selective legalization.” In February 1993 testimony before the U.S. House Foreign Affairs Committee, Dialogue President Peter Hakim declared: “Given the scarcity of foreign aid resources, funding for drug initiatives in Latin America should either be sharply curtailed or more effectively directed to helping Latin American governments to deal with their drug problems—not ours.”

The recent inclusion of Diego García-Sayán, the director of the Andean Commission of Jurists, on the Dialogue’s membership roster, is the icing on the cake. García-Sayán is an avid proponent of drug legalization who works closely both with the coca-growers of Peru, Colombia, and Bolivia, as well as with various other fronts of drug promoter George Soros, including Human Rights Watch and the Open Society Fund’s Lindesmith Center.

Subversion of sovereignty

The IAD’s anti-Mexican policies flow from its central hostility to the sovereignty of the nation-state. For example, former Dialogue president Richard Feinberg told a June 1996 gathering at Mexico’s Colegio de México: “In Latin America today, sovereignty is frequently used as a shield behind which governments seek to hide retrograde policies. In the name of

sovereignty, governments repress dissent, restrict civil society, violate labor rights, protect drug traffickers, and devastate the environment.” Feinberg added, “I know my statements will be very controversial here in Mexico. The phrase ‘national sovereignty’ was once associated with progressive causes.”

In March 1994, Feinberg went on record defending the Zapatista uprising in Chiapas as a sign of “democratization” of Mexico. He told a meeting of the Latin American Studies Association in Atlanta, Georgia, that “the relationship between free trade and democracy was proven by the recent events in Chiapas. . . . The North American Free Trade Agreement (NAFTA) is too young to have affected [the insurgents] in Chiapas, but some of them are probably alive today because of its existence.” Feinberg went on to claim responsibility for having pressured the Mexican government into negotiating with, rather than militarily defeating, the terrorist uprising in Chiapas.

The IAD has in fact offered political support for Zapatista-style insurgencies all across Ibero-America. In April 1993, it helped organize a conference at Princeton University, inviting the Presidential candidates from five Ibero-American countries, every one of them members of the narco-terrorist São Paulo Forum. They included the former leader of the Colombian M-19 Antonio Navarro Wolf, former FMLN leader Rubén Zamora of El Salvador, and PRD leader Cuauhtémoc Cárdenas of Mexico, a strong backer of the Zapatistas. The candidates were introduced at the time by Mexico’s Jorge Castañeda, whose recently released book *Utopia Disarmed*, was also promoted by the Dialogue. When the conference ended, the Dialogue brought three of the candidates to Washington, for meetings with Clinton administration officials, among them Richard Feinberg.

Human Rights Watch: the Soros hit squad

by Valerie Rush

In the 1997 issue of its “World Report,” Human Rights Watch devotes its chapter on Mexico to a brazen defense of the narco-terrorist gangs wreaking havoc in that country, including a litany of alleged abuses by the Mexican military of the “human rights” of the members of these gangs. The thrust of the chapter is to target the Mexican military as “human rights abusers,” and in the name of fighting “impunity,” to demand supranational monitoring, prosecution of soldiers, and a roll-back of the military’s counterinsurgency mission.

A key obstacle to accomplishing these objectives, the report suggests, is that “the United States continues to solidify government-to-government ties with Mexico, seeking an

ever-closer relationship on fighting drugs, monitoring the common border, and military cooperation." It is that cooperation which Human Rights Watch, and its kissing cousin from London, Amnesty International, are determined to sabotage.

A leading figure in the campaign to target Mexico's military is Jesuit priest David Fernández, head of the Agustín Pro Human Rights Center. Fernández, who is regularly cited in the British and U.S. media as an expert on Mexican human rights issues, has taken up the case of Brigadier General Gallardo (see the section of this report on the Inter-American Dialogue) as a battering-ram against the Mexican Armed Forces. Fernández has also deployed against co-thinkers of the LaRouche movement inside Mexico, who are advocates of U.S.-Mexican cooperation against narco-terrorism, by falsely accusing them of issuing death threats against him.

On Nov. 19, 1996, Human Rights Watch invited Fernández to Washington to receive an award for his work. In statements to the Mexican magazine *Proceso*, Fernández said that the HRW award provided an "umbrella of protection" for himself and his colleagues. He added that the HRW awards ceremony was also intended to prepare an attack against the "militarization" of Mexico: "Virtually all public security of the country is in the hands of the military; this is a threat to civil rule and democracy. . . . There has been a deliberate confusion between public security and national security, to legitimize the presence of the military in the public security agencies."

Not surprisingly, the London *Guardian* of Jan. 13 quotes Father Fernández on Mexico's growing "authoritarianism," in an article on the Gallardo story which warns that Mexico's military is being "unleashed" by President Zedillo to commit human rights horrors against the country's "opposition." The *Guardian* says that human rights groups like Fernández's are "particularly worried about the Armed Forces' immunity from punishment," precisely HRW's lament.

The Soros/drug connection

HRW's leading financier is George Soros, the global speculator whose latest philanthropic exercise has been to sink millions into drug legalization initiatives in various states of the United States. Soros also sits on the board of the HRW's oldest projects: HRW/Helsinki (which targets Russia, Poland and the former Czechoslovakia) and HRW/Americas. The current president of Soros's Open Society Fund, Aryeh Neier, previously served as executive director of HRW/Americas.

Most recently, HRW has created a new department, dedicating to hampering anti-drug programs around the world by claiming "human rights abuses." Says HRW, because "national and international counter-narcotics programs . . . by and large have escaped close human rights scrutiny, in early 1995, HRW began a multi-year effort to document and challenge human rights violations caused or exacerbated by efforts to curtail drug trafficking internationally as well as in the United States."



George Soros, the money-bags for Human Rights Watch, extends his largesse worldwide, to destroy nations.

HRW has closely collaborated for years with the Andean Commission of Jurists, which has a long history of defending the "human rights" of the region's narcotics industry. With offices in six countries, its main headquarters are in Peru, where it essentially functions as a branch of HRW. Diego García-Sayán, the head of the Andean Commission Jurists and a member of the Inter-American Dialogue, is currently collaborating with another of George Soros's operations, the Lindsmith Center, to win the legalization of the coca leaf by the United Nations, which would be an important step in the drive for global drug legalization.

Neo-con malthusians say, 'Shut the border'

by Valerie Rush

The ultimate fate of Mexico, according to the British gameplan, is to be "downsized" through genocidal population warfare. A central element of this is the proposal to shut down the U.S.-Mexican border, so that all flows of Mexican immigrants—legal and illegal—are forcibly cut off. A variant on



The neo-cons want to close the U.S.-Mexico border and “watch them scream.” Here, a section of the wall erected along the border.

this would feature militarizing the border, including cross-border hot pursuit by U.S. authorities of drug-runners and other trouble-makers, into Mexico’s sovereign territory.

The most brazen presentation of this Malthusian approach is still that of Rockefeller Foundation agronomist William Paddock, who in a series of 1975 interviews, insisted that Mexico’s population must be cut in half. “Shut the border and watch them scream,” he said. How would this reduce the population? “The usual means—famine, war, and pestilence,” he answered.

In 1979, Paddock formed the Federation of American Immigration Reform (FAIR), which played a role in the formulation of the Carter administration’s neo-Malthusian *Global 2000 Report*. That two-volume “Report to the President” painted a picture of world overpopulation, resource shortages, and environmental hazards, and represented a statement of *policy intent* by such British influences on the U.S. government as the Council on Foreign Relations and the Trilateral Commission, to rid the world of up to 2 billion “excess” people, through restricting technology transfer to the developing sector, restricting food and nuclear energy production, and so forth.

In the current Mexico crisis, voices are rising to once again promote this genocidal British policy. For example, there is the novel *The Next War*, by Sir Caspar Weinberger, which proposes a scenario featuring U.S. troops being deployed across the border to Mexico to impose order there.

And in the recent Congressional debate on the certification of Mexico, Rep. John Mica (R-Fla.) told a hearing of the House Government Reform Committee on Feb. 27 that, “if it’s necessary and a policy of the United States, we should close down and tighten that border.” Mica, curiously, was one of nine U.S. Congressmen who sent President Clinton a letter in February, urging that Colombia’s narco-government be certified.

A similar argument was presented by Pat Buchanan in the March 5 *Washington Times*: “Mexico is a virtual narco-democracy,” out of control, Buchanan proclaimed. “Americans can try to help, but we are not going to save this regime by pretending these realities do not exist. Mexico is on the way to becoming the gravest U.S. foreign policy crisis of the new century. Our first priority should be to marshal whatever force is required to re-establish, protect, and police the U.S.-Mexican border.”

Similarly, on Feb. 27, neo-conservative mouthpiece Georgie Anne Geyer penned a column for the *Washington Times* which demanded drastic U.S. action against Mexico: “It is time for the White House to stop dancing around the borders of this behemothian problem and to move to confront its core. That will, unfortunately but inevitably, require a confrontation with Mexico, almost surely closing the border to take back power and to deny it to them where it hurts. Our border, after all, is their cynical ‘escape valve’ for that massive overpopulation they have no intention of curbing at home.”

The pedigree of Mexico's enemies: British-backed treason in America

by Anton Chaitkin

Those who work to break up the U.S.-Mexico alliance, or to make the relationship one of oppression of Mexico, belong to a well-defined tradition of British-sponsored treason against the United States. They bluster about Mexican "corruption," but would trample Mexican national sovereignty, to protect global criminal networks—usurers, drug-money launderers, terrorists, secessionists—the mortal enemies of both of the sister republics.

It was Mexico's enemies, attempting to spread plantation slavery southward and westward, who caused the American Civil War.

This fight, between the promoters and the destroyers of sovereign republican government on both sides of the southern border, has been at the core of American politics since the infancy of the United States.

During the George Bush Presidency, Bush's supporters lauded the blood-proud heritage of First Lady Barbara Pierce Bush's collateral ancestor, Franklin Pierce (President, 1853-57), whose regime of Boston dope gangsters and slavery-spreading adventurers threw North America into crisis. George Bush himself especially idealizes his Anglophile predecessor Theodore Roosevelt (President, 1901-1909), betrayer and wrecker of the Western Hemispheric alliance policy of Abraham Lincoln and the American nationalists.

Behind the foreign policy adventures of the Bush machine, with its global dope-pushers Theodore Shackley and Oliver North, lies a continuous Freemasonic-flavored tradition of mercenary attacks against Ibero-America, and accompanying secessionism against the United States. The raids southward were known as "filibusters"; the largest such attack against the United States itself was the "Confederate States" rebellion of 1861-65.

Brits combat Lincoln's alliance with Mexico

During the American Civil War, President Lincoln was confronted as well with a full-scale British-French military invasion of Mexico. Lincoln maintained against those imperial invaders a staunch alliance with the Mexican republic, an alliance whose principles informed Lincoln's strategic outlook as a member of the American nationalist leadership.

The pretext for the invasion would be familiar to today's victims of International Monetary Fund usury. In 1859, Swiss

banker Jean-Baptiste Jecker loaned just over 3 million French francs to Mexico, in return for which Jecker received bonds worth 75 million francs, and the rights to all the silver to be found in the states of Sonora and Baja California. This scandalous looting helped oust the Miguel Miramón government; it was replaced by the Benito Juárez regime, which declared the fraudulent Jecker loan null and void. The assertion of Mexico's national sovereignty was used as a pretext for invasion. In addition, Juárez's actions against the Roman Catholic Church were cynically taken up as a *cause célèbre* by a cabal of European feudalists, guided by the rabidly anti-Catholic British oligarchy.

In 1860, Britain concluded the Cobden Treaty with the French Emperor Napoleon III, aimed at imposing a "free trade" order over the entire planet. Their joint war against China to force the legalization of British opium imports, their joint backing for the secession of the Southern states of the United States, and their projected joint attack on Mexico were included features of this gangster pact.

Lincoln, an avowed opponent of British free trade doctrines, was elected American President in November 1860. He had earlier gained fame, during his single term in Congress, for his sharp opposition to President James Polk's war against Mexico (1846-48). Lincoln's warnings then, against the slavery-spreaders as enemies of both republics, had now come back as haunting prophecies, in view of the secessionist declarations against the Union beginning in December 1860.

Not waiting for Lincoln's inauguration the following March, Mexico's ambassador, Matias Romero, travelled to Lincoln's home in Springfield, Illinois, to begin the cross-border cooperation for the coming crisis of freedom.

In January 1861, Napoleon III's half-brother, the Duc de Morny, got from banker Jecker 30% interest in all funds to be collected from the extortionate bonds, and made Jecker a French citizen—thus subject to imperial protection.

The American Civil War began on April 12, 1861, as British-sponsored rebels fired on U.S. Fort Sumter in South Carolina. On July 17, 1861, President Juárez suspended Mexico's international debt payments.

Under the "London Convention," signed Oct. 30, 1861, Britain, France, and Bourbon-ruled Spain agreed to military intervention against Mexico. Early in 1862, the joint Euro-

pean imperial forces landed at Vera Cruz and seized the Mexican Customs offices. (Spain soon pulled out and attempted the reconquest of the Dominican Republic.)

This entire British adventure was arranged and coordinated by Belgium's King Leopold, of the Saxe-Coburg family. Leopold's sister Victoria had married a son of England's insane King George III. In 1830, the British had created the new Kingdom of Belgium, and appointed Leopold its king. His sister Victoria's daughter, also named Victoria, was crowned Queen of England in 1837, and married Albert Saxe-Coburg, a nephew of her Uncle Leopold.

Leopold, having married a daughter of the French King Louis-Philippe of the House of Orleans, organized the European monarchies for Britain's attack against the underbelly of the North American republics. The invaders were to crown Leopold's daughter Carlotta (first cousin to both Queen Victoria and Prince Albert) "Empress of Mexico," and Carlotta's husband, the Hapsburg Duke Maximilian, "Emperor of Mexico."

The British, meanwhile, were subject to potential U.S. counterattack against the British colony of Canada, which the British were preparing to use as a Confederate base for terrorist raids against the United States. (John Wilkes Booth would confer with the British officers in Montreal in October 1864, before murdering President Lincoln the following April.) So the vulnerable British withdrew their troops from Mexico, leaving the forces of their French puppets marching on toward Mexico City, slaughtering and being slaughtered by the resistant Mexicans.

When the 1865 Union victory freed U.S. forces for potential action against Britain and France, the French troops had to be withdrawn from Mexico. Within a short time, a Mexican firing squad had executed "Emperor" Maximilian, Queen Victoria's cousin "Empress" Carlotta had gone mad, and French Emperor Napoleon III had died in exile in London.

The case of John Slidell, British stooge

We may see the true pedigree of the Bushite political menagerie which is currently clamoring against the U.S.-Mexican alliance, by reviewing the nineteenth-century intrigues of Britain's stooges within the United States. The story could almost be summed up in the extraordinary career of the New Yorker John Slidell, a linchpin of the British imperial apparatus.

Slidell started out as Aaron Burr's political lieutenant. After killing one of America's Founding Fathers, Alexander Hamilton, Burr had raised a private army to conquer Mexico and break off America's vast Louisiana territory. At his subsequent treason trial, Burr avoided conviction, and escaped state murder charges by fleeing to England and entering under the protection of British intelligence leader Jeremy Bentham. Burr came back to New York when the heat was off, and made John Slidell his henchman.

Slidell moved South, serving Burr and Bentham as their political boss for Louisiana. The Rothschilds' official U.S.

agent, August Belmont, joined the Slidell family by marrying John's niece, and Slidell brought an immigrant from the British West Indies, Judah Benjamin, into Louisiana politics as his understudy.

In 1845, Slidell was sent as a "border-adjusting" emissary to Mexico by President James Polk, who had just been elected, in part thanks to Slidell's audaciously criminal vote fraud. Mexico's government refused to receive Slidell; he gave the word to Polk to commence war. Polk's invasion was challenged in the "Spot Resolutions" introduced by Congressman Abraham Lincoln; the resolutions demanded to know the spot where, according to Polk's lies, Mexican troops had allegedly invaded American soil.

Within a year of the conclusion of the Mexican War, intriguers for the conquest of Mexico whipped up a new movement for the secession of the South from the American Union. They were led by Scottish Rite Freemasonry Southern chief John Quitman, who had been military governor and dictator of Mexico City.

The 1849-50 secession movement failing to gain sufficient Southern backing, Quitman joined with Jefferson Davis and Caleb Cushing to concoct the 1852 Presidential candidacy of the hapless Mexican War general, Franklin Pierce. The election of Pierce, to whom the Bush family looks back with blood-pride, ushered in a witches' sabbath of treason and aggression, remarkably similar to the Iran-Contra nightmare under Vice President Bush (1981-89).

Caleb Cushing, from a Boston family in partnership with Britain's opium trade, a co-conspirator with Slidell in launching Polk's war against Mexico, appointed himself U.S. Attorney General. Sen. Jefferson Davis, later the Confederate President, appointed himself Pierce's secretary of war. John Quitman became chief of an insurrectionary crusade against Cuba, financed by Slidell's nephew August Belmont, who was now ambassador to Holland.

With legal protection from Attorney General Cushing, and military protection from Secretary of War Davis, the Knights of the Golden Circle commenced arming thousands of anti-national fanatics in the West and South. The Knights' propaganda declared their aims to be: to conquer Mexico; to murder the racially and religiously objectionable Mexicans, and to replace them with fresh black slaves taken from Africa; and to break off the Southern states from the United States. This armed movement would later form the core of secessionism, in 1860-61, and the backbone of the sabotage and espionage operations behind Union lines, from Maryland, to Ohio, to Minnesota.

John Slidell, then a U.S. senator, ran the 1856 candidacy of James Buchanan and became the general manager of the 1857-61 Buchanan Presidency. Slidell devised much of Buchanan's treachery, such as his 1858 demand (rejected by Congress) for a "temporary protectorate" over the Mexican states of Sonora and Chihuahua. After the failure of a mercenary invasion of Mexico led by California-based William Walker, Walker invaded Central America, was twice arrested

by patriotic U.S. Navy commanders, and twice released by the Buchanan-Slidell regime.

The Confederate rebels in 1861 appointed Slidell their representative in France, to coordinate with the Anglo-French strategy against the U.S. and Mexican republics. On Nov. 8, 1861—nine days after the London Convention plotted the invasion of Mexico—a U.S. warship seized the British steamer carrying Slidell to Europe. Slidell was arrested and taken to an American prison. Britain, threatening war, sent 8,000 troops to its colony of Canada. After Congress awarded a medal to the Navy's John Wilkes, Slidell's captor, Lincoln released Slidell and for the moment avoided a wider war.

Slidell helped coordinate the enemy's operations on all fronts. He supervised relations between the Southern Confederacy and the other puppet regime, in Mexico. Under Slidell's management, vital supplies for killing Union soldiers came aboard British-sponsored merchant ships to Mexico and crossed over the border into Texas. Slidell in Paris, and James Bulloch (uncle and future mentor of President Teddy Roosevelt) in London, together managed the British and French construction of raider ships to sink American merchant vessels; they thus prolonged the Civil War, at a cost of perhaps 300,000 American lives. Slidell's protégé, Confederate Secretary of State Judah Benjamin, ran the Confederate Secret Service in Mexico, the Caribbean, and British Canada, with terrorist apparatus headquartered in Montreal—prefiguring Britain's Montreal-New Orleans-Caribbean assassination machine, Permindex, which was to strike at John F. Kennedy and Charles de Gaulle.

Slidell procured British and French financing of the Confederate war against the Union, working through Baron Emil Erlanger, a German-French Jewish-cum-Lutheran banker, closely tied to the British government and the highest levels of British Freemasonry. To cement the deal, Slidell married off his daughter Mathilde to Baron Erlanger.

Slidell's sponsors also came through with loans for the subjugation of Mexico. As usual, the British swindled everyone, while the corpses piled up.

A British banking house floated a special loan for "Emperor" Maximilian, while he was still in Europe before claiming the Mexican throne. The bonds were supposed to pay their purchasers 201 million francs plus 6% interest. Clients of the British banker—mostly French suckers—paid 127 million francs for the bonds, of which Maximilian got a mere 8 million up front. The French Empire got 66 million, only a fraction of its Mexican military expense. The British, meanwhile, got money set aside up front, from the proceeds of selling these Mexico invasion bonds, as payment to British creditors on an English loan of 1851.

Epilogue: The Times, the Post, the treason tradition

Now, let us look at some of the modern-day heirs of the Mexico-bashers of the past.

The two leading U.S.-based Anglophile newspapers, the

New York Times and the *Washington Post*, have reacted with fury and vitriol against President Clinton's decision promoting continued U.S.-Mexican cooperation; they have in effect called for the overthrow of Mexico's government.

Those two pillars of the Anglo establishment privately celebrate their own special, almost mystical, family ties to the murderous British-French apparatus that assailed both Mexico and the United States in the mid-nineteenth century.

Southern white-supremacist Adolph Ochs bought the *New York Times* in the 1890s, under sponsorship by Britain's main U.S. banker, J.P. Morgan. The paper has belonged to the family of Ochs, and his son-in-law Arthur Hays Sulzberger, ever since.

Adolph Ochs and his father founded the Baroness Erlanger Hospital in Chattanooga, Tennessee. The hospital was named for John Slidell's daughter Mathilde, the one who married the Confederacy's chief financier, Baron Emil Erlanger. Ochs's parents had acted as agents of the Benjamin-Slidell secret service during the Civil War; his mother was arrested as a Confederate drug-smuggler.

Adolph Ochs's *New York Times* promoted Teddy Roosevelt's bullying of Ibero-America; campaigned for years for Southern states to ban black citizens from voting; and lauded the British-backed regime of Adolf Hitler in the 1930s, on the grounds that Hitler's Economics Minister Hjalmar Schacht would "reform" Germany's economy.

In 1991, the family of *New York Times* publisher Arthur Sulzberger sponsored the visit to America of British banker Rodolphe d'Erlanger, John Slidell's great-great-grandson. At a reception for Erlanger Hospital, he said that his great-grandfather, Baron Emil, was the partner of Cecil Rhodes in his nightmarish racism projects in Africa; and that Emil and his wife Mathilde Slidell had organized the introduction to Paris of Wagner's opera, *Tannhäuser*—which was booed off the stage.

Washington Post executive committee chairman Katharine Meyer Graham is also deeply rooted in imperial anti-American warfare. Her grandfather, French immigrant Eugene Meyer, Sr., was a California partner of the British Empire-controlled, British-French private banking firm, Lazard Frères, in the 1850s. The London-Paris oligarchy behind Meyer's firm was just then sponsoring from California the criminal, treasonous, "filibuster" raids against Mexico, such as that of William Walker. Grandfather Meyer also served as consul in California for the government of Britain's puppet, French Emperor Napoleon III, at the height of the buildup for Southern secession and the British-French invasion of Mexico.

Eugene Meyer, Jr., son of the French emperor's consul and father of Katharine Graham, was chairman of the U.S. Federal Reserve System from 1930 to 1933. Meyer bought the *Washington Post* at a bankruptcy auction in 1933, after being forced out of the Federal Reserve chairmanship by the election of President Franklin D. Roosevelt. Meyer and Treasury Secretary Andrew Mellon had together led the American

enforcement of the British policy of extreme austerity, mass layoffs, and drastic wage cuts in the Great Depression, during the Presidency of Herbert Hoover. On June 4, 1933, three days after buying the *Post*, Meyer editorialized in support of the newly installed German Nazi government, allegedly a reform regime, because it was “determined to maintain the stability of the German currency.” Meyer spent the next several years as an associate of the pro-Hitler Cliveden Set of Britain’s Lady Astor.

Nowadays, *Washington Post* boss Katharine Graham, decrying “corruption,” demands that Mexico’s nationalists be crushed. She is playing her family’s old, British game. She should be told: That game has already cost humanity far too dearly, and it won’t be tolerated again.

London yearns for new ‘British Century’ in Ibero-America

by Cynthia Rush

London’s current attempt to blow up U.S.-Mexico relations isn’t simply a response to the Clinton administration’s decertification policy. It is part of a broader offensive to reestablish British control over the entirety of Ibero-America, with Britain posing as the true and understanding friend of the countries of the region, against an unreasonable and arrogant United States. To do this, London is making special use of the drug issue in the Americas.

Ibero-America today provides fertile ground for the type of manipulation the British have used historically to achieve their strategic goals. In addition to resentment over the U.S. certification process as such, which many countries consider to be intervention in their internal affairs, the imposition of International Monetary Fund policies, which the U.S. government has firmly backed to date, has wrought economic devastation throughout the continent, and provoked popular rage directed at those who have enforced this policy.

British Chancellor of the Exchequer Kenneth Clarke has made it clear that London intends to move smartly into the breach. As he told a Mexico City audience on Jan. 1, 1977: “Historically, the British had strong ties in Latin America, but in modern times, we made the error of considering it a part of the world dominated by the United States. That was a mistake.”

Likewise, British Foreign Secretary Malcolm Rifkind told a Feb. 10, 1997, London conference on doing business with Ibero-America, “Britain is Latin America’s friend and ally in Europe. . . . This conference sets the seal on a new

bond of friendship between Britain and Latin America. . . . We are together forging a new alliance.”

This “new alliance” is intended to be the vehicle for bringing back the policies of the nineteenth century, or the “British Century,” as London nostalgically calls it, when the “Empah” seized Ibero-America’s valuable raw materials and strategic minerals, built whatever infrastructure was required to extract and transport them abroad, and crushed any resistance to its colonial doctrine of free trade—particularly resistance from those factions which sought to emulate the industrialization model of the young United States. British banks were hegemonic on the continent, and maintained a stranglehold on most governments.

Former British Foreign Secretary Sir Geoffrey Howe reminisced in a speech given in December 1988 that “. . . well into the early part of this century, Britain was by far the largest foreign investor in Latin America. It was British capital that developed agriculture and industry across Latin America. . . .” But then, Howe noted, in the twentieth century, things changed. “And the question I always asked myself, is, what happened?”

What happened is that during two World Wars, Ibero-American governments, cut off from vital imports from abroad, discovered the folly of depending on Britain or other European nations for manufactured goods. During and after World War I, as a *matter of national security*, many of the continent’s military institutions began to develop basic industry, proudly creating state-owned companies to exploit oil and strategic minerals, or produce steel, petrochemical products, and energy. The protectionist theories of German-American economist Friedrich List circulated widely among these groups.

The invasion proceeds

Today, the British monarchy and its oligarchic corporate structure, or Club of the Isles, are embarked on a global raw materials and strategic minerals grab, seeking to protect themselves against the implosion of the international financial system. This global resource grab is driving the genocide in Central Africa; genocide which looms in other regions of the world as well. Valuable Ibero-American assets are one of the monarchy’s choice targets.

In 1982, the year the Ibero-American debt crisis exploded, the Royal Institute of International Affairs (RIIA) set up a Latin America Study Group (LASG), to bring together area specialists on a regular basis to discuss the status of British/Ibero-American relations. Basically functioning as an appendage of the Foreign and Commonwealth Office (FCO), the LASG was a preliminary attempt to analyze how the United Kingdom could increase its presence and influence in Ibero-America.

By 1987-88, the LASG had put together a strategy for achieving this goal. Published in book form in 1989 by the RIIA, the LASG’s 1987-88 discussions focussed on the issue



Sir Geoffrey Howe (left) and British Foreign Secretary Malcolm Rifkind. The British are officially posing as the true friends of Ibero-America, defending the continent against the arrogant United States. It's the oldest trick in the book.



of whether Britain's declining influence in Ibero-America could be reversed in the 1990s. The discussions concluded that relations could indeed be upgraded, because, as a result of the debt crisis, there had been a return to the type of "complementarity" that existed in the nineteenth century, when Ibero-America exported food and raw materials in exchange for Britain's "sophisticated manufactures."

The study noted that Ibero-America was now focussed on increasing exports of its resources to earn desperately needed foreign exchange for debt repayment. The region was also again opening up for direct foreign investment (DFI), especially in *fuel and minerals*, providing opportunities for British firms, particularly through privatizations. Keep in mind, too, that at this time, the Reagan-Bush and Bush regimes in Washington, and the Thatcher government in London, were, in the name of "democracy," demanding the dismantling of the state-directed development model, with its "authoritarian" structures and "pharaonic" projects.

The 1988 LASG debate happily noted that there were few chances of Ibero-American governments "backsliding" to the old policies of expanding the public sector, or returning to an import-substitution industrial strategy.

Sir Geoffrey: 'Delink' U.S., Ibero-America

In the December 1988 speech referred to above, Sir Geoffrey Howe vowed that in terms of British policy toward Ibero-America, "The period of neglect is over." The LASG discussion argued that Britain should take advantage of increased tensions between the United States and Ibero-America to build up its own presence in the region. "Further delinking [of Ibero-America] from the U.S. can be expected," LASG predicted, because rather than reestablishing U.S. moral and political authority in Ibero-America, the Reagan administration had only alienated governments with its arrogant demands.

Especially revealing is the LASG's discussion on how Britain's approach to the international narcotics trade could be used to accelerate this "delinking." In essence, it outlined a policy for Britain to bloc with all Ibero-American opposition to any potential U.S. efforts to crush the drug trade, or to organize a regional effort to crush it.

"The British authorities have emphasized demand restraint over supply reduction, crop substitution over crop eradication, and have shown a commendable sympathy for the dilemmas faced by governments in drug-producing countries," the 1989 RIIA book reports. In a swipe at the U.S. practice of certifying countries as drug-fighting allies, it adds: "The L.A. Study Group was adamant that relations between Britain and individual republics should not be conditional on progress against drugs."

The chapter authored by Brig. David Webb-Carter, former head of British Forces in the drug haven of Belize, gets to the real point: "A significant effect of the U.S. pressure to eradicate illicit drug growing is, nevertheless, an increase of anti-'yanqui' feeling among many Latin Americans who resent the apparent arrogance of their northern neighbor. . . . European governments and Britain in particular, should stay well clear of eradication programs. . . . The present British policy of sympathetic assistance and encouragement should be continued in the drug field."

On April 2, 1996, a month after the Clinton administration had decertified Colombia as a nation combatting drug-trafficking, the British House of Lords staged an official discussion to attack the U.S. action, and to offer its support to Narco-President Ernesto Samper Pizano. Within a week, the Office of the Presidency in Colombia had issued an official release reporting on the House of Lords debate, pointing especially to the support of Baroness Lynda Chalker of Wallasey, the FCO Minister who today is orchestrating the butchery in Africa.

The discussion was initiated by Viscount Montgomery of

SE BUSCA



Por traición a la Patria

Crímenes:	Doctrina:
• Separatista. • Propició invasión a México por fuerzas	• Existencialismo a la Heidegger o Teología de la Liberación. Eventualmente degenera en marxismo.

Bishop Samuel Ruiz, the real leader of the Zapatistas and an agent of the British monarchy.

Alamein, son of Field Marshall Montgomery of World War II fame, or ill-fame, who demanded that the British government “make representations” to the U.S. government to reverse its policy. Pointing to Colombia’s “impeccable democratic credentials,” the Viscount said, “Surely we should be supporting a country which has made such determined efforts and is so successful in bringing so many drug barons into custody.” Samper “has been an extremely efficient President. I think it’s all very sad, really.”

Baroness Chalker asserted that Colombia had had some “spectacular successes against drug-traffickers in recent times,” adding that “there are accusations against certain members of the Government of Colombia, but they are only allegations; they are not proven. I underline also . . . [that] it is a result of the Colombian government tackling this problem so energetically that many of the possible takers of drug money have come to light.”

Legalization and narco-terrorism

It is hardly surprising that many of these “noble” supporters of Colombia’s narco-dictatorship, are also advocates of drug legalization. Baron Pearson of Rannoch, who spoke on Samper’s behalf in the House of Lords, admitted on April 20, 1996, that he was interested in organizing a debate on the legalization of drugs, because “that *must* come to the surface more . . . people have got to look at it.” Similarly, Viscount Montgomery declared, “I would personally be in favor of legalization, because I think it is better to have it in the hands of responsible democratic governments, rather than in the hands of irresponsible gangsters. . . .” The leading expert on legalization in the House of Lords is Lord Mancroft, Baron Pearson said. A former drug addict, Mancroft “feels strongly

that everything should be legalized and taxed, and hard drugs available under prescription.”

London is also up to its eyeballs in deploying and supporting narcoterrorism. In the case of Mexico, as *EIR* has documented, the Zapatista insurgency in the southeastern state of Chiapas is *not* an indigenous revolt, but a de facto foreign invasion run by, among others, the British Crown, with the strategic objective of breaking up the Mexican nation-state and handing over its oil to foreign interests, including many British companies.

Mexican schismatic Bishop Samuel Ruiz, the real *comandante* of the Zapatistas, is an agent of the British monarchy. He and his close aide Gonzalo Ituarte attended the founding meeting of the Interfaith Peace Council, held at St. George’s House in Windsor Castle on Nov. 27-30, 1995. St. George’s House is a policy-planning center for the British monarchy and for imperial policy, where the royal consort Prince Philip often presides over cultish “religious” ceremonies. The Council is run by a small network of kooks who work with Gerald Barney, director of the project which produced the genocidal *Global 2000* report.

The press release announcing the birth of the Peace Council declares “the population explosion” to be one of the seven causes of world conflict, along with “patriarchal domination,” which the Council says it will combat. British controllers of the Council have said they will “put Chiapas forward as an international model for reconciliation and dialogue.” They plan to carry out “quiet diplomacy, including confidential (non-publicized) message-carrying between the leaders of warring factions” in situations of conflict.

Doing London’s ‘business’

Over the past seven years, as Ibero-America’s economic collapse has accelerated as a result of IMF policy, the British have vastly increased their operations on the continent, often at U.S. expense.

They have deployed countless economic and trade missions, including the leading oligarchic representatives of Britain’s corporate and banking sector, to buy up privatized state-sector companies, or form joint ventures with private-sector companies. They have trained their sights on those sectors that will be most useful to them in their global resource grab—strategic minerals and raw materials, infrastructure, and energy. The number of mining companies belonging to British Commonwealth countries which now have operations in Ibero-America has increased dramatically during this period.

Like many officials in the U.S. State and Commerce Departments, London has demanded that Ibero-America embrace “free trade and democracy,” the code words for dismantling all dirigist, or state-directed, economic projects, and privatizing everything. During a January 1997 tour of Mexico, Britain’s Chancellor of the Exchequer Kenneth Clarke stated that the Mexican government must see the privatization of its state-owned companies as “a way of life.” Harry Bush, the head of Britain’s privatization program, who accompa-

nied Clarke, recommended that Mexico look toward Britain's privatization program as a successful model to follow. Clarke also explained that Britain seeks to "compete" rather than coordinate with the U.S. in Ibero-America.

With the January 1995 establishment of the "Link into Latin America" campaign at the Foreign and Commonwealth Office, London began to aggressively court Ibero-America, posing as the "ideal" business partner and promising to facilitate South American trade with the European Union (EU). On the eve of President Bill Clinton's tour of Ibero-America this spring, beginning with an April visit to Mexico, the British are also taking advantage of growing resentment among Southern Cone countries—especially Brazil—at U.S. insistence that they move more swiftly toward creating a hemispheric Free Trade Association of the Americas (FTAA), rather than focus on such arrangements as the Common Market of the South (Mercosur).

On Feb. 10 of this year, the FCO hosted a glitzy "Link into Latin America" conference in London, on the nominal topic of how to increase "business" between Ibero-America and the United Kingdom. During this gathering, and another one Feb. 11 at Canning House (the entity which coordinates business policy-making toward the region), there was much emphasis on the need to strengthen ties among Britain, the EU, and Mercosur. French President Jacques Chirac, currently on tour of the Mercosur countries, is echoing the British

line, stating that "Latin America's future is not on the North-South axis, but with Europe. Its essential economic interests—trade, investment, aid—lie not with the United States, but with Europe."

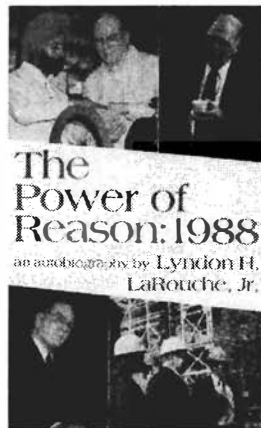
At the Feb. 10 London conference, the president of the British Board of Trade, the Rt. Hon. Ian Lang, gushed that "Latin America is once again open for business," because it had cast off the old, state-dominated, overly protectionist model of the 1970s and 1980s. Prime Minister John Major pointed to the World Bank's prediction that Ibero-America's annual growth over the next 10 years will be the highest in the world, after Southeast Asia. Setting the year 2020 as the deadline for achieving global free trade, Foreign Secretary Malcolm Rifkind declared, "I hope that the countries of Latin America will join us in declaring their public commitment to this target. . . . Global free trade is a great prize to be grasped."

John Major also emphasized that Britain and Ibero-America "need a modern relationship . . . that goes beyond bilateral trade and investment. . . . We must continue to develop the habit of working closely together on world issues: the habit of consulting, discussing, and debating the issues of the day until this becomes second nature. . . ." Malcolm Rifkind argued that Britain must engage Ibero-America "in discussion of the whole range of global political issues" as partners in a "world forum—on security, democracy, drugs, environmental issues, UN reform, and trade."

Books by Lyndon H. LaRouche, Jr.

The LaRouche case "represented a broader range of deliberate cunning and systematic misconduct over a longer period of time utilizing the power of the federal government than any other prosecution by the U.S. Government in my time or to my knowledge."

—Former U.S. Attorney General
Ramsey Clark

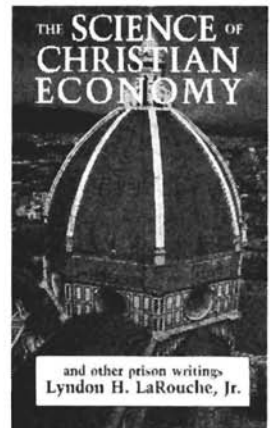


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U.S. intervention needed to revive Mideast peace process

by Muriel Mirak Weissbach

Arab-Israeli relations are degenerating at such a rapid pace that nothing short of a miracle can restore them. That miracle is going to have to come from Washington, for the simple reason, that the fronts within the region, between Israel and Jordan, on the one side, and Israel and the Palestinian Authority (PA), on the other, have hardened to such an extent that nothing but violence is to be expected. Furthermore, it is only the weight of the institution of the U.S. Presidency, which will suffice to thwart the sabotage of peace being directed from London.

Blame for the deterioration of relations, up until the point that a Jordanian soldier mowed down a group of Israeli schoolgirls on March 13, is to be placed squarely on Prime Minister Benjamin Netanyahu, who has done everything possible to fulfill his mandate to wreck the peace process, through political provocation, and on the international institutions, such as the World Bank and International Monetary Fund (IMF), which have systematically undermined the economic foundations for peace.

The most recent escalation of tensions began March 8, when the Netanyahu government announced the extent of its first phase (of three planned phases) withdrawal from the Occupied Territories. According to the Oslo agreements, Israel is supposed to withdraw from most of the West Bank and Gaza, except for areas around the Jewish settlements, which they are to maintain militarily, for security reasons. Instead, Netanyahu announced that the Israelis would end up leaving only 9% of the West Bank in their promised withdrawal. The PA, which controlled 3% completely in its Zone A, was to receive another 7%, which had been under joint control (Zone B), thus ending up with 10%. Furthermore, 2% of the total which has been under Israeli control (Zone C), was to become a mixed area (Zone B). Jenin, Nablus, Hebron, and the other cities under PA con-

trol, will be autonomous, but separated, because Israel maintains control over the countryside and roads.

Instead of effecting the much-reduced withdrawal from areas near Jenin and Halhool on March 7, Tel Aviv issued an ultimatum: The PA must shut down four offices in Jerusalem, which Israel claims are Palestinian government institutions, and the PA must stop protesting the planned Israeli settlements in Jabal Abu Ghneim (Har Homa), otherwise, Israel will not withdraw. Both moves are in blatant violation of the Oslo Accords: The Palestinian offices in Jerusalem (the Office for Small Projects, the Committee for the Wounded, the Welfare and Development Committee, and the Office of National Institutions), were there before 1993, and are not government institutions; the new Israeli settlements planned for Arab East Jerusalem, contravene the clause in the accords signed in 1993, which stipulates that no changes on the ground, no new settlements, should be built.

At the same time, precisely, the UN Security Council rejected a resolution of condemnation of Israel's settlements plan, because of a U.S. veto.

King Hussein responds

Jordan's King Hussein responded to the mounting provocations, with an unprecedented letter, addressed to Netanyahu, and published widely in the Israeli and Arabic press. In it, the king warned that further violations of the agreements would lead straight to violence. Netanyahu responded, claiming that the peace treaty signed in 1994 with Jordan had nothing to do with developments in relations between Israel and the PA—although no one knows better than the Israeli prime minister, that the Hashemite monarch is the historical custodian of the Islamic holy places in East Jerusalem, near where Netanyahu would like to build his settlements. King Hus-

sein's powerful *public* intervention shifted the balance, and it appeared that international support for forcing implementation of the accords would be organized, in Gaza on March 15, at a meeting of the international donors convoked by PA President Yasser Arafat.

Then, on March 13, as if in accordance with a script written to wreck this process, a Jordanian soldier opened fire on a group of Israeli schoolgirls. The violent act, whether the result of deliberate manipulation or the gesture of a deranged person, ignited the tinder box. While the Jordanian side tended to present it as the inevitable result of frustrations with Israeli provocations on the part of the local population, the Israelis laid the blame on the king. To add oil to the fire, Israeli officials and two journalists were quoted in the *Washington Post*, as saying that the king's letter had been a demonstration of the strain of "mental illness" supposedly running through the Hashemite dynasty. King Hussein's immediate decision, to break his itinerary and go back to Amman, before proceeding to Washington, was a well-meaning gesture of condolence to the victims' families. But, it also meant that the king would be postponing talks with President Clinton, talks which could have helped the U.S. administration coordinate a forceful intervention to bolster the Palestinians' position.

The U.S. overrode Israeli protests, and sent its consul general from Jerusalem to the conference in Gaza on March 15, to signal its willingness to pressure Tel Aviv. But no American gesture so far, not even a letter from President Clinton delivered by U.S. Ambassador Martin Indyk to Netanyahu, has succeeded in budging the Israeli government. On March 17, as Netanyahu had defiantly announced following the shooting of the schoolgirls, the bulldozers started work in East Jerusalem. The Palestinians have promised violence.

The Jordanian government has responded energetically, but there is no reason to believe that its response will alter the picture. On March 18, Information Minister Marwan Muasher told journalists that King Hussein was continuing in his efforts to solve the crisis, and halt the construction of a Jewish settlement on Jabal Abu Ghneim in East Jerusalem. "We regard Arab East Jerusalem as part of the Arab territories [which Israel] occupied in 1967," he said. "We regard the settlements as contradicting international law and the agreements signed between the Palestinians and Israel as well as [Jordan] and Israel, particularly the Jordanian-Israeli peace treaty."

The most pointed Jordanian response came with the news on March 19, that King Hussein had dismissed the Kabariti government, and assigned Abdul Salam Majali to put together a new cabinet. Although the reasons given by the king for the change included complaints, that Prime Minister Abdul Karim Kabariti had failed to effect the reforms of the judiciary and administration he had been commissioned to oversee, the timing indicated that the replacement had more to do with the crisis in the erstwhile peace process. Kabariti has been dubbed the first casualty of the crisis, and has been held indirectly responsible for the security lapse which led to the shooting incident.

By nominating Majali, the king has essentially said, it is back to square one. Majali was the leader of the Jordanian delegation at the 1991 Madrid peace conference, and it was his first government, formed in May 1994, which signed the Jordanian-Israeli peace treaty in October. In his letter giving Majali the mandate again, the king listed the peace process, preparing legislative elections, and fulfilling the internal reforms as his tasks, in that order. The king reportedly hopes that Majali can improve relations with both the Israelis and the Palestinians.

Outside intervention is essential

Despite the laudable efforts expended by the Jordanian monarch, there is no way to reverse the momentum toward conflict, from within the region itself. Unless there is a forceful intervention from outside the area, whose populations are being swept up into a psychotic frenzy, there will be, as King Hussein correctly forecast, more violence. Thus, the urgency of a meeting between Hussein and Clinton, followed by decisive action. This means not only throwing Washington's institutional weight behind the Jordanian and Palestinian demands that the treaties as signed be respected, i.e., that a halt be imposed to Israeli settlements, if necessary through punitive measures, but also reversing the disastrous economic policy which has over years created the conditions for political conflict.

As *EIR* has repeatedly stressed, in 1993, and again in 1994, following a visit to Gaza, the policies being imposed then by the IMF and World Bank, on the partners to the Oslo peace agreement, would undermine any hope for peace, and lead to devastation of the fragile Palestinian economy. The IMF has just admitted the same, albeit without acknowledging its own responsibility. Its (misnamed) report, "Recent Economic Developments, Prospects, and Progress in Institution Building in the West Bank and Gaza Strip," was issued in early March by the Middle Eastern Department of the IMF in Washington.

The salient point made is that "Palestinian unemployment has nearly doubled and per capita income has shrunk by a fifth since the start of the Oslo peace process" in fall 1993 (see *EIR*, March 21, p. 9, for details). The IMF lays the blame on the Israeli blockade, which has cut Palestinian access to jobs inside Israel.

There is no doubt that the Israeli lockout of Palestinian workers has dealt a mortal blow to the economy. But it is also true that the new jobs which could have, and should have, been created for hundreds of thousands of Palestinians inside the West Bank and Gaza Strip, have been eliminated by the World Bank and IMF's stranglehold on the flow of funds. The World Bank, from the outset, vetoed any and all large infrastructure projects which would have meant employment and real economic growth, beginning with large-scale water projects which would provide the lifeline for the region's economy.

London's war in Africa: Death camps in Burundi

by Linda de Hoyos

Reports placed before the United Nations from the World Health Organization show that the British-backed Burundi government of coup leader Pierre Buyoya is carrying out a systematic policy of mass death for hundreds of thousands of Burundians. In this small country of only 5 million people, up to 800,000 people have been incarcerated in "camps," in which they are now dying of typhoid fever and other diseases at the rate of 1,000 per day, according to a World Health Organization (WHO) report.

The Buyoya government began to move entire families, all of them from the Hutu group, into concentration camps beginning in December. The policy has been confirmed by the U.S. State Department. On Jan. 14, State Department spokesman Nicholas Burns stated, "The [Burundian] Army has also been involved in a pattern of forced resettlement, by which Burundians in rural areas, mostly poor farmers, are forced to move into camps."

According to the National Council for the Defense of Democracy (CNDD), which represents the Hutu population of Burundi, as well as many Tutsis who reject the warlord mentality of the Tutsi military, there are more than 800,000 people in such camps "awaiting death due to lack of shelter, food, drinking water, and endemic diseases such as typhoid, cholera, and dysentery." WHO produced a report on the situation on March 11, which said that "between 500-1,000 persons are dying of typhoid each day, and that more than 400,000 persons are potential victims of that disease alone. The same international organization acknowledges that the typhoid epidemic is the most serious recorded since the Second World War."

Since the Buyoya junta came to power in a coup on July 25, 1996, Burundi has been placed under an economic embargo by neighboring African countries. Humanitarian aid has not been channeled into the country. Hence, those placed in government-run camps, their food production brought to a halt, have absolutely no means of sustenance and are rapidly dying.

This is the goal of the Burundian military, which has made a military decision to round up the Hutu citizenry, as a result of its inability to militarily defeat the growing ranks of the Forces for the Defense of Democracy, the CNDD's armed wing, which now controls large sections of the Burundi countryside. The Burundian military has the goal of placing at least 1 million people in such camps, targetting those Hutu populations living near cities, towns, or market centers, with the aim of creating a no-man's-land buffer zone between the

urban areas under its control and the rural sea of the Hutu population, the primary base of the CNDD-FDD.

Simultaneously, the incarceration policy, the military expects, will free it for deployment into eastern Zaire, particularly Shaba province, on Britain's behalf.

In addition, the Burundian military has murdered many returning Hutu refugees since December 1996, when thousands of Burundians were summarily kicked out of Tanzania. The Jan. 14 State Department statement notes that "the Burundian military has confirmed the Jan. 10 killing of over 120 Burundian Hutu returnees, who had reportedly been expelled from Tanzania the same day. This massacre is only part of a pattern of violence in Burundi which must cease. Only the day before, witnesses implicated the Army in the massacre of more than 80 civilians on Jan. 5 in rural Muramvya province."

The CNDD further adds: "The United Nations High Commission on Refugees in particular, have said that there were more than 300,000 Burundi refugees in Zaire and Tanzania following the crisis in eastern Zaire. Among them, 20,000 returned home, but a good number of them were massacred in cold blood, as soon as they set foot on the Burundi soil, while the whereabouts of the remaining ones are not known."

Britain's brothers in blood

The history of the Tutsi military rule in Burundi highlights the reasons why the British monarchy's Privy Council has found the Tutsi militarists so useful for their plans to build an enlarged British empire in East and Central Africa. The Tutsi leadership of the military rests on a small clique of linked families in the Bururi region of south Burundi. This clique has long-standing ties to the Hima and Banyarwanda groups in the southern Uganda of President Yoweri Museveni and Rwandan Defense Minister Paul Kagame. Unlike Rwanda, where the Hutus overthrew the Tutsi monarchy in 1959, Burundi has been ruled by a Tutsi military junta since independence. To retain the absolute power of the minority, the military has periodically resorted to mass murder of Hutus—in 1966, 1972, and 1988.

The Burundi military remains a major component today of the Tutsi war-machine led by Museveni, which is also comprised of the Ugandan Resistance Army, and the Rwandan Patriotic Army under Kagame. All of these armies are politically and militarily intertwined. The RPA, formerly the Rwandan Patriotic Front, was organized out of a section of the Ugandan military, just as Museveni had used the services of Banyarwanda youth in Uganda in the bush war that brought him to power, with British aid, in Kampala in 1986. The leadership of the RPF, including Kagame, were in the top echelons of the Ugandan Army. Kagame was trained in the United States in 1990-91, while a major in the Ugandan Army.

The Burundi military, which has been mono-ethnically Tutsi since 1966, also helped bring Museveni to power, with Burundi's former Tutsi dictator, Jean-Baptiste Bagaza, handing over \$10 million in Burundi government money to Museveni in 1983-84 for his bush war.

London wants Zaire partitioned

In Brussels on March 17, two days after the forces behind Laurent Kabila had taken the key city of Kisangani in north-central Zaire, Zairean Foreign Minister Kamanda wa Kamanda warned that the capture of the city carries "the seeds and the risks of a partition of Zaire." The dividing line would run through the east of the country along "the 25th parallel which goes from Kisangani in Upper Zaire, to Kamina and Shaba [province]," he said.

That is precisely London's gameplan, as called for by the March 10 London *Financial Times*, and also through that outlet for British intelligence in the United States, the *New York Times*, on March 18. The *Times* declared that "Kisangani gives the rebel leader, Laurent Kabila, substantial control over Zaire's mineral wealth. He can now consolidate his rule over the gold-producing eastern third of the country [George Bush-Barrick Gold country] while commanding river access to the rich copper and cobalt deposits of the south. . . . At this point, it is not even certain that the ethnically divided, politically demoralized country can remain united."

As per the desires of the British monarchy's Privy Council, eastern Zaire is to be attached to a mega-empire ruled from Yoweri Museveni's Uganda, that would incor-

porate most of the vast mineral wealth of the Great Rift Valley—southern Sudan, Uganda, Rwanda, Burundi, eastern Zaire, Tanzania, and at least the copper belt section of Zambia.

Although Kabila's political cover depends upon his appearing to be the "liberator" of Zaire from the regime of President Mobutu Sese Seko, there are indications that he will receive no backing from London to go further eastward, once he has taken the diamond areas of Kasai in central Zaire, and completed the takeover of the copper-rich Shaba province to the south. One British outlet indicated that if Kabila rejected a cease-fire and tried to take all of Zaire, he would lose the support of Uganda and Rwanda who, the outlet says, have backed him in hopes of creating a "buffer zone."

In fact, 17,000 Ugandan troops and large sections of the Rwandan Patriotic Army and the Burundi Army comprise nearly the entirety of Kabila's fighting force. Without them, he will not get very far. Kabila and Museveni's coordination is such that on March 14, Kabila traveled to Gulu, Uganda, to meet Museveni, where the Ugandan warlord is directing the Ugandan invasion of Sudan, begun Feb. 21.

The United States has consistently stated its commitment to a united Zaire, and is demanding that Kabila and Zaire adhere to a UN Security Council peace plan, beginning with a cease-fire. However, London has no desire for a unified, democratic Zaire. It wants eastern Zaire—where the loot is, and thinks it only needs mercenary marcherlord armies to get it.—*Linda de Hoyos*

Combined, all three armies are heavily deployed into Zaire, where the Burundi military is the major force behind "Zairean rebel" Laurent Kabila's march into Zaire's southern copper-belt province of Shaba.

Origins of the CNDD

The leading opposition to the Burundi military inside the country is the CNDD, which was organized by Leonard Nyangoma, the interior minister of the government of the first Hutu President, Melchior Ndadaye, who was *elected* to office in June 1993. In October 1993, the Tutsi military murdered Ndadaye, and was only prevented from taking power immediately by the United States. Even so, the military action and the bloodletting in the aftermath of the coup had a major impact on neighboring Rwanda and the expectations of the Rwandan government, if the all-Tutsi Rwandan Patriotic Front were to take power there.

In Burundi, after October 1993, the United States backed successive, impotent Hutu-Tutsi coalition governments, as the military carried out a persistent campaign of slaughter of Hutu civilians. Scores of Tutsi and Hutu democratic leaders, provincial governors, and parliamentarians have been mur-

dered since 1993 by the military. In March 1994, Nyangoma fled Burundi for his life, and organized the CNDD. Although its base is largely Hutu, the CNDD executive is comprised of both Hutus and leading Tutsis, including author Laurence Ndarubagiye and former deputy speaker of the Burundian parliament Staney Kaduga, both of whom also fled Burundi in fear of their lives. In July 1996, the democratic fig-leaf was ripped off the Burundi military, when a coup was carried out, bringing Buyoya back to power. Since his removal after elections in 1993, Buyoya had been a frequent visitor to Washington, and to the Carter Center in Atlanta, Georgia, and was named an adviser to the World Bank.

Between July and December 1996, the CNDD has calculated, on a month-by-month and province-by-province basis, that the Burundi military had murdered in total 38,572 Burundians. Now they are attempting to carry out a "final solution" to the Hutu problem, placing, as of now, 800,000 men, women, and children behind barbed wire in what can only be described as Nazi-like death camps.

This is the process the British Privy Council has put into motion with its deployment of warlord Museveni and his allies. The question is: Will the United States act to stop it?

International Intelligence

German churches issue strong social document

Germany's two major churches, the Catholics and Lutherans, issued a joint social policy document on March 1, titled "For a Future in Solidarity and Justice." The document begins by addressing "the deep splits" that have been created by mass unemployment, by the gulf between between rich and poor, and between Germany's east and west. There is a grave threat to the fundamental values of solidarity and justice, caused by those who "falsely believe that a balance of interests is achieved automatically, through the free-market economy," it said. "This assessment poses a great challenge to the churches and for Christians. For solidarity and justice belong to the core of any Biblical and Christian ethic."

The memorandum states that the very "dynamic of the market economy system" has now turned against the German economy and its workforce, posing threats "that must not be taken lightly and played down." There is a "requirement for urgent action." Expectations that a pure market economy could somehow cope with social challenges are wrong, the document says, warning that "protracted mass unemployment is a dangerous explosive."

In spite of its other strengths, the document rejects any competent program for economic recovery, by declaring there is "no patent recipe."

UN drug control officials blast legalization moves

Two officials with the UN-affiliated International Narcotics Control Board harshly denounced the stratagems for drug legalization at a March 4 press conference in Bonn, Germany, where they presented the INCB's annual report. Helmut Butke, who heads the UN Drug Commission (UNDC), took the opportunity to denounce plans by the state of Schleswig-Holstein to establish a state-monopoly arrangement through which hashish can be sold in drugstores. Butke pointed out that, while heroin and cocaine consump-

tion in Europe are stable, the use of methamphetamine and hashish, a highly concentrated form of cannabis, is rising. Butke also attacked the Netherlands' liberal drug policy.

In response to questions from *EIR*, Butke, who also heads the Narcotics Law Department of the Federal Health Administration, acknowledged that the drug "shooting galleries" in Frankfurt conformed to international law, but not national law. On a followup question about the fact that Frankfurt's state prosecutor is close to the Drug Policy Foundation, George Soros's legalization lobby, Butke added a broadside against the "medical use" arguments employed by the Soros gang. Axel Wüstenhagen, the director of the UNDC in Bonn, added that pharmaceutical companies are promoting parents groups to pressure governments to ease restrictions on Ritalin, a highly addictive amphetamine, prescribed for so-called hyperactivity disorder.

Foreign terrorists find safe haven in London

In two, not-so-separate cases, Great Britain is blocking extradition of foreign terrorists to two countries. On Feb. 28, the government denied that Nigeria had formally requested extradition of Nigerians who are suspected of being involved in bombings in Lagos in January. The three suspects are leading members of the National Democratic Coalition (Nadeco), a Nigerian group whose head is close to British Overseas Minister Lady Lynda Chalker.

On March 11, France's *Le Figaro* detailed British footdragging on extraditing Rashid Ramda, alias Abu Fares, London-based editor of *Al Ansar*, the mouthpiece of Algeria's terrorist Armed Islamic Groups (GIA). Abu Fares is considered the financier of GIA's French networks and responsible for the 1995 terror attacks there. Scotland Yard had arrested Abu Fares on Nov. 4, 1995, on suspicion of involvement in various terrorist actions in France between July and November. His extradition has been blocked ever since, because his defense lawyer, Gareth Pearce, argued he would be in danger in a French prison.

Jiang Zemin takes solace in Mozart to mourn Deng

Chinese President Jiang Zemin told a group of Hongkong leaders on Feb. 28 that he listens to Mozart's *Requiem* to mourn Deng Xiaoping, according to the publication *Ta Kung Pao*. Jiang, at a forum held by the Hongkong and Macao members of the Chinese People's Political Consultative Conference, said he is deeply grieved by Deng's death and sometimes cannot sleep. "At this time, I would listen to Mozart's *Requiem* to calm myself down," Jiang said. The *Requiem* reminds him of a Chinese poem about his hometown, Yangzhou, written by the poet Du Mu, an officer who had to leave the city. The poem is entitled, "To Han Zhuo, Magistrate of Yangzhou":

"Dim the mountains, far away the waters, autumn is approaching its end in the South, with withered grass in view.

"The moon has lit up the twenty-four bridges in the town. Where is the sweet girl who played the flute for you?"

Jiang said that both Classical foreign music and Classical Chinese poetry are used to find spiritual sustenance. When Mozart was composing the *Requiem*, he used music to review his life, but, while he expressed the setbacks and unfortunate experiences of his life, he also yearned for a bright future.

Sejm debate heats up over new Polish Constitution

According to a mid-March report from Deputy Wojciech Blasiak, the Polish Sejm (Parliament) has been entangled for months in a heated debate over a draft Constitution. The most controversial articles concern national sovereignty and state credit creation. Former Solidarity experts, now in the infamous Freedom Union, which is responsible for implementing economic shock therapy, managed to incorporate into the proposed Constitution, among other things, articles under which: "The Republic of Poland may, by virtue of an international agreement, transfer to an international organization or agency, the exercise of certain government-

tal powers"; and, "The budget law may not provide for offsetting the budget deficit, by borrowing on credit from the central bank of the state."

There are also attempts to include articles which obliquely impose the Maastricht criteria on Poland, e.g., restricting the budget deficit to 3%.

Blasiak emphasized to *EIR* the importance of defeating the proposals of the "cosmopolitans" in the Sejm, such as former Prime Minister Hanna Suchocka, who aspired to imitate Margaret Thatcher, who are now campaigning for Polish membership in NATO, the European Union, etc. Suchocka, also a former member of the European Parliament, is on the board of the Soros Foundation in Poland, and many other members of the Freedom Union, who are also in the Sejm, work with the foundation.

Labour, Tories vie for 'get tough on crime' laws

In the weeks leading up to the May 1 elections, both the Labour and Conservative parties are in intense competition over which can come up with the toughest measures to "deal with juvenile crime." Labour went first, with a speech by Shadow Home Secretary Jack Straw on March 3, who demanded that children as young as 10-13 be held "criminally responsible" for their actions. Home Secretary Michael Howard went one step further, presenting a "Green Paper," which included a proposed measure to "identify unruly children" who could be classified as "potential offenders." According to the March 5 issue of the *Daily Telegraph*, these children, some of them under 10, "would be referred to a local child crime team made up of representatives from the police, probation and social services, schools, and the National Health Service."

Howard also outlined plans for court-ordered fines on parents, and electronically monitored parent/child curfews. Moreover, while not shying from throwing children into the criminal justice system, all for the sake of gaining votes, Howard also called for suppressing jury trials in many cases, demanding instead, quicker judicial proce-

dures, and ones that are less costly.

While juvenile crime has risen commensurate with soaring youth unemployment, the media—and the parties—have made much political hay by sensationalizing such savage acts as the beating death of a toddler by two children under 10 years old.

Merchants of Venice meet at Cini Foundation

A two-day "Anglo-Italian seminar" took place at the Cini Foundation in Venice during March 7-8, with the participation of Britain's Foreign Secretary Malcom Rifkind and his Italian counterpart Lamberto Dini. The seminar's themes included: "Centralization-Regionalization: Destructive Change or Innovation," "Privatization," "Flexibility and Deregulation," and "A Widening Alliance in a Widening Europe." The session on privatization was chaired by Lord Eric Roll of Ipsden, head of the Warburg Bank, and Mario Draghi, director general of Italy's Treasury Ministry. Both had participated in the infamous 1992 meeting on Britain's royal yacht *Britannia* off the Italian coast, which mapped out wrecking the Italian state and economy.

The panel on regionalization (i.e., separatism) was chaired by Giorgio Lago, who, as editor of *Il Gazzettino di Venezia* until a few years ago, promoted the early rise of the Venetian League.

Foreign Minister Dini began his written speech: "No other country has captured the significance of the present transformation better than Great Britain. . . . The debate on Europe is more searching in Britain than elsewhere and awareness consequently greater. It is not free from hyperbole, but there is much we can learn from it." Dini, praising Maastricht, said that it is a "hybrid system of multiple sovereignties that are not mutually exclusive, but which overlap as in the Middle Ages." A British journalist quoted in *Il Gazzettino* seconded Dini: "Venice is an example of globalization, a fusion of styles and modernism. Walking [sic] throughout the city, one comes to know its history, but also American novelties, like fast-foods."

AFRICAN heads of state of the British Commonwealth ended a two-day summit late last month, calling on non-governmental organizations (NGOs) not to meddle in politics, because it is "detrimental to stable democratic process." The President of Botswana, which hosted the 16 nations, said: "It is the NGOs that come here dressed in sheepskins but are wolves only. They are the NGOs that meddle in politics that we are addressing."

MIKHAIL GORBACHOV, now president of the "Green Cross International," World Bank President James Wolfensohn, World Trade Organization Director General Renato Ruggiero, and UN Conference on Environment and Development General Secretary Maurice Strong addressed the fifth anniversary conference of the "Earth Summit" at the Rio+5 Forum over March 13-19.

HONGKONG citizens have been openly expressing their anti-British feelings, typified by recent statements from Hongkong influentials, who are signalling their allegiance to Beijing, wrote Francis Deron, correspondent for the French daily *Le Monde*, on Feb. 19. Deron quotes one startled British businessman that, "I knew that we were not really popular, but I did not suspect that there would be so much hidden hostility."

PRETORIA'S Municipal Building and another of the city council's administrative buildings was razed by arson over the night of March 2. A man called the police in the South African capital to claim responsibility on March 3 and said that the Medical University of South Africa and the Eesterus Civic Center were possible future targets.

FRENCH TRADE UNIONS are alarmed by the rapid growth of adherents to the National Front of fascist Jean Marie Le Pen among their ranks. The FN has run a slick demagogical campaign, targetting unions facing heavy layoffs, such as at Renault.

Britain escalates attacks on China and United States

by Jeffrey Steinberg

A new outbreak of British propaganda and irregular warfare attacks against China has erupted on the eve of Vice President Al Gore's late-March visit to Beijing. The Gore visit is intended to deepen U.S.-China political and economic cooperation, and pave the way for an exchange of state visits between Presidents William Clinton and Jiang Zemin, during the latter part of 1997 and early 1998. Even those modest objectives, these days, tend to send the British royals climbing up the wall in fits of murderous rage. But there is far more at stake, as President Clinton focusses more of his attention, during his second term, on U.S. long-term ties to the nations of the Pacific Rim.

The unspoken issue on the table, as Gore prepares for his Asia tour, is China's commitment to proceed with the Eurasian Land-Bridge program, otherwise known as the "New Silk Road"—an ambitious development plan to link up all of Eurasia, through a complex of high-speed railways, highways, ports, and agro-industrial corridors, stretching through Central Asia, Russia, the Indian Subcontinent, the Middle East, and, ultimately, to the Atlantic Coast of Europe.

Historical precedent

The Eurasian Land-Bridge design is based on the 19th-century efforts of President Abraham Lincoln's American System economists, led by Henry Carey, who built the American Trans-Continental Railroad, to then initiate a network of development corridors, and long-distance rail-development projects, criss-crossing the Eurasian landmass.

For more than 100 years, the policy of the British oligarchy has been to go to any lengths to prevent the Eurasian Land-Bridge policy from being implemented. Already, in this century, two world wars have been fought, at British instiga-

tion, to block the realization of Eurasian development.

More recently, on May 7, 1996, at a conference in Beijing, Britain's Sir Leon Brittan delivered a direct threat to the Chinese leadership, that London will break China up into a string of warring micro-states, if the Land-Bridge goes forward. Sane forces in the West, who see in the Land-Bridge the last best hope for humanity to avert a descent into a New Dark Age, were represented at that conference by Helga Zepp LaRouche, who led a Schiller Institute delegation. Her husband, Lyndon LaRouche, has forcefully argued that any sane American administration would see full U.S. participation in the construction of the Land-Bridge projects, as a unique opportunity to rebuild the nation's collapsing physical economy, beginning with the revival of the U.S. strategic machine tool building sector.

In a real sense, the Clinton administration's effort to forge a viable political and economic partnership with the leadership in Beijing, set against the backdrop of the Land-Bridge fight, is among the leading issues that are a *casus belli* between London and Washington.

British-directed irregular warfare

Since Brittan's outburst in Beijing, there has been a marked escalation in Britain's ethnic-separatist irregular warfare, directed at China's periphery. The recent reports of bombings and other attacks, attributed to "Uighur separatists," in Xinjiang Province, is exemplary.

The Uighur separatists, like the Tibetan organization of the Dalai Lama, are micro-managed by the Anglo-Dutch monarchies and their intelligence services, through a network of non-governmental organizations, such as the Unrepresented Nations and Peoples Organization, headquartered in



The Uighur separatists have vowed to destroy China's railroad infrastructure projects—a key aim of British geopoliticians. Here, the landscape along the main line Lanxin in northwestern China.

The Hague, the Netherlands, and bankrolled by the Dutch Foreign Ministry. Baroness Carolyn Cox's Christian Solidarity International, which is responsible for recent carnage in Central Africa of an intensity greater than the Nazi genocide during World War II, has targeted China, through a black propaganda campaign, charging that Beijing is butchering Christians.

Cox's CSI has centered its anti-China campaign in Washington, in order to place the maximum pressure on the Clinton administration, and to give an "American flavor" to the China-bashing offensive, in the hopes of convincing the Chinese leadership that "the Americans" are behind the provocations.

Chinagate and Clintongate

The latest British actions conform to the "ring around China" strategy of London, exposed by Lyndon LaRouche in the cover-story of the Nov. 22, 1996 issue of *EIR*. The added feature in the current effort is the tight linkage between the assault on China, and the newest escalation of London's "Clintongate" assault on the U.S. Presidency.

The linkage was most glaring in the March 16 London *Sunday Telegraph* column by the Hollinger Corporation's chief Clinton-basher, British intelligence stringer Ambrose Evans-Pritchard. In a typical lying column, titled "Washington Wakes Up to Chinese Threat," Evans-Pritchard claimed that "Washington is in the early stages of a 'yellow peril' fever provoked by growing alarm about the strategic and military threat of a resurgent China." After citing a recent New York Council on Foreign Relations-trumpeted book by reporters Ross Munro and Richard Bernstein, *The Coming Conflict*

With China, Evans-Pritchard fabricated:

"For the Clinton administration, it is a difficult time to formulate a new strategic policy in the Far East. The U.S. Congress is currently investigating allegations that the Chinese government conspired to re-elect President Clinton in 1996 by funnelling millions of dollars of laundered funds through front groups tied to the Democratic Party. So Vice-President Al Gore will be walking through a minefield when he goes to Beijing next week, the highest-ranking U.S. official to visit China for eight years. Any sign of cordiality will be pounced upon by the Republicans as evidence that the Clinton White House is subject to subtle Chinese blackmail."

Pritchard's final word: "Beijing has already made it clear that it intends to curtail the liberties of the people of Hong-kong—a move that is likely to precipitate an international crisis. It also shows every indication of wanting to establish a military grip on the navigation lanes of the South China Sea. The only question is how long it will take before the first Sino-U.S. crisis erupts."

Media food chain at work

The so-called "yellow peril" scare, cited by Evans-Pritchard, is actually the work of the same, small circle of British assets and dupes in the U.S. Congress, the FBI, the conservative revolution think-tanks, and the media, that were correctly profiled in a 330-page "media food chain" dossier, released by the White House legal office in December 1996. We provide a detailed road map of the recent "Chinagate" antics of that unsavory crew in the articles that follow.

Continued on page 59

Figure 1

British-backed strategic thrusts against China



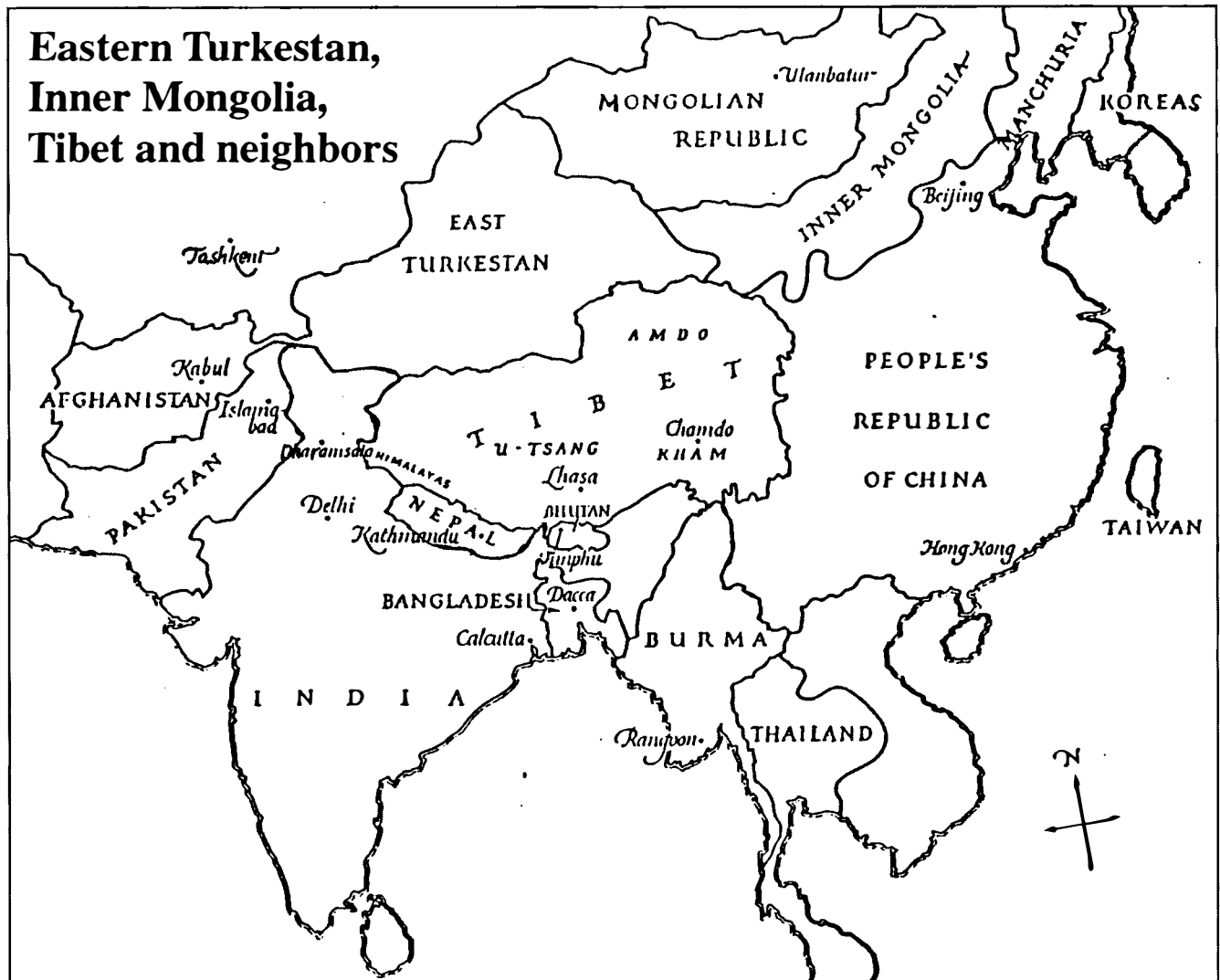
Figure 2

Foreign Affairs: Segal plan for the breakup of China



Figure 3

Uighur liberationists' plans for carving up China



Key to Figures 1-4

Figure 1 is from *EIR*, Nov. 22, 1996, showing the British-instigated hostile encirclement of China.

Figure 2 is from Gerald Segal's article in the May/June 1994 issue of *Foreign Affairs*, entitled "China's Changing Shape." The article outlined the current British gameplan. As can be seen, China would be carved up into two categories, an "inner-empire," and a breakaway "outer empire" which is intended to achieve some degree of independence.

Figure 3 was distributed at an October 1992 conference in New York of the "Allied Committee of the Peoples of Eastern Turkestan, Inner Mongolia, Tibet," which said its purpose was to prepare for the coming ethnic liberation of Chinese "subject peoples." The map conforms to that of the Segal plan.

Figure 4 (see next page) is from Ross Munro's article in the March/April 1997 issue of *Foreign Affairs*, entitled "China I: The Coming Conflict with America." Munro's map identifies projected areas of Chinese aggression, but it should be rather read as regions targetted for British destabilization, designed to fragment China.

Figure 4

Foreign Affairs: China's alleged aggressive designs



Continued from page 55

Several features of the current campaign deserve special note. First, the timing of the eruption: The dramatic escalation of the “Chinagate” scandal came immediately *after* a well-attended FDR-PAC briefing in Washington by Schiller Institute founder Helga Zepp LaRouche, at which the *EIR Special Report* on the Eurasian Land-Bridge was released. That report has subsequently circulated all over Washington.

The campaign-fundraising scandal, implicating a group of Taiwanese-Americans in so-called questionable campaign contributions to the Democratic Party, had initially hit the anti-Clinton press just before the November 1996 elections. Suddenly, “China-gate,” “Indo-gate,” and “Riyadi-gate” were added to the lexicon of Clinton-bashing scandals. The goal, according to sources familiar with the media blitz, is to drive a wedge between the Clinton political machine, and the growing Asian-American activist community.

The heavy-handed assault on U.S.-Chinese relations was launched in mid-February, through an FBI leak to the *Washington Post*'s Bob Woodward, the political poison pen of Democratic Party would-be kingmaker Katherine Graham, who has made no secret in recent months that she is furious with the Clinton-Gore White House.

No one in the major media has bothered to mention that the leaking, to Woodward, of purported National Security Agency communications intercepts from the Chinese Embassy in Washington, to Beijing, was a serious criminal matter. After Woodward revealed on the front page of the *Washington Post* that six members of Congress had been briefed by the FBI in June 1996, that they were potential targets of campaign “bribes” by Chinese government cut-outs, two of the congressmen came forward to confirm the *Post* story, and to complain that they had been given no precise details, were unable to make any use of the information, and never received any further information from the Bureau. No senior official, including the President, was alerted to the NSA intercept, in what can only be described as a most serious breach of national security by the FBI, a breach that raises serious questions about the whole sordid “China buys the election” scare.

Once the media food chain was set loose against the President, on the eve of the critical Beijing trip by the vice president, a flood of attacks ensued. In addition to the Hollinger Corp.'s Pritchard, the *Washington Times*, ABC-TV Nightline's Ted Koppel, Baroness Cox's pet congressmen Frank Wolf (R-Va.) and Chris Smith (R-N.J.), the George Bush/Iran-Contra-linked Freedom House, *Human Events*, and the Heritage Foundation all weighed in.

This gaggle of British assets is playing with fire. If the Clinton Presidency is crippled, and U.S.-China relations are sabotaged, there will be very little prospect of a sane policy response, when the next severe global crisis erupts, whether it be a financial meltdown, a new Middle East war, or an explosion in the Balkans.

‘Uighur card’ used to break up China

by Joseph Brewda

Since February, the Xinjiang Autonomous Region of north-west China has been the target of a series of disturbances and bombings, carried out—by their own claims—by “Uighur” separatist groups attempting to split the region from China. What is at stake in Xinjiang is a project of strategic importance: the Second Euro-Asian Continental Bridge, the “new Silk Road” China-to-West Asia-and-Europe rail line which opened in 1992. This project, at the core of all current projects to develop the Eurasian landmass, was only finally completed, a century after the first Europe-to-Asia line was built in Russia, when the connection between the Chinese rail system and that of Kazakhstan in Central Asia was finished.

Xinjiang is being targetted by foreign-steered and foreign-headquartered separatist movements claiming to represent the Turkic-language-speaking Uighur “people” of Xinjiang. Although in 1949, Xinjiang's population was approximately 95% Uighur, today, about half of the 16 million population are of Chinese origin. Xinjiang also has China's largest deposits of oil and natural gas, uranium, gold, and other raw materials. Since 1992, Xinjiang has acquired global strategic significance, as the route of the Continental Bridge. The Chinese government is now building two more branches of the “Land-Bridge”: a second connection to Kazakhstan, and the first rail line to the city of Kashi, the Chinese terminus of the Pakistan-China Karakoram Highway.

The separatists make no bones about the fact, that these strategic rail lines are their target. The leader of the U.S. branch of the Uighur Liberation Front, Gulamettin Pahta, told *EIR* on March 11, that the “Continental Bridge” is a Chinese “imperialist” plot that must be blocked. “They are building railroads, but the people are opposing the railroad, and will destroy the railroad. This is just like the American movies on the history of California. What the Indians did, in fighting the railroads, is what we will do. The same thing is happening. Every train coming into eastern Turkestan is bringing in Chinese. This must be stopped,” Pahta said.

Just how “successful” the separatists are in fighting the railroads, is questionable. Western press outlets, in an effort to inflame the situation, have repeatedly given all kinds of figures for casualties in disturbances in Xinjiang, and a bomb explosion in Beijing, numbers which Chinese accounts have not confirmed. However, spokesmen for the Uighur Liberation Party and the Eastern Turkestan Liberation Organization have claimed credit for the violence.



While Henry Kissinger (right) passes himself off as a “friend of China,” Helmut Sonnenfeldt, his longtime protégé, pushes for the break-up of China, on behalf of Henry’s British masters.

Moreover, efforts by the British to inflame relations between China and the Central Asian Republics, by staging some of their “East Turkistan” separatist actions out of states bordering on China, have also been dealt a setback.

President Nursultan Nazarbayev of Kazakhstan, fresh from discussions in Beijing about rail and energy cooperation with China, held a Feb. 22 press conference, in which he denounced the idea of secessionism. “So-called minorities live in Inner Mongolia, Xinjiang, Tibet, the south, and in other regions of China. Their aspiration for self-determination is understandable. However, we can in no way welcome the idea of separatism. There are 6,000 peoples and ethnic groups in the world. If all of them were to decide to declare sovereignty one day, then numerous helpless, dwarfish countries would emerge on the planet, along with the existing powerful countries that are striving for development and prosperity, and this would mean chaos, permanent wars, and endless conflicts.”

Gulamettin Pahta is a member of an international network of Uighur liberationist groups deployed by the British and Dutch monarchies’ Unrepresented Nations and Peoples Organization (UNPO), the British Royal Society of Asian Affairs, and Lord Avebury’s House of Lords human rights mercenaries. The UNPO has trained the Uighur liberationists in “diplomatic skills” at the Australian National University, according to its literature, through grants provided by the Dutch Foreign

Ministry. After World War II, the Uighur separatists were led by Isa Yusuf Alptekin, who led a revolt in Xinjiang in 1945. Today, the leadership of the network has passed to his son, Erkin Alptekin, who is also chairman of the UNPO.

The British command structure

In addition to the Anglo-Dutch UNPO, which has targeted much of Siberia, as well as large sections of Central Asia and western China for break-up into ethnically divided mini-states, *EIR* has identified a complex of largely London-headquartered intelligence fronts, all pushing the destabilization of China.

One of the most important British case officers for the Uighur independence movement is Sir William Peters, a former British deputy high commissioner in Bombay and career intelligence specialist, who is today chairman of the Tibet Society and board member of the Royal Society of Asian Affairs, the primary British intelligence outfit targeting China. In 1991, he wrote an optimistic forecast of Uighur and Tibetan rebellion, after a tour of Xinjiang, in the society’s journal, *Asian Affairs*:

“To the south and east [of Xinjiang] lies Tibet. Stories of the Tibetan resistance filter through to Kashgar [Kashi] and its neighbors. . . . To the northeast, Uighurs see the moves toward multipolarity in Outer Mongolia and hear about unrest among Mongols in Inner Mongolia. On the western side . . .

there is no telling what direction semi-independent republics in Kazakhstan, Tajikistan, Kyrgyzia, and Uzbekistan might move vis-à-vis China. If there is any truth in the story of military help from Kyrgyz across the border for their fellow tribesmen in Xinjiang, this thought will be all the stronger. . . . A few Uighurs have heard of the Joint Committee for the Manchu, Mongol, East Turkmen, and Tibetan Peoples and are particularly anxious to obtain by whatever means possible the Committee's publication *One Voice*. They have some links with Isa Alptekin, leader of the Turkestan Liberation Movement. . . . It is noteworthy that Alptekin's son Erkin Alptekin took an active part in the International Convention on Tibet in London from 6 to 8 July [1990].

"The conjunction of revived minority discontent on both national and religious grounds, of improved access across the frontier to fellow tribesmen, of major political change in neighboring countries, and of the sustained world reaction against genocide, colonialism, and apartheid, creates a situation in Central Asia in which radical change is just possible. . . . The present campaign to arouse world opinion on the subject of genocide, colonialism, and apartheid in China could be the lever which pries out from a Politburo due for change radical concessions in areas such as Xinjiang and Tibet."

The House of Lords and Foreign Office speak

Lord Avebury, chairman of the British Parliamentary Human Rights Group, is another controller of the separatists. In 1994, Lord Avebury sent an open letter to the British Foreign Office demanding that it "save the peoples of Eastern Turkestan," who were "faced with national extinction." In 1995, Lord Avebury told *EIR* that he was pessimistic that Britain could be successful in defending the Uighurs and Tibetans from Chinese efforts to exterminate them, simply through human rights campaigns, implying that he favored more aggressive London involvement in the destabilization of Xinjiang.

Lord Ennals, a former British Foreign Secretary, was, until his recent death, another top patron of the Uighur and Tibetan independence movements. He was also a leader of the UNPO. Martin Ennals, Lord Ennals's brother, controls Amnesty International, the British Foreign Office front which oversees international propaganda campaigns against China, over alleged suppression of the Uighurs and Tibetans.

American 'cousins' weigh in

Among the so-called "Americans" who have joined the Anglo-Dutch drumbeat to destabilize the "New Silk Road" through secessionist violence in Xinjiang, is one of Henry Kissinger's leading State Department protégés, Dr. Helmut Sonnenfeldt. In an interview with *Voice of America* on Feb. 14, the retired career State Department official, now with Kissinger at the Center for Strategic and International Studies, predicted that Xinjiang could become a "Chinese Chechnya."

Sonnenfeldt gloated, "I think the Chinese have tried to observe very closely what happened in Chechnya, in part because they may be conscious of the possibility that something of that sort might arise in their own domain." Sonnenfeldt cautioned that, should such an uprising gain steam, "it needs to be dealt with harshly and rapidly," or else China will be forced to grant the region autonomy—precisely the British strategic plan.

Elsie Walker is another leading propagandist devoted to "rousing world opinion" on Xinjiang. A cousin of former U.S. President *Sir* George Herbert Walker Bush, she heads the U.S.-based Asians for Democracy, which also mobilizes on behalf of the Tibetan cause. In October 1994, Uighur liberationist leader Erkin Alptekin addressed a conference in New York City of the "Allied Committee of the Peoples of Eastern Turkestan, Inner Mongolia, Tibet," organized by Walker's outfit.

In its official announcement of the conference, the Dalai Lama's so-called Tibetan government-in-exile declared: "This conference is being organized to let the international public know that in the uncertainty, instability, and even turmoil in China, that may result from the death of strongman Deng Xiaoping, the struggle to regain the freedom of these three peoples [Tibetans, Uighurs, and Mongols] from communist China domination will be pursued relentlessly." According to both Chinese and foreign news accounts, on the day of Deng Xiaoping's funeral, three bombings took place in Xinjiang.

The proposed map of a China broken into pieces, which the separatists distributed at the conference, leaves no doubt what their London masters are attempting.

British assets push 'China peril' to sink Clinton Asia policy

by Kathy Wolfe

If the daily U.S. press headlines such as "China Gifts Part of Espionage," which appeared recently on the front page of the *Washington Times*, remind you of Cold War "red scare" propaganda,¹ you're right. A British network of think-tanks and media manipulators, now, as then, is engaged in an all-out scare campaign, aimed this time at sabotaging the Clinton administration's diplomacy toward China and East Asia. They are also fueling a new round of "Clintongate" scandals

1. George Archibald, *Washington Times*, March 17, 1997, p. 1.

with lavish disinformation about Chinese spies “buying” access to the White House.

The China-bashing drive also comes at a point when *EIR*'s Eurasian Land-Bridge *Special Report*, detailing Lyndon LaRouche's in-depth proposals for building economic development corridors all across the Eurasian continent, is circulating widely among policymakers in Washington and in capitals around the world. LaRouche has emphasized that the economic development of the Eurasian continent is the great economic challenge for the 21st century, and should be a pivotal feature of U.S. strategic policy. The Land-Bridge, LaRouche has written, holds the key to the revival of the heart of the United States' economy, the strategic machine tool design industry.

The architects of the new outbreak of China-bashing, an *EIR* investigation shows, are the likes of Baroness Caroline Cox of Queensbury and her Christian Solidarity International; the London International Institute for Strategic Studies (IISS); the London Royal Institute of International Affairs (RIIA); the RIIA's New York branch, the Council on Foreign Relations; Sir Henry Kissinger, and sundry other lords and ladies.

“China-gate” is nothing but a barely veiled attack on President Clinton's policy of “engagement” with China, Harvard's Ezra Vogel, China adviser to the National Security Council during Clinton's first term, told *EIR* March 11. “The President, [former Secretary of Defense] Bill Perry, and [the late Secretary of Commerce] Ron Brown had a vision of a much wider friendship with China,” he said. “But there are a lot of people who would like to sandbag the President's China policy.”

Let's you and him fight

Widely publicized books such as *The Coming Conflict with China*, by Richard Bernstein of the *New York Times* and Ross Munro of the Toronto *Globe and Mail*, have one purpose: to dupe naive Americans into siding with the British Crown, in its drive to destabilize China, break it up, and destabilize all of Asia.²

In the March issue of the New York Council on Foreign Relations' journal *Foreign Affairs*, Munro and Bernstein published a diatribe against China, summarizing their recent book. Since its publication, Munro has been a regular fixture on radio talk shows, in U.S. and British newspapers, on ABC News “Nightline,” touted by Ted Koppel as a “China expert,” and even quoted by senators in debate in the Senate Foreign Relations Committee.

Munro's *Foreign Affairs* piece, however, shows that, once again, *EIR* Founding Editor Lyndon LaRouche was right. His *EIR* cover story of Nov. 22, 1996, “Ring Around China: Britain Seeks War,” featured a map showing the flash points

for war, through which the British have been attempting to surround China (see **Figure 1**). The March 1997 cover story of *Foreign Affairs*, titled “The China Threat,” featured a similar map, titled “China and Its Neighbors: Flash Points” (see **Figure 4**). It said that China, indeed, is ringed with threats of war—but with the British line that Chinese “expansionism” is to blame.

Bernstein and Munro charge that China is rushing to “build up a military with force projection capability to expand its presence” throughout the Pacific. “Samuel Huntington calls it ‘clash of civilizations’ and we call it ‘balance of power,’ ” they write, “but either way, China will be our strategic adversary.”

In a now-infamous *Foreign Affairs* article several years ago, Huntington had written that the West would be faced with a clash of civilizations, pitting “the West against the rest.” Huntington singled out China and the Islamic world as the West's greatest strategic adversaries in the 21st century. For Huntington, Munro, et al., the Eurasian land-mass is a zone of geopolitical conflict, to be kept in a state of permanent instability and war—to secure the continuing power of the sea-based British Empire, now cloaked under the name of British Commonwealth. This is a transparent regurgitation of London's geopolitical dogma, the same which brought about two world wars in this century.

The occurrence of nominally “North American” voices demanding a showdown with Beijing has been widely cheered in the British press. “Washington is in the early stages of a ‘yellow peril’ fever provoked by growing alarm about the strategic and military threat of a resurgent China,” gloated Ambrose Evans-Pritchard, one of the key self-confessed British intelligence operators involved in puffing up the White-water scandal against the U.S. Presidency, in the March 16 London *Sunday Telegraph*. “A new book selling briskly on Capitol Hill, *The Coming Conflict with China*, says Beijing is determined to ‘replace the United States as the pre-eminent power in Asia . . . and to extend its power into the South China and East China Seas so that it controls the region's essential sea lanes.’ ”

Hysteria against the Land-Bridge

Munro admitted to a journalist in a March 10 interview, that the new propaganda blitz against China was provoked by a judgment, made recently by the British elite. It now appears that the past few years' British efforts, publicly advertised by IISS, to break up China through British-intelligence-backed ethnic chaos, have not succeeded, and may not succeed in the foreseeable future. “Unfortunately,” he noted, “now, we need a strategy to deal with a more powerful China.”

It is the very economic development of China which is a threat to the United States, Munro insisted. “This is not a communist threat,” he said. “This is no threat of Maoism. Under Mao, paradoxically, China was weak, it had no economy,” he said, virtually bragging about the fact that British

2. Richard Bernstein and Ross H. Munro, *The Coming Conflict with China* (New York: Alfred A. Knopf, 1997).

“socialist” ideologues such as Lord Bertrand Russell imposed Chairman Mao Zedong upon the Chinese people to keep them backward.³

“The problem now is precisely that China is growing *stronger economically*,” he said. “China may look more benign now than under Mao, but it is exactly this economic development which will put actual power behind Beijing’s expansionary desires.”

“Just look at the map!” he fulminated. “China looms over everything. If it were an empty space, that would be one thing—but it ain’t.”

Munro goes into a Rumpelstiltskin fit over China’s Eurasian Land-Bridge policy. His *Foreign Affairs* article hit at “China’s close military cooperation with the former Soviet Union,” and its increased “technological and political help to the Islamic countries of Central Asia,” which put China “at the center of an informal network of states which have goals and philosophies inimical to those of the United States.”

In his recent interview, Munro singled out “something which is of the highest strategic importance: Chinese strategic thinkers talk often about the ‘New Silk Road’—quote, unquote. It relates to rail lines, highways, and petroleum pipelines, leading from Xinjiang, into Central Asia and even into Europe. . . .

“But also it’s not too far, if you look at the map, from the Persian Gulf,” he continued, in the March 10 interview. “China itself is not too far removed from the Gulf, when you look at western Xinjiang. Given China’s increasing ties with Iran, I wait for the day when an Iran-China consortium will propose a whole New Silk Road set of links between the two countries. . . .

“It will be comparable in the next century, to what the Panama Canal was in the last century,” Munro said. “It will change the whole strategic picture in that region, make China a real presence well to the west of its territory, just as the Panama Canal allowed the U.S. to spread its influence south.”

Munro also predicted that “there will be a war” between the United States and China at some point, “most likely over Taiwan, where China’s desire to invade, grows with her growing military strength.” His greatest concern is to prevent any alliance, such as that envisioned by President Franklin D. Roosevelt, between China and the United States, and recently mooted by President Clinton in an interview with the *London Observer’s* Martin Walker (see p. 66), in which he specifically invoked FDR’s wartime alliance. “China’s eagerness to improve the Sino-American mood represents a tactical gesture” of deception, Munro wrote in *Foreign Affairs*.

With friends like Kissinger . . .

All this recent media China-bashing served as the perfect pretext for the Royal Institute of International Affairs’ (Chat-

ham House’s) self-described agent-of-influence, Sir Henry A. Kissinger, to publicly “defend” the Chinese-American relationship. For years, British agent Kissinger has posed as the only real “friend of China,” and the man with whom Beijing has to deal in the United States. Bernstein and Munro fueled this hoax, by building up Kissinger in their book as the head of a mythical “New China Lobby,” a subject to which they devoted an entire chapter. Kissinger Associates and other U.S. firms which lobby for trade with China were accused by Munro and Bernstein of being paid Beijing lobbyists.

Kissinger, in a March 12 speech in Manila, played his role as “friend of Beijing” to the hilt, urging that the United States foster “a cooperative but realistic relationship with China, willing to give them a real stake in the international system and welcoming their participation.” Yet, at the height of his “China Card” policy, Kissinger made plain his real British geopolitical views, regarding the need to keep China weak. “Once China becomes strong enough to stand alone, it might discard us,” Kissinger wrote in 1979. “A little later, it might turn against us.”⁴

4. Henry Kissinger, *The White House Years* (Boston: Little, Brown & Co., 1979), p. 1,091.

British put ‘American’ face on China-bashing

by Kathy Wolfe

Following a major strategic conference by the London International Institute for Strategic Studies (IISS) on the danger of a Russia-China Partnership, on March 6-7 in San Francisco, Britain’s Baroness Caroline Cox and her Christian Solidarity International (CSI) have begun what they call a “grassroots mobilization” across the United States, to manipulate the average American against China. The CSI effort is nothing more than a British intelligence dirty tricks campaign to sabotage the Clinton administration’s policy toward China and East Asia.

Within days of the San Francisco IISS seminar, an anti-Chinese rally was held in Long Beach, California, protesting the investment of a Chinese shipping company in a facility there. Simultaneously, bills were introduced into the U.S. Congress, condemning China in language which has not been heard in Washington since the Bush administration’s jingoist Persian Gulf War propaganda against Iraq.

This so-called “popular movement” is being foisted upon U.S. citizens not only by British spooks, but even by the silver

3. Michael O. Billington, “The British Role in the Creation of Maoism,” *EIR*, Sept. 11, 1992, p. 48.

spoon set at the British House of Lords. James B. Jacobson, president of Christian Solidarity International U.S.A., the U.S. spokesman for Lady Cox, told a journalist on March 14, that Lady Cox and CSI are working with CSI board members Reps. Frank Wolf (R-Va.) and Chris Smith (R-N.J.), to raise a “grassroots storm against China’s persecution of Christians. . . . Next to this, the current scandal about China and President Clinton’s political contributions will look like a tempest in a teapot,” Jacobson said.

Sir George Bush’s former ambassador to China, James R. Lilley, also got into the act, dropping Bush’s pro-China cover with a broadside in Rev. Sun Myung Moon’s *Washington Times* on March 17, against Chinese “espionage” via campaign funds inside the United States.

Also joining the drive to throw China to the lions is the New York-based Freedom House, founded and still chaired by the old Cold Warriors Leo Cherne and Max Kampelman, and steered by board members Zbigniew Brzezinski and Samuel Huntington. Freedom House, which was the intelligence conduit for the demonstrations for “Soviet Jewry” in the 1970s, could care less about the millions of Jews and others starving right now in Russia under International Monetary Fund (IMF) conditionalities. Yet they are happily organizing such demonstrations again—this time, against China—under the cynical cover of “saving Christians.”

London fears Chinese-Russian cooperation

The London IISS conference was entitled “Sino-Russian Accommodation and Asia’s Evolving Balance of Power.” Interviews with participants and speech outlines obtained by *EIR* indicate that London is rather distressed over the mere possibility that China and Russia might cooperate in the Eurasian Land-Bridge project—even though any real collaboration is hamstrung for now, by the IMF “reformers,” like First Deputy Prime Minister Anatoli Chubais, who dominate the new Moscow cabinet. The conference was organized and chaired by Gerald Segal of IISS, who since 1993 has called for the breakup of China, as indicated by his “balkanization” map, printed in the May 1994 edition of the Council on Foreign Relations magazine *Foreign Affairs* (Figure 2).

A debate on how to counter China’s push for the Eurasian Land-Bridge occurred, one participant told *EIR*, with some participants quite fearful that China, far from falling apart, will greatly improve relations with Russia so as to “enhance China’s profile as a great power.” Others raved that China will use railroads and oil pipelines to grab the natural resources of Central Asia and dominate it, which will greatly enhance China’s strategic position.

Prof. Gilbert Rozman of Princeton University, who gave the “motivating” overview, warned that he is “prepared to argue that mid-term and long-term factors” which will bring China and Russia ever closer together, may well be stronger



Baroness Caroline Cox, deputy speaker of the British House of Lords, and her Christian Solidarity International have begun a “grassroots mobilization” to manipulate the average American against China. Here, Cox testifying before the House International Relations Committee in March 1996.

than obstacles which could drive the two nations apart. Russia wants “an increasingly close relationship with China,” and China “has responded favorably,” he said, predicting that this will continue.

The possibility of such an alliance must be stopped, Rozman concluded, and posed, as his final discussion item, the question: “What actions by the United States, other great powers, or global financial markets, would be likely to change this [China-Russia] partnership?”

Days later, on March 14, the California port of Long Beach almost saw an anti-Chinese riot erupt at a meeting called by the city government, to discuss plans to lease an unused naval base to a Chinese shipping line. Environmentalists, preservationists, right-wing populists, and so-called human rights activists mobilized hundreds of protesters to oppose the project, under which China’s state-owned China Ocean Shipping Co. (Cosco), a civilian merchant fleet, is to lease most of the vacant terminal. Alarmists railed that letting the Chinese in “will open the area to smuggling of heroin, nuclear warheads, illegal immigrants, and arms,” and bring the use of “Chinese coolie labor” into southern California. In fact, Cosco has been leasing space in Long Beach since this

was arranged by Vice President George Bush in 1981, as part of the Reagan administration's Most Favored Nation policy toward China.

Red Baroness's crusade

Following an editorial page commentary in the March 13 *Washington Times* by the neo-conservative syndicated columnist Mona Charen, entitled "Accepting Blood Money from China," Britain's House of Lords has gotten directly into the China-bashing act, via Baroness Caroline Cox. Cox's Christian Solidarity International and its co-thinkers have begun flooding the press with charges that millions of Chinese Christians are being "persecuted, tortured, and harassed by the Chinese government."

Lady Cox of Queensbury has become infamous among African intellectuals as a blood-stained butcher, for her organization's prominent role in providing propaganda cover for the British-backed Ugandan aggressions against neighbors Sudan and Zaire, on behalf of Anglo-American strategic metals cartels. A Life Peer appointed by Baroness Margaret Thatcher, Cox works closely with Lady Thatcher and Baroness Lynda Chalker, Britain's overseas development minister, to lobby in Washington for the United States to overthrow African governments disliked by the British Crown, such as those of Sudan and Zaire.

CSI was founded by Rev. Canon Michael Bourdeaux, head of the Keston Institute in Oxford, England, which provides intelligence on foreign nations for the Archbishop of Canterbury, the BBC, the Royal Institute of International Affairs (overlords of the CFR and *Foreign Affairs*), and other Empire centers.

Not content with the genocide of a few million Africans, the "Red Baroness" next aims at instigating fratricide among 1.2 billion Chinese, some 70 million of whom are reportedly Christian.

To help this along, Reps. Frank Wolf and Christopher Smith, Christian Solidarity board members and frequent spokesmen for genocide in Africa on behalf of the baroness's CSI, have, according to Wolf's top foreign policy aide, begun a new initiative against China and President Clinton's China policy. Along with others, they have drafted a Freedom from Religious Persecution Act of 1997, which *inter alia* denounces China for mass persecutions of Christians. "This will be to China what the Jackson-Vanik legislation was to the Soviet Union in the 1970s," wrote Charen.

"We work with Baroness Cox and CSI all the time, and it will be great to get the support of the House of Lords," Wolf's aide told a reporter on March 14.

To kick off the process, last Sept. 24, Representative Wolf put House Resolution 515, which denounces China, along with Sudan and Islamic nations generally, as the world's biggest persecutors of Christians, through a unanimous full House vote. "Whereas there are more documented cases of Christians in prison or in detention in China, than in any other

country in the world . . ." the resolution states; "whereas both Evangelical Protestants house church groups and Roman Catholics have been targeted and named 'a principal threat to political stability' by the Central Committee of the Communist Party of China," and so on.

Wolf then held a press conference on Feb. 13, to announce a request to Attorney General Janet Reno, for "the immediate appointment of an independent counsel to investigate" the China funding scandal. At Wolf's asking, the House Judiciary Committee on March 14 voted to second the request. The so-called "China funding scandal," which was launched by an illegal leak from the FBI to the *Washington Post's* Bob Woodward and Brian Duffy in February, is based on purported National Security Agency intercepts at the Chinese embassy in Washington, suggesting that the Chinese government planned to influence the outcome of the 1996 elections by spreading \$2 million to Congressional candidates.

Clash of what?

The text of the House resolution, it turns out, was lifted verbatim from a recent book published by the New York-based Freedom House, *In the Lions Den*, by Nina Shae. It charges that since 1996, persecution in China has been worse than during the Cultural Revolution—a dubious claim, given the millions who died during the Cultural Revolution, and the eyewitness reports of U.S. Congressmen who have visited China in the past 12 months, and noted significant progress in the area of human rights.

Key board members of Freedom House, as noted above, are Zbigniew Brzezinski and his protégé Samuel Huntington, authors of the infamous "clash of civilizations" thesis, which defines the post-Cold War era as pitting "the West against the rest," especially China and the Islamic nations.

On March 18, the neo-conservative weekly *Human Events* sponsored a Washington forum which declared war against both President Clinton and China. Editor Terry Jeffrey, Rep. Gerald Solomon (R-N.Y.), Pat Buchanan, Gary Bauer of the Family Research Council, and others, vied to paint an ever-worse picture of China. Representative Solomon hysterically claimed that with the lease of the closed Long Beach Naval base to Cosco, "this enemy of democracy has now established a beachhead in the United States." Solomon seconded Representative Wolf's call for a special prosecutor to probe the alleged Chinese interference in the 1996 elections, but then trumped Wolf with his demand: "We must act at this point to begin the process of preparation that might lead to impeachment" of President Clinton and Vice President Gore.

Masquerading under teary-eyed concern for Christians, we have here a bunch of London-run spooks, targeting both China and the Clinton administration. It's a quite avoidable clash of foreign intelligence operations, not an "unavoidable clash of civilizations."

London fears that Clinton may return to FDR's policy

by Nancy Spannaus

In his "America" column, published in the London *Observer* of March 16, Washington correspondent Martin Walker reports on a personal, off-the-record interview he had with President Bill Clinton in the White House. "Bill Revives FDR's Vision," the column is entitled, within which Walker argues that the President is "reading and rereading the last speech of his great predecessor, Franklin Roosevelt," and is likely to be taking the substance of that speech into his upcoming summit meeting with Russian President Boris Yeltsin.

There is no question that Walker intended to issue a warning against such a turn of events. He correctly characterizes the situation at the time of the relevant Roosevelt speech—April 12, 1945—as a period of hope that Russia, Britain, France, and China would work with the United States after the war, to create a lasting peace. But Walker believes that an attempt to create such a working relationship today would be "strategic nostalgia for the world that might have been."

FDR's speech, which was written for radio delivery at Democratic Party events around the country, but was never delivered because of FDR's death on April 12, is short and general. Walker quotes the relevant section, which went as follows: "The mere conquest of our enemies is not enough. We must go on to do all in our power to conquer the doubts and the fears, the ignorance and the greed, which made this horror possible. . . . Today we are faced with the pre-eminent fact that, if civilization is to survive, we must cultivate the science of human relationships—the ability of all people, of all kinds, to live together and work together, in the same world, at peace."

Walker notes that "some historians have suggested that Roosevelt's peroration might have helped avert the Cold War altogether, had he only survived." In fact, an exhaustive study of the archival material available on FDR's relationship with the other four major powers, undertaken by *EIR* researcher

Lonnie Wolfe, and the testimony of eyewitnesses, as recorded in FDR's son Elliott Roosevelt's book *As He Saw It*, indicates that Walker is understating the case. There is considerable evidence that FDR planned to push through a postwar vision that would have been pivoted on the maintenance of the peace through the breaking up of the empires (British, Dutch, French), and the initiation of an international boom in modernization and economic development.

If President Clinton were to fully adopt FDR's approach, it would mean junking the International Monetary Fund and NATO expansion policies, which continue to jeopardize the potential partnership between Russia and the United States, which the President so clearly desires. Walker gives no hint of this; in fact, he comments on the apparent strong support being given by the Clinton administration to the IMF reforms—which are, in fact, ravaging the Russian nation. But, the fact that President Clinton, a history buff, is studying Roosevelt's work, certainly raises the question.

Roosevelt's postwar vision

As reported by Wolfe, FDR's postwar vision was based upon an approach that can be summed up in four principles:

First, FDR believed that the economic well-being of the United States was intimately tied to the general improvement of living conditions *everywhere*.

Second, Roosevelt believed that a combination of colonialism and the enforced backwardness that it created was an underlying threat to peace and security.

As a third principle, FDR wanted to make sure that in the postwar period, the British, in particular, would not be able to control world trade, or, through their monopolies in banking, effectively control global resources. This presupposed an end to the colonial system, but with the recognition that colonial exploitation was not merely enforced in the political realm,

but even more important, through economic arrangements.

A fourth principle can be summarized as follows: Western or American scientific know-how must be applied to solve the problems of development and to end suffering.

These principles FDR anticipated as a basis for an alliance between the sovereign nations of China, Russia, and the United States, against the empires of France and Britain. He also favored the launching of large-scale infrastructure projects, as in the deserts of Africa, which are reminiscent of the “peace through development” projects put forward by Lyndon LaRouche today.

The most concrete exemplification of this outlook by FDR, is reported by his son Elliott, in his accounts of the heated conflicts between the American President and the British prime minister, Winston Churchill. Every American should be made familiar with this conflict—which informs the modern British attitude of contempt, and fear, against “American methods.” This British attitude is the one which Henry Kissinger so memorably expressed in his Chatham House speech of May 10, 1982, when he confessed that his outlook (and reports) were much closer to those of the British, than those of the Americans, who were too idealistic and “utopian.”

Development versus Empire

The following report, from Roosevelt’s meeting with Churchill on an island off Newfoundland in August 1941, picks up after FDR brought up the question of changing trade rules after the war was ended:

“Churchill’s neck reddened and he crouched forward. ‘Mr. President, England does not propose for a moment to lose its favored position among the British Dominions. The trade that has made England great shall continue, and under these conditions prescribed by England’s ministers.’

“‘You see,’ said Father slowly, ‘it is along in here somewhere that there is likely to be disagreement between you, Winston, and me.

“‘I am firmly of the belief that if we are to arrive at a stable peace, it must involve the development of backward countries. Backward peoples. How can this be done? It can’t be done obviously by eighteenth-century methods. Now—’

“‘Who’s talking about eighteenth-century methods?’

“‘Whichever of your ministers recommends a policy which takes raw materials out of a colonial country, but which returns nothing to the people of the country in consideration. *Twentieth-century* methods involve bringing industry to these colonies. *Twentieth-century* methods include increasing the standard of living, by educating them, by bringing them sanitation—by making sure that they get a return for the raw wealth of their community. . . .’

“‘You mentioned India,’ he [Churchill] growled.

“‘Yes, I [Roosevelt] can’t believe that we can fight a war against fascist slavery, and at the same time not work to free people all over the world from a backward colonial policy.’

“‘What about the Philippines?’

“‘I am glad you mentioned them. They get their independence, you know, in 1946. And they’ve gotten modern sanitation, modern education, their rate of illiteracy has gone steadily down. . . .’

“‘There can be no tampering with the Empire’s economic agreements.’

“‘They’re artificial. . . .’

“‘They are the foundation of our greatness.’

“‘The peace,’ said Father firmly, ‘cannot include any continued despotism. The structure of the peace demands and will get equality of peoples. . . .’”

The continued conflict

This was not the only occasion upon which such a conflict erupted, nor was it simply a rhetorical battle. FDR clashed with Churchill continually—in opposition to British strategy of delaying the second front against the Nazis, in his intention to return Hongkong and Singapore to the Chinese, and in many other ways. There is no question but that Roosevelt was determined to ensure that the British Empire disappeared after the war was over.

In response, Churchill is reported more than once to have fulminated about how he could not preside over the dismantling of the Empire. Elliott Roosevelt recounts Churchill at one point saying: “Mr. President, I believe you are trying to do away with the British Empire. Every idea you entertain about the structure of the postwar world demonstrates it. . . . But in spite of that, you constitute our only hope. You know it. We know it. You know that we know that without America, the British Empire won’t stand.”

With Roosevelt’s sudden death, and Truman’s accession, the United States in fact posed no blockage to Britain’s geopolitical dominance. Despite the formal breakup of the Empire, there was no adherence to the principles which Roosevelt had championed. Instead, the British were able to get the world of geopolitical crisis management which they wanted, through the launching of the Cold War, and the triumph of communism in China.

With the collapse of the Soviet Union, the British imperialists—now working through the Commonwealth and the United Nations agencies—are seeking to wipe out the last vestige of Rooseveltian ideas, from economic prosperity for all, to the sovereign nation-state.

Is Walker correct, that President Clinton will harken back to Roosevelt’s legacy? Certainly, he sought to do so at the time of his summit with President Yeltsin at Roosevelt’s family home of Hyde Park, New York in October 1995. The Clinton administration has also insisted upon viewing strategic partnerships between China and Russia, and the economic prosperity of Russia and China, as being in U.S. strategic interests. This view directly contrasts with that of the British, whose media outlets are openly agitating for the United States to see China as the new “enemy.”

At Helsinki, it would be more than appropriate to have FDR’s postwar agenda on the table.

Senate spars over independent counsel

On March 14, the Senate began debate on a resolution calling on Attorney General Janet Reno to apply for the appointment of a special counsel to investigate allegations of illegal fundraising practices during the 1996 Presidential election campaign. The debate began the day after the Republican members of the Senate Judiciary Committee sent a letter to Reno asking her to report to the committee in 30 days as to the status of the Department of Justice's investigation and the reasons for her determinations as to how it should proceed.

The Democrats wasted no time blasting the resolution as a partisan attack. In a press conference, Minority Leader Tom Daschle (D-S.D.) said that the resolution was not only "unnecessary, it's extraordinarily politicized." Daschle said that he thought that part of the reason Republicans are doing it is "because they don't have anything else to do," a reference to the lack of action on the budget.

Carl Levin (D-Mich.) gave as another reason, the fact that the independent counsel statute covers Congress as well as the Executive branch, but Lott's resolution only covers the White House and a few other agencies. "This resolution," Levin said, "is obviously an effort again, to partisanize a statute which, at its very heart and soul, is intended to take politics out of this kind of area and this kind of investigation."

Byron Dorgan (D-N.D.), following up on Levin's remarks, said the resolution is "like sending a group of firemen to put water on just half a burning house."

Pat Leahy (D-Vt.) said from the floor that not only would the resolution fail constitutional muster if it were a

bill, but also that "it comes at the end of a week in which the Senate rejected the Majority Leader's version of a resolution to restrict the Governmental Affairs Committee investigation." He added, "It is an inappropriate effort to pressure the Attorney General to prejudice these matters."

Lott, in a statement during the floor debate, referred only to allegations concerning the Clinton-Gore campaign, the White House, and the Democratic National Committee. He completely ignored allegations concerning Republican fundraising practices, such as the widely reported distribution of campaign contributions by House Republican Conference Chairman John Boehner (R-Ohio) while on the House floor last year.

Greenspan is warned not to hike interest rates

In a press conference on March 10, Sens. Tom Harkin (D-Iowa), Byron Dorgan (D-N.D.), and Jack Reed (D-R.I.), and Rep. Maurice Hinchey (D-N.Y.) blasted Federal Reserve Chairman Alan Greenspan for talking about a "preemptive strike" against inflation during his appearances on Capitol Hill the previous week. Harkin announced that they were sending a letter to Greenspan "urging the Fed not to raise interest rates unless it can point to clear and specific signs that we have accelerating inflation."

Harkin said, "If we want to balance the budget and move people from welfare to work, ensure the solvency of Social Security and Medicare, then we need a growing economy, not one held back by a Federal Reserve that sets policies more on unsubstantiated fears than on actual facts."

The other participants in the press conference also made sharply focused attacks on Greenspan. Reed said that Greenspan was "talking about an assessment of job security as one of the triggers for this preemptive strike. That to me seems to be an attempt really to be gambling with the fate of millions of working Americans." The inference, he said, "is that, in order to suppress inflation, the Fed is actually contemplating the idea of decreasing the job security of Americans."

Hinchey said that an interest rate increase would be wrong, because "it would do the opposite of what the Federal Reserve alleges it wants to do, and that is to stabilize economic growth and to have an economy that is growing. It would turn the economy in precisely the opposite direction."

Another budget proposal is demanded from Clinton

On March 12, the Republican-controlled House passed a resolution demanding that President Clinton submit a second budget proposal, one that "balances" the budget by the year 2002. John E. Sununu (R-N.H.) said the resolution "calls quite simply for the President to work with this House toward a balanced budget agreement" that meets a specified set of criteria.

The resolution provided more fuel for the fire that the Democrats have been building for some time over the fiscal 1998 budget. Of late, Democrats have been focussing their attack on the failure of the Republican leadership in the Congress to move the budget process forward. John Spratt (D-S.C.) called the resolution a "red herring" and a "total waste of time."

House Democrats also picked up

on the warning by Senate Minority Leader Tom Daschle (D-S.D.) the week before. Lloyd Doggett (D-Tex.) said that it was Republican intransigence in the 104th Congress over how to score various budget proposals that led to two government shutdowns. "Those costly government shutdowns were not simply the product of extremism. They were the product of this Congress messing around on resolutions like the one we have before us today."

Democrats pointed out that the law requires that a budget resolution has to be passed in both Houses by April 15, a deadline that will be missed by one to two months.

After about a half-hour of Democrats arguing in the same vein, Budget Committee Chairman John Kasich (R-Ohio) rather defensively came to the floor to say that the only issue is whether a budget agreement can be reached with the President, and failing that, "we will bring one forward that we will draft ourselves and that we will have an opportunity to consider in this House."

Barr wants to begin impeachment proceedings

House Conservative Revolutionary Bob Barr (R-Ga.) has asked Henry Hyde (R-Ill.), chairman of the House Judiciary Committee, to begin an impeachment inquiry against both President Clinton and Vice President Al Gore, the March 14 *Washington Times* reported. Citing various allegations of fundraising abuses, Barr claims that "such a series of systematic abuses of the political process . . . points precisely toward theories of impeachment law invoked by this

committee nearly 25 years ago in the matter of President Nixon." Barr said that the appointment of an independent counsel is not "a desirable alternative."

However, Hyde told the Washington, D.C. broadcast "Fox News Sunday" on March 16, that Barr's call for impeachment was "a little bit of a stretch," and pointed to the fact that there were already four investigations under way of the Clinton administration. He added that he would want to see some evidence, "at least one smoking gun," before proceeding with impeachment. He called impeachment a "drastic, draconian remedy," and said, "I don't want to ever look as though we're politicizing these traumas that we're dealing with these days."

Rep. Henry Waxman (D-Calif.) was, characteristically, more blunt, however. He said, on CBS's *Face the Nation*, that the idea of impeachment is "really a preposterous idea," and that "there are no facts to establish that there is any basis for an impeachment." Instead, he said, "what it really shows is the agenda that some Republicans have, and that's so partisan, it's so extreme." He added, "I just have to dismiss this idea that some Republicans have that they want to seek impeachment to try to get even for Watergate, but they don't have the basis for it."

Lake withdraws from CIA director nomination

Anthony Lake, President Clinton's choice to be Director of the Central Intelligence Agency, withdrew his nomination on March 17, after he had spent three days testifying before the Senate Select Intelligence Commit-

tee. In a two-and-one-half-page letter to President Clinton, Lake called his nomination a "political football in a game with constantly moving goalposts."

Lake also characterized the hearings as "nasty and brutish," a description echoed by Democrats on the panel. Bob Graham (D-Fla.), during the second day of hearings on March 13, said that the first test of the committee "was whether we could conduct a bipartisan, rational hearing on the qualifications of this nominee. . . . I'm afraid that we are not distinguishing ourselves on that first test."

A fight then broke out between Graham and committee chairman Richard Shelby (R-Ala.) over scheduling, and whether everybody would have enough time to ask their questions. Committee Vice Chairman Bob Kerrey (D-Neb.) criticized the repetitive nature of some of the questioning, saying, "At some point, the ground gets plowed to an extent that you've got a sufficient amount of information and [can] make a decision about whether or not you're going to vote to confirm."

Otherwise, scandal and policy disagreements seemed to characterize most of the Republican line of questioning, whereas Democrats were more interested in Lake's views on the future of the Central Intelligence Agency.

After Lake withdrew his nomination, Shelby, appearing on ABC's *Good Morning America* on March 18, denied that he was out "to get" Lake. "There were a lot of questions about his management skills, and then, over the weekend, some other questions arose from it." Shelby claimed that what Lake was subjected to was just "part of a rigorous examination for a very tough job."

National News

GOP gets out the knives against 'activist' judges

Congressional Republicans, led by Conservative Revolutionists seeking to replace the Constitution with the tyranny of popular opinion, are beginning a drive to impeach "activist" or "liberal" federal judges, according to the lead story March 12 in Sun Myung Moon's *Washington Times*.

Rep. Tom Delay (R-Tex.) claims that articles of impeachment are already being drawn up against a federal judge in Texas, who invalidated a local election on grounds of vote fraud. Another target is federal Judge Harold Baer of New York, whose decision to throw out a drug case on Fourth Amendment grounds, became a major issue among Republicans during last year's Presidential primaries.

Still another target named by Delay, is federal Judge Thelton Henderson, who last year blocked enforcement of California's Proposition 209, the ballot initiative which would have rolled back state affirmative action programs. In issuing a preliminary injunction last December, Henderson declared that it is probable that the proposition violates the Constitutional right to equal protection. Henderson said that "our system of democracy teaches that the will of the people, important as it is, does not reign absolute, but must be kept in harmony with our Constitution."

Clinton proposes major transportation bill

President Clinton announced on March 12 that the administration is proposing a \$175 billion surface transportation infrastructure bill, as the reauthorization of the 1991 Intermodal Surface Transportation Efficiency Act. "I spent a lot of time in the last few years talking about the need to build a bridge to the 21st century, and usually I'm talking in metaphorical terms that involve balancing the budget, improving education for our children, preserving the environment as we grow the economy," Clinton said. "Today

we're talking about building bridges and roads and transit systems and highways in more literal terms."

Clinton said that the bill "does the old-fashioned work of investing in America's infrastructure in a very important way, but it also ties those investments to the challenges we face today and tomorrow. I am proud that, even as we have moved toward a balanced budget and cut our deficit by 63% in the last four years, we have still increased our federal investment in transportation infrastructure." He said that the program "will create tens of thousands of jobs for our people, help move people from welfare to work, protect our air and water, and improve our highway safety."

The President noted, "The chance to reshape America's infrastructure comes along only once every six years. That means that this transportation bill literally will be our bridge into the 21st century. That's why we must work together to pass this legislation, to build on a long bipartisan position of cooperation in transportation policy to move our nation forward."

Kennedy blasts Brits for sabotaging Irish peace

Speaking at a rally of Irish-American leaders and political figures in New York City on March 14, Sen. Edward Kennedy (D-Mass.) delivered what the *New York Post* called "his harshest attack ever" on Britain's deliberate efforts to wreck the peace process in Northern Ireland. "When the cease-fire was declared in 1994, it was declared with the clear understanding that, if it held, Sinn Fein would be brought into the peace talks. But instead of convening talks within a reasonable period of time after the cease-fire was announced, the British government and the Unionists erected barrier after barrier—precondition after precondition—to Sinn Fein's participation in any talks."

The British demand for the "decommissioning" of IRA weapons was one such "phony issue," inserted after the initial agreements in order to sabotage the talks, Kennedy charged. He demanded that the IRA unilaterally restore the cease-fire, but also demanded that Sinn Fein be included in

the peace talks when they reconvene in June. Kennedy addressed his criticisms of British policy to both Prime Minister John Major and his opposition, Labor leader Tony Blair, who has publicly endorsed the Major government's Northern Ireland policy.

Standing in for President Clinton to host the March 17 St. Patrick's Day events at the White House, Vice President Al Gore announced "on behalf of President Clinton and the United States of America" that "we have the absolute conviction and certainty that should the IRA declare a cease-fire, then Sinn Fein would be invited to participate in the talks." Gore met with Irish Prime Minister John Bruton, and reassured him that former U.S. Sen. George Mitchell will definitely return to lead the peace talks when they reconvene on June 3, after the British elections, now set for May 1.

Lid comes off coverup of FBI's misconduct

According to a letter from "whistle-blower" FBI Agent Fredric Whitehurst's attorney, to Bureau Director Louis Freeh, some of the FBI's most controversial political and terrorism cases during the last decade were built on tainted or deliberately falsified evidence. Documentation to that effect will reportedly be made public in a report on the FBI crime lab, soon to be released, by Inspector General Michael Bromwich of the Department of Justice (DOJ).

The letter from Whitehurst's attorney asserts, "Our review of more than 10,000 pages of documents released by the FBI pursuant to court order, and other publicly available materials related to the IG report, demonstrate that the vast majority of Dr. Whitehurst's major allegations have been fully substantiated. These include, but are not limited to, the allegation about misconduct in the Judge Hastings matter, major problems in the handling of evidence in the Oklahoma City Bombing matter, [and] major problems in the FBI lab work and testimony in the World Trade Center Bombing matter. . . ."

More broadly, Whitehurst's attorneys claim that the referenced documents and the IG's report will confirm that reports were

“illegally altered,” and that “illegally altered lab documents have been used as evidence in courts of law.” In the case of former federal Judge Alcee Hastings, who is now a U.S. congressman, the fraudulent FBI Lab documentation led Congress to impeach Hastings from the bench. Those U.S. representatives and senators who relied on the falsified data, are now confronted with having to reassess the entire matter of prosecutorial misconduct by the leading agencies of federal law enforcement. Inspector General Bromwich’s review reportedly cites at least 50 cases in which defendants have been tried on the basis of tainted evidence.

After the draft of the report was given to the FBI for review, Freeh removed Whitehurst from his job as chief explosives expert at the FBI crime lab. On March 5, Freeh told the House Appropriations Committee that Whitehurst was suspended “solely . . . on the basis of the recommendations by the Inspector General and their findings with respect to . . . Whitehurst.”

Sen. Charles Grassley (R-Iowa), however, released correspondence on March 18 between Freeh and Bromwich, in which Bromwich wrote, “The draft report in fact contains no such recommendation. . . . The inaccuracies in your testimony should be corrected.” Within hours of Grassley’s releasing the letter, the FBI issued a statement claiming that Freeh “rejects any contention that he deliberately misled either the Congress or the public.” The statement concluded, “He promptly corrected the record. Freeh regrets his inadvertent omission.”

As we reported last week, on Feb. 28, Falcon B. Hawkins, the U.S. District judge for Charleston, South Carolina, issued an 86-page decision, condemning the Department of Justice for “egregious prosecutorial misconduct,” in dismissing five convictions falsely obtained in his own courtroom.

Japan’s atomic energy plan described to ANS

Speaking to the American Nuclear Society chapter in Washington, D.C. on March 20, Dr. Yoshinori Ihara, vice-chairman of the Japanese Atomic Energy Commission, said that his country—which already generates

30% of its electricity from nuclear power reactors—is developing nuclear energy not just for itself, but for the world.

Ihara emphasized that “in developing countries such as those in Asia, economic growth and population explosion are causing a rapid increase in the demand for energy. He said that at the recent Eighth International Conference for Nuclear Cooperation in Asia, “many representatives from nine Asian and Pacific countries expressed their strong commitment to the use of nuclear energy in order to solve these problems.”

Ihara concluded by noting: “As one of the advanced countries in the field of the peaceful uses of nuclear energy, we consider it important to respond appropriately to the growing world’s energy demands, and also to make efforts to resolve common issues we face such as integrating environmental protection with the use of nuclear energy. Only if we do, so I believe, can we establish a prosperous society in the 21st century.”

HHS makes hospices pay if patients live ‘too long’

The U.S. Department of Health and Human Services (HHS) is demanding that hospices repay the federal government for Medicare funds spent on patients who live “too long,” according to a *Los Angeles Times* wire of March 15. A dozen hospice programs have been notified by the Inspector General’s office of HHS, that they improperly spent \$83 million caring for people who lived more than 210 days after entering a hospice.

The Inspector General’s office is demanding repayment in cases where patients lived beyond the six months permitted for hospice care, where no medical treatment is provided anyway, other than the administering of pain-killers. According to the wire, the \$83 million in alleged incorrect charges has been identified in five states, California, Illinois, Texas, Florida, and New York, under “Operation Restore Trust,” supposedly designed to combat waste, fraud, and abuse in Medicare. The federal government has announced it will expand Operation Restore Trust to all 50 states.

THE HOUSE Agriculture Subcommittee on Risk Management and Specialty Crops will hold hearings April 15-17 on deregulating U.S. derivatives trading. Subcommittee chairman Tom Ewing (R-Ill.) told the International Futures Conference on March 14 that deregulation would not result “in a savings and loan crisis or another Barings situation. . . . I am not convinced that all of what has been said is entirely accurate.”

THE TEXAS SENATE passed a bill March 17 which would hold health management organizations liable for the medical treatment they approve or reject for their clients. If passed, it would become the toughest HMO liability law in the nation. HMOs have been able to fend off malpractice liability, claiming precedent which exempts the federal government from liability for those insured under the Employee Retirement Income and Security Act.

PRESIDENT CLINTON has decided not to establish an independent panel to reduce cost-of-living adjustments for Social Security and other federal benefits. Budget cutthroats on Capitol Hill were hoping to slash entitlements, by artificially recalculating the Consumer Price Index at a lower rate of inflation.

NATIONAL BLACK FARMERS Association President John Boyd, Jr., has called for a million-person march on Washington on April 23, by “everybody who eats and is concerned, not just black farmers.” He made his appeal during a March 19 subcommittee hearing of the House Agriculture Committee. The association has charged the USDA with discrimination in handling farm loan foreclosures.

CREDIT CARD delinquencies have hit the highest level since the American Bankers Association began tracking the figures in 1973. During the last 11 years, household credit card debt has quintupled to \$462 billion.

The IMF lights the match

The sooner the world's policymakers were willing to admit that the conditionalities of the International Monetary Fund (IMF) are responsible for the disintegration of one nation after another, the more prepared they would be for the new monetary system that must be put into effect upon the imminent disintegration of the world financial system.

The case of Albania should put this reality into focus, in a most dramatic way, but the same process has occurred throughout eastern Europe.

Under IMF conditionalities, nations victimized by the Soviet Union went from bad to worse. The arrival of the IMF, with its insistence upon "free markets," led to the dismantling of state services and protections, the increase in unemployment, and, thus, a deliberate increase in poverty. This effectively meant that organized crime was given a license to flourish. This has been true from Russia to Albania, and has even been the openly stated objective of certain Republican Party-linked think-tanks and gurus, such as Edward Luttwak. Luttwak wrote a column two years ago praising the rise of the Russian mafia, which he characterized as a necessary step on the road to "capitalism."

In Albania, the dramatic take-off of financial pyramid schemes was the direct result of organized criminal activity, some of it coming from Italy. A huge portion of the population was induced to throw all its savings (and probably income as well) into schemes that were generating 20% profit or more—as long as new suckers could be found. When the Ponzi scheme collapsed, all the savings disappeared. Such an outcome was totally predictable, as the alarm had been raised. But any clampdown had been ruled out, because of the IMF's dictum of "respect for the free market."

In some nations of eastern Europe, the reaction to the IMF brutality has been an increase in strikes, even political strikes. In Albania, a country which was already rent with ethnic divisions, and had a tradition of banditry, and extreme poverty, the nation has basically fallen apart, fallen into anarchy. If the process is not

stopped soon, it won't be long before starvation and disease begin to assert themselves as well.

If Albania falls apart totally, it could light the fuse on a series of explosive conflicts throughout the Balkan region. The neighboring states of Macedonia and Serbia are obvious targets; Greece and Turkey could also be easily drawn in, due to their long-standing ties in the region.

While Albania is the most extreme case of IMF-caused disintegration, IMF austerity dictates are already provoking havoc in Poland, Hungary, Bulgaria, Russia, and Ukraine. The populations of these nations—as the decline in life-expectancy of Russians and the actual population of Russia most dramatizes—are facing extinction, if they do not find an alternative to these IMF policies.

In this context, the only hope for these nations is to join with a worldwide movement, initiated by Schiller Institute founder Helga Zepp LaRouche and Ukrainian parliamentarian Natalya Vitrenko, behind the appeal for President Clinton to convoke a New Bretton Woods conference. There is no way in which the IMF system can be "reformed"; it must be put into bankruptcy reorganization, and totally replaced. This is the perspective which the Appeal to President Clinton adopts, and which is being rapidly spread among policymaking layers throughout the world.

Dr. Vitrenko has shown the potential for mass mobilization around this perspective, by gathering at least 53 signatures of Ukrainian parliamentarians to support the Appeal, and by helping to organize a mass demonstration against IMF policies in Ukraine, held March 18, which drew out 25,000 people in the capital of Kiev, and an estimated hundreds of thousands nationally.

There are only the beginnings of such ferment directly against the IMF system *per se* outside eastern Europe, so far, but the potential is growing rapidly, from Asia to Ibero-America, and even in the United States. The time for a New Bretton Woods system is *now*.

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