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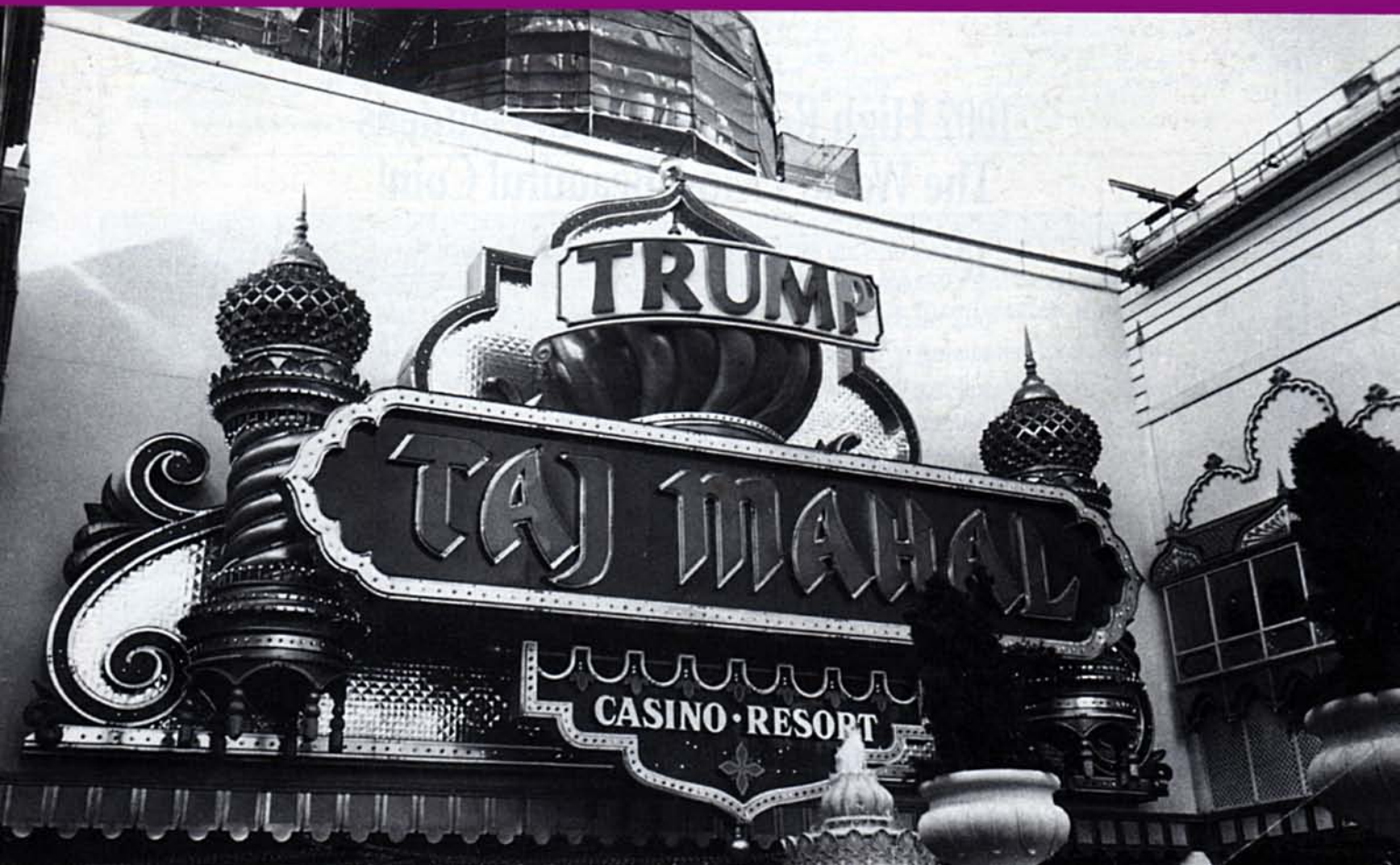
Executive Intelligence Review

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Germany's Kohl: a lame duck with nowhere to swim
Dow Jones backs Cambodia's Khmer Rouge
Target of Espy indictment is President Clinton

**Legalized gambling: Britain's
Dope, Inc. subverts the U.S.**



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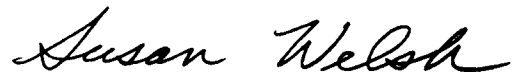
From the Associate Editor

Many people who enjoy attacking “corruption” in Washington, do not seem to notice how far they themselves have gone, toward participating in the moral and cultural corruption of which America’s addiction to gambling is a prime example. Do you think it is “innocuous” to scratch off a couple of lottery tickets every week at the grocery store? Then read John Hoeffle’s thoroughly documented *Feature* on who really runs Gambling, Inc.

Regular readers of *EIR*, and of our bestselling book *Dope, Inc.*, will not be surprised to find out that gambling is the money-laundering arm of the British oligarchy’s drug empire. Hoeffle writes: “As the drug trade has grown, the demands upon its money-laundering arm have rapidly expanded. One major component of this money-laundering apparatus, is the gambling business; casinos, with their heavy and substantially anonymous cash flows, have long been used by organized crime to launder the proceeds from criminal operations.”

The campaign by *EIR* and Lyndon LaRouche against the British “Invisible Empire” is at the center of a worldwide political storm. Following the publication last week of our cover story attacking financier George Soros as a drug pusher for the Queen, *Time* magazine came out with an attempt to lionize Soros as a “philanthropist.” The same issue of *Time* included a puff piece on the butcher of Central Africa, Uganda’s Yoweri Museveni (the subject of *EIR*’s Aug. 8 cover story, “The Ugandan Hell Behind London’s Museveni Myth”). Given that the longtime owners of Time-Life, Henry and Claire Luce, were avid LSD-25 users during the late 1950s and early 1960s, it is no wonder that *Time* should be chosen as the vehicle to counter our exposure of Soros, Museveni, and other British agents and assets.

As LaRouche has emphasized, the political battle we fight now, is not just against “corruption” and to reverse the economic crisis; it is a battle to save human civilization itself from the looming New Dark Age. See *National* for a speech by LaRouche in New York City, where he approaches this question on the the most profound level.



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Economic collapse fuels German government crisis

by Rainer Apel

“I have no intention of changing the cabinet,” a visibly angered Chancellor Helmut Kohl said in Bonn on Aug. 25, on his first day upon return from the summer recess. “I will not be put under pressure.” But, Kohl is under pressure; it is increasing by the day, and there is not much he can do to escape it. An intense public debate has erupted throughout the nation about the future of this chancellor’s government—which a majority of citizens consider a “non-government,” i.e., one that is not acting at all, but, instead, concentrates all of its efforts to keep from falling from the chair, at the legs of which, constituencies, industry, and labor are pulling.

Naturally, those who are attacking the non-government of Kohl have many different, and not always sound motives, but knowledgeable observers of the German political situation who remember the big crises of the mid-1960s and the early 1980s which led to the overthrow of governments, have pointed out that the present crisis in Bonn and Germany is of the type that can lead to an abrupt end of the current regime. Thus, there is sentiment building among labor, industry, and crucial constituencies, such as senior citizens, that the time of this particular government has passed, that it must make way for a new one. The German nation has entered a political dynamic of the type that led to a change of government in France, in early June.

It is a fact that in Germany, the opposition Social Democrats (SPD) have no real alternative economic program and are, because of that, unenthused about the idea of taking power during a time of economic and political turbulence—which the more intelligent baby-boomers of the SPD know they will not be able to master. This is as much the reason behind the hesitance of the SPD leadership to nominate a challenger to Kohl, as are the internal brawls among the Social Democrats’ leadership.

But, it is also a fact that the majority of voters want this Kohl government out, the sooner the better. For industry, this government, and this chancellor in particular, has demonstrated its absolute incompetence on all matters that are of interest to industry. The globalizers, downsizers, and derivatives sharks that had expected the government to support them, are as disappointed with Kohl as are the medium-sized industries that, justifiably, are disappointed because the government does not protect them against the globalizers.

Roland Berger, chairman of the leading German business and investment consulting firm of the same name, summed up the sentiments among industry against Kohl, in remarks made the day before Kohl’s return from the summer recess, and which have made headlines in all the media. Berger said that the nation’s many problems will not be solved, unless a new Grand Coalition of Christian and Social Democrats takes over. Only the combination of the best talents among the leading politicians of the two biggest parties, in a government coalition, will be able to pull Germany out of the mud, Berger said.

The firm Roland Berger is majority-owned by Deutsche Bank, Germany’s biggest private bank, indicating that the banks, which so far have protected Kohl against critics from industry, are now fed up with him as well.

More strikes to come

Labor, which sees itself as the primary victim of the downsizing process and of monetarist economics which, with the consent of this neo-liberal government in Bonn, have destroyed 4 million jobs in the last five years alone, is deeply enraged at a government that has repeatedly cut spending for social welfare, labor market, and public health programs in a

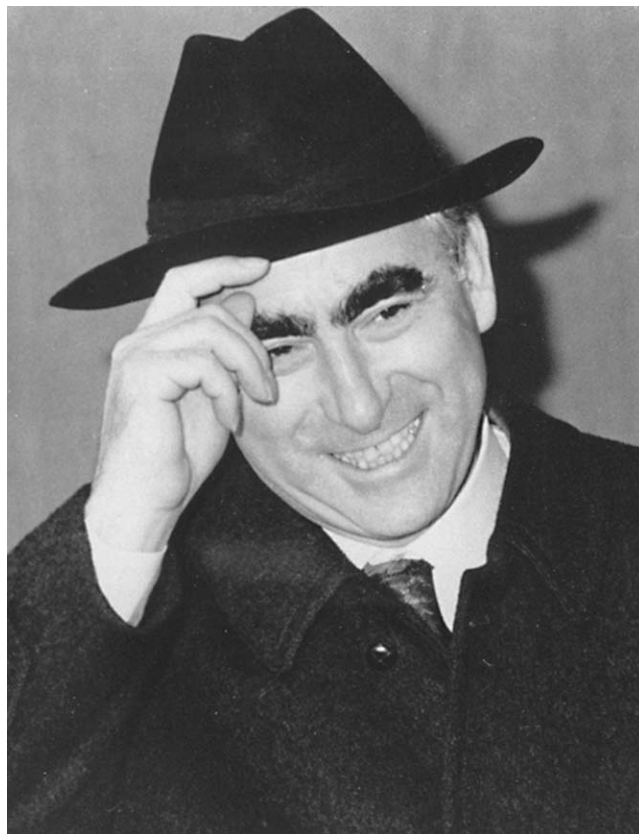
futile attempt to balance government budgets. Some of those planned cuts, for example in coal mining support and sick pay, were prevented by broad labor strike waves in the autumn of 1996 and the spring of 1997. But, the government has not changed policies, and is insisting that the cuts must occur, to meet budget-balancing criteria, while at the same time the depression is causing tax revenues to shrink and jobless figures to rise, unabatedly.

German labor unions will strike again, this autumn, and what will make a big difference this time, is that the success of the International Brotherhood of Teamsters' strike in the United States against United Parcel Service has been welcomed and intensively studied by German labor leaders. Therefore, the turbulent autumn that not only this author, but many others in Germany as well, forecast at the beginning of this year, has finally arrived.

For politicians who have no real policy direction, opinion polls mean a lot, and the Bonn politicians, and most of the German establishment, are politicians of this type. The opinion polls tell them that if there were elections right now, Kohl's three-party coalition of Christian and Free Democrats would receive only 42%, against 50% for an alliance of the SPD with the ecologist Greens. Now, for the baby-boomers of the SPD leadership, such opinion polls are an additional factor not to step out of their overall complacency, namely, that "time works against Kohl, therefore let's wait." But for the baby-boomers among Kohl's Christian Democrats, these polls mean that if their chancellor, and chancellor candidate for the 1998 elections, is Kohl, they will lose the elections. Thus, even if the opposition SPD does not pose a serious challenge to incumbent Chancellor Kohl, his position is eroding from within his own party. Especially in the northern sections of the Christian Democratic Union (CDU), where the leadership is below the age of 40-50, there is a majority sentiment that it is high time to begin discussion about the "post-Kohl era." The two chairmen of the CDU in Hamburg (which has elections for state parliament on Sept. 21), and Lower Saxony (which goes to the polls in March 1998), are also the two leading spokesmen of the inner-party movement against Kohl, and there have been repeated clashes, in the past months, between them and the chancellor.

Stoiber emerges as a serious rival

So far, Kohl has largely succeeded in knocking down these protests, with the pragmatic view that the protestors have no real power inside the party, that he is the leader, and that there is no serious rival inside the CDU against him. But, in recent months, a serious rival has emerged, in the person of Bavarian state Gov. Edmund Stoiber, who runs a state that has the second-largest population and constituency, among the 16 states of Germany. Stoiber also is the vice chairman of the Christian Social Union (CSU) party, the autonomous Bavarian state section of the German Chris-



German Finance Minister Theo Waigel to Chancellor Kohl: "See ya later, Helmut."

tian Democrats—whose chairman is Kohl's finance minister, Theo Waigel. Pressure from the CSU party organization on Waigel to either change key aspects of his pro-austerity policy, or to quit his job, has been building, and it is an open secret that Stoiber has played a role in fueling this pressure. Thus, it did not come as much of a surprise when Waigel, in a yet-unaired interview with Bavarian state television in late July, said that he was considering quitting his job as finance minister in Bonn. The remarks were leaked in mid-August, and created a political uproar throughout Germany.

For most citizens, this was the sign that the Kohl era was coming to an end. After phone consultations with Kohl, Waigel immediately retracted the remarks, but that did not solve Kohl's problem—which is that once the genie of cabinet reshuffle is out of the bottle, it is impossible to put it back in again. For example, the aforementioned "youngsters" in the northern CDU immediately made themselves heard, in respect to cabinet changes. And it is an open secret in Bonn as well, that there are more than 20 members of the CDU-CSU group in the parliament, who have ambitions to occupy a leading post in the government at some point. But Kohl's majority in the parliament is only 10 seats. Therefore, the

CDU-CSU has entered a dynamic that forces Kohl to deal with these ambitions and acute speculations about reshuffles, while at the same time, he wants to avoid any major reshuffle. But should he succeed, he would have made many in his own party very angry, and this means, as many in the CDU and CSU leadership have rightly warned, that any vote on important legislation, for example the FY 1998 budget, could drive inner-party rebels in the parliament not to vote for the government. Kohl, failing to get a majority, would all of a sudden be running a minority cabinet before the eyes of the entire German nation, a cabinet that would have no orderly budget and be forced to rule by decree. Then, a simple vote of no-confidence could bring the Kohl era to an end in a matter of hours.

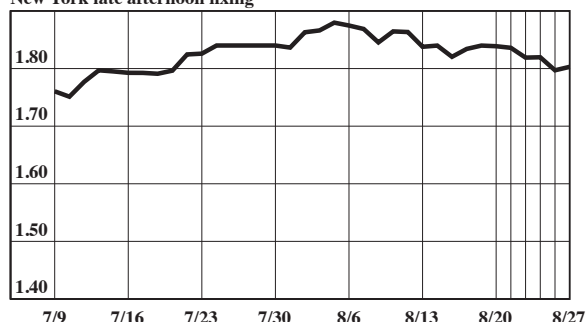
Now, Germany only knows the political instrument of a “constructive” vote of no-confidence, which means that an incumbent head of government cannot be voted out, unless there is an officially announced alternate candidate for his post, as presented in the parliament. A likely scenario for Bonn, this autumn, looks like this: Confronted with a Kohl cabinet that no longer has a parliamentary majority, with labor protests in the streets, with financial markets in crisis, with more calls from industry and the banks for a change of government, the complacent baby-boomers of the opposition SPD may finally feel compelled to nominate an alternate candidate against Kohl and push for a vote of no-confidence. If they win that vote, the new chancellor would be a Social Democrat—maybe only for a transition period, on condition that orderly early elections be held to provide a sufficient, orderly parliamentary majority; as the President has the constitutional right to approve or not approve a new chancellor, he may choose to do what was done when Kohl overthrew SPD Chancellor Helmut Schmidt in October 1982, and early elections were held in January 1983—which Kohl won. But, in view of the overall instability of Germany, and the stated view of leading industry managers and bankers that the best option would be a Grand Coalition, the German President may also give his mandate to such a coalition, for a transition period until the scheduled national elections of September 1998—which, according to the German constitution, would have to be held if there were no other early elections held before.

Whichever scenario may unfold in Bonn in the coming weeks, it seems very unlikely that Kohl would come out on top. He might, however, try a mud-slinging campaign against the SPD and its candidate, a campaign of the type that George Bush tried, in an unsuccessful effort to stop Bill Clinton in 1992. But, German voters would likely draw the same conclusion, as American voters did then, who were so disgusted at their incumbent and incompetent leader that they simply voted him out. After all, recent opinion polls in Germany show that 57% or more Germans, and about the same percentage among industrial leaders, are not in favor of another term of Kohl as chancellor.

Currency Rates

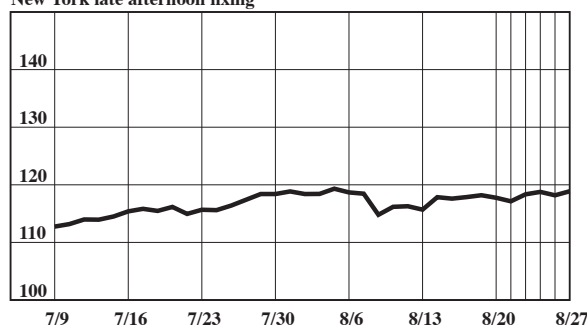
The dollar in deutschemarks

New York late afternoon fixing



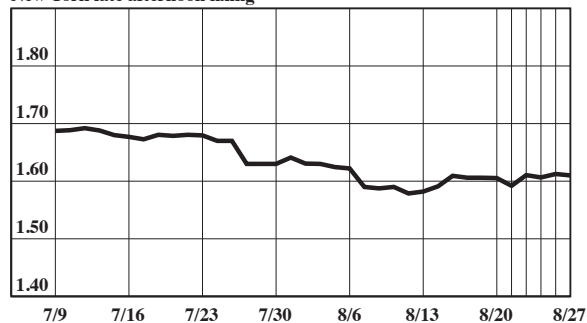
The dollar in yen

New York late afternoon fixing



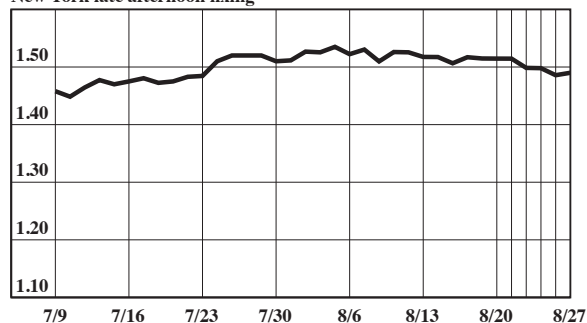
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Mexico 'recovery' claim: another dead-cat bounce

by Carlos Cota Meza

Have you ever seen a cat die? In its final agony, the feline jerks, which often leads one to believe that it is still alive. It is just such a death agony of the economic program of the government of Ernesto Zedillo, which the world's media hailed on Aug. 19 as "proof" that Mexico has become, once again, an economic "success story."

On Aug. 18, Mexico's treasury secretary announced that the Mexican economy had registered an "explosive" growth of 8.8% in the second quarter of 1997, and of 7.0% for the first half of the year. Both the announcement by the government, and the alleged growth figures, took even the businessmen who supposedly had achieved the feat by surprise. First, because the quarterly economic statistics had been scheduled to be released 48 hours later; and second, because no one believed the statistics released.

Not even back to 1994 levels

Surveys of various industrialists published in various newspapers, shed light on what really is occurring in the Mexican economy. After the debt bomb exploded in Mexico in December 1994, the physical economy collapsed drastically. In the best of cases, the so-called "Recovery of '97" boils down to the recovery of only a small part of what was then lost—and that, due more to exports than to any growth in the domestic market.

Take the case of the auto industry. Fausto Cuevas, director general of the Mexican Association of the Automobile Industry, reported that the industry "barely sees a gradual and slow reactivation; recovery would be to reach the figures of 1994, and we are at 63%. . . . There is 37% yet to recover." In 1994, some 51% of Mexican auto production was exported, but, by 1996, because of the 70% fall in the domestic market which followed the peso collapse, 80% of production was exported. In 1997, some 75% of auto production will be exported. According to the AMIA, in 1995, about 15% of the workforce was laid off, and none have been rehired.

Another sector touted as manifesting "explosive" growth is the electronics and computer industries. While the electronic sector, oriented to the domestic market, fell by 20%, the computer sector took to the foreign market, with exports of up to \$4 billion expected. According to the National Chamber of Electronics, Telecommunications and Computer Industry, representing 450 of the 800 companies which operate

in the country, this "achievement" is due to the fact that "the great players of the world in this area are in Mexico."

Other business associations report that the official information released is simply wrong. The Mining Association of Mexico claims that mining production is far from the negative figures officially reported: a reduction of 4.2% to 4.6%. The mining association insists instead that its growth is constant. Iron mining will grow by 5% (40% exported), with a similar increase for fluorspar, wollastonite, zinc, lead, and copper. In silver and gold, despite the drop in prices, up to 70% continues to be exported.

In other sectors, there is outright alarm over the government's announcement. The National Manufacturing Association, whose members traditionally supply the domestic market, reports that some sectors have not yet even recovered to the levels of production of 1993, such as the branches dependent on the construction industry (wood, machinery, electronic equipment, glass, cement). Construction has fallen by 50% since 1995, and currently operates at 30% of installed capacity.

What lies behind the hoopla?

Some press explained the sudden announcement of "explosive" growth as an effort to distract from other bad news in the economic realm; for others, the announcement was timed to cover up bad news in the political realm; still others insisted that it was to cover up something bad in both areas.

As for economic reasons: It was to try and "calm nerves" over the collapse in the New York stock market which, willy-nilly, will bring down the Mexican stock market; to try and hide the fact that unemployment—even officially—grew in Mexico in July, from 3.4% to 4.1% (statistics which were released at the end of the week); and the fact that the debt in arrears also grew by 3% in three months. But, above all, it was an attempt to "calm" the reaction to the news that the Mexican government had bailed out the concessionaires for the private toll roads in the country.

Also on same weekend (the news of the "explosive growth" was announced in the early hours of a Monday), the Federal government decided that it would "preemptively revoke" concessions for 23 of the 52 privately operated toll roads in the country, because they were found to be "financially unviable," according to the Highway Consolidation Program announced by the Communications and Transport Ministry. The Federal government will absorb 60 billion pesos worth of liabilities, and the concessionaires pulling out of the business will write off 24 billion pesos they invested as "unrecoverable." Approximately 150 small and medium-size construction companies are expected to close up shop entirely. These losses are around \$10 billion, a figure which competes with the "explosive growth" figures claimed by the treasury secretary.

The toll-road bailout resembles the way in which the Mexican government, between 1995 and 1997, generously sup-

plied some \$29 billion to rescue the owners of the privatized banks, buying up their debt arrears, to then give away the cleaned-up banks to their new foreign owners (by and large, British). The \$29 billion is equivalent to 8.4% of Mexico's 1996 Gross National Product; the \$10 billion additional allocated to "rescue" the privatized highways, brings the total paid out to \$39 billion; that is, 11.3% of GNP!

Another "weekend" bit of news was that July was the first month since February 1995 in which Mexico ran a trade deficit. According to the curious information released by the treasury secretary, exports reached a "monthly record," increasing by 15.7%, but alas, against an increase of 22.1% in imports. The increase in imports is only the beginning of the path toward the global trade deficit which is expected by the end of the year.

And with this, the circle of "weekend news" was completed. The problem that the Mexican economy now faces again is the growing current account deficit, the famous story seen under the government of Salinas de Gortari: a flow of speculative capital to the stock market and into government revenues is used to finance an export program which depends on large imports (as do the *maquiladoras*, the slave-labor operations along the U.S.-Mexico border). An increase in the international interest rates or a devaluation of the peso and . . . "boom." Once again, back to December 1994.

Assassinations, again, too

The bad political news which the tale of "explosive growth" sought to soften, was the mysterious assassination of Alejandro Ortiz Martínez, brother of the treasury secretary. Without stretching the comparison, this event could have as significant implications for the financial sector, as did the assassination of PRI Presidential candidate Luis Donaldo Colosio.

Ortiz Martínez formerly headed agricultural credit for Banca Serfin, and, at the time he was killed, he was Serfin's "special affairs" executive. While the official line is that the assassination probably occurred during a robbery attempt, Agriculture Secretary Francisco Labastida Ochoa has dismissed the robbery hypothesis.

Banca Serfin, Mexico's third-largest bank, was pulled out of its 1995 bankruptcy through a murky arrangement. It became a partner of the British Hongkong and Shanghai Banking Corp., the fifth largest bank in the world. HongShang, historically recognized as the bank of all drug money-laundering banks, took control of 20% of Serfin, while the federal government took another 20%, to be handed over to HongShang in the case that the Mexican owners of Serfin, headed by Adrian Sada, did not pay back other loans taken from the British bank.

With the British mafia now situated at the heart of the Mexican banking system, there would be nothing strange about "pistol shots" becoming the way in which the internationalization of the national banks will be completed, while the Mexican economy finds itself in its "seventh bounce."

World population growth is ceasing

by Paul Gallagher

It is now generally acknowledged by the United Nations Fund for Population Activities (UNFPA) and the swarms of Malthusian population-control groups under its umbrella, that world population growth is dramatically slowing down. "More rapidly than expected" is the word among the depopulators, the more radical of which—like the U.S. State Department-linked Negative Population Growth organization—want the human race thrown back 500 years, to 500 million individuals.

Moreover, the UNFPA's report *The State of World Population, 1997; The Right to Choose—Reproductive Rights and Reproductive Health* (May 1997), for the first time admits that the sharp drop in population growth is coming not only from sterilization, contraception, and abortion, but also from spiking death rates and sinking life expectancies in a growing number of countries. Both developments are powerfully documented in an article in the *New Federalist* newspaper of Sept. 1, written by Gabriele Liebig, editor of the newspaper *Neue Solidarität* in Wiesbaden, Germany. Titled "The Orchestrated Population Implosion," the article was originally published in German.

Is a collapse of human population building up, prepared by deteriorating conditions of life in a global economic crisis, by genocidal warfare, by famines and epidemics?

Consider, first, the following pattern of decline in world population estimates (and for many underdeveloped or war-ravaged nations, estimates are all we have, often slanted by the UN's Malthusians to make them appear higher than reality):

- The earliest forecasts for the world population, as of the year 2000, were made more than 40 years ago by the U.S. Bureau of the Census and the U.S. Atomic Energy Commission. They estimated that 8 billion people would be alive by, roughly, the beginning of the new millennium.
- In 1969, when President Richard Nixon created the "Rockefeller Commission" on population growth, he stated to Congress: "If this rate of population continues, it is likely that the Earth will contain 7 billion human beings by the end of the century."
- In December 1974, when the infamous National Security Study Memorandum 200 (NSSM 200) was compiled in the National Security Council, under the direction of Henry

Kissinger and Brent Scowcroft, it adopted the then-current UN forecast (the so-called “middle variant”) of 6.5 billion by the year 2000. NSSM 200 identified the growth of population in a dozen developing countries as a “security threat” to the United States.

- By 1987, the U.S. Bureau of the Census forecast a world population of 6.3 billion by the year 2000.

Thus, nearly 2 billion souls gradually disappeared from the forecasts in 35 years. It is now clear that the world population, in 2000, will not exceed 6 billion human beings — *if* one accepts current published UN population data as accurate, a question we restrain ourselves from entering into here.

Looking further ahead

What about longer-range prognoses? The next, most-common benchmark is 2025. NSSM 200, which secretly committed the United States to financing aggressive population-reduction measures worldwide, forecast a human population of 10 billion by the year 2025 (then 50 years away). The 1987 U.S. Census Bureau report forecast 8.7 billion for 2015 (40 years away). Then, at the 1992 global circus known as the Rio Conference, or UN Conference on the Global Environment, the UNFPA gave a new “middle variant” estimate of 8.5 billion. Today, only five years later, the UNFPA’s report, *The State of the World Population 1997*, forecasts — for the same year 2025, now fewer than 30 years off — a world population of 8 billion people.

Thus, “authoritative” global population forecasts for 2025 have been declining at a rate of 1% each year, and that rate has accelerated in the past five years, as lower and lower forecasts succeed one another.

Underlying this is the ongoing sharp plunge in the currently measured, year-to-year growth rate of the world’s population. In the 1960s and 1970s, it was over 2%; in 1987, still at 1.9%; by the 1992 Rio Conference, only 1.7%; since then, it has plunged to 1.4%, according to the 1997 UN report cited above. This is an amazingly drastic decline in a complex annual rate, which *cannot* fall so fast, without increasing death rates from war, famine, and disease, as well as decreasing birthrates. As recently as Aug. 14, 1997, Lester Brown, the unscrupulous head of the Worldwatch Institute, claimed that the human race was adding 93 million individuals every year; the actual number is fewer than 80 million, and *may be far below that number*.

At the *increasing* rate of decline of annual population growth, it is obvious that within about 15 years, the world’s population will be starting to decline, never having achieved the level of 7 billion human beings, unless there is worldwide economic reconstruction and increase in living standards, and a renewed value placed on every human life. Already, there are vast areas of the world wherein total population is falling now, comprising all of western, central, and eastern Europe, Russia and the other former republics of the Soviet Union, and Japan.

The example of Uganda

The British-backed dictator of Uganda, President Yoweri Museveni, recently issued his own “2020 Vision” statement, entitled “Is World Population Growth Slowing?” (See Marcia Merry Baker and Joseph Brewda, “Ugandan Mass-Murderer Chairs ‘2020 Vision,’ ” *EIR*, July 18, 1997.) Museveni ought to know, as through aggressive wars initiated by him, perhaps 2 million Africans — Hutus and Tutsis — have died in Rwanda, Burundi, Zaire, and Uganda itself since 1994.

According to the 1987 U.S. Census Bureau’s worldwide report, Uganda’s population was then 16 million, and growing at an annual rate of 3.5%. Ten years later, the latest UNFPA report claims a Ugandan population of 20.8 million, growing at only 2.6% annually. But that 1987 report had *forecast* that Uganda’s end-of-the-century population would be 25 million. Now, only a decade later, it is clear that it cannot much exceed 21 million in the year 2000 — 15% less than predicted!

Moreover, the UNFPA nowhere makes clear, how it judges the accuracy of its published population totals for nations like Uganda. Uganda is the epicenter of the AIDS epidemic in Africa, and total life expectancy there has dropped to 41.2 years, a drop of 2.4 years *since 1994*. The country’s infant mortality rate has reached nearly 13%, as of 1996, compared to 1% or less in all economically developed countries. And there has been war raging across the north of the country, continuously, in the 11 years since Museveni took power. There is, in fact, a U.S. Census Bureau regional report, recently prepared, which examines the possibility that by early in the 21st century, the populations of Uganda and several other Central African countries will be declining outright.

Yet, when we look at the already cited UNFPA 1997 report, in the column for population forecasts for the year 2025, what do we find next to Uganda? A forecast of 45 million people! Thus, a country which grew by 30% over the past decade, with a sharply *falling* annual rate of increase, is supposed — according to the UN — to increase at 40% per decade from now until 2025; this, despite low and falling life expectancy, terrible infant mortality, and a prediction from the U.S. Census Bureau that its population may actually be declining during those decades.

This will give an idea of how little the UN’s latest forecast, of a world population of 8 billion in 2025, really means.

As Liebig concludes her *New Federalist* article, the demographic collapse can still be turned around, but “only through an enormous, international effort to overcome the worldwide economic and financial crisis. The destructive policies of the IMF and the Malthusian ‘contraception campaign’ of the UN must end; the financial system must be reorganized in a new Bretton Woods Agreement; the sabotage of the industrialization of the developing nations must be stopped, and the productive economy revolutionized through great projects of infrastructure.”

World financial crisis recognized in Moscow

by Rachel Douglas

“The World Financial ‘Pyramid’ May Collapse in an Instant.” Under that headline in the opposition newspaper *Pravda Pyat* of Aug. 20, Prof. Taras Muranivsky brought a dose of reality into the discussion of Russia’s financial situation, and the world’s. His article was one of several recent publications to break, as Muranivsky put it, “the taboo on speaking openly about the illness of the world financial and monetary system.”

Russian affairs are tightly involved with the international financial system, as is evident in the two main struggles that have dominated its political landscape this summer. One is the current regime’s attempts to pacify working people and military servicemen, by paying wage arrears with funds borrowed on the international markets or raised by the sale of state assets. Second, there is intense clan warfare (the violence level rose a notch with the Aug. 18 assassination of St. Petersburg deputy mayor Mikhail Manevich), among domestic and foreign financial interests, competing in the race for profits from the control of those assets as they are privatized. Russian policymakers, therefore, have an interest in being cognizant of the state of the world financial system, but attention to its crisis has been rare in Russia, before these articles.

Muranivsky referred to the transcript, published in *Pravda Pyat* on July 26, of a round table held in June under the auspices of two Russian Academy of Sciences political institutes. *Pravda Pyat* titled it, “Russia in the Global Economic Tempest.” The participants included economists from leftist circles in Britain and Japan, as well as Russian economists and historians, who couched their analysis in Marxist terminology.

Seminar co-host, economist G. Pirogov, began: “We are living in a new global situation. The world capitalist system would seem to have achieved victory over the socialist system. But behind the window-dressing of prosperity, there is a vague sense of alarm. Rustling sounds and something like falling plaster can be heard. Is it just the sound of repair work, going on behind the walls of the banquet hall, or is the foundation of the building cracking? Socialism, incidentally, is not done for: China remains, and is still developing. Might not the ‘victory banquet’ turn out to be Belshazzar’s Feast?”

In the discussion that followed, Doctor of Economic Sciences V. Volkonsky raised the question of “a repetition of the

crisis of 1929.” He and historian Feliks Beleyubsky, who also writes for *Pravda Pyat*, attacked the wholesale adoption of economic practices from “the West’s liberal school” of economics, in Russia.

The BIS report

Muranivsky deepened *Pravda Pyat*’s coverage of the world financial bubble, in his Aug. 20 article.

“Since the time of Gorbachov’s *perestroika*,” he wrote, “we have been told that Russia is experiencing a transitional period of crisis, while the Western economy is stable and flourishing. As the participants in the round table rightly noted, however, world economic affairs are rather more complex than that. [English economist] J. Ross recognizes the world financial crisis, but considers it to be a reflection of an industrial crisis, which is less visible. But that is only half the story. Monetary and financial disorders themselves, have become one of the essential reasons for the disbalance that threatens to destroy the world economic system.”

Muranivsky noted that American economist Lyndon LaRouche was “one of the first to draw attention to the new crisis,” with his 1994 “Ninth Forecast” warning, about the inevitable disintegration of the existing financial and monetary system. “At the end of 1994, came the unprecedented explosion of ‘the debt bomb’ in Mexico,” which was followed by the popping of financial bubbles in other parts of the world, including the crash of the first pyramid investment schemes in Russia.

“Financial and government circles assessed these events as temporary crisis phenomena, which could be easily eliminated,” continued Muranivsky. “But LaRouche, in his memorandum ‘Prospects for the Revival of Russia’s National Economy’ (prepared Feb. 17, 1995, at the request of two committees of the State Duma of the Russian Federation), evaluated the web of emerging local crises as the result of a systemic ailment of the global financial and monetary organism as a whole.” The June 9, 1997 annual report of the Bank for International Settlements, containing General Manager Andrew Crockett’s discussion of crises in the so-called emerging markets, “completely confirms LaRouche’s forecast,” Muranivsky said.

Muranivsky cited Western press accounts of currency and banking crises in International Monetary Fund member countries, then delved into a topic scarcely touched in Russia: the derivatives bubble. Some Russian financial columnists talk breezily about derivatives, which they call *fyuchers* (from “futures”), as an advanced market innovation through which much money is to be made, but Muranivsky insisted on rigorous use of a recent coinage—*derivaty*—as a generic term for derivatives. He gave LaRouche’s definition of derivatives as “a tumor on the body of the economy,” or “a cancer,” and provided data on the volume of derivatives trading and derivatives-driven potential liabilities of banks, in many countries.

Mir crew overcomes obstacles in space station repair

by Marsha Freeman

For the cosmonauts of the Mir 24 crew, there were a number of obstacles that had to be overcome in order to perform an internal spacewalk into the Mir's damaged Spektr module, which they carried out successfully on Aug. 22. To prepare, they rehearsed the mission before their flight in the large water tank at the Star City cosmonaut training center, which simulates the microgravity of space.

They did not know if they would encounter floating hazardous debris when they opened the sealed hatch to the Spektr, which might have been created when the module depressurized, after being struck by an unmanned Progress supply spacecraft on June 25. They did not know if there would be loose cables that could entangle them, or sharp objects that could puncture their spacesuits. They knew the module would be dark, and possibly cluttered with equipment and experiments that could have become unhinged or exploded when the atmosphere leaked out of the laboratory.

Commander Anatoly Solovyev and flight engineer Pavel Vinogradov, faced all of these obstacles with confidence. They were well trained, and knew that cosmonauts had demonstrated, since the first Soviet space stations were in orbit in the early 1970s, that with man "in the loop," more difficult repair missions in the past had been successful.

An ungrateful nation?

The greatest obstacle faced by the intrepid Mir 24, and the Mir 23 crew before them, was not in space, but back on the ground. For the past six months, and especially since the June 25 accident with the Progress ship, the Russian press, the U.S. media, British wire services, and the Russian government, have expressed virtually no confidence in the ability of the cosmonauts, although it is that corps of cosmonauts that has been solely responsible for keeping Mir functioning six years past its design life.

In articles and cartoons, the media have likened the Mir to a junk-heap car, and insisted that there is no reason to keep the station manned. American congressmen have arrogantly gotten on television, or gone onto the floor of the Congress, to proclaim that the Mir is not safe, regardless of what the Russian and NASA space experts, or Russian cosmonauts and American astronauts, state publicly.

In an ill-advised statement on Aug. 8, Russian President Boris Yeltsin made the accusation, before the Mir 23 crew had even returned to Earth, that the collision with the Progress supply ship was not due to "technical failure," but that "the human factor played a part." This was taken by all to mean that the cosmonauts were to blame for the accident; it was all the more irritating because the investigation of the accident being carried out by the Russian Space Agency had not even been completed yet. Although statements by subsequent spokesmen for Yeltsin have attempted to backtrack, the cosmonauts were certainly not going to sit idly by and watch their heroic efforts be tarnished by political opportunism.

The problem lies with the economy

Although Mir 23 commander Vasily Tsibliyev was not told about Yeltsin's remarks during the mission, because it was rightly felt that this would demoralize the crew, it did not take him long to respond to the accusations after he returned to Earth.

At a press conference on Aug. 16, two days after landing, Tsibliyev said, "It is a long tradition here in Russia to look for scapegoats. Of course, it is easier to put all the blame on the crew." He angrily said that as far as the Mir accident was concerned, "the cause lies with problems on Earth. It's connected with the economy, with our affairs in general. Even the equipment we needed to live aboard the station and that we requested to be sent—and we're not talking about coffee, tea, and milk—they just don't exist." He continued, "The factories don't work, or have insufficient supplies, or they ask for, excuse me, crazy prices."

The lack of support by the Russian government has not only been in words, but in deeds. The budget for the civilian space program is a fraction of what it was five years ago when the Russian Space Agency was formed. The Mir space station has been kept in business, even at its reduced level, not primarily through government allocations, but largely through the flights of "guest cosmonauts," whose nations pay to be able to use the unique orbital facility for scientific experiments, and to develop experienced space flyers. Over the past two years, the more than \$100 million per year being paid to the

Russian Space Agency by NASA to fly U.S. astronauts has equalled almost half what the Russian government is investing in Mir.

On Aug. 20, two days before Solovyev and Vinogradov were to perform the internal spacewalk to reconnect severed electric cables in the damaged Spektr laboratory to the rest of Mir, Russia's first deputy finance minister, Vladimir Petrov, stated that money to operate Mir would not be available and that "we must remove Mir from orbit. This will be done next year." Petrov said, "You see, there have already been a series of breakdowns, one failure, another failure."

Once again, others in the Russian government were put in the position of contradicting a public utterance. During his Friday radio address on Aug. 22, President Yeltsin said that "recently, we have become somehow more indifferent toward space. Either we got tired of the fanfare, ceremonial speeches, and applause, or we decided that earthly problems are closer to us." He announced that there would be more money put into space and aviation, reviewed some Russian space accomplishments, and said, "Russia must not leave the ground it won dear, must not relinquish its leading position. We must not forget that the state of our aerospace complex largely determines the status of Russia as a great power."

On Aug. 25, Deputy Prime Minister Yakov Urinson concurred, stating at a news briefing, "The government will do everything to finance fully the [Russian work on the] international space station program, and everything connected with the continued operation of Mir. I have no doubt that's how it will be."

The cosmonauts, and everyone else, must be trying to figure out whom to believe.

A job well done

It will be a few more days until the team aboard Mir and those on the ground can assess how much more electrical power will be available to the space station, after the internal repair was completed. Flight engineer Vinogradov is reconnecting equipment that had been powered down since the June 25 accident. Four days after the repair, following a two-day, well-earned, rest for the crew, the engineers reported that some additional electricity was flowing through the new cables that had been installed. Mission Control hopes to be able to power up the Kristal and Priroda science laboratories, for the first time since the June accident.

Mission control has not been able, however, to get any response from commands sent to the motor that keeps Spektr's solar arrays pointed toward the Sun. If the motor was damaged in the collision, as some believe, and cannot be reactivated, the amount of useful power produced by the arrays will be very limited, because it will only be produced when the arrays are pointed toward the Sun—a relatively small portion of each orbit of the Mir.

Flight engineers had hoped that the three undamaged

Spektr solar arrays would be able to perform normally after the repair, to enable a return to the science experiments that U.S. astronaut Mike Foale and others after him were scheduled to carry out. It seems likely that an external Extra Vehicular Activity (EVA), or space walk, that can provide a close look at the damage, may be the only way that that will become possible.

On Sept. 3, or thereabouts, the Mir crew is planning to go outside Spektr for the first in a series of external EVAs. U.S. astronaut Foale is training for that mission, which will focus on the installation of handrails on the outside of Spektr, to make it easier to do patch work there at a future time. At the end of September, NASA astronaut David Wolf, who is an experienced spacewalker, will take Foale's place aboard Mir, and further EVAs will be planned.

Will flights to Mir continue?

The U.S. space agency has never flinched in supporting its Russian colleagues' efforts to keep Mir operational. As Shuttle-Mir manager and astronaut Frank Culbertson has insisted since the joint program began, the primary objectives are to learn how to run a space station, and to develop a working relationship with the world's only other manned space power, both to benefit the international space station. Therefore, equipment and operational problems on Mir are seen by NASA as a "learning experience."

This was stressed again during a post-EVA press briefing by Jim Van Laak, deputy program manager for Shuttle-Mir, on Aug. 22.

The public does not yet realize, Van Laak said, that concerning the international space station, which will start assembly next year, "when we first begin to fly, there will always be problems. There will be hardware failures on a weekly, if not daily, basis. There will be various kinds of health anomalies for crew members. . . . When you fly 365 days a year, you're going to encounter a lot of opportunities to be surprised."

During the day of the Mir repair, Norm Thagard, the first astronaut to live and work on Mir, stressed repeatedly during interviews with hostile reporters, that even when there were problems, he never felt unsafe on Mir. First, he explained, there is no failure aboard a spacecraft of that size that presents a danger to the crew quickly. Second, he reminded people, there is always a Soyuz spacecraft docked to the Mir, which can bring back a crew at any time.

Van Laak told the press that people must be prepared for what operations on the international space station will require. Decisions will have to be made frequently, he said, on questions like, "Should we continue? Should we slow down?" The answers to those questions will hopefully be made on the basis of a technical evaluation, not the emotional state of arm-chair space critics, who do not have the training, much less the courage, to try to do what the Mir cosmonauts have been doing for more than a decade.

Secret plot against the unions

The Mont Pelerin Society, Rio Tinto, P&O, and the Federal government have drafted plans to wipe out the union movement.

In the third week of August, an uproar exploded over the Liberal government's plans to destroy the Maritime Union of Australia (MUA), one of the nation's strongest. According to reports leaked to the media, the government hired a radical anti-union consulting firm, ACIL, to tell it how it could wipe out the MUA. The waterfront is 100% unionized, and the MUA has staunchly supported other unions in their strikes. Eliminating the MUA would go far toward breaking unions in the country overall.

The government gave ACIL \$60,000 for an initial study, and then awarded it a second, \$800,000 contract, without publicly tendering the bid. ACIL has studied the legalities of forcing striking MUA workers back to work; the hiring of new, non-union workers; the seizure of union assets in the event of fines; and has assessed which unions might back up the MUA in a showdown.

The timing of the government's plans to smash the MUA is not accidental: Two bitter strikes are presently under way at coal mines in Queensland, both of which are seen as precedents for the destruction of union power. At issue here is not merely "union matters," but an attack by the union-busters on the Australian nation-state itself.

In March 1996, the Liberal-National coalition government of John Howard replaced the Labor governments of Bob Hawke and Paul Keating, which had ruled Australia since 1983. Though Hawke and Keating had introduced deregulation, privatization, free trade, and other measures which savaged the Australian econ-

omy and led to a soaring foreign debt (now US\$170 billion), they had not dared to smash the trade unions—though Keating had proclaimed to his friend Lord Alistair McAlpine, the treasurer of Britain's Conservative Party for 15 years under Margaret Thatcher, that "I am going to tear the trade unions apart, tear them up."

Since its inception in the 1890s, the Labor Party was built by the unions; in turn, it was the party that largely built Australia, through Labor's founding of a national bank in 1911, and Labor Prime Minister John Curtin's break with Winston Churchill in World War II to ally with America (instead of Australia being ceded to Japan, as Churchill had planned), among other policies. What Labor did for the nation, was usually over the opposition of conservative, Anglophile parties. Now, the showdown has begun. The Howard government was installed, with immense financial support of Australia's banks and corporations, for one main purpose: to eliminate the unions.

Howard's government is dominated by members of think-tanks spawned by the chief economic warfare unit of the British Crown, the Mont Pelerin Society, in particular the fanatically anti-labor H.R. Nicholls Society. Immediately upon taking office, Howard appointed a three-man task force on "industrial relations" to recommend "workplace reforms." One member of this task force, Paul Houlihan, is a member of the H.R. Nicholls Society, while a second, Mike Angwin, is an executive of Rio Tinto, the second-largest mining company in the world. This task force drafted the

"Workplace Relations Act," which allows unions to be replaced with individual worker contracts with the employer. The act also banned one of the unions' most powerful measures of self-defense: secondary boycotts. The ACIL and its friends have approached Defense Minister Ian MacLachlan, a founding member of the H.R. Nicholls Society, about using troops to break strikes.

Two corporations, in particular, have collaborated with the Howard government in these plans: Rio Tinto and P&O Ports, both pillars of the British Empire for over a hundred years, and involved in some of its dirtiest dope and free trade operations. Rio Tinto, in which Queen Elizabeth II owns a major share, has been the chief backer of the "Aboriginal land rights" plot to splinter Australia, while P&O Ports is a subsidiary of the Peninsular and Orient Steam Navigation Co., founded by the Baring family of Barings Bank, to run drugs into China in the last century. P&O has reportedly already costed out a plan to hire a new, nonunion workforce in the event of a waterfront strike—an unprecedented act.

For its part, Rio Tinto has provoked one of the two bitter strikes now under way in the nation's coal mines, that at Rio Tinto's Hunter Valley No. 1 mine in New South Wales, with the express purpose of eliminating the unions. On Aug. 21, Rio Tinto threatened to sack all 430 union workers at the mine, which would provoke industrial action all over Australia, including at the waterfront. This would then give the government the opportunity to prosecute the unions, under the secondary boycott laws.

Meanwhile, the H.R. Nicholls Society is keeping the government's feet to the fire: On Aug. 21, the society issued a tract, *Mission Abandoned*, which slashed the government for not attacking the unions hard enough.

Business Briefs

Infrastructure

Indonesia okays world's longest bridge project

Indonesia's President Suharto has approved a project to build a bridge linking the Malaysian peninsula to Indonesia's northernmost island, Sumatra, via the island of Rupert, the *Jakarta Post* reported on Aug. 21. The bridge would span the Strait of Malacca, and would be a key link in the Eurasian Land-Bridge.

The bridge, which would be the longest in the world at 95 kilometers (60 miles), would be equipped with power and communications cables, and is expected to carry 2-5,000 vehicles per day.

The *Post* reported that a consortium of Malaysian and Indonesian firms would construct the bridge. Candidates are Malaysia's Renong Bhd and PT Malindo Transmadu, the latter headed by Suharto's daughter, Sisi Hediati Heriyadi. The consortium must get permission for the project from the International Maritime Organization.

China

European consortia win Three Gorges contracts

The China Yangtze Three Gorges Project Development Corp. announced on Aug. 24 that two European-led consortia had won contracts worth \$740 million, to supply the main generators and turbines for the Three Gorges Dam, the world's biggest water-control project.

A consortium consisting of GEC Alsthom and Swedish-Swiss ABB was awarded contracts for eight generators worth \$420 million. Six other generators, worth \$320 million, were awarded to a consortium consisting of Siemens AG, Voith Hydro GmbH, GE Hydro, and GE International, Inc. The 14 generators and turbines will have installed capacity of 700 megawatts each.

The two consortia beat out a Japanese consortium that included Mitsubishi Heavy Industries, Toshiba, and Hitachi. U.S. firms are at present unable to compete in the project. They are denied Eximbank loan guaran-

tees, because of unscientific and incompetent "environmental concerns" about the Three Gorges Dam.

The Three Gorges project is expected to cost \$30 billion by its completion in 2009. It will need another 12 generators and turbines, which will be built in China, and will generate 85 million megawatt hours a year when completed.

China's Harbin Electric Machine Co. Ltd. and Norway's Kvaerner ASA will be the major subcontractors for the eight generators awarded to GEC Alsthom and ABB, and Dongfang Electric Machine Co. Ltd. will be the major subcontractor for the six units awarded to the Siemens and Voith consortium. The portion subcontracted to Harbin Electric and Dongfang accounts for 31% of the total contract price. The consortia have provided export credits and 15- to 20-year commercial loans, and have pledged to transfer technology to the Chinese subcontractors.

Finance

Tax, prosecution mooted to curb speculation

Malaysia's Prime Minister Mahathir Mohamad said that a tax on speculation may be necessary, in comments after seeing off the co-chairmen of the Council of Ministers of Bosnia-Herzegovina, Dr. Haris Siladjic and Boris Botic, on Aug. 13, the Malaysian daily *The Star* reported. "We are studying a way to limit their speculative trading through the imposition of taxes. This, we think, may be a long-term solution, just like what the European nations are planning to do," he said.

Mahathir expressed confidence that the Malaysian currency, the ringgit, would recover from recent speculative attacks, but added, "These avaricious speculators do not care what they do to the people, because they are backed by big powers, and they think destroying the economy of a developing country is great fun. But because they don't suffer, what do they care? And, they talk about human rights, poverty eradication, and the speculators come here and squeeze our country that is just trying to raise its head. This is

the kind of free trade and democracy they propagate."

Asked if he was referring to the United States, Mahathir replied, "You can make your own guess."

Mahathir added that Malaysia has abundant resources and capable firms, but, he said, "what I am worried [about] is that these kind of activities are supported by the very rich countries. When they see the poor countries coming up, they try to knock their head down and talk about fairness, justice, and freedom."

Meanwhile, on Aug. 21, Indonesian Justice Minister Utoyo Usman said that Indonesia's 1963 subversion law could be used to prosecute speculators, Antara, the state press service, reported. Under the law, the maximum penalty is death. "If indeed they cause disorder in the national economy, of course, it can be categorized as a subversive criminal action, because economic criminal acts are included in the formulation of that law," he said. "If [speculators] have truly manipulated an economic situation, I agree we should take firm action."

Labor

Israel's Histadrut unions prepare strike

Hundreds of union leaders and local labor council members attended an emergency meeting at Histadrut headquarters in Tel Aviv on Aug. 21, to complete preparations for a general strike at the beginning of September, the *Jerusalem Post* reported. The workers are protesting the government's economic reforms, including privatizations, which will involve mass firings, the violation of signed pension and wage agreements, the taxing of study funds, and the continuing erosion of wages due to failure to update the cost of living increments.

At the meeting, which was described as stormy, Histadrut Chairman Amir Peretz called on the government to "take the workers' demands seriously and start talking immediately, because this time we will launch an all-out war." But, he also expressed the hope that talks with the Treasury, which

were to start on Aug. 24, would stave off the strike.

"We don't want to strike. The plants are ours; they are our source of livelihood and we want to work. I hope we will be permitted to work in dignity, make a decent living, and grow old in dignity. Nobody has the right to deprive us of that," said Haim Katz, head of the Israel Aircraft Industries union. Katz scoffed at Finance Minister Yaakov Neeman, who, he said, "cannot understand" what the strike is about. "Neeman is all set. He has a budgetary pension [senior officials get their pension from the state budget, rather than paying into it from their salaries]. Moreover, his wages are updated every few months by dozens of percent," Katz said.

The Histadrut has not yet decided whether to strike the whole economy at the beginning of September, or to strike separately in each sector, then escalate to a general strike. The leaders of the larger unions urged a nationwide strike, including mass demonstrations and roadblocks, which would paralyze the entire economy for weeks on end. The Histadrut has sent out strike notices to employers in the public and business sector, warning of the expected general strike. The strike notices were also sent to Prime Minister Benjamin Netanyahu, the entire cabinet, and the directors-general of all the ministries.

Environmentalism

CFCs substitute poses health threat

Hydrochlorofluorocarbon (HCFC) substances that are replacing chlorofluorocarbons (CFCs) pose a health threat to workers, according to an article in *Lancet*, the British medical journal. Workers in a Belgian factory, after air-conditioning leaks exposed them to HCFC-123 and HCFC-124, suffered liver damage. Nine were diagnosed with acute hepatitis.

The CFCs replacements HCFC-123 and HCFC-124 were both known to be more toxic than freon (which is virtually harmless), and were rushed into production without the usual testing process that is required for chemical substances such as pesticides.

The warnings on the labels of the replacements indicated that they were highly toxic. The chief author of the article, Perrine Hoet from the Catholic University of Louvain, is calling for "very strict measures" to control the replacements, and for the development of safer alternatives.

The safest product is still CFCs, which were banned on the basis of a scientific hoax alleging that they damage the ozone layer in the stratosphere.

Natural Gas

Russia, China pipelines discussed in Mongolia

At the seventh meeting of the Northeast Asia Economic Forum in the Mongolian capital of Ulan Bator in August, Steve Cowper, president of the Northern Forum, proposed that Russia and China collaborate on a project to expand the planned gas pipeline from Russia's Irkutsk region to China, into a network linking other parts of Russia, Japan, and South Korea. Experts at the meeting said that a second system should be built off the planned connection between China and the Lake Baikal gas field in Russia. This second system could establish links to Seoul, Shanghai, and northern Japan.

"I believe the pipeline system will be a key to the emergence of Northeast Asia as an economic giant. The scope of this project is breathtaking. If successful, it could bring dramatic economic growth to Northeast Asia," Cowper said. It could be "the world's largest new energy transit corridor."

The Northern Forum includes South Korea, and local governments in Japan's Hokkaido prefecture, Dornod province in Mongolia, China's Heilongjiang province, and five regions in Russia. In June, China and Russia signed a memorandum of understanding on a pipeline to export 25 billion cubic meters of natural gas from the Russian Irkutsk field in Kovyktinsky to China. The deal is worth an estimated \$7 billion.

The second system proposed by Cowper would link new Russian reserves in Sakha and Krasnoyarsk to South Korea, eastern China, and Japan. Cowper proposes that each nation would operate the section within its own borders.

UZBEKISTAN and Turkmenistan have begun work on their sections of the TransAsian-European Fiber Optics telecommunications line, which will run from Shanghai to Frankfurt-am-Main, the Russian daily *Delovoi Mir* reported on Aug. 20. It will be more than 27,000 km long and run through 20 nations.

IRAN AIR is set to resume direct weekly flights to Saudi Arabia on Sept. 14, the first since Iran's 1979 revolution. Iran Air now may only fly to Jeddah to take Iranian Muslim pilgrims to Mecca for the annual Haj, or pilgrimage.

KENYA could default on its \$6.1 billion external debt, unless a new deal is worked out with the International Monetary Fund. The head of the country's central bank, Micah Cheserem, said, "The possibility of accumulated debt arrears is real if the present impasse with the Fund is not resolved."

IRAN will build a new higher education center to offer doctoral programs in scientific fields, Iran's plan and budget organization announced on Aug. 20. The complex is intended to attract Iranian scientists residing abroad, and will offer modern training facilities to provide manpower for Iran's high-technology projects.

TURKMENISTAN is expanding cooperation with Iran, Russia, and other states in developing Caspian offshore deposits, IRNA reported on Aug. 20. One project involves joint development of the Serdar oil field. The three have agreed to allow companies of other states, including Azerbaijan, into the project.

CHINA is cracking down on "pyramid sales operations," *Zhongguo Xinwen She* reported on Aug. 12. Administrative offices in Jilin and Hebei provinces are taking measures against illegal networking sales operations, or "pyramid" selling of commodities through many layers of contacts. A national inspection will be carried out in September.

Legalized gambling: Britain's Dope, Inc. subverts the U.S.

by John Hoefle

Poor governments are, as we everywhere see, driven to encourage gambling, drunkenness, and other immoralities, as a means of extracting revenue from their unfortunate taxpayers; and the greater the revenue thus obtained, the poorer become the people and the weaker the government.

—Henry Carey, *The Slave Trade, Domestic and Foreign*

The Lottery, with its weekly pay-out of enormous prizes, was the one public event to which [they] paid serious attention. . . . It was their delight, their folly, their anodyne, their intellectual stimulant.

—George Orwell, 1984

A money-laundering division of the Empire

With \$550 billion in wagers reportedly placed in legal gambling facilities in 1995, gambling has become big business in the United States. Some form of gambling is now legal in 48 of the 50 U.S. states, with over 500 legal casinos, and 38 states are themselves participants in gambling, through lotteries. More money is spent in casinos, than is spent on tickets to spectator sports and movie tickets combined.

The myth has been spread, that organized crime has been run out of the gambling business, replaced by honest corporations. What this report will show, is that gambling remains the province of organized crime, and more importantly, will provide the reader with a look at the true nature of organized crime, and who actually runs it.

In 1978, *EIR* released its ground-breaking bestseller, *Dope, Inc.*, which detailed how the international narcotics trade was run, top down, by the British Empire. The book also showed how entire sections of the world's financial system, from the then-British colony of Hongkong to the British territories in the Caribbean, were organized explicitly to launder the hundreds of billions of dollars of annual



A scene at the Taj Mahal in Atlantic City, New Jersey. Contrary to popular myth, gambling remains under the control of organized crime, as it always was. It's not your local street-corner mafiosi, but the top operatives of the British-run financial oligarchy.

proceeds of the international drug trade, to keep the drug business from choking on its own cash. As the drug trade has grown, the demands upon its money-laundering arm have rapidly expanded. One major component of this money-laundering apparatus, is the gambling business; casinos, with their heavy and substantially anonymous cash flows, have long been used by organized crime to launder the proceeds from criminal operations.

The gambling business has indeed changed over the last three decades, but those changes reflect a decision by Dope, Inc. to upgrade the status of its gambling division, to make it more acceptable to the public, and thereby make its expansion easier. Gone, for the most part, is the violence which characterized the early years (the violence still exists, but much of that function has been transferred to Dope, Inc.'s street-gang arm). It has been replaced by modern corporate management techniques, shielded by armies of lawyers, accountants, and public relations flacks. But gambling remains the province of organized crime: The gambling business would not exist, on the scale it does today, were it not for its status as a money-laundering arm of Dope, Inc.

The modern gambling business, termed "U.S. Gambling, Inc." by *International Gaming and Wagering Business* magazine, was created by dirty money. The seed money came from Prohibition, out of which grew a network of violent whiskey-running gangs, behind which stood the Bronfman family of Canada and the British liquor lords. With the end of Prohibition in 1931, the British began the transformation of these

violent gangs, using their enormous criminal profits, both to create the Hollywood movie business and turn Las Vegas into a gambling center. The inside-the-mob case officer for this transformation into so-called legitimate business, was Meyer Lansky, the mob's financial officer and gambling tsar.

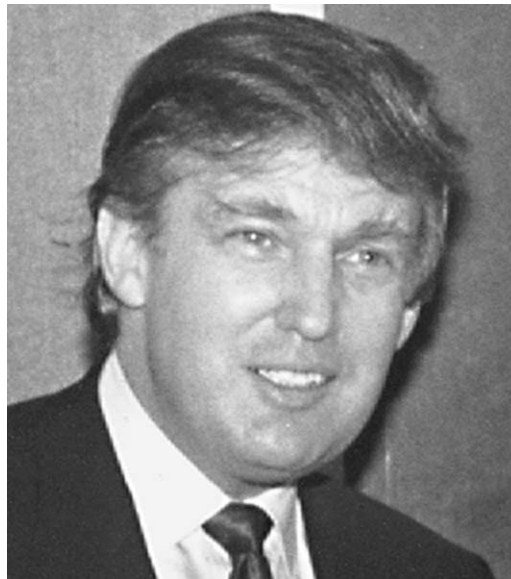
Enormous amounts of money and propaganda have been deployed to put a happy face on the gambling beast. Las Vegas has turned itself into a giant theme park, which some now call the "Orlando of the West," with pyramids, sphinxes, and Hollywood-style extravaganzas, luring in not just the gamblers, but their families as well, raking in the cash while addicting new generations of gamblers.

Behind this entertainment facade, however, lies a machine designed to ruthlessly separate people from their money, and destroy them and their country in the process.

Behind Gambling, Inc. stands Dope, Inc., and the international financial oligarchy, whose main power base is the British Empire, the largest criminal enterprise in the world. The real godfather is the Queen, and she's after you.

The British Empire today

The presence of The Rt. Hon. Lord Moore of Lower Marsh, PC, a member of the Queen's Privy Council, on the board of GTECH, the leading operator of U.S. state lotteries, is no coincidence, given the way lotteries function as institutions of cultural warfare against the United States. The other major U.S. lottery operator, Automated Wagering International, has its own British connections, in the person of former



Leading lights of Gambling, Inc., include (left) former State Department official Richard Burt and (right) Donald Trump.

U.S. State Department official Richard Burt, who sits on the board of the Hollinger Corp., a British intelligence front which owns several media outlets. Behind them, stand the empire's dirty-money specialists, the Rothschilds.

In the 1970s, Lord Victor Rothschild, one of the British Empire's top spooks and dirty-money operatives, chaired a Royal Commission on gambling, which set up the British National Lottery, the proceeds of which were to be used to preserve Britain's imperial heritage. Lord Victor's son, Lord Jacob Rothschild, would later become a director of the British lottery.

"As the industrial base of this country has declined, so our past and the presentation of our past has become more important," Lord Jacob pontificated some years ago. "We are not like Venice, because we still have a producing economy. . . . We are aware of the risk that we could tilt too much in the direction of being a country whose past predominates."

The comparison with Venice is telling, since the British Empire represents the continuation of the Venetian Empire, which in turn was a continuation of the Roman and earlier empires, Britain being merely the latest in a series of capitals of the ancient oligarchical system. Britain's heritage is that of the Whore of Babylon, an ancient system of looting by powerful families, which sees the world and its population, as a plantation to be managed for the benefit of a few.

This British Empire was, and remains, committed to destroying its deadly enemy, the nation-builders, who created the United States and led a worldwide fight to destroy the power of the oligarchy, and to usher the world into a future of global economic development and prosperity for all men.

The explosion of gambling within the United States was not imposed entirely from the outside, however, because the oligarchy has tentacles deep within the cultural, political, and economic institutions of the United States. Among the foremost agents of the oligarchy in the United States are the fami-

lies known as the Boston Brahmins, and the families and institutions that dominate Wall Street, led by the House of Morgan, the Mellons, and others. Among the pushers of gambling in the United States, one will find Morgan, Crédit Suisse and its allied Weld family, the family of Sir George Bush, and others, all of whom *hate* and are committed to destroying, the United States of Benjamin Franklin, Alexander Hamilton, Henry Carey, Abraham Lincoln, and Lyndon LaRouche.

Political cover and financial ownership

"It is time that the organized crime issue is put to rest. The myth that organized crime owns, operates or even influences casinos is a canard spread by political opponents without regard to facts," the American Gaming Association (AGA) claims, in a document entitled "Myths & Facts" about what it calls "gaming."

The AGA, one of the major lobbying fronts for the gambling business, pushes the line that gambling is good for the economy. Gambling, the AGA claims, creates jobs, pumps money into local economies, and pays taxes; its employees buy houses, cars, and refrigerators, spreading the wealth.

This argument is a fraud. By focussing on what it puts into the economy while hiding what it extracts, the gambling sector presents the illusion of prosperity. After all, drug dealers and pimps also provide jobs, and buy houses, cars, and refrigerators, but few would consider them assets to society.

One study, by Prof. John Warren Kindt of the University of Illinois at Urbana, estimates that, for every \$1 a state receives in gambling revenues, it spends \$3 for social services and criminal justice agencies to cover the damage done by gambling. Gambling, Kindt says, acts as "a regressive tax on the poor," and "makes poor people poorer."

What counts is how much of a bite Dope, Inc. takes out of the country and its people, not how many crumbs are left on the table after it has eaten its fill.

A look at the composition of the American Gaming Association provides a glimpse into how the protection racket for gambling is run.

The president of the AGA is a political insider, former Republican National Committee Chairman Frank Fahrenkopf.

The AGA board includes, in addition to gambling company representatives and a liquor distributor, representatives of two of the biggest investment banks in the United States, Goldman Sachs and Merrill Lynch.

The membership roster of the AGA likewise includes a rash of investment bankers and accountants, in addition to gambling companies and their suppliers. The bankers include Bear Stearns, Deutsche Morgan Grenfell, Donaldson Lufkin & Jenrette, Goldman Sachs, Merrill Lynch, Montgomery Securities, Oppenheimer & Co., Salomon Brothers, and Schroeder Wertheim & Co., several of which own big chunks of gambling companies and which are integral to the money-laundering process.

Bear Stearns officials, for example, sit on the boards of Mirage Resorts and Carnival Corp. The company sold bonds to fund Donald Trump's move into Atlantic City, and represented the notorious Resorts International, Meyer Lansky's flagship.

There's more. AGA board member Merrill Lynch owns 10% of Scientific Games, while AGA member Oppenheimer owns 8.5% of Harrah's Entertainment. Other financial institutions, including Bankers Trust, Lazard Frères, Morgan Stanley, Chase Manhattan's Texas Commerce Bank, First Union, Wells Fargo, Crédit Suisse First Boston, Riggs National Bank, First Tennessee National, Prudential Insurance, Mutual of New York, and the Bank of Montreal, also show up, either as owners, with representatives on the boards, or both.

The accountants, whose job it is to keep the books sparkling clean, include Arthur Andersen & Co. and Coopers & Lybrand LLP. Andersen has authored several studies for the AGA, on the alleged benefits of gambling.

The political class is also well represented, proving the ease with which political influence can be bought:

- Two top Republican operatives are consultants for GTECH: Charles Black, who ran national campaigns for Sir George Bush, Ronald Reagan, Jack Kemp, and Phil Gramm; and Paul Manafort, who ran the 1988 and 1996 Republican conventions.

- The chairman of Video Lottery Technologies, parent of Automated Wagering International, is former Reagan-Bush State Department official Richard Burt. Burt is also a director of the Hollinger Corp., the British intelligence front (and successor to Permindex) whose board also includes former Secretary of State Sir Henry Kissinger; a director of the food cartel firm Archer Daniels Midland; and a member of the international advisory board of the Bank of Montreal.

- Former Secretary of State Alexander Haig sits on the board of Kirk Kerkorian's MGM Grand.

- Former Democratic National Committee Chairman

Paul Kirk (1985-89) sits on the board of ITT Corp., whose Sheraton subsidiary owns the Caesar's World casinos.

- Former Undersecretary of the Treasury Bette Anderson (1977-81) also sits on the board of ITT.

Popular culture

Harrah's, in its 1997 Survey of Casino Entertainment, claims that polls show that 92% of Americans see casino gambling as acceptable for themselves and others, including 62% who see it as acceptable for anyone, and 30% who see it as acceptable for others but not for themselves. Only 8% of Americans say casino gambling is "not acceptable for anyone."

While these numbers are open to question, given the ability of modern pollsters to shape their questions to produce the desired answers, many Americans do indeed either support, or accept, gambling.

Moral arguments, as Tom Grey's National Coalition Against Legalized Gambling and others have found, are no longer sufficient to defeat gambling referenda, but the anti-gambling forces have had significant success over the last few years by debunking the alleged economic benefits of the gambling business.

During the research for this report, the author visited several casinos in Atlantic City, where the casinos go to great lengths to entice people into their gambling dens, and to keep them there once they do. The casinos are designed in a style that has been called "gangster glitz," lots of flashing lights, bells, and whistles; the noise level is high, thanks to acres of slot machines, each designed to hold a player in rapt attention.

The overwhelming impression is that of lambs being led to the slaughter. The casinos are designed to separate people from their money, and they are quite efficient at doing so. Casinos routinely "rate" regular players, according to the frequency of their visits, and the amount they gamble, and offer an escalating series of bonuses (termed compensations, or "comps") to keep the suckers coming back. While the gamblers, and even the casino operators, may believe in luck, the edge the casino has is mathematical: The odds vary according to the game being played, but in all cases they favor the house, and over the long run, the house always wins. There have also been claims, from regulatory agents and slot machine manufacturers, that the slot machines are rigged to show an artificially high percentage of "near wins," to entice players to keep feeding the one-armed bandit.

The atmosphere is not one of fun, but rather one of desperation, of people looking for the big score. Faced with a collapsed economy, more and more people are turning to gambling, pouring their money into casinos and lotteries, in the vain hope of hitting the jackpot.

Finally, although the term "gambling industry" is widely used, we will not use that term in this report. Gambling is *not* an industry: Steel is an industry, aerospace is an industry; gambling is a parasite.

The spread of legal gambling

The transformation of the “mob” from the Al Capone-style era of violent gangsters, into the more discreet modern corporate structure, was an inside-outside job, involving international bankers, government intelligence and police agencies, and, inside the mob, Meyer Lansky, the so-called “chairman of the board of organized crime.”

While organized crime had always existed in the United States, it was Prohibition, the 1919-31 British-spawned social engineering project that created the gangster era.

The outlawing of liquor via the Volstead Act, led to the rapid formation of liquor-smuggling and -distribution gangs, which obtained most of their liquor from Canada, and the Bronfman gang (which had been built up during Canada’s Prohibition). Through this liquor trade, a vast network of ethnic criminal gangs was formed, all of which owed their fortunes to the British Empire’s liquor cartel. During Prohibition, these British-controlled gangs made enormous amounts of money, funds which would later be used to build both the Hollywood movie business, and Las Vegas. Gambling was legalized in Nevada in 1931, the year Prohibition ended.

With the end of Prohibition, the upper echelons of the liquor gangs began the long process of transforming themselves into “legitimate” businesses. The Bronfman gang and its “Seagram Chickencock” whiskey, for example, transformed itself into the “reputable” Seagram’s, the largest liquor company in North America. (The Bronfmans, in addition to making their own whiskey for the masses, were also a distributor for British whiskey companies, including Distillery Company of London, which controlled more than half the world’s market for Scotch. Behind the Bronfman front men, stood the Lords of Britain.)

Meyer Lansky: On Her Majesty’s Service

In 1928, the Bronfmans and their top U.S. assets met in Cleveland and formed the National Crime Syndicate, to cartelize organized crime. The syndicate began planning for the post-Prohibition era, including the legitimizing of their illegal profits, putting an end to the public, bloody displays of violence favored by the Italian mafiosi, and creating a structure to enforce the crime cartel’s diktats. In this transition, Meyer Lansky would play a critical role.

Lansky, who had risen to power by protecting the Bronfmans’ liquor shipments into the United States, ran both the financial and enforcement arms of the National Crime Syndicate. Lansky’s “Murder, Inc.” assassination bureau eliminated rivals and helped keep the mobsters, especially the ven-

detta-happy Italian Mafia, in line. Lansky was helped in this by the U.S. government, which systematically targeted his rivals. By the late 1950s, after the murder of rivals such as Albert Anastasia, and the jailing and later deportation of “Lucky” Luciano, Lansky became the uncontested “chairman of the board” of the cartel, using violence where necessary, but also earning the loyalty of the mobsters through his financial acumen, which made them all rich.

Lansky’s specialty was laundering the illegal profits of the mob into so-called legitimate businesses. In the words of Lansky biographer Hank Messick, under Lansky, “The National Crime Syndicate as an organization, would merge with the business world until one was indistinguishable from the other.”

As part of his laundering operations, Lansky ran the lucrative gambling division of the syndicate; he ran a string of illegal casinos in Florida, he ran the casinos in Batista’s Havana, and he ran the Las Vegas casinos. Lansky did not personally own all the casinos, but he controlled the men who did, and he controlled the money flows. The monies skimmed from the syndicate’s casinos, were passed to Lansky for laundering and for distribution to syndicate partners, minus the syndicate’s and Lansky’s cuts. Casino operators who tried to buck Lansky, quickly learned the error of their ways.

The British sponsorship of Lansky and the National Crime Syndicate was shown in 1959, when Fidel Castro replaced Batista in Cuba and shut down the casinos. Lansky relocated his Cuban operation to the British Colony of the Bahamas, where he was assisted by Sir Stafford Sands and the Bay Street Boys. (That Lansky could not have moved into a British Colony without sponsorship from the Empire, should be obvious to anyone familiar with how the Empire operates.) The result was that the Mary Carter Paint Company, renamed Resorts International in 1968, became the leading casino in the Bahamas. Resorts was plugged directly into the Rothschilds’ international financial apparatus: Its creation was largely financed by the notorious Banque de Cr dit Internationale of Tibor Rosenbaum and Maj. Mortimer Louis Bloomfield, and the hot-money International Overseas Services network, nominally run by Bernie Cornfeld, and later by cocaine kingpin Robert Vesco. Bloomfield was a top British intelligence agent, who headed both Permindex — the British intelligence front which assassinated President John F. Kennedy — and the FBI’s Division Five counterintelligence section, which “investigated” the Kennedy assassination. Resorts’ intelligence links were further demonstrated by its creation of an

“anti-mob” private security company, named Intertel, loaded with “former” American and British intelligence and law enforcement officials.

In 1966, Lansky’s transformation to corporate casinos took a major step forward, when Howard Hughes moved into Las Vegas. By this point, Hughes’s corporate empire was dominated by the intelligence community, which was working with Lansky, and, according to some, of which Lansky was an associate. The Hughes move into Las Vegas was orchestrated by Robert Maheu, a longtime FBI-CIA agent. It was Maheu who negotiated Hughes’s purchase of the Desert Inn from Cleveland mobster and National Crime Syndicate officer Moe Dalitz; Hughes, already a recluse, moved into the Desert Inn and became the mystery man of Las Vegas. In 1967, the state of Nevada changed the law to allow corporations to own multiple casinos, and eventually Hughes would own seven. In 1970, as Hughes continued to deteriorate, he was spirited out of the country by Intertel, and moved to the Resorts International complex in Paradise Island, the Bahamas, outside the reach of U.S. law.

The modern era of giant public gambling corporations began in the late 1970s, with the creation of the Drexel Burnham Lambert junk bond machine, which pumped hundreds of millions of dollars into the casino companies. Much has been written on the subject of Drexel, most of it disinformation attempting to portray Drexel as a one-man show, that man being Michael Milken. But the names on the door, Drexel, Burnham, and Lambert, tell a different story: The “Drexel” came from a company once known as Drexel, Morgan & Co., as in J.P. Morgan, the most Anglophile commercial bank on Wall Street; the “Burnham” comes from Burnham & Co., founded in 1835 by I.W. Burnham II, the grandson of the founder of I.W. Harper Gin; and the Lamberts are Belgian cousins of the Rothschilds.

This “Milken” machine was actually controlled by the Rothschilds and the Morgans, as a vehicle for using dope money to seize and loot corporate America, while building up their entertainment empire. The so-called “Milken’s monsters” were actually what could be called the “sons” of Meyer Lansky: Meshulum Riklis, Carl Lindner, Victor Posner, et al., and it was their money that made Milken, not the other way around.

The result of this transition was the realization of Lansky’s goal: Today, organized crime has transformed itself into, and indeed taken over large parts of, the business world.

Organized crime, Las Vegas, and Hollywood

That Las Vegas was the company town of organized crime is well known, thanks to countless movies, television shows, and novels. What is not so well known, is Las Vegas’s sister city relationship with Hollywood.

The Hollywood movie business was created by the oligarchy as a tool to brainwash the American population; one of

the first Hollywood blockbusters, “Birth of a Nation,” was a shameless propaganda piece for the British-organized Ku Klux Klan, designed to foster racism. Hollywood has also indoctrinated the population with visions of a hopeless future, of science as the enemy of mankind, and glamorized the sleazy underworld of drugs, sex, and casinos—in effect, one big commercial for Dope, Inc.

While the oligarchy’s psychological warriors dictated the content of the Hollywood productions, the daily operation of the film business was delegated to the mob, through their control over money flows and the newly formed Hollywood labor unions.

One of the powers behind the scenes in both Las Vegas and Hollywood, was Sidney Korshak, the *consigliere* of the Chicago mob, who oversaw many of the mob’s business activities in the region. As such, Korshak was a “consultant” for a large number of corporations in the entertainment and liquor sectors, including MCA, Gulf and Western, Hilton, Hyatt, and Schenley. Korshak was also available to take care of special problems, including representing Benjamin “Bugsy” Siegel, the assassin and longtime lieutenant of Meyer Lansky, when Siegel was questioned in a murder investigation in 1940.

Siegel opened the Flamingo casino outside Las Vegas in 1946, an event which marked the beginning of the development of the Las Vegas Strip as an addition to the existing casinos in downtown Las Vegas. While Siegel would later be assassinated, the Flamingo lived on, today as a Hilton hotel and casino. Other casinos followed on the Strip. Lansky, former Detroit Purple Gang member and Cleveland mobster Moe Dalitz, and others built the Riviera, the Stardust, and the Desert Inn, among others. When Kirk Kerkorian built the MGM Grand, on land purchased from Dalitz, Korshak helped arrange the financing, with help from MCA and Gulf and Western; when Kerkorian sold his Las Vegas interests (he has since returned), it was to Korshak client Hilton, which had its own connections to the Lansky machine.

The corporations move in

The arrival of Howard Hughes in Las Vegas in 1966 was seen by many as the point at which the gaming business began to enter the corporate mainstream. Within a year of his arrival, Hughes had bought three casino properties which reputedly had been owned by organized crime. In the late 1970s, Hughes’s Hughes Tool (later Summa Corp.) was the biggest gambling corporation in Nevada, owning seven casinos, including the Frontier, the Landmark, the Silver Slipper, the Sands, and the Desert Inn.

This shift to corporate gambling was aided not only by the state of Nevada, which changed the law in 1967 to allow corporations to own multiple casinos, but also by the Federal government, which in the mid-1970s sent an FBI organized crime task force to Vegas to take down the remnants of the old-style mob operations, and complete the purge. That task

force was headed by FBI organized crime specialist Emmett Michaels, who later resigned to join Hughes's Summa Corp., and went on to become head of security for Circus Circus.

In 1977, the Stardust, allegedly the last mob-controlled hotel, was stripped of its license, and by the mid-1980s, the FBI had obtained convictions against mobsters in Chicago, Kansas City, and Milwaukee, ending the violent "Mustache Pete" era in Las Vegas.

By 1993, according to the FBI, there was no sign of the mob in Vegas: "We are not aware of any organized crime involvement in the Nevada Gaming Industry . . . [and] it would seem improbable that a significant organized crime presence could exist and we not know about it," FBI Special Agent Burk Smith, of the agency's Las Vegas Bureau, claimed in March of that year.

The second wave of corporate gambling, as noted above, began with the Rothschilds' Drexel Burnham Lambert junk bond machine. Drexel raised the funds for Steve Wynn to open the Golden Nugget in Atlantic City in 1980, and helped launch that firm, today called Mirage Resorts, into one of the giants of the gambling business. (Wynn, now a very rich man, is a big funder of the Anti-Defamation League, the propaganda machine which provided cover for Lansky and the National Crime Syndicate by branding anyone who threatened Lansky an "anti-Semite.") Drexel also raised funds for a number of other gambling companies, including the Riviera, Bally's, and Ramada (today known as Aztar).

In 1983, Drexel raised the funds to take Circus Circus Enterprises, another of today's giants, public. As part of the deal, Drexel installed Glenn Schaeffer at Circus Circus, as a liaison between the casino company and the financial markets, more Wall Street's man in Vegas, than Vegas's man on Wall Street. Schaeffer knew the business: He had previously worked for investment bank Dean Witter; for public relations firm Hill and Knowlton, where he handled the Caesar's World account; and Ramada, which owned the Tropicana casinos in Vegas and Atlantic City. The new Circus Circus was a success, and Schaeffer was rewarded by being on the cover of *Institutional Investor* as one of corporate America's outstanding financiers.

Atlantic City

Meyer Lansky's Resorts International opened up the first casino in Atlantic City in the Haddon Hall Hotel in 1978, after Lansky's forces had engineered the 1976 referendum in which New Jersey voters made gambling legal. Within a couple of years, gambling was in full swing in Atlantic City: Caesar's World, owners of Caesar's Palace in Las Vegas, had opened the Caesar's Boardwalk Regency; Holiday Corp. had opened the Harrah's Marina; Steve Wynn's Golden Nugget was open; *Penthouse* publisher Bob Guccione had broken ground on a casino; and *Playboy* publisher Hugh Hefner opened the Playboy Hotel Casino in April 1981. Hefner would eventually be denied a permanent casino license due to scan-

dals in New York and London, and be forced to sell out to the Pritzker family's (owners of Hyatt) Elsinore Corp., which rechristened Hefner's casino the Atlantis.

Donald Trump arrived in Atlantic City in 1982, the year he got his coveted casino license, and announced plans to build a casino in partnership with Holiday Corp., formerly known as Holiday Inns, which had bought the Harrah's casinos in 1980. The casino was to be known as Harrah's at Trump Plaza; Trump owned the land, and would build the building, while Harrah's would run the casino. Trump bought out Holiday in 1986, renaming the casino the Trump Plaza.

Trump's second casino came in 1985, when Hilton's Barron Hilton was denied a casino license by the New Jersey Casino Control Commission in March, because of Hilton's dealings with Chicago mobster Sidney Korshak (Hilton would be granted a license in 1991, and today owns two casinos in Atlantic City.) In anticipation of obtaining a license, Hilton had already built a casino in the marina area, which was just three months from opening. Trump bought the casino from Hilton, renamed it the Trump Castle, and installed his then-wife Ivana as manager.

In 1987, Trump bought a 73% interest in Meyer Lansky's Resorts International from the Crosby family. Both Trump and Resorts were represented by Bear Stearns, which floated the junk bonds which allowed Trump to buy the stock. Trump became chairman of Resorts International in July 1987. In 1988, Trump, perhaps forgetting that he was only a figurehead, moved to take Resorts private; the board balked, opening the way for a counter offer from entertainer Merv Griffin. In November 1988, Trump and Griffin reached an agreement, in which Griffin would take over the Haddon Hall Resorts casino in Atlantic City, and the Paradise Island casino in the Bahamas, while Trump would keep Resorts' Taj Mahal casino, which was under construction.

Building his empire through heavy borrowing, via bank loans and junk bonds, Trump's properties were loaded down with debt. In 1990, *Forbes* magazine dropped Trump's estimated net worth from \$1.7 billion to a mere \$500 million, and fretted that Trump lacked sufficient cash flow to cover his debts. Those worries proved valid. In 1991, the Taj Mahal, which had opened in 1990, filed a prepackaged Chapter 11 bankruptcy, and the Plaza and Castle did the same in 1992. Trump found his personal empire dramatically downsized, losing his Trump Princess yacht, the Trump Shuttle airline, and the Grand Hyatt Hotel in New York City, and giving up partial ownership of New York's Plaza Hotel, the Taj Mahal, and the Castle.

Donald Trump, not surprisingly, has his own ties to the mob. His father, Fred Trump, was a builder in Queens, New York, where his partners included an associate of the Genovese mafia family, and Fred's activities were the subject of several state and Federal investigations. Meanwhile, Fred tooled around in a stretch limo, while wife Mary had a Rolls.

Donald's mentor, after Fred, was the notorious lawyer

Stock market gambling

Many compulsive gamblers prefer to play in a larger casino: the international financial markets, where the level of wagering easily dwarfs that found in casinos et al. Worldwide, there are some \$100 trillion in derivatives contracts outstanding, with an annual turnover of derivatives and related financial instruments in the range of \$1 quadrillion (\$1,000 trillion) a year.

The players in this *Casino Mondiale*, are mainly big international financial institutions—commercial banks, investment banks, insurance companies—and their customers. The games are different, using complicated formulas instead of cards or dice, but the action is much the same: A gambler bets the house or another player, that a section of the market will move in a certain direction. Picture Wall Street types placing \$100 million bets on a roll of the dice, and you've got the idea.

The same thing goes on, on a smaller scale, with the Dow Jones Industrial Average and other stock indices.

“Oct. 19, 1987 will be remembered by most people as Black Monday—the day that the Dow plunged 508 points. We at the Council will remember it as the day the securities gambler came of age,” said the New Jersey Council on Compulsive Gambling. The council noted that in the weeks following the 1987 crash, the percentage of stock market-related calls to their statewide gambling hotline, jumped to 44% of all calls, up from 2% prior to the crash.

Dr. Robert Custer, considered an expert on compulsive gambling, has stated that stock market gamblers represent over 20% of gamblers he has diagnosed, and Gamblers Anonymous has also long recognized the problem.

Given the perilous nature of the financial bubble today, most people who consider themselves “investors,” are actually gamblers, who will find that when the bubble bursts, their supposedly solid investments will have no more value than a casino chip, after the casino has closed.

and political fixer Roy Cohn, who served as a liaison between the financial and political powers who ran New York City, and the mobsters who enforced that rule. Cohn represented John Gotti and the sons of Carlos Gambino, and leaders of the various mob families would hold meetings at Cohn's townhouse. One of Cohn's close confidants was Tony Salerno, whose S&A Concrete was involved in building the Trump Plaza. Cohn also had close ties to Sidney Korshak, the man who caused Hilton so much trouble. Trump's connections to Cohn were apparently not a problem for the New Jersey Casino Control Commission.

As of January 1997, Trump controlled 34% of the casino footage and 30% of the gaming revenue in Atlantic City, followed by Hilton (which bought Bally's in 1996) with 13% of the footage and 16% of the revenue, and Aztar, with 10% of both. Overall, there was 987,000 square feet of casino space in the city, with 32,704 slot machines and 1,477 table games. Since 1991, the number of slot machines in Atlantic City has increased 61%, while the number of table games has decreased 6%.

In 1996, the 12 Atlantic City casinos generated \$3.8 billion in gambling revenue, up 29% from 1991. Slot machines accounted for 69% of that revenue, and table games 31%.

Lotteries: Governments get hooked on gambling

Faced with collapsing tax revenues and a cultural trend away from production and toward speculation, state and local governments have been, in the words of Henry Carey, “driven to encourage gambling, drunkenness, and other immoralities,

as a means of extracting revenue from their unfortunate taxpayers.” In the process, they went from fighting against gambling, to protecting it as a source of revenue; rather than protecting their populations, they have elected to loot them.

Lotteries, mainly in the form of subscriptions to public infrastructure projects, were common in the early days of the United States; citizens who participated in them were doing so in order to build the country, not merely to win the modest prizes that were awarded.

Today's lotteries are of a different character. After being outlawed early this century, lotteries began a comeback in the 1960s, when New Hampshire and New York reestablished them. By 1975, the year the Federal government lifted the ban on advertising, 11 states had lotteries; today, 38 states participate in this legalized form of the old numbers racket.

In almost all of these states, the lotteries are operated by private companies, under contract to the state government.

Lotteries are destructive on several levels: They pit the states against their citizens; they encourage immorality; and, they pave the way for the spread of other types of gambling.

Lotteries are also the biggest sucker bet of them all, with far worse odds than the casino games and the slots, which is precisely what makes the lottery racket so lucrative. Whereas—at least according to the published stats—the slots pay back some 90-92% of their bets as winnings, and table games pay back some 85%, the lotteries pay out only about 50% of their take to the players. The states, on the other hand, get about 34¢ of every dollar in ticket sales, with the remainder going to the lottery operators and the ticket sellers.

In 1975, the Federal government gave states complete

autonomy over their lotteries, exempting them from the Federal Trade Commission's truth-in-advertising regulations. As a result, while some of the lotteries cite realistic odds in their advertising, others use such tricks as touting the big prizes, while showing the odds for the smallest prizes. Lotteries have also been known to time their advertising barrages with the arrival of monthly welfare and Social Security checks.

Two companies run most of the state lotteries: GTECH, and Automated Wagering International (AWI). Another company, Scientific Games, is the largest supplier of the instant scratch-off tickets used by the lotteries.

One scandal after another

Rhode Island-based GTECH, which runs 29 of the 38 lotteries, is known for its political connections; as noted earlier, GTECH has hired a number of high-ranking political insiders to make sure it wins and keeps contracts with the states. The company has also been subject to grand jury investigations in four states, on charges of bribery and intimidation, and former GTECH vice president and national sales manager J. David Smith was convicted in New Jersey for fraud and money laundering in connection with kick-back schemes. The company, naturally, disclaims any knowledge of Smith's activities.

In Texas, where GTECH was awarded the lottery contract in 1992, the company has been involved in one scandal after another. A former Kentucky lottery official told investigators that J. David Smith boasted to him in 1990 about having bribed eight to ten Texas legislators, even before the lottery had been approved. GTECH has hired as lobbyists Reggie Bashur, the former deputy chief of staff of Gov. George W. Bush, and Cliff Johnson, one of Bush's 1994 legislative liaisons. GTECH has also hired a number of Democrats nationally, and in Texas, the latter including former Democratic Lt. Gov. Ben Barnes, who was paid more than \$3 million a year, and who kicked back \$500,000 of that to Smith, according to prosecutors. GTECH also secretly awarded a \$30,000 contract to the boyfriend of then-state Lottery Director Nora Linares, who was fired when the contract was revealed.

The level of corruption is so high, that the *Houston Chronicle* has repeatedly editorialized that the state should rebid the lottery contract.

The reason why GTECH gets away with such actions, can be seen by looking at its board, which includes Privy Councillor Lord Moore of Lower Marsh; a representative of the Dutch oligarchy's Heineken brewery; and a chairman of a subsidiary of the Donaldson, Lufkin & Jenrette investment bank. The case of the Lord from Lower Marsh is most interesting, as he is a director of Camelot Holdings, which runs the British National Lottery, the lottery set up and run by the Lords Rothschild. GTECH provides lottery equipment for the British Lottery, and owns 22.5% of Camelot. Given the way these things work, it's a pretty sure bet that the Rothschilds and their friends have their hooks deep into GTECH.

Automated Wagering, Inc., which runs seven state lotter-

ies and used to be known as Control Data, is a subsidiary of the Montana-based Video Lottery Technologies. AWI's British connections are a bit more indirect than those of GTECH, but solid. The chairman of its parent company, VLT, is Richard Burt, the former State Department official discussed earlier. Politically, Burt is an Anglophile of the Kissinger-Bush faction. Professionally, he is a member of the international advisory board of the Bank of Montreal, and more importantly, a member of the board of directors of the British-Canadian Hollinger Corp., the successor to Major Bloomfield's Perminex.

Scientific Games, of Alpharetta, Georgia, is the largest maker of instant scratch-off tickets. One of the directors of Scientific Games is a former McDonnell Douglas aerospace engineer, who has turned his talents to designing gambling equipment. Merrill Lynch owns just over 10% of the company, and Morgan Stanley also owns a big chunk.

Indian gambling

As with other forms of gambling, Indian gambling was sold on the basis that it would provide badly needed economic assistance to poor Indian tribes. As usual, Gambling, Inc. was lying.

To understand who benefits from the creation of the Indian gambling sector, the first question to ask is, who benefits? The obvious answer is Gambling, Inc., which provides the gambling equipment at the Indian casinos, often provides the financing to build the casinos, and often gets the contracts to manage the casinos. These are no small considerations, but there are larger issues involved. The creation of the Indian gambling movement advances two key goals of the British Empire: First, the legalization of gambling on Indian reservations outflanked the existing state regulatory apparatus, leading to the rapid expansion of casino gambling in the United States; and, second, the further recognition of Indian reservations as sovereign entities advances the balkanization of the United States, which has long been an element of British geopolitical strategy.

The Indian gambling movement was born in 1978, when the Seminole Indians set up a high-stakes bingo parlor in Florida, and in 1980, the Cabazon Band of Mission Indians set up the first Indian casino, offering poker and other card games, in Riverside, California. The Florida and California state governments challenged these gambling operations, leading to a Federal challenge, and a change in U.S. law.

The Seminole action was the culmination of a long effort by Meyer Lansky and company, to legalize gambling in Florida. Lansky had first made the proposal in 1949, hoping to turn Miami Beach into the Las Vegas of the East. In 1969, the Miami Chamber of Commerce recommended casino gambling (coinciding with a wave of pro-gambling efforts across the country). In 1970, the Miami Beach City Council voted to hold a referendum on gambling, and a bill to legalize gambling was filed in the state legislature. Despite a well-financed propaganda campaign, Lansky and company suffered a set-

back when the gambling proposal was rejected by voters.

The Cabazon casino, which was funded and controlled by organized crime figures, and managed by CIA-connected operative John Philip Nichols, would later play a role in the Iran-Contra scandal. Nichols was organizing the manufacture of weapons on the Cabazon reservation—which had been granted clearance by the Department of Defense to manufacture weapons in 1983—as part of the Contra supply operation. The Cabazons, through Nichols, had entered into a deal with the Wackenhut Corp. to manufacture air-fuel explosives, advanced firearms, night-vision goggles and biological weapons on the reservation, to be shipped to the Contras.

In 1988, in response to a Federal court decision in *California v. Cabazon*, which held that Indian reservations could not set up gambling operations in states in which gambling was illegal, the U.S. Congress passed the Indian Gaming Regulatory Act, which ordered the states to negotiate gambling compacts with interested reservations, and created three classes of Indian gambling facilities:

- Class I covered traditional social Indian games, with small prizes;
- Class II included bingo and related games; and
- Class III was for casinos, slot machines, and pari-mutuel betting.

To regulate the Indian gambling facilities, Congress created the National Indian Gaming Commission.

One of the companies which has obtained contracts to operate Indian casinos is Sun International, the company of South African “casino king” Sol Kerzner. Sun operates the notorious Sun City complex in the South African bantustan of Bophuthatswana, and is so dirty that it was denied a casino license by the British Gaming Board. One of Kerzner’s former partners is Shabtai Kalmanowitch, an agent of the Israeli Mossad. Kalmanowitch, later arrested and convicted in Israel for spying on behalf of the KGB, was part of George Bush’s and Oliver North’s Iran-Contra drug- and arms-running operations. Sun, which recently took over the former Resorts International operation from Merv Griffin, opened the Mohegan Sun Resort in Uncasville, Connecticut, in October 1996, in partnership with the Mohegan Nation.

Other organized crime gangs have involved themselves with Indian casinos. It has been reported that in 1988, the Bruno-Scarfi mob gang held a secret meeting in Toms River, New Jersey, to discuss gambling. The guest of honor at the meeting was Darrell “Chip” Wadena, Tribal Chairman of the White Earth Chippewa Reservation and president of the Minnesota Chippewa Tribe (Wadena was convicted on 15 counts of conspiracy, theft, embezzlement, theft, and money laundering in 1996 according to *International Gaming & Wagering Business*). Also present were Minnesota Chippewa Tribe Attorney Kent Tupper, and Victor Colluci, director of special products sales at GTECH, the lottery company. Colluci, Tupper, and four other men owned Creative Games Technology, which leased video gambling machines to several Chippewa casinos.

Grand Casinos, a major player in the Minnesota Indian gambling market, is reported by informed sources to be a spin-off of the notorious Minneapolis Combination. The Minneapolis Combination was the organized crime gang headed by Isadore Blumenfeld, a.k.a. “Kid Cann,” a major player in Meyer Lansky’s National Crime Syndicate.

Foxwoods Resort Casino, in Ledyard, Connecticut, which advertises itself in the *Wall Street Journal* and other papers as the “largest casino in the world,” is run by the Mashantucket Pequot Tribal Nation; it opened in 1991.

Hollywood comes to Las Vegas

The connection between Las Vegas and Hollywood came full circle, with the rise of the casino theme resorts, created with the help of Hollywood design and special effects firms. Illustrative of the theme casinos are the Circus Circus casinos in Las Vegas: The Luxor is built in the form of a pyramid and a sphinx; the Excalibur has a King Arthur theme; and the Circus Circus actually contains a circus. Not to be outdone, Mirage Resorts has a simulated volcano in its Mirage casino, and its Treasure Island casino features a pyrotechnic pirate ship battle. The latest trend is geographic, with casinos based upon cities, so gamblers can see the world without ever leaving Vegas: New York, New York, a creation of MGM Grand and Primadonna, features one-third size replicas of a number of New York skyscrapers, including the Empire State Building; Circus Circus and Mirage joined forces to build the Monte Carlo resort casino; Hilton’s Bally’s subsidiary is building the Paris Casino Resort; and Mirage is spending \$1.25 billion on its new Bellagio, modelled after an Italian village.

These extravaganzas are beginning to spread to the other gambling centers. Plans have been announced to build a number of Vegas-style casinos in Atlantic City, in an attempt to shift the city, which now primarily caters to a day-trip clientele where visitors come for the day, into a destination resort, where families come for vacations. On a smaller scale, the fantasy themes are beginning to appear in Tunica, Mississippi, just south of Memphis. The Hollywood Casino in Tunica, for example, features movie artifacts such as the Batmobile from Batman, the shark from Jaws, and the Harrier jet from True Lies; to build its Adventure Slots, based on the Temple of Memphis, Hollywood Casino Corp. hired the Hollywood design firm which had done the Indiana Jones thrill ride at Disney World.

Internet gambling

Finally, we have the newest form of gambling, gambling from home over the Internet, via on-line casinos and lotteries. How this will develop, remains to be seen, because there are significant legal obstacles to overcome; a bill has been introduced in the Senate to outlaw Internet gambling. Still, some analysts have projected that Internet gambling could rise to a level of \$10 billion a year or so.

The enormity of the gambling market

In 1995, some \$550 billion in legal wagers was placed at casinos, racetracks, off-track betting parlors, video poker machines, state lotteries, bingo games, and charity events, according to the *United States Gross Annual Wager, 1995*, a study by Christiansen/Cummings Associates, Inc., and pub-

lished in August 1996 by *International Gaming & Wagering Business*, a trade magazine (Figure 1). That amounts to about \$2,000 in wagers for every man, woman, and child in the country, and some \$5,500 per household. Gambling is now legal, in one form or another, in all states of the United States, except Utah and Hawaii (Figure 2).

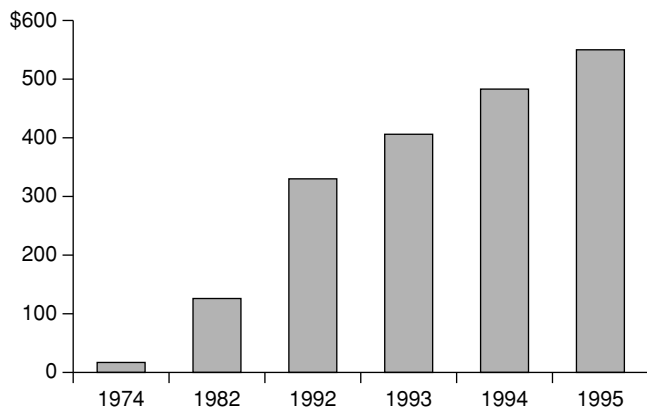
The wagering figure is a measure of the annual turnover in bets, similar to the annual turnover in financial markets, representing the sum of all bets placed. As such, it is different from the revenue of the gambling facilities, which is the net take on those wagers. That is, a gambler might walk into a casino with \$1,000, put all of it into a slot machine, and win back \$750 in jackpots, leaving with \$750 in his pocket; \$1,000 was wagered, but a net \$250 changed hands, the latter figure representing the casino's revenue.

Americans gambled away \$44.4 billion in 1995, more than they spent on movies at theaters, spectator sports, plays, and recorded music combined (Figure 3). Casinos reported 154 million customers in 1995, more than attended all Major League Baseball and National Football League games combined. In 1996, it was even worse. According to Harrah's 1997 *Survey of Casino Entertainment*, casinos reported 176 million visits in 1996, including members of 32% of all U.S. households (Figure 4).

According to Harrah's, more than half of the states generate more than 1 million casino visits each year, led by California with 18 million visits; Illinois, Louisiana, New York, and Pennsylvania with 10-12 million visits; and Texas, New Jersey, Wisconsin, Nevada, and Minnesota rounding out the top ten with 7-8 million visits each. Among metropolitan areas, New York leads the pack with 11 million visits, followed by Philadelphia with 10 million, and Los Angeles with 9 million; these three metropolitan areas generated almost 17% of U.S. casino visits in 1996. Next among metropolitan areas were:

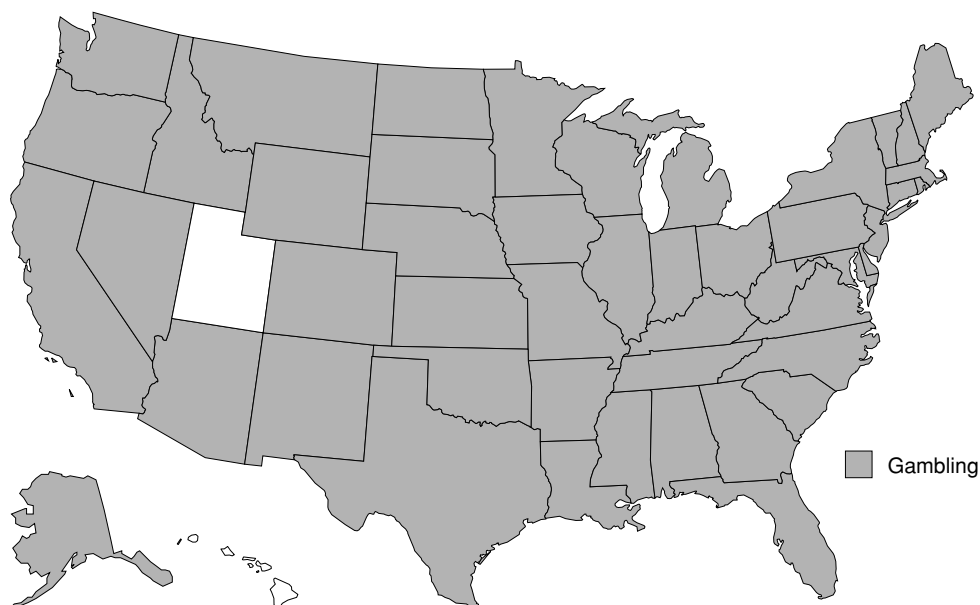
FIGURE 1
Legal gambling wagers in the U.S.

(billions \$ wagered per year)



Source: Christiansen/Cummings Associates, *International Gaming & Wagering Business*.

FIGURE 2
States with some form of legal gambling

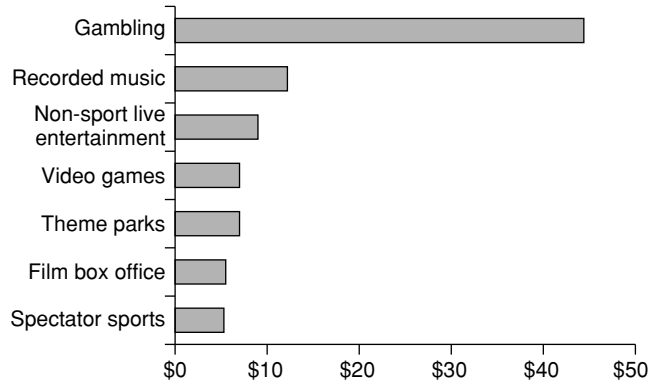


Source: Christiansen/Cummings Associates, *International Gaming & Wagering Business*; U.S. General Accounting Office; *EIR*.

FIGURE 3

Spending on gambling exceeds many other forms of 'entertainment'

(billions \$)

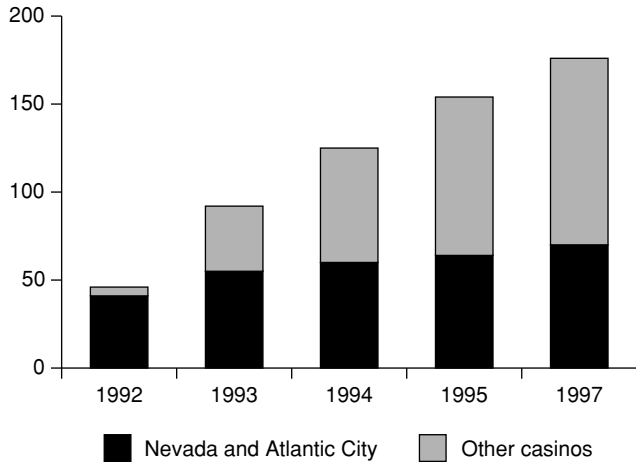


Source: Christiansen/Cummings Associates, *International Gaming & Wagering Business*.

FIGURE 4

Visits to casino destinations

(millions)



Source: Harrah's Survey of Casino Entertainment, 1997.

Chicago, with 7 million visits; and Memphis and New Orleans, with 6 million each. Rounding out the top ten metropolitan areas are Minneapolis-St. Paul, Las Vegas, Phoenix-Flagstaff, and Detroit. These top ten metro areas generated approximately 40% of U.S. casino visits in 1996.

We must say, given the nature of the casino business, that all of these figures are suspect. The visitor statistics are likely overstated, to make gambling appear more popular than it is, and to provide cover for the hot money that comes in, so to

TABLE 1

Wagers and revenue, by type of gambling, 1982 and 1995

(millions \$)

	Wagers		Revenues	
	1982	1995	1982	1995
Total	\$125,755.5	\$550,351.9	\$10,413	\$44,386.8
Lotteries	4,088.3	38,878.2	2,170	15,236.2
Casinos	101,400	422,551.2	4,200	18,014.7
Pari-mutuel	14,529.3	17,801.3	2,792	3,746.6
Indian	0	49,023	0	4,039.2
Non-Nevada				
cardrooms	1,000	9,695.2	50	762.7
Bingo	3,000	5,666.7	780	980.9
Non-bingo	1,200	4,139.6	396	1,505
Legal				
bookmaking	538	2,596.2	25.8	101.6

Source: Christiansen/Cummings Associates, *International Gaming & Wagering Business*.

speak, under the table. Still, there can be no doubt that gambling is a big and rapidly growing business in the United States.

Place your bets

Legalized gambling in the United States comes in many forms. There are the casinos, with table games (roulette, blackjack, baccarat, poker) and slot machines; the lotteries; pari-mutuel betting on horse racing, dog racing, and jai alai; bookmaking; card rooms; bingo; charitable gambling; and Indian gambling, which includes elements of several of the other categories. As shown by **Table 1**, the amounts bet at casinos, at Indian reservations, and on lotteries, have risen sharply since 1982, while pari-mutuel betting has remained relatively flat. As in 1982, the non-Indian casinos dominated the wagers in 1995 (**Figure 5**), but the lotteries were nipping at their heels in terms of revenues (**Figure 6**).

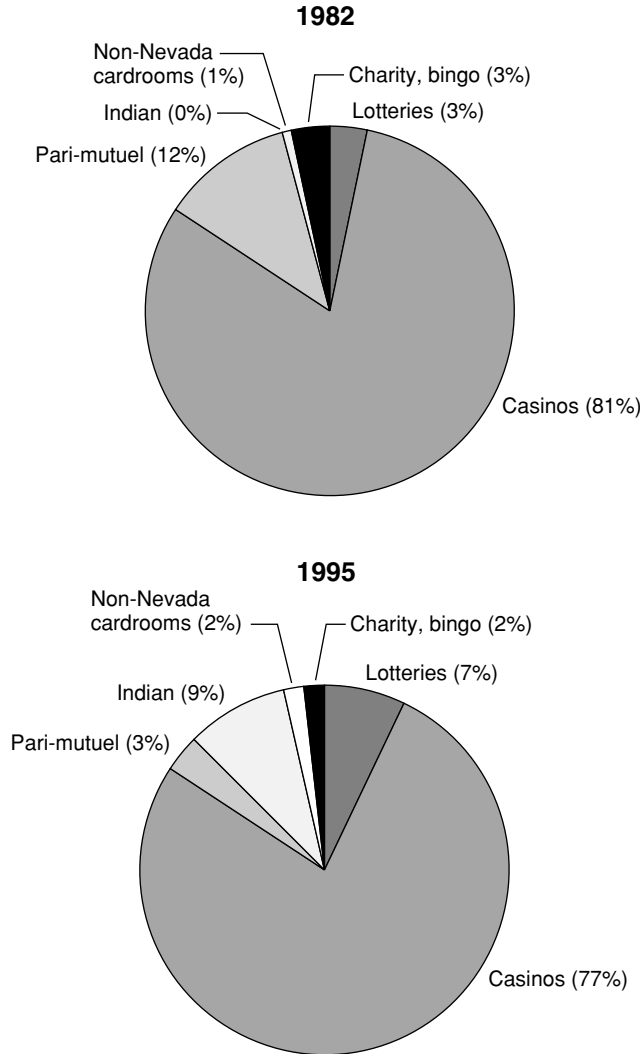
Nevada and its casinos still dominate the gambling market, with nearly 40% of all wagers placed; New Jersey is solidly in second place (**Table 2**). That still leaves a lot of money for the new gambling meccas, in Mississippi, Illinois, and Louisiana, all of which topped \$20 billion in wagers.

Casinos

In terms of wagers placed, the non-Indian casinos dominate the gambling landscape, with \$423 billion in wagers in 1995, or 77% of all wagers; most of these non-Indian casinos are in Nevada, which has over 300 casinos, but 13 other states also have legal non-Indian casinos (**Figure 7**). In second place, were the Indian gambling facilities, with \$49 billion in wagers, or 9%; followed by lotteries with \$38.9 billion (7%), and pari-mutuel betting with \$17.8 billion (3%). The remain-

FIGURE 5

Gambling wagers, by type



Source: Christiansen/Cummings Associates, *International Gaming & Wagering Business*.

ing 4% was accounted for by card rooms, bingo, charitable gambling, and legal bookmaking.

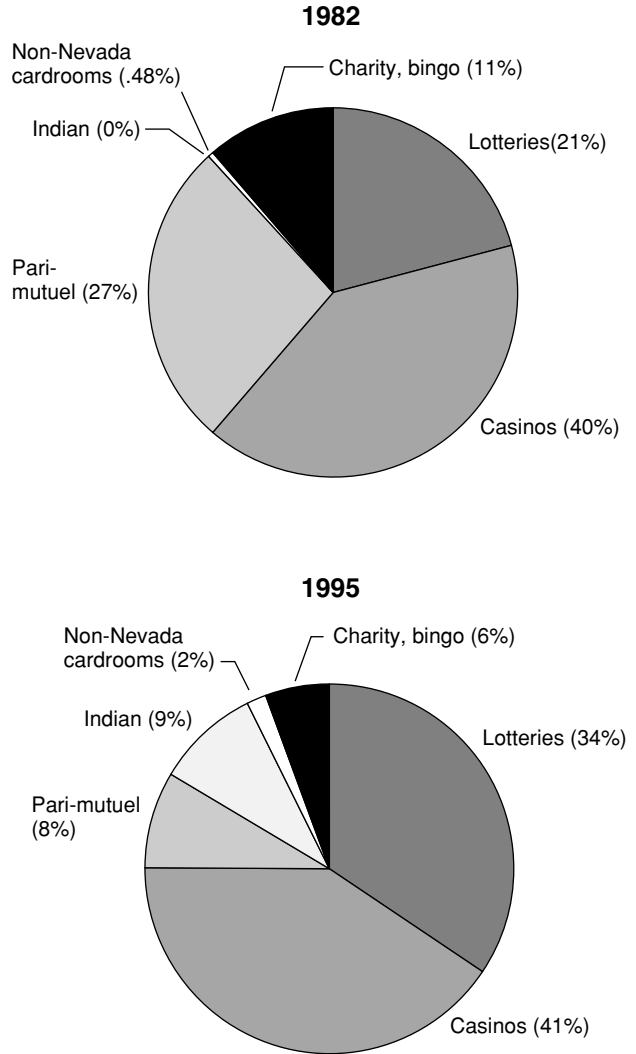
Among the non-Indian casinos, some \$3 out of every \$4 in bets placed, were placed in casinos in Nevada and New Jersey, which accounted for \$306.9 billion of the total wagers (Table 3). Another \$88 billion was wagered on riverboat casinos, most of which are located along the Mississippi and Ohio rivers.

The remainder was accounted for by other land-based casinos, deepwater cruise ships (the aptly named “cruises to nowhere”), slot machines in non-casino locations, and the like.

Measured in terms of revenue, the non-Indian casinos again led the pack in 1995, but by a smaller margin, with \$18 billion, or 41%, followed closely by lotteries, with \$15 billion,

FIGURE 6

Gambling revenue, by type



Source: Christiansen/Cummings Associates, *International Gaming & Wagering Business*.

or 34%. Indian gambling accounted for \$4 billion, or 9%, and pari-mutuel betting accounted for just under \$4 billion, or 8%.

The Nevada and New Jersey casinos, as expected, topped the revenue charts, with \$7.1 billion in revenue from slot machines and \$3.9 billion in revenue from table games, for a total of \$10.9 billion, or 25% of all gambling revenue. The riverboats brought in another \$4.7 billion, or 10%.

Indian gambling

There were 281 Indian gambling facilities in the United States as of the end of 1996 (Figure 8). In terms of numbers of facilities, California leads the nation with 41, followed by Oklahoma with 36, Washington state with 28, Wisconsin with 25, and South Dakota with 20.

TABLE 2

Top wagering states, 1995 (excluding Indian gambling)

(millions \$)

State	Wagering	Revenue
1. Nevada	\$226,360.7	\$7,382.4
2. New Jersey	86,432.2	4,790.6
3. Mississippi	32,488.6	1,757
4. Illinois	26,729	2,298.3
5. Louisiana	25,858.6	1,875.5
6. California	14,556.8	2,558.7
7. Missouri	9,700.6	718.6
8. Colorado	7,578.1	640.3
9. Iowa	7,455	580.9
10. New York	6,283.7	2,320.3
11. Texas	4,327.6	1,445.5
12. Florida	4,273.5	1,620.3
13. Massachusetts	3,559.5	1,092.5
14. Oregon	3,531.9	508
15. Ohio	3,427.8	1,258.7

Source: Christiansen/Cummings Associates, *International Gaming & Wagering Business*.

TABLE 3

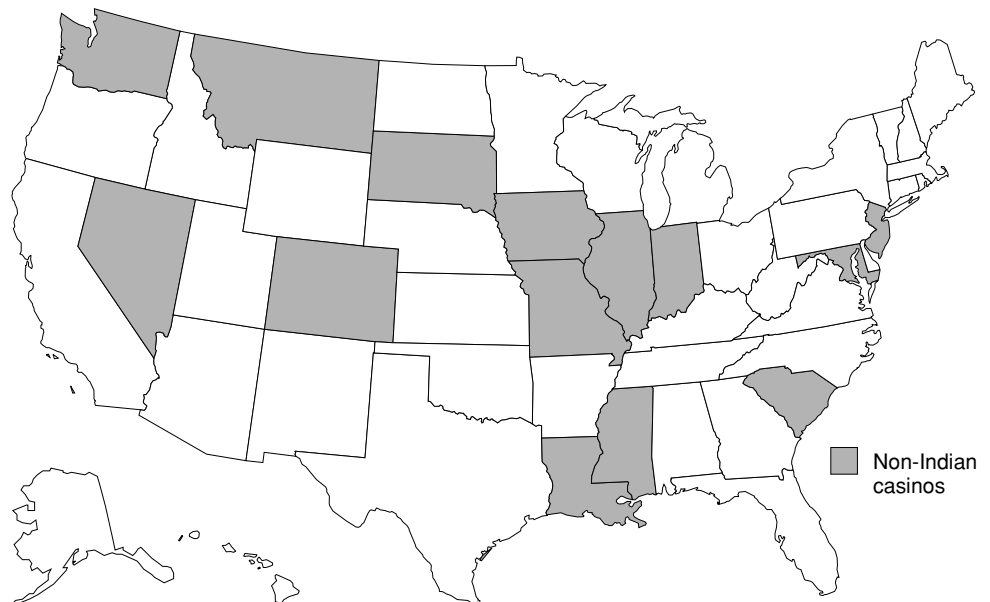
Top casino states (excluding Indian gambling)

(millions \$)

State	Casinos & devices	
	Wagering	Revenue
1. Nevada	\$223,370.33	\$7,201
2. New Jersey	83,500.43	3,747.8
3. Mississippi	32,360.66	1,723.9
4. Louisiana	24,951.24	1,587.6
5. Illinois	23,616.66	1,178.3
6. Missouri	9,057.57	466.5
7. Iowa	7,119.95	455.9
8. Colorado	6,756.52	394.3
9. South Carolina	2,695	404.3
10. Montana	2,103.02	212.2
11. South Dakota	553.41	45.9
12. Washington	420.79	156
13. Maryland	173.33	26
14. Indiana	115.69	6.2
15. Idaho	94.9	NA

Source: Christiansen/Cummings Associates, *International Gaming & Wagering Business*.

FIGURE 7

States with non-Indian casinosSource: Christiansen/Cummings Associates, *International Gaming & Wagering Business*.

The U.S. General Accounting Office, in a May 1997 profile of Indian gambling, put the revenues for Indian gaming at \$4.5 billion, slightly higher than the figure from Christiansen/Cummings, and based its analysis on constant 1995 dollars, instead of current dollars. The GAO figures show a sharp rise in Indian gambling revenue since the passage of the Indian Gaming Regulatory Act (IGRA) in 1988 (Figure 9), but that revenue is concentrated in a small number of Indian facilities. The GAO study looked at just 178 of the 281 Indian gambling

facilities in the United States, and found that just eight Class III casinos (with revenues of \$100 million or more) accounted for 41% of all Indian gaming revenues reported in the study, and another ten Class III casinos (with revenues from \$50 million up to \$100 million) accounted for 17%.

The survey's 109 Class III Indian casinos, as a group, reported \$4.0 billion in gambling revenues in 1995, slightly more than the \$3.6 billion reported by the 12 Atlantic City casinos, but well below the \$7.0 billion reported by the 213

Major companies of Gambling, Inc.

“We annually compare gambling to large-scale American corporate business through U.S. Gambling, Inc. (USGI), a fictional holding company for the nation’s lotteries and casinos and other commercial games,” Christiansen/Cummings Associates stated in its 1995 *Gross Annual Wager*. “Consumers spent \$44.4 billion on gambling in 1995. . . . Had those gross revenues been booked by U.S. Gambling, Inc. the holding company would have ranked 11th in the 1995 Forbes Sales 500, up a notch from last year and its highest comparison since we began these comparisons in 1982.” That would, it continued, put Gambling, Inc. above DuPont, which had \$36.5 billion in sales, and below Philip Morris, which had \$53.1 billion. Gambling, Inc.’s 11.4% gross revenue gain in 1995, compared to 1994, outperformed the Forbes Sales 500, which as a group reported an average sales gain of 10%.

Gambling, Inc. has indeed become a big business, but it remains just one facet of an even larger enterprise, Dope, Inc., whose revenues *EIR* estimated in 1996 to be \$521 billion (and would be much higher, were not Dope, Inc. cutting its drug prices significantly in order to spread its tentacles even deeper into the population). The only businesses that compare in size to Dope, Inc. are its sister international cartels: food, energy, munitions, and finance, all of which are controlled by the British Empire.

The corporate host of Gambling, Inc. today, includes a significant chunk of what used to be the hotel business (**Table 1**). In 1995, the leading corporate gambler, in terms of gambling revenues, was Harrah’s Entertainment, a company that began its corporate life as Holiday Inns. Second on the list is ITT Corp., the former International Telephone & Telegraph, whose Sheraton division owns the Caesar’s World casinos. Bally’s Entertainment, number three on the list, is now a part of Hilton; Hilton bought Bally’s in 1996, to become the largest corporate gambling company in the world, and it intends to grow even more, launching a hostile takeover bid in early 1997 for ITT Corp. Hilton also has what it terms a “strategic alliance” with Ladbroke, the British gambling company. The fourth major hotel company in the top ten is Aztar, which used to be known as Ramada, until it sold its hotel division in 1989 to concentrate on gambling.

After the big hotel chains, come the giant casino companies: Trump, which controls one-third of the Atlantic City casino market; and Mirage Resorts and Circus Circus Enterprises, which operate multiple casino/resorts in Las Vegas and elsewhere, and which moved into the big time thanks to funding from the Drexel Burnham Lambert money machine.

What follows, are profiles of some of the major gambling companies that are not covered in detail elsewhere in this *Feature*.

Harrah’s Entertainment, Inc.

1023 Cherry Road
Memphis, TN 38117

What is known today as Harrah’s Entertainment, Inc., began in 1952 as Kemmon Wilson’s Holiday Inns of America. The company went public in 1957, and opened its 1,000th hotel in 1968. Holiday Inns moved into casino gambling in 1979, buying a 40% stake in the River Boat Casino in Las Vegas (and bought the remaining 60% in 1983). In 1980, it bought Harrah’s, the Nevada casino company which had begun as a bingo parlor in Reno, Nevada, in 1937. In 1985, Holiday Inns changed its name to Holiday Corp., and the following year, faced with a hostile takeover attempt by Donald Trump, with whom the company was building a second casino in Atlantic City, Holiday restructured, selling its inns to Bass, the British ale company, in 1988, and renaming itself Promus. In 1995, Promus split itself into two separate companies: Harrah’s Entertainment (the successor to Promus), which contains the casino business; and Promus Hotel Corp., which runs the hotels.

At the end of 1996, Harrah’s operated 16 gambling facilities, including casinos in Las Vegas, Reno, Lake Tahoe, and Laughlin, in Nevada, and Atlantic City, New Jersey; riverboat casinos in Joliet, Illinois; dockside casinos in Vicksburg and Tunica, Mississippi, Shreveport, Louisiana, and North Kansas City, Missouri; casinos on two Indian reservations, one near Phoenix, Arizona, and the other near Seattle, Washington; and a land-based casino in Auckland, New Zealand. As of Dec. 31, 1996, Harrah’s operated approximately 701,200 square feet of casino space, 19,011 slot machines, 941 table games, 6,478 hotel rooms or suites, approximately 131,400 square feet of convention space, 56 restaurants, six showrooms, and six cabarets. Harrah’s owns 14% of Sodak Gaming, a distributor of gambling equipment, primarily to Indian gambling operations.

Harrah’s owns 47% of Harrah’s Jazz, formed to develop, own, and operate a casino in New Orleans. Harrah’s Jazz filed for bankruptcy in November 1995. Harrah’s expects to open the casino, with a minority position.

As of the end of 1996, Massachusetts Financial Services Company of Boston owned 9.8% of Harrah’s; Oppenheimer Group, Inc., owned 8.5%; the Capital Group of Companies, Inc., owned 8.0%; and the Harrah’s pension fund owned 6.6%.

The company shares two directors with First Tennessee National Corp., and one each with Riggs National Bank of Washington, D.C. and Gannett Group, Mutual of New York. The board also includes Walter J. Salmon, the Stanley Roth Sr. Professor of Retailing, Harvard University.

TABLE 1

Public gaming companies, 1995

(thousands \$, except employees)

Company	Gaming revenues	Other revenues	Total revenues	Gambling as % of total revenues	Net income	Total debt	Market cap.	Total employees
Harrah's Entertainment	\$1,159,808	\$390,268	\$1,550,076	0.748	\$78,846	\$755,743	\$2,760,655	22,000
ITT Corp.	1,068,000	302,000	1,370,000	0.78	54,340	1,536,000	6,500,000	14,000
Bally Entertainment	789,863	233,997	1,023,860	0.771	59,899	1,289,601	1,000,000	13,200
Trump Casinos	696,519	172,013	868,532	0.802	-35,735	1,192,484	263,482	9,800
Mirage Resorts	659,840	670,904	1,330,744	0.496	163,163	249,063	3,567,731	16,800
Circus Circus	615,385	684,211	1,299,596	0.474	128,898	716,077	3,216,018	20,200
Hilton Hotels Corp.	511,000	429,600	940,600	0.543	87,100	666,500	3,100,000	12,000
Aztar Corp.	469,211	103,658	572,869	0.819	-4,994	496,905	289,490	9,900
Hollywood Casinos	453,309	86,090	539,399	0.84	-17,288	496,847	33,799	6,370
Boyd Gaming Corp.	401,187	259,153	660,340	0.608	36,249	624,304	302,493	11,500
MGM Grand	348,767	373,076	721,843	0.483	46,565	563,712	509,000	6,400
Showboat	339,701	88,891	428,592	0.793	13,175	392,391	342,272	7,675
Station Casinos	331,087	135,770	466,857	0.709	25,472	464,998	331,298	7,000
Griffin Gaming	267,757	33,983	301,740	0.887	15,899	217,945	73,936	3,800
Casino America	259,878	1,4671	274,549	0.947	58,231	144,169	176,507	5,440
Grand Casinos	251,828	121,044	372,872	0.675	53,008	466,529	1,088,276	4,500
Argosy Gaming	218,854	33,837	252,691	0.866	6,953	169,702	130,900	2,822
Players International	210,942	12,753	223,695	0.943	45,755	8,907	490,000	2,261
Boomtown	189,306	42,461	231,767	0.817	-2,877	109,496	48,495	3,840
Casino Magic	165,998	11,725	177,723	0.934	-102,92	140,436	83,890	2,225
Primadonna Resorts	158,984	80,813	239,797	0.663	23,307	145,509	352,562	3,834
Santa Fe Gaming	148,741	93,505	242,246	0.614	-2,2041	319,502	6,360	2,006
President Casinos	139,445	20,905	160,350	0.87	-20,232	117,815	9,3082	2,646
Lady Luck Gaming	129,591	21,136	150,727	0.86	6,718	182,597	47,731	2,850
Coast Resorts	113,087	61,669	174,756	0.647	8,957	84,392	57,979	3,000
Harvey's	105,775	68,157	173,932	0.608	9,345	133,143	67,416	4,950
Ameristar	88,947	34,920	123,867	0.718	8,438	101,323	17,290	3,055
Rio Hotel and Casino	86,736	105,802	192,538	0.45	18,745	110,202	222,537	3,074
Sands Regent	41,122	19,851	60,973	0.674	-11,428	28,714	12,160	1,429
Stratosphere Corp.	N/M	N/M	N/M	N/M	N/M	203,000	37,856	3,000
	10,420,668	4,706,863	15,127,531	0.689	824,176	12,128,006	25,223,215	211,577

Source: Economic Impacts of Casino Gaming in the United States, Volume 1: Macro Study, Arthur Anderson, December 1996.

Hilton Hotels Corp.

9336 Civic Center Drive
Beverly Hills, CA 90210

Conrad Hilton Got his start in hotel management by renting rooms in his family's New Mexico home, then served as a state legislator before leaving for Texas in 1919, hoping to make his fortune in banking. There, Hilton combined his \$5,000 savings with a \$20,000 loan and \$15,000 from partners, to buy his first hotel—in Cisco, Texas. Over the next decade, he bought seven more Texas hotels. While scathed by the Great Depression (he had only five hotels by 1994),

Hilton survived, in part because he had leased land for his hotels, instead of borrowing to buy it.

He began buying hotels again, moving into California (1938), New Mexico (1939), and Mexico (1942). In 1942, he met and married Zsa Zsa Gabor, whom he later divorced. He founded Hilton International to manage his foreign business (1948) and realized his ambition to run New York's Waldorf-Astoria (1949). Hilton's first European hotel opened in Madrid in 1953. He paid \$111 million for the 10-hotel Statler chain in 1954, in the biggest transaction in hotel history to date.

The company began franchising in 1965, to capitalize on the best-known name in the business, and by 1987 had

franchised 255 hotels. Conrad's son Barron became president in 1966. Barron persuaded his father to sell the 38-hotel Hilton International chain to TWA in 1967, in exchange for TWA stock. In 1970, Barron bought two hotels in Las Vegas, creating a gaming division.

Upon Conrad's death in 1979, Barron became chairman. He reentered the overseas hotel business with Conrad International Hotels in 1982, and opened a gaming hotel in Australia in 1985. The company spent \$1.2 billion to refurbish and expand its 12 most glamorous hotels in the 1980s, including the Waldorf-Astoria and Hilton's two Las Vegas hotels (making them the two largest hotels in the world).

Settlement of his father's will gave Barron control of 25% of Hilton stock. He put the company up for sale in 1989 after foreign investors made high offers for other U.S. hotels, but took it off the market after nine months, because bids did not meet his expectations. Meanwhile, the company opened the first Hilton Suites — all-suite hotels — and CrestHil, a chain of moderately priced country inns.

In 1992, Hilton bought Bally's Casino Resort in Reno, with 100,000 square feet of gambling space, for \$88 million (\$142 million less than Bally paid for it in 1986). That same year, Hilton joined forces with competitors Circus Circus and Caesar's World to propose a \$2 billion Vegas-style casino in Chicago, an idea which ran aground, in part due to opposition from the governor of Illinois. The same three companies linked up again in 1993, to build a casino in Windsor, Ontario; a temporary casino will open in 1994, followed by a permanent one in 1996.

Gaming provided about two-thirds of Hilton's revenues in 1993. The company operates, manages, or franchises over 250 hotels worldwide; its gaming operations include five casino hotels in Nevada, a riverboat casino (the Hilton Queen) in New Orleans, and other interests in Australia and Turkey. In 1994, the company launched the Hilton Queen of New Orleans riverboat, and plans to open two riverboats, including one in Kansas City; it is planning to build casino hotels in Australia and Uruguay, plus the Windsor joint venture.

In December 1996, Hilton completed its acquisition of Bally Entertainment Corp. In January 1997, it finalized its "strategic alliance" with Ladbrooke Group plc, whose wholly owned subsidiary Hilton International owns the rights to the Hilton name outside the United States. Also in January, Hilton made a \$10.5 billion takeover bid for ITT. As of Feb. 1, 1997, Hilton owned 41% of a class of Claridge debt, and is discussing a possible takeover.

The ownership of Hilton is as follows: Barron Hilton, 18.8%; Conrad N. Hilton Fund, 6.6%; FMR Corp., 6.6%; The Prudential Insurance Company of America, 5.5%; Highbridge Capital Corporation, 8.2%; and Angelo Gordon & Co. L.P., 6.0%.

Hilton subsidiary Bally's Entertainment was founded in 1931 as Lion Manufacturing, and built its first slot machine in 1938. In 1963, Lion sales manager William O'Donnell and partners bought the company with money, the New Jersey

Casino Control Commission would later allege, from organized crime. By 1968, the year the company was renamed Bally Manufacturing, it was the leading maker of slot machines, and in 1969, it went public. Bally launched its first casino hotel in 1977, but the New Jersey casino commission forced O'Donnell to resign, before it would grant the company a casino license.

Business boomed at Aladdin's Castle in the early 1980s, when Bally introduced a new generation of video arcade games, including Space Invaders (1979) and Pac-Man (1980). Bally continued to diversify, buying Six Flags Corp. (1982), Health and Tennis Corp. of America (1983), Great American Theme Park (from Marriott 1984), Lifecycle (1984), MGM Grand Hotels in Las Vegas and Reno (1986), and the Golden Nugget Casino in Atlantic City (1987). Bally successfully fended off a takeover attempt by Donald Trump in 1987, funding the battle by selling its theme park business. Bally sold most of its amusement game manufacturing businesses in 1988 and 1989.

In 1990, the company missed an \$18.4 million interest payment on its Nevada casinos, and pulled out of a deal to buy London's Clermont casino.

In 1991, Bally spun off its gaming operations as Bally Gaming International, and disposed of its remaining 17% share of that company in 1993. That same year, Bally's Grand, Inc., the operating company for Bally's Las Vegas resort, under bondholder control since 1991, emerged from bankruptcy. Also in 1993, Bally opened a saloon and gambling hall on the Mississippi River, and secured an option to acquire riverfront property in Philadelphia for a similar facility, should that city legalize casinos.

In 1994, because it no longer makes gambling equipment, the company changed its name from Bally Manufacturing Corp., to Bally Entertainment Corp.

ITT Corp.

1330 Avenue of the Americas
New York, N.Y. 10019

Col. Sosthenes Behn founded the International Telephone and Telegraph Corp. in 1920, to manage Cuban and Puerto Rican telephone companies. It bought Western Electric from AT&T in 1925, making it a major international phone equipment manufacturer. It also bought phone systems in Spain, Argentina, and Romania.

Harold Geneen became CEO in 1959. Revenues broke the \$1 billion barrier in 1962; and in 1964, the company formed ITT Financial Services, by starting ITT Credit, and buying Aetna Finance, Kellogg credit, and 50% of Great International Life Insurance. ITT went on a buying spree, buying among other companies, Hartford Insurance (1969) and Sheraton Hotels (1968).

Rand Araskog took over in 1979, at which point the company was only marginally profitable, and began selling all or

part of 250 companies, slashing the workforce by two-thirds between 1984 and 1987.

In 1993, ITT Sheraton announced plans to build a riverboat casino in New Orleans, and in 1995, Sheraton, which already owned the Desert Inn in Las Vegas, bought Caesar's World, owner of the Caesar's casinos in Las Vegas and Atlantic City.

The major owner of ITT stock is Bankers Trust, which owns 12%.

The board is loaded with clout. Directors of note include: chairman, Rand Araskog, a director of Dow Jones & Co. and Shell Oil, and a member of the Trilateral Commission and the New York Council on Foreign Relations; Michel David-Weill, senior partner of Lazard Frères; S. Parker Gilbert, retired chairman of Morgan Stanley; Paul Kirk, chairman of the Democratic National Committee from 1985 to 1989, currently counsel to the law firm of Sullivan & Worcester; former U.S. Army Chief of Staff Gen. Edward Meyer; and Bette Anderson, former undersecretary of the Treasury (1977-81) and before that, an executive of Citizens & Southern National Bank of Savannah, now part of NationsBank.

In 1997, Hilton launched a hostile takeover bid for ITT, which the company is fighting by attempting to split itself up into three separate companies.

Mirage Resorts, Inc.

3400 Las Vegas Blvd. South
Las Vegas, NV 89109

Mirage Resorts, one of *Fortune* magazine's "America's Most Admired Companies" for 1996 and 1997, is known primarily for its large casino-resorts in Las Vegas, including the Mirage (which features a man-made volcano) and Treasure Island (including a pyrotechnic extravaganza which pits the British Navy against pirates), the 50% Mirage-owned Monte Carlo, and the Bellagio, scheduled to open in 1998. Mirage is building the \$550 million Beau Rivage casino in Biloxi, Mississippi, and has announced plans for a major resort in Atlantic City. Until 1991, the company was known as Golden Nugget, Inc.

The dominant individual at Mirage is Chairman Steve Wynn, who got his start in Las Vegas in 1967, when he bought a small interest in the Frontier Hotel casino, which was controlled by the Detroit mob. In 1972, Wynn, with the help of the Valley Bank (now part of BankAmerica), bought property from Howard Hughes then sold it to Caesar's Palace, using his million-dollar profit to buy 5% of the Golden Nugget. Wynn eventually took control of the Golden Nugget, then, with funding raised by Drexel Burnham Lambert, built the Golden Nugget casino in Atlantic City in 1980. Wynn then sold the Atlantic City casino to Bally's, using the proceeds and more money from Drexel, to build the Mirage in Las Vegas. Wynn, whose neighbor in Lake Tahoe is his old friend Michael Milken, is a major funder of the Anti-Defamation League, and has recently become an active environmentalist.

Wynn owns 15.6% of Mirage, FMR Corp. owns 10.5%, and Janus Capital Corp. of Denver owns 5.3%.

Directors of note include: Steve Wynn and his wife Elaine Wynn, and George J. Mason, senior managing director of Bear Stearns & Co. in Los Angeles. Mirage's senior vice-president for government and external affairs is Thomas L. Sheer, a former assistant director of the FBI, and former director of intelligence for W.R. Grace & Co.

Circus Circus Enterprises, Inc.

2880 Las Vegas Blvd. South
Las Vegas, NV 89109

Circus Circus is another of the big casino-resort combinations, operating three major casinos on the Las Vegas Strip: the Circus Circus (complete with an indoor circus), the Luxor (in the shape of a pyramid and sphinx), and Excalibur (with a King Arthur theme); it also owns 50% of the Monte Carlo, and is planning a big Shangri La-themed casino in Las Vegas, plus a casino in Atlantic City. Circus Circus opened in 1968, and was taken over by William Bennett and William Pennington in 1974; Bennett had got into the casino business in 1965, working for Del Webb, the developer and casino owner who built the Flamingo for Bugsy Siegel. In 1983, Circus Circus went public, using funds provided by Drexel Burnham Lambert, as recounted earlier in this feature.

Owners of significant stakes in the company are: FMR Corp., 12.5%; J.P. Morgan, 12.1%; vice-chairman Michael S. Ensign, 6.85%; and executive vice president William Richardson, 6.81%.

The directors are mostly insiders, with two notable exceptions: Richard Etter, the retired chairman of BankAmerica-Nevada, and former Drexel Burnham Lambert official Arthur Bilger. Bilger was president of New World Communications, a television broadcasting and production company, from 1995 until January 1997; prior to that, he had been a principal of Apollo Advisors LP and Lion Advisors LP, companies he set up with Leon Black. Black, son of former United Brands chairman Eli Black, had been the head of mergers and acquisitions at Drexel during the Milken era, who played a key role in organizing the "investors" in Drexel's junk-bond offerings. After leaving Drexel, Black set up a number of firms, including Apollo, to use junk bonds to take over and asset-strip troubled companies. One of Black's partners in this operation, was the bankrupt Crédit Lyonnais bank of France, a major funder of Hollywood movie productions.

MGM Grand, Inc.

3799 Las Vegas Blvd. South
Las Vegas, NV 89109

MGM Grand is controlled by Kirk Kerkorian, who owns 62% of the company, mostly through his Tracinda Corp. The board

is largely irrelevant, but includes former U.S. Secretary of State Gen. Alexander M. Haig, Jr.

Aztar Corp.

2390 E. Camelback Rd. Ste 400
Phoenix, AZ 85016-3452

Aztar, formerly known as Ramada, was created in 1989, as part of the restructuring in which Ramada sold off its hotel business. Aztar owns the Tropicana hotel/casinos in Vegas and Atlantic City; the Ramada Express in Laughlin; and the Casinos Aztar in Caruthersville, Missouri, and Evansville, Indiana.

Gabelli Funds, Inc. of New York owns 8.9% of Aztar's stock. Among the directors of the various Gabelli funds, is former German Bundesbank head Karl Otto Pöhl (1980-91).

Directors of note include: Edward M. Carson, the retired chairman of First Interstate Bancorp, who now sits on the board of Wells Fargo & Co.; and Richard Snell, chairman of Pinnacle West Capital, an Arizona electric utility, and a director of Banc One Arizona.

Carnival Corp.

3655 NW 87th Ave.
Miami, FL 33178

Carnival was founded in 1972, as a subsidiary of American International Travel Service, a company owned by Meshulum Riklis, one of the moneybags behind the Drexel Burnham Lambert operation. In 1974, co-founder Ted Arison took control of Carnival to bankroll the company. The company rapidly expanded, becoming the world's largest cruise line, featuring gambling on its ships, as well as land-based casinos. It changed its name to Carnival Corp. in 1994, and announced that it would merge its land-based gaming interests with The Continental Companies, to form a new company named Carnival Hotels and Casinos, owned 50% by each. Ted Arison owns 65% of the company, which is now run by his son Mickey.

Directors of note, besides Mickey Arison, include: Uzi Zucker, a senior managing director of Bear Stearns, and a director of the Jerusalem Economic Corp.; Stuart Subotnick of Metromedia Co.; James Dubin of the Paul, Weiss, Rifkind, Wharton & Garrison law firm; Maks L. Birnbach, owner of Fullcut Manufacturers Inc., a New York diamond wholesaler and importer, who is also a director of the Diamond Manufacturers and Importers Association, vice-chairman of the American Committee of the Weizmann Institute for Science and a governor of its Research Institute in Rechovot, Israel; and Ambassador Richard J. Capen, Jr., the former publisher of the *Miami Herald* and U.S. ambassador to Spain, who is also a director of the FBI-linked Wackenhut Corp.

Gambling: a timeline

1919-31: Prohibition

1931: Hoover Dam construction begins in Black Canyon, one of the great projects of the Depression; it is, ironically, the water and hydroelectric power from the Hoover Dam, which make the growth of Las Vegas possible.

1941: The Las Vegas casino business expands, with the opening of the El Rancho Vegas on the Strip, and the El Cortez Hotel downtown.

1942: Last Frontier Hotel opens.

1946: Bugsy Siegel opens Flamingo Hotel. State of Nevada levies first gaming taxes.

1955: Gaming control strengthened. Gaming Control Board created within the Nevada Tax Commission by the Legislature.

1959: The Nevada Gaming Commission is created by the state Legislature.

1964: The New Hampshire lottery is established.

1965: Caesar's World is built, the first new casino on the Strip in Las Vegas in nine years.

1966: Howard Hughes arrives to live at Desert Inn. Robert Maheu handled the purchase, from Moe Dalitz and friends. Hughes would eventually own seven casinos in Vegas.

1967: Nevada legislature passes a law allowing publicly traded corporations to obtain gambling licenses. The law is refined in 1969.

1968: Mary Carter Paint Co. becomes Resorts International.

1968: The Circus Circus, so-named because of the live circus it contains, opens.

1969: New Jersey voters approve a lottery; the first ticket is sold in 1970.

1970s: Royal Commission on gambling in the U.K., chaired by Lord Victor Rothschild.

1970: Hughes is moved to Paradise Island, on Nov. 25, by Intertel.

1970: Lansky's gambling referendum is defeated in Miami Beach, Florida.

1972: Meshulum Riklis and Ted Arison found Carnival Cruise Lines, as a subsidiary of Riklis's American International Travel Service.

1974: Bennett and Pennington buy Circus Circus.

Mid-1970s: FBI establishes a task force to clean the mob out of Las Vegas.

1975: Nevada gaming revenues first crack \$1 billion mark.

1976: Howard Hughes dies, on April 5, 1976, on his way from Mexico to Houston.

1977: The Stardust, supposedly the last mob-controlled casino, is stripped of its license.

1977: Clark County (Las Vegas) gaming revenues first crack

- \$1 billion mark. The Nevada legislature passes a foreign gaming law allowing Nevada-based casino owners to operate casinos outside Nevada's borders.
- 1978:** Seminole Indians open high-stakes bingo parlor in Florida.
- 1978:** Resorts International opens first casino in Atlantic City. Caesar's comes in the following year, with the Boardwalk Regency. Holiday Corp. opens Harrah's Marina, and Hilton builds a marina casino. In 1980, *Penthouse* publisher Bob Guccione breaks ground on a casino; Hugh Hefner opens the Playboy casino a year later, and Steve Wynn enters the market in December 1980, with the Golden Nugget.
- 1979:** Holiday Inn buys a 40% stake in River Boat Casino in Las Vegas.
- 1979:** Ramada takes over the Tropicana in Las Vegas, 22 years after the Trop opened as a mob joint.
- 1980:** Holiday Inn buys Harrah's (in 1988, the company sold off its hotels, and became Holiday Corp.; it became Promus in 1988, then changed its name again, to Harrah's, ca. 1996).
- 1980:** Cabazon tribe opens casino in California.
- 1980:** GTECH is founded by Victor Markowitz and Guy Snowden.
- 1982:** Donald Trump gets gaming license in Atlantic City, announces plans to build casino with Holiday Corp. (Harrah's at Trump Plaza); ribbon cut in 1984. Trump had begun buying up ocean-front property in 1980.
- 1983:** Drexel takes Circus Circus public, on Oct. 25, 1983.
- 1985:** Hilton's Barron Hilton is denied a New Jersey gaming license, because of his association with Sidney Korshak. Hilton had just finished a casino in the spring of 1985. Trump bought it, and renamed it the Trump Castle.
- 1985:** National Indian Gaming Association is founded.
- 1986:** Trump buys out Holiday Corp.'s stake in Harrah's at Trump Plaza, and renames it the Trump Plaza.
- 1987:** Trump buys Crosby family's 73% controlling interest in Resorts International.
- 1988:** Congress passes the Indian Gaming Regulatory Act.
- 1989:** The Mirage opens in Las Vegas, with 3,039 rooms.
- 1990:** Trump Taj Mahal opens in Atlantic City, New Jersey.
- 1990:** Excalibur opens on June 19, to date the world's largest resort hotel with 4,032 rooms.
- 1991:** Ground is broken on MGM Grand Hotel and Theme Park; Treasure Island Hotel; and pyramid-shaped Luxor.
- 1991:** Golden Nugget changes its name to Mirage Resorts.
- 1992:** Resorts International becomes Griffin Gaming & Entertainment.
- 1993:** MGM Grand Hotel and Theme Park tops off. Flamingo Hilton announces plans to raze Bugsy office.
- 1993:** Dunes Hotel is sold to Steve Wynn's Mirage Inc.; the north tower and Dunes sign are imploded on Oct. 27.
- 1993:** Money won by Nevada casinos tops the \$6 billion mark for the first time.
- 1993:** The Nevada legislature passes enabling legislation for development of "The Fremont Experience," a plan to cover several blocks of Fremont Street in downtown Las Vegas, with a light show.
- 1993:** Circus Circus's Grand Slam Canyon Adventuredome amusement park opens on Aug. 23.
- 1993:** Luxor Hotel, the Circus Circus pyramid/sphinx casino, opens on Oct. 15, with 2,526 rooms.
- 1993:** Treasure Island Hotel opens on Oct. 26, with 2,900 rooms.
- 1993:** MGM Grand Hotel and Theme Park opens on Dec. 18, with 5,005 rooms and a 171,500-square-foot casino; to date, it is the largest resort hotel-casino in the world.
- 1994:** Griffin Gaming files for bankruptcy, and sells its Paradise Island casino to Sol Kerzner's Sun International.
- 1994:** Mirage Resorts, Inc. and Gold Strike announce plans to jointly construct Monte Carlo, a mega-resort north of the intersection of Tropicana Avenue and the Strip. The resort will have a French Victorian theme.
- 1994:** Plans to construct New York, New York Hotel-Casino at the intersection of the Strip and Tropicana Avenue announced by MGM Grand and Primadonna Resorts.
- 1994:** Work begins on Fremont Street Experience. Downtown Fremont Street is permanently closed to automobile traffic on Sept. 7, 1994.
- 1994:** Mirage Resorts, Inc., announces plans to construct the Bellagio in Las Vegas.
- 1995:** The \$70 million Fremont Street Experience, occupying five downtown blocks and featuring a canopy above the street with over 2 million lights, opens to the public.
- 1995:** The number of visitors to southern Nevada again sets a record, reaching more than 29 million. Las Vegas ranks number one among U.S. cities in terms of hotel-motel rooms, with 90,046.
- 1995:** Clark County population for the first time is estimated at more than 1 million residents.
- 1995:** Bally Entertainment Corp. announces it will build Paris Casino Resort, a \$420 million hotel, on 25 acres adjacent to Bally's Las Vegas on the Strip.
- 1996:** The Stratosphere Tower opens, and Las Vegas becomes home to the tallest free-standing observation tower in the U.S. and the highest roller coaster in the world.
- 1996:** The Monte Carlo Hotel-Casino opens on the Strip, and ranks as the world's seventh largest hotel.
- 1996:** MGM Grand and Primadonna Resorts open the New York, New York Hotel-Casino at the intersection of the Strip and Tropicana Avenue.
- 1996:** Sun International buys the rest of Griffin Gaming, nee Resorts International.
- 1996:** Hilton buys Bally, making it the largest gambling company in the world.
- 1997:** Hilton launches a hostile takeover bid for ITT Corp., whose Sheraton subsidiary owns Caesar's World.
- 1997:** Hilton finalizes its "strategic alliance" with Ladbroke, the British gambling company which owns the rights to the Hilton name outside the United States.

Dow Jones supports return of Cambodia's Khmer Rouge

by Michael and Gail Billington

On July 9, the Kingdom of Cambodia released a White Paper, "Background on the July 1997 Crisis: Prince Ranariddh's Strategy of Provocation," produced by the Ministry of Foreign Affairs and International Cooperation. The Western press and electronic media have fulsomely covered the recent events, beginning with the July 4 military action ordered by co-Prime Minister Hun Sen against troops under the control of the other co-prime minister, Prince Norodom Ranariddh. Prince Ranariddh had openly formed an alliance with the remnants of one of the most infamous practitioners of genocide in modern history, Pol Pot's Khmer Rouge. But despite the enormous interest in the crisis, the same press have almost entirely blacked out the government White Paper, which proves, with extensive documentation, that the Khmer Rouge were being *invited back into power* by Prince Ranariddh in open rebellion against the government.

Instead, the press, led by the Dow Jones-owned *Far Eastern Economic Review* in Hongkong (which serves as the voice of *British* policy in Asia) and the Dow Jones-owned *Wall Street Journal* (which serves as the voice of *British* policy in the United States), and apishly followed by the *Washington Post*, have peddled the most astonishing lies in support of the Khmer Rouge leadership, claiming they have made Damascus Road conversions from mass murderers to liberal democrats, and calling for the United States and the West to support the coalition between the now-deposed Ranariddh and his Khmer Rouge friends.

The Clinton administration, like Cambodia's Asian neighbors, has adamantly refused to countenance any return of the Khmer Rouge, and, as a result, has been subject to even more condemnation from the whorish press. Full public exposure of the documentation released with the Cambodian White Paper, as *EIR* provides here, is essential both to strengthen President Clinton's resolve, and to expose the

press and the Conservative Revolution yahoos who run Dow Jones, in yet another case of open support for genocide.

The background

The British-run "human rights" mafia has exerted enormous pressure on the members of the Association of Southeast Asian Nations (ASEAN) over the past year, to reverse their decision to admit Myanmar and Cambodia into the association this past July. This effort was part of the broader British campaign to destabilize China, by creating crises around its borders—a continuation of a centuries-long geopolitical policy by the British Empire to keep China weak and divided. The British are particularly anxious to disrupt the aggressive organizing by the Chinese government for development alliances with its Asian neighbors, as well as the nations of Central Asia and the Middle East, as part of the Eurasian Land-Bridge development perspective, linking Europe and Asia with high-speed rail and multiple development corridors. The southern routes of the Land-Bridge have been, over the past decades, blocked by the political isolation of Myanmar and the constant war and devastation in Cambodia.

The British and their globalization allies on Wall Street have used Southeast Asia (like most of the Third World) as centers for hot money, cheap labor, and vast speculation, a policy that benefitted from the division of the region. Over the past months, however, the "Asian Tiger Miracle" has collapsed, as, one after another, the speculative bubble economies of Southeast Asia have burst. More than ever, the British want to use the crisis to force the ASEAN nations to implement further austerity, deregulation, and privatization under the International Monetary Fund's "globalizing" conditionalities, while preventing the emergence of new alliances for development, around the Land-Bridge. Therein lies the reason for the continued attacks on Myanmar and Cambodia.

As to Cambodia's role, it must be recognized above all that Cambodia is a nation that has been subjected to more horror, more destruction, and more misery over the past 30 years than perhaps any nation on earth—comparable to the indescribable hell now being wrought upon the Central African nations by the British Empire. Beginning with a 14-month period in 1969-70, the United States ran 3,630 secret B-52 sorties over eastern Cambodia, dropping over 100,000 tons of bombs, following the insane doctrine of Henry Kissinger and Robert McNamara's "body-count" warfare, while Kissinger negotiated détente with the Soviet Union. Kissinger then "negotiated" the capitulation of the U.S.-sponsored Lon Nol regime in Phnom Penh to the Khmer Rouge, immediately following the fall of Saigon and the U.S. pullout from Vietnam in 1975. Over the next four years, the Khmer Rouge, under the notorious Pol Pot, Khieu Samphan, Ieng Sary, and "The Butcher" Ta Mok, drove the population out of the cities, murdering anyone who resisted, leading to the deaths of 1-2 million of Cambodia's estimated 7 million people at the time. When the Vietnamese invaded in 1979, ending the infamous "killing fields" of the Khmer Rouge, the nation remained in civil war for the next dozen years, with the United States and the United Nations officially continuing to recognize the Khmer Rouge opposition to the Vietnamese-backed government until 1991.

The result of this sustained chaos is captured in the U.S. Agency for International Development's 1998 "Congressional Presentation on Cambodia": "Health sector statistics among the worst in the world, and easily the worst in Southeast Asia . . . , infant mortality rates of 115/1,000, under-5 mortality at 181/1,000 . . . , 200,000 children as orphans, 158,000 disabled, while 2% of the population suffers from acute mental illness." There remain in Cambodia today 4 to 10 million live landmines, that is, as much as one for every man, woman, child. Cambodia has the highest rate of amputees in the world, particularly among males aged 16-35.

The United Nations brokered peace in 1991, and elections were held in 1993, following which, Prince Ranariddh, the son of King Sihanouk, who had been in a loose alliance with the Khmer Rouge against the Vietnamese-backed government during the long civil war, formed the "co-prime ministership," sharing power with Hun Sen, who deserted the Khmer Rouge over the "killing fields" policy, and who had worked with Vietnam to overthrow the Khmer Rouge and led the government in the 1980s. The Khmer Rouge's relationship to this UN-sponsored "peace process" has been ambiguous at best, after they signed the 1991 Paris Accord. The Khmer Rouge dropped out of, and then tried to disrupt, the 1993 elections. As a consequence, the National Assembly, following the elections, declared the Khmer Rouge an outlaw organization, while the Khmer Rouge continued to regard itself as the provisional government of Cambodia, in open opposition to the newly formed coalition.

While post-election peace was a blessing, Cambodia remains 60% dependent on foreign aid for its budget, and the

conditions for accepting such aid included allowing a slew of international agencies and non-governmental organizations (NGOs) to run amok in the country. Another "benefit" of so much international attention has been the worst AIDS outbreak in Asia, with over 100,000 recorded HIV-positive cases thus far, up from zero recorded cases before 1991. One in four households is headed by a woman, due to the war-related death rate of men. The epidemic took off following the arrival of UN peace-keeping forces in 1992, when women flocked to Phnom Penh, seeking employment.

Still, some progress was being made, and Cambodia is improving its ties with all its neighbors, especially China, which had earlier sponsored the Khmer Rouge; elections are planned for May 1998.

The White Paper

The White Paper points first to the widely recognized fact that Hun Sen was by far and away the favorite to win the upcoming election. Hun Sen and his Cambodian People's Party (CPP) have been deeply involved at the village level, sponsoring rural development programs, building roads, schools, hospitals, and other basic necessities. The prince's party, the Funcinpec, had no party congress between 1992 and 1996, and suffered a major split when Finance Minister Sam Rainsy, the darling of the international NGO apparatus, in particular of the International Republican Institute (IRI), was dismissed as finance minister in 1995 and formed his own rabidly anti-Hun Sen party, the Khmer Nation Party.

Prince Ranariddh finally called a Funcinpec conference in 1996, where he first launched public attacks against his coalition partner Hun Sen, and announced that he might withdraw from government. At the end of 1996, the deputy governor of Battambang, Sery Kosal, an ally of Prince Ranariddh, ordered Funcinpec-aligned soldiers and some "defectors" from the Khmer Rouge into positions which threatened a secessionist move, precipitating armed clashes with the Royal Cambodian Army. Sery Kosal was later appointed Prince Ranariddh's national security adviser.

As a result of this and related tensions, the two co-prime ministers came to an agreement (included as Exhibit I in the White Paper) prohibiting: 1) partisan troop movements; 2) partisan recruiting of "defecting" Khmer Rouge troops; and 3) partisan arming of troops without government knowledge. This agreement, dated Feb. 26, 1997, was signed by both Prince Ranariddh and Hun Sen.

Despite his signature, Prince Ranariddh proceeded immediately to break all three aspects of the agreement. The same month, Ranariddh initiated secret, bilateral negotiations between his Funcinpec party and the Khmer Rouge, through his ally Gen. Nhek Bun Chhay, bullying leading Funcinpec members into accepting the talks. In mid-February, a delegation of 11 Funcinpec members, accompanied by a four-man helicopter crew, flew to a secret rendezvous with the Khmer Rouge. Within minutes of landing, the Funcinpec delegation was escorted into the jungle, where they were summarily machine-

EXHIBIT V

TRANSLATION OF JOINT STATEMENT BETWEEN SAMDECH KROM PREAH NORODOM RANARIDDH PRESIDENT OF NATIONAL UNITED FRONT AND HIS EXCELLENCY KHIEU SAMPHAN PRESIDENT OF NATIONAL SOLIDARITY PARTY ON THE DECISION TO UNITE WITHIN THE NATIONAL UNITED FRONT ON THE BASIS OF THE 14-POINT-POLICY

1. On July 1997, Samdech Krom preah Norodom Ranariddh, President of National United Front, and His Excellency Khieu Samphan, President of National Solidarity Party, have met and discussed about the situation of Cambodia in an atmosphere of great national solidarity.

Samdech Krom Preah Norodom Ranariddh and His Excellency Khieu Samphan have also discussed and identical view on the National United Front and its 14-point-policy.

2. The National Solidarity Party declares:

- a. The regime and the leadership of Pol Pot had totally ended.
- b. Recognize and absolutely defend the Constitution of the Kingdom of Cambodia and everyone must absolutely abide by the letter and spirit of this Constitution,
- c. Support His Majesty the King Samdech Preah Bat Norodom Sihanouk who used to be the symbol of the nation and the cement of national unity so as to end the war, achieve national unity and bring in real peace.

3. Samdech Krom Preah Norodom Ranariddh and His Excellency Khieu Samphan agreed to unite together around the National United Front on the bases of the 14-point-policy.

Done in Cambodia on.....

SIGNED BY
NORODOM RANARIDDH

SIGNED BY
KHIEU SAMPHAN

SIGNED BY NHEK BUN CHHAY

SIGNED BY TEP KHUN NAL (Minister of Khmer Rouge Provisional Government) on 3 July 1997.

EXHIBIT I

TRANSLATION OF THE DIARY OF NHEK BUN CHHAY FIRST DEPUTY CHIEF OF STAFF

A. Meeting in Banteay Meanchey F15 (Brigade 15) on 4 June 1997:

- I. Political Situation:
 - . K.R. Anlongveng
 - . Toan Chay Group
 - . FUNCINPEC, CPP
 - . National Assembly could not resume its session.

- II. Military situation:
 - . ANK, KP, a number CPP
 - . Brothery KR defectors, forces of masse
 - . ANK1 : 25,000 soldiers
 - . KP : 17,000 soldiers
 - . FUNCINPEC Police : 15,000 policemen
 - . KP Police : 6,000 policemen
 - . KR Defectors (before) : 5,800 soldiers
 - . KR defectors (after) : 18,000 soldiers
 - . CPP soldiers : 90,000 soldiers
 - . Illegal militia : 70,000 militiamen
 - . Anlongveng : 6,000 soldiers

B. Meeting at S.R. House F3 + 4 RM (Brigade 3 + 4th Military Region) on 6 June 1997

- I. Political situation:
 - . Government and military affairs must divide into two parts
 - . Toan Chay group
 - . National Assembly could not resume its session and must dissolve; the government must dissolve or agree to remove the 8 Mps who joined Toan Chay group.
 - . Coup d'etat of CPP on 15 May 1997. Problems so far are provoked by CPP.
 - . Khmer Rouge - Khieu Samphan created National Solidarity Party and joined National United Front.

- II. Military situation:
 - . Royal Cambodian Armed Forces.
 - . CPP : 90,000 soldiers
 - . Legal militia : 40,000 militiamen
 - . Illegal militia : 70,000 militiamen
 - . ANK1 : 25,000 soldiers
 - . KP : 17,000 soldiers

Khmer Rouge - Khieu Samphan added to Kratie, Stung Treng and

- 5,800 soldiers
- 18,000 soldiers
- 8,000 soldiers
- 5,000 soldiers
- 10,000 soldiers

10,000 CPP soldiers = 80,800 soldiers

UNOFFICIAL TRANSLATION KINGDOM OF CAMBODIA
NATION - RELIGION - KING

CO-COMMANDER-IN-CHIEF
NO. 05.02.97

Phnom Penh 26 February 1997

ORDER
of the Co-Commander-in-Chief of the
Cambodian National Armed Forces

- . With reference to spirit of meeting of the Co-Commander-in-Chief of the Cambodian National Armed Forces on 26 February 1997.
- . With a view to ensure the defence of security to the people and maintain public order.

INSTRUCTS

1. The movement of all categories of armed forces, namely the Royal Cambodian Armed Forces, the Royal Military Police, the National Police and the Militia, from geographic areas under responsibilities could be done only with the correct order from the competent commander of upper level. Any troop movement against the order or without order is considered as a violation of law.
2. The recruitment of soldiers at villages, sub-districts and other regions and the provision of weapons without the permission from the competent authorities are considered as an illegal act and must be punished according to the law.
3. All kinds of weapons and explosives in the possession of any individual either military officer, rank-and-file soldier, police officer, rank-and-file policemen, and militiamen must be registered with their respective units. Weapons in the possession of Government officials or employees must be registered with the territorial competent authorities. Any weapon which is not registered must be confiscated and then kept by the local authorities. Any provision or illegal use of weapons is considered as an illegal act. In the process of confiscating illegal weapons and explosives, any individual who resist to hand over them to the competent authorities must be arrested and punished according to the law.
4. The Chief of Cabinet of the Co-Commander-in-Chief, the Co-Ministers of National Defence, the Co-Ministers of Interior, the Chief of General Staff of the Royal Cambodian Armed Forces, the General Director of National Police and other concerned institutions must strictly and efficiently implement this Order.

CO-COMMANDER-IN-CHIEF OF NATIONAL ARMED FORCES
SIGNED SIGNED
FOUR-STAR-GEN. NORODOM RANARIDDH FOUR-STAR-GEN. HUN SEN

EXHIBIT III

Translation of the letter from the President of Banteay Meanchey Office of FUNCINPEC to senior military Officer of FUNCINPEC, General Nhek Bun Chhay, First Deputy Chief of Staff on illegal troop movement from Banteay Meanchey Province to Odong District, Kampong Speu.

From: President of FUNCINPEC Banteay Meanchey Office

To: H.E. Nhek Bun Chhay First Deputy-Chief of Staff of Royal Cambodian Armed Forces

Subject: Sending of armed forces from Banteay Meanchey Province to Odong District of Kampong Speu Province in line with the letter NO. 124 dated 21 June 1997 of His Excellency Seray Kosal.

- Military Division 12 : 150 men
- Provincial Military Police : 40 men
- Provincial Police : 200 men
- Khmer Rouge Defectors : 300 men

Please accept, Excellency, the renewed assurance of our highest consideration.

Banteay Meanchey, 21 June 1997
Signed and stamped
Deputy Provincial Governor
Chap Khorn

Seen, signed and stamped on 22 June 1997
1st Deputy Commander of Banteay Meanchey
Police
I H Chhew

The following documents were released to the international press and governments; the first three on July 9; the fourth, on Aug. 19.

Exhibit I: Feb. 26, 1997 Order, signed by Co-Prime Ministers Prince Ranariddh and Hun Sen, in their capacity as co-commanders in chief of the Cambodian National Armed Forces, prohibiting partisan troop movements, partisan recruiting of defecting Khmer Rouge troops, illegal arming of partisan troops, and requirement to register weapons.

Exhibit III: June 21, 1997 letter from Funcinpec official to Gen. Nhek Bun Chhay regarding illegal troop movements.

Exhibit V: July 3, 1997 Joint communiqué signed by Prince Ranariddh, Khieu Samphan of the Khmer Rouge, Gen. Nhek Bun Chhay, and Tep Khun Nal, Minister of the Khmer Rouge Provisional Government.

Transcription of the diary (upper right) of Prince Ranariddh's top military adviser, Gen. Nhek Bun Chhay, discussing meetings with Khmer Rouge and disposition of military forces between the conspirators and the government.

gunned to death. The helicopter crew survived the attack, but was held hostage by the Khmer Rouge until recently.

Among those murdered was a very close personal friend of Gen. Tuon Chhay, a founding member of Funcinpec, who

subsequently held a press conference with eight Funcinpec members of the National Assembly, calling for Ranariddh's removal as party head, citing the helicopter incident and other transgressions. The Tuon Chhay group then organized a 700-

person conference of Funcinpec members, which voted to remove Ranariddh. The prince countered by convening the party's Executive Committee, which dismissed Gen. Tuon Chhay, the most senior member of the party, and elected Ranariddh "President for life"! This conflict contributed to a seven-month suspension of the activities of the National Assembly, since, were it to meet, this would have led to an open fight *within* the Funcinpec. At the end of June, a compromise was reached, whereby Prince Ranariddh's and Gen. Tuon Chhay's factions agreed not to seek to oust each other from the National Assembly, so that the National Assembly could proceed to pass necessary legislation, such as the law governing next May's elections. Ranariddh did not tell his Funcinpec opponents that he was about to attempt a coup d'état with the Khmer Rouge.

On May 2, the prince broke the February agreement again, ordering the release to his personal bodyguard unit of a shipment of weapons, falsely listed in his order as "spare parts," which had been shipped to him, in his own name, on a Danish ship from a Polish arms dealer. A government inspection subsequently revealed that the "spare parts" were actually AK-47s and other weapons and rockets. The White Paper includes copies of Prince Ranariddh's letter and the cargo manifest and packing list as Exhibit II, arguing that the prince hoped the power of his name and office would have expedited the shipment without inspection, and duty free. The prince argued it was all legal, that he "could have" smuggled the weapons across the border, but "we wanted to use normal channels, and when you use normal channels, you cannot put down that these are explosives" (*Cambodian Daily*, May 30, 1997, Exhibit II).

Prince Ranariddh also began to move troops loyal to him, together with "recruits" from Khmer Rouge units, into positions around Phnom Penh. Exhibit III of the White Paper is a letter from a senior military officer in Funcinpec, written on the party's letterhead, to Prince Ranariddh's leading royalist officer, Gen. Nhek Bun Chhay, the first deputy chief of staff of the Army, dated June 21, 1997, confirming the movement of 690 troops, including 300 "Khmer Rouge defectors" to an area just outside Phnom Penh. This was only one of several partisan troop deployments by Funcinpec-allied forces in violation of the Feb. 26 agreement.

The Khmer Rouge revived

The above breaches of the February agreement were aired publicly and were generally resolved peacefully. But the prince had clearly decided that his only real chance to unseat Hun Sen was, in the words of the White Paper, "to re-assemble the factions that were in alliance in the 1980s." Hun Sen made clear, repeatedly, that any move to legitimize the Khmer Rouge in Cambodian politics would, by law and moral necessity, be crushed.

Prince Ranariddh, however, proceeded openly to do exactly that. He formed a new political alliance in early 1997, the National United Front (NUF), with Sam Rainsy's Khmer

Nation Party, and with overtures to the Khmer Rouge to join, officially, in this anti-Hun Sen alliance. Says the White Paper: "It was a very simple deal: the Khmer Rouge leadership were looking for legitimacy. Prince Ranariddh was looking for military support that these recalcitrant Communists could bring. He was willing to overlook past history of genocide and war and make an alliance with the holdouts."

Prince Ranariddh attempted to justify his deals with the Khmer Rouge by comparing it to the deal struck in 1996 with Khmer Rouge leader Ieng Sary. However, that deal, which granted amnesty to Ieng Sary in exchange for the surrender of his faction to the coalition government, was agreed to by both prime ministers and King Sihanouk, and served to isolate the remaining hard-core Khmer Rouge leadership for military defeat. Prince Ranariddh, on the other hand, was proposing a bilateral, political alliance between his Funcinpec party and an armed, politically activated army of mass murderers committed to the destruction of the existing government.

As reported above, the prince first contacted the Khmer Rouge in February 1997 at their base in Anlong Veng on the Thai border, but only admitted the contact in March. Gen. Nhek Bun Chhay made several trips to Anlong Veng, *as a representative of Funcinpec*, not of the government nor the Army, and the prince visited at least once, travelling covertly through Thailand and across the border. The meetings were with Khieu Samphan and Ta Mok, infamous perpetrators of the "killing fields," who concocted a ruse to blame all evil, throughout the history of the Khmer Rouge, on "Brother No. 1," Pol Pot, while the rest were metamorphized into "moderates," and "democrats" at heart.

On June 20, Prince Ranariddh announced that Pol Pot had been arrested by Khieu Samphan, who was ready to lead the Khmer Rouge, under a new name, the National Solidarity Party, into Cambodian politics as a partner of Prince Ranariddh's NUF!

On June 24, the White Paper reports, Lt. Col. Phon Pheap, the commander of a Khmer Rouge division, was brought to Phnom Penh by Gen. Nhek Bun Chhay. The commander subsequently revealed publicly that he had been brought to the capital with 500 Khmer Rouge as bodyguards for Prince Ranariddh, but had been hidden in the house of Gen. Nhek Bun Chhay in order to avoid discovery during an inspection by the Joint Commission for Conflict Resolution. He said he had been told to prepare to fight Hun Sen's CPP and to take power.

Exhibit V of the White Paper is the "smoking gun." It is a joint communiqué, dated July 3, 1997, signed by Prince Norodom Ranariddh, Khieu Samphan, Gen. Nhek Bun Chhay, and Tep Khun Nal — the latter identified as "Minister of Khmer Rouge Provisional Government"! The communiqué refers to the Khmer Rouge under the new title, "National Solidarity Party," and, although it pledges to follow the Constitution and support the King, it is *not* a declaration of support for the government of the nation, but, as the title states, a "Decision to unite within the National United Front," *against* Second Prime Minister Hun Sen. The communiqué was to be

promulgated on July 6. However, Hun Sen deployed the Royal Cambodian Armed Forces to drive the Khmer Rouge out of the capital, meeting only light resistance from troops loyal to Prince Ranariddh.

On July 19, ten days after the release of the White Paper, another set of documents was made public, which had been recovered from Gen. Nhek Bun Chhay's offices. These included blueprints of two of Hun Sen's residences, with plans to deploy 580 troops in three-pronged attacks. The general's notebook contained multiple references to the balance of forces between those troops loyal to the government and those opposed, openly listing Khmer Rouge forces together with the Funcinpec forces. This included: "Khmer Rouge of Anlong Veng, 8,000 soldiers; Khmer Rouge around Phnom Penh: 5,000." Hun Sen had clearly moved, just in time to prevent a disaster.

Dow Jones fantasy-land

The *Far Eastern Economic Review's* (*FEER*) Cambodia reporter, Nate Thayer, has published numerous attacks against Hun Sen over the years, accusing him of corruption, drug-dealing, and other horrors, all circumstantial and without documentation. Thayer leapt to the defense of the Khmer Rouge and Ranariddh's treason. He first covered a mock trial of Pol Pot at Anlong Veng, where spokesmen for Khieu Sam-

phan and Ta Mok "condemned" the dying Pol Pot to a life sentence under house arrest. Pol Pot's "crime" was the murder of a factional opponent — not a word about the mass genocide of the "killing fields." Thayer shed tears on ABC-TV's "Nightline" program at how "sincere" this "trial" was. His articles in *FEER*, reprinted subsequently in full in the *Washington Post*, contain such gems as:

- "Once Hun Sen is driven out, the National Solidarity Party would be happy to participate in democratic elections . . . another top-ranking standing committee figure also spoke of liberal democracy."

- Im Nguon, identified as "the right-hand man" of "The Butcher," Ta Mok, "spoke with openness about the past crimes and the future plans, and showed no interest in Communist ideology." An example of Im Nguon's "openness": "Our movement is pure and clean. Please . . . stop calling us Pol Pot and the Khmer Rouge."

- Ta Mok, reports Thayer, complained about "attempts to bring him to international justice" and insisted that: "From the very beginning of the struggle to now, I have never issued an order to kill anyone. All the orders were decided by Pol Pot alone."

Thayer turns the threat of renewed genocide on its head, claiming in an Aug. 21 *FEER* article that the "negotiators thought they'd succeeded in ending the Khmer Rouge's long guerrilla war," only to have Hun Sen's "coup" drive them back to war.

In fact, Gen. Nhek Bun Chhay is now fighting a rearguard action along the Thai border against the Royal Cambodian Armed Forces, *in open alliance with the Khmer Rouge*. Prince Ranariddh's denial of the alliance is contradicted by all the evidence and by General Nhek himself. The prince openly threatened the United States that failure to back him and the Khmer Rouge would lead to "a bloody civil war. . . . The Khmer Rouge are coming back, but they are coming back as nationalists, patriots, not as killers."

All of Cambodia's neighbors are telling the prince, "No!" Thailand has repeatedly warned him that he may not travel to the border from his self-exiled home in Bangkok, the residence of his brother, Cambodia's ambassador to Thailand. President Clinton has been uncompromising in insisting that there will be zero tolerance for a return of the Khmer Rouge. And yet, the *Wall Street Journal* editorialized that the problem in Cambodia is not Pol Pot or the Khmer Rouge, but Hun Sen!

On Aug. 21, Chhang Song, the special envoy of the acting head of state of Cambodia, gave a press conference at the National Press Club in Washington, releasing some of the documentation from the White Paper. Over 50 press attended, but there was hardly a word reported, even in those press outlets that had carefully recorded every word, while the hue and cry against Hun Sen continues unabated. Perhaps the world's memory of the "killing fields" of Cambodia is strong enough to convince even the most gullible readers of our nation's press that genocide is again on the agenda.

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Spain: new flanks in the fight against ETA

by Elizabeth Hellenbroich

Since the cold-blooded murder of 29-year-old Miguel Antonio Blanco, mayor of Ermua, Spain, by an ETA commando on July 12, a “political phase change” has occurred in Spanish society. For the first time since ETA’s founding, several million Spaniards went out into the streets to demonstrate against ETA and its political backers, demanding from the government harsher measures against ETA. “Enough! Down with ETA and Herri Batasuna,” were the slogans in the demonstrations. Across the country, a united front has begun to develop among the people, the political parties, the trade unions, the government, and the King. The message that President José María Aznar, Interior Minister Manuel Oreja, as well as King Juan Carlos I delivered was: The Spanish people will not tolerate ETA. We will take the necessary measures to isolate Herri Batasuna, the political arm of ETA.

ETA was founded in 1959 at the Jesuit-run Deusto University in the Basque country, and is one of the most violent terrorist organizations in the world. It has a radical ethnic-separatist profile, and it functions as a “mother” for all international terrorist organizations. With hundreds of Etarras still today living in clandestinity in Ibero-America—Cuba, Mexico, Venezuela, Nicaragua, and so on—today’s narco-terrorist operations in Ibero-America are all very much interconnected with ETA and Herri Batasuna. Among these are the Mexican Zapatista National Liberation Army (EZLN) in Mexico (from July 23 to Aug. 3, Zapatista envoys sent by Subcommander Marcos were the focus of attention at the Second International Conference Against Neo-Liberalism in Madrid, a conference whose sole purpose was to spread the support networks for the EZLN in Europe), as well as the FARC and ELN in Colombia, and the MRTA in Peru. These international connections in turn lend the narco-terrorist guerrillas logistical and ideological support. For example, according to the Spanish daily *ABC* on July 21, there are up to 130 Etarras living in Mexico, 39 of whom are sought by Spanish authorities. Most of them, according to *ABC*, live undercover as tourist guides or restaurant owners in states including Guanajuato, Toluca, Jalisco, Guerrero, and Queretaro.

Three flanks

The Spanish government, in response to the recent ETA murder, has been conducting its fight against terrorism essentially along three flanks:

First, the government is making use of the mass protests, to break the “controlled environment” and the climate of terror by politically isolating Herri Batasuna, while simultaneously exploiting all existing legal measures against them. In October, 25 leading members of Herri Batasuna will be tried by Spanish judicial authorities for having actively supported an armed gang, ETA.

Herri Batasuna, indeed, is ETA’s main political base, with 25 mayors out of 254 in the Basque country (concentrated in the countryside) and a base of 100,000 voters. Herri Batasuna’s main response to the social mass ferment against ETA, has been to call its members for “counter-demonstrations,” which often provoke violent incidents, while simultaneously attacking the government for its harsh policy against the 600 imprisoned ETA members. The more the resistance grows in Spanish society, the more desperately Herri Batasuna tries to intimidate and terrorize the Basque population, as was shown in late August, when the press reported that Herri Batasuna has been deploying its “Intifada,” the youth group KAS, which is close to ETA, which went around in various Basque cities, vandalizing and attacking mostly Civil Guard posts, while a letter containing a death threat was sent to the mayor of Pamplona by ETA, telling him to either leave within 30 days or be killed.

In the context of mounting social resistance against ETA and Herri Batasuna, a precedent-setting case to successfully isolate Herri Batasuna was set into motion by the city council of the Basque city of Mondragon. Here, as result of a vote of no-confidence initiated by all the democratic parties against the mayor, who belongs to Herri Batasuna, the latter was voted out of office and replaced by a member of the Basque National Party, José María Loiti. There are other cities where similar steps are being taken. Yet, in this context, it is also noteworthy that the Spanish communist party, Izquierda Unida (United Left), in reaction to the move in Mondragon, launched a huge campaign: The chairman of IU, Julio Anguita, compared the Spanish government’s anti-terror fight, in particular its strategy to politically isolate Herri Batasuna, with the Nazi Holocaust against the Jews.

ETA’s narco-terrorist connections

The second significant flank in the anti-terror fight is the investigation into ETA’s narco-terrorist connections. In early August, the leading Spanish dailies *El País* and *El Mundo* reported that the Spanish government would investigate ETA for its possible links to the drug trade. For the first time ever, leading members of the government began talking publicly about the possible links of ETA and narco-terrorism. President María Aznar declared in front of the press that ETA and Herri Batasuna are financed through the drug trade. The chairman of the Interior Committee of the Popular Party in Parliament, Ignacio Gil Lázaro, was quoted in the press, saying: “ETA is nothing but a criminal organization. It should be of no surprise if ETA has connections to the drug trade and

to money-laundering operations from the drug business of organized crime.”

Civil Guard chief Santiago López Valdivieso stated that the drug trade could be one of the sources out of which ETA finances itself, while the official in the Financial Guard who is responsible for the investigation of money laundering, Javier Alberto Zaragoza, said, during a conference in Escorial, that connections between ETA and the drug trade would be very probable: “The channels for money laundry of illegal origin like the drug trade and terrorism are the same.” According to the *El Mundo*, Spanish authorities are investigating Colombian Carlos Florentini Fernandez (whose origin is Spanish), who was arrested in Spain in 1996 and is a key figure in the drug-money-laundry business, and his connections to ETA member Emilio Arrizabalaga Ruiz Azua, arrested in June after Spanish police launched a spectacular operation to free José Antonio Ortega Lara, who had been held hostage by ETA for two years. What is being investigated are 14 real estate firms which were used by Arrizabalaga for dirty-money-laundry operations.

International cooperation

A third flank in the government’s anti-terror fight is intensification of international cooperation: A significant upgrading occurred in cooperation between France and Spain after

the 16th Hispano-French summit in July, as well as between Spain and Ibero-America. It is widely known that France, where approximately 60 ETA members (among them leading figures of ETA) live underground in the Pyrenees and the Bretagne, where ETA enjoys a large support network of sympathizers, is being used as a logistical base for ETA operations. In August, two leading ETA members who were responsible for the logistics and information department of ETA, were extradited from France to Spain. The Dominican Republic extradited three former leading ETA members to Spain: Eugenio Etxebeste (alias Antxon), who in 1989 had conducted “negotiations” between ETA and the Spanish government in Algiers (as a result of which several dozen ETA members were deported to Ibero-America); Ignacio Aracama (alias Makario); and José María Gantxegi (alias Peuio). With this extradition, a “channel of negotiation” between ETA and the Spanish government was finally closed.

The public outcry could mark the beginning of the end of ETA. But, this will only be the case if the resistance of Spanish society against ETA and Herri Batasuna persists, and the government continues its harsh stance, by bringing to the fore ETA’s international narco-terrorist connections and by naming the names of those oligarchical forces that deploy ETA against NATO’s southern flank.

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Auckland	1000*	Mecca	0100*
Baghdad	0100*	Melbourne	0800*
Baltimore	1700	Mexico City	1600
Bangkok	0500*	Milan	2300
Beijing	0600*	Minneapolis	1600
Belfast	2200	Montreal	1700
Berlin	2300	Moscow	0100*
Bohemian Grove	1400	New Delhi	0330*
Bogota	1700	New York	1700
Bonn	2300	Nogales	1500
Bombay	0330*	Norfolk	1700
Boston	1700	Oslo	2300
Bretton Woods	1700	Paris	2300
Bucharest	2400	Philadelphia	1700
Buenos Aires	1900	Pittsburgh	1700
Buffalo	1700	Prague	2300
Cairo	2400	Rangoon	0430*
Calcutta	0330*	Richmond	1700
Caracas	1800	Rio de Janeiro	1900
Casablanca	2200	Rome	2300
Chattanooga	1700	St. Louis	1600
Chicago	1600	St. Petersburg	0100*
Copenhagen	2300	San Francisco	1400
Denver	1500	Santiago	1700
Detroit	1700	Sarajevo	2300
Dublin	2200	Seattle	1400
Gdansk	2300	Seoul	0700*
Guadalajara	1600	Shanghai	0600*
Havana	1700	Singapore	0530*
Helsinki	2400	Stockholm	2300
Ho Chi Minh City	0600*	Sydney	0800*
Honolulu	1200	Teheran	0130*
Hong Kong	0600*	Tel Aviv	2400
Houston	1600	Tokyo	0700*
Istanbul	2400	Toronto	1700
Jakarta	0500*	Vancouver	1400
Jerusalem	2400	Vladivostok	0800*
Johannesburg	2400	Venice	2300
Karachi	0300*	Warsaw	2300
Kennebunkport	1700	Washington	1700
Kiev	2400	Wellington	1000*
Khartoum	2400	Wiesbaden	2300
Lagos	2300	Winnipeg	1700
Lima	1700	Yokohama	0700*
Lincoln	1600	Yorktown	1700
Lisbon	2300		* Mondays

A dirty war rages in India's northeast

Aided by drugs from across the border and arms from the Khmer Rouge arms bazaar, the ULFA terrorists continue the killing.

Hidden from public view and unreported in the media, India's northeast remains hostage to a number of terrorist fronts who are armed to their teeth. The war of attrition, which has taken thousands of lives over the decades, is becoming nastier. On Aug. 22, concerned over the escalating violence, the Union Home Ministry sent a high-level delegation to Guwahati, the capital of the State of Assam, where the United Liberation Front of Asom (ULFA) is now on a killing spree, targeting the Army men.

Unlike Kashmir, which hogs the international media attention, violence in India's northeast never drew the sustained notice of the local and foreign media. Although the terrorists, such as the ULFA and the rebel Nagas, have long-standing well-wishers in London and Geneva, violence in India's northeast is seldom considered as part of the Great Game. Nonetheless, violence continues, and more terrorist organizations come into existence every other year. This happens despite the widely accepted view that the northeastern states cannot be physically separated from India and made into an independent country,

As the terrorist groups flourished with drugs and guns from Southeast Asia, the Indian Army moved in last May to choke the supply routes and round up the terrorists. Politically, the Indians are in a good position to do so. Bangladesh had pushed the terrorists out of the border territories, and the Indian troops were getting help from the Myanmar Army in busting the mil-

itant camps located in the Indo-Myanmarese border areas. Company commanders from both armies hold regular meetings, and it seemed that the ULFA and Bodo Security Force (BdSF), a rival terrorist group in Assam, in conflict with both the ULFA and the Indian Army, will soon be tamed and finished.

However, the capabilities of the terrorists were no doubt underestimated by the Indian Army. Moving in and out of bordering Bhutan, through the wildlife reserves, the ULFA and the Bodos remained virtually untouched. The Bhutan government's apathy, letting the Indians flush out the terrorists, was working against the Indian Army's favor. Only recently, the Bhutan government has agreed to participate in an Indo-Bhutan joint venture to tame the terrorists.

Both the BdSF and the ULFA are headquartered in Assam. Internationally, BdSF is reportedly linked to the Kachin Independent Army of northern Myanmar. Kachins, in association with a number of other tribal organizations, have been in a state of revolt for decades. The BdSF is also linked to the National Socialist Council of Nagaland (NSCN) of the Muivah faction—the mother of all terrorist operations in northeast India, with long-standing connections to London, Geneva, and a score of non-governmental organizations from the West.

The ULFA specializes in assassinations. Its leadership, besides developing ties with the NSCN and the Kachins, had flown to Pakistan and

met with Pakistani ISI intelligence officers and Afghan leader Gulbuddin Hekmatyar. The ULFA had sent some of its recruits to Afghanistan to get intensive training with the Afghans, reportedly under the supervision of the ISI.

From time to time, however, the Indian Army used to swoop down on these terrorists. Previously, this would have had limited effect, because the hard-core terrorists would move into border areas of Myanmar and Bangladesh, making it impossible for the Indian soldiers to chase them down. Things have, however, changed, as both Myanmar and Bangladesh are now cooperating with the Indian Army against the terrorists.

There is a reason behind the recent spurt in terrorist killings. Besides the fact that both the ULFA and the BdSF find themselves abandoned by Bangladesh and Myanmar, Indian Prime Minister I.K. Gujral has recently promised to pay more attention to the development of the area. He was instrumental in formulating, and getting the approval of the Bangladesh government for, a sub-regional economic grouping consisting of Bangladesh and northeast India. There seems to be a realization in Delhi that northeast India needs a whole range of infrastructural development, in order for India to establish a strong land-based trade with Southeast Asia. This is, in effect, the eastern wing of the southern tier of the Eurasian Land-Bridge.

In order to put the policy in place, the prime minister had visited the area and invited the chief ministers to meet in Delhi. It is expected that the government will come up with a policy paper soon for the approval of the Gujral cabinet. It is perhaps this development which has forced the hands of the terrorists, and they have embarked on a killing rampage.

International Intelligence

Israeli general sounds alarm against Netanyahu

Maj. Gen. Oren Shahor resigned from the Israeli Defense Forces (IDF) in mid-August, and announced that he had done so "to sound the alarm against Benjamin Netanyahu," according to the Israeli daily *Yediot Aharonot*.

"Netanyahu is jeopardizing Israel's security and citizens," Shahor warned. "He is destroying the peace process and increasing the security threats on the one hand, and weakening the defense establishment and the IDF's fortitude on the other," said Shahor, the former security coordinator for the Occupied Territories.

Shahor characterized the Israeli prime minister as a creature of "virtual reality, computer games, and the media. But once you turn off the screen, reality hits you in the face, as happened with the latest bombing in the Mahane Yehuda," referring to the July 30 suicide bombing of a Jerusalem marketplace.

Although under enormous pressure from the United States, Netanyahu is continuing to carry out provocation after provocation against the Palestinian National Authority, and the Palestinian citizens of the West Bank. On Aug. 27, the siege of the West Bank town of Bethlehem was finally lifted, but not until a nearly Intifada-style confrontation had broken out between the IDF and the city's population. While security collaboration has reportedly resumed, under American eyes, between the PNA and Israel, Netanyahu continues to attack Arafat as soft on terrorism, even as the PNA head tells Hamas and others to stop their military actions against Israel.

Ugandan paper seeks to defend butcher Museveni

After two major Ugandan daily papers featured prominent coverage of *EIR*'s Aug. 8 feature debunking "London's Museveni myth," dictator Yoweri Museveni mobilized his defenders to publish a counterattack. The Ugandan self-described "opposition" newspaper *The Monitor* carried a 2,000-word

slander of Lyndon LaRouche and *EIR* in its Aug. 25 edition, entitled "Uganda Being Drawn into Anti-British, Jews War?"

One Kahondo wa Misango, the author, relies heavily on the lies of U.S. drug-advocate Dennis King, whose tome of libel against LaRouche was commissioned by neo-conservative networks around Richard Mellon Scaife, for his "information" on LaRouche. He peddles the lie that LaRouche is anti-Semitic, and attempts to defend Museveni's record on the economy. He dismisses *EIR*'s charges that Museveni is following the path of Hitler, by characterizing it as a "complicated obsession with Hitler, Nazis and Jews."

This Ugandan paper is not the only one to come forward in defense of Museveni. *Time* magazine of Sept. 1 also contains a four-page feature pumping Museveni as "An African for Africa," a "herdsman and philosopher," who has "revived Uganda and has big ideas for the continent."

EIR's exposure of Museveni's role as Africa's new Hitler, including his destruction of his own economy, is circulating widely in Uganda, as well as in other African and Washington, D.C. circles. The public relations campaign in his favor, is not likely to work.

Sudanese government expects new attack

Sudanese government sources told *Al-Quds Al-Arabi* in late August that the government is prepared for new attacks along the border with Eritrea. These sources cited reports aired by the Asmara-based Sudanese opposition alliance, the which allege that the Sudanese Air Force has been conducting intensive surveillance missions targeting Eritrean troops, as indications that the Eritreans are moving to justify an attack.

Sudanese media also report that sabotage and terrorist operations are currently being carried out in Sudanese towns in the East.

There is also speculation that the next Eritrean offensive could be aimed at cutting the road between the capital, Khartoum, and Sudan's only seaport, Port Sudan.

Further credibility is given to these reports of an imminent offensive by the fact that Sudanese rebel leader Gen. John Garang has pulled out of a meeting which had been scheduled by South African President Nelson Mandela, aimed at mediating between him and Sudanese President Gen. Omar al-Bashir. The talks are expected to proceed nonetheless, with both Zimbabwe's head of state, and Ugandan leader Yoweri Museveni, joining the South African and Sudanese Presidents.

Military maneuvers in Central Asia up tensions

Military maneuvers which are scheduled to take place in Central Asia, with U.S. participation, have been greeted with criticism on the part of Iran, which then announced maneuvers of its own. On Aug. 25, the *Iran Daily* called the maneuvers part of a "plan by Washington to wean the oil- and gas-rich region away from Iran, China, and Russia," according to IRNA news service. It charged, "To avoid the spillover effect of the ethnic civil war in Afghanistan and without having enough forces to defend themselves, Central Asian countries have found in the U.S. a better guarantor of their peace and security than Russia."

At the same time, Iran began maneuvers near Afghanistan. It has also beefed up its military forces on the eastern border, since the Taliban took control of much of Afghanistan.

Brazilian landless group plans separatist move

The Brazilian Landless Movement, known as the MST, intends to establish an "independent state," called the "Republic of Pontal," in a key area in the heart of Brazil's southern granary, according to revelations by a dissident from the group, who spoke to the major paper, *Folha de São Paulo*, in August.

The MST leadership has not admitted this goal, but it did declare two weeks ago that it would renew land invasions in the same region, where they are estimated to

EMMA BONINO, the European Commissioner responsible for human rights, told Brussels' *La Libre Belgique* on Aug. 16-17, that she is quite concerned that the UN Commission of Inquiry on Zaire will find that the evidence of massacres by Laurent Kabila's forces has been all "cleaned-up," when it finally surveys the region. The 23-member commission did not arrive in Kinshasa until Aug. 24, a full month and a half after its original due date.

GEN. HAROLD BEDOYA, the former head of Colombia's Armed Forces, forcefully denounced President Ernesto Samper Pizano's offer to demilitarize more of his nation, in return for "peace" discussions with the narco-guerrilla armies of the FARC and the ELN. Bedoya is the leading contender in the 1998 Presidential elections.

POPE JOHN PAUL II had a resoundingly successful visit to France during the third week of August, presiding over the largest mass ever to be given in France, and inspiring hundreds of thousands of youth. He also beatified the founder of the Brotherhood of St. Vincent de Paul, an act signalling rejection of the social Darwinist ideology, and support for aggressive intervention for the poor.

BRITISH Foreign Secretary Robin Cook began a four-nation tour of Southeast Asia on Aug. 26. He will visit Malaysia, Indonesia, the Philippines, and Singapore. His itinerary will follow hard on the heels of that by Chinese Premier Li Peng, who was involved in discussions of development projects in the region.

MALAYSIAN Prime Minister Mahathir Mohamad dismissed the idea of meeting speculator George Soros in an interview with the Malaysian news service on Aug. 23, saying: "All these countries have spent 40 years trying to build up their economy, and a moron like Soros comes along with a lot of money," to speculate in their currencies.

control 3,000 families, based in 16 encampments.

Such a move would be a major strategic threat to Brazil for various reasons. First, it is one of the largest grain-producing areas of Brazil. Second, at least one-third of all of Brazil's electrical-generating capacity is located in that area, including Itaipu, the world's largest dam. Third, the planned Brazil-Bolivia gas pipeline, which is projected to ease the energy shortage in the state of São Paulo, Brazil's industrial center, is planned to run through that area.

Control over the targeted region would also give the MST control over the navigation of the Paraná River, and the Tiete-Paraná waterway project, when that is constructed. The region also includes the infamous Iguazu Falls tri-national "nature park," an area which is already used as a base for international terrorists, and arms and drug traffickers.

The leaders of Brazil's MST have just returned from London, where they met with various support groups. These groups are expected to escalate their activities in the coming month, in preparation for the appeal of their leader Jose Rainha, Jr., a Maoist military strategist who was convicted of murder earlier this summer.

Kenya under assault by IMF 'reformers'

The Kenyan government of Daniel arap Moi, an announced target of the British imperial crowd around Transparency International and the International Monetary Fund, is coming under daily pressure, whose clear objective is to get the longtime President to leave office. At first, the IMF refused to even talk with Moi, unless he agreed to concede to their "good governance" conditionalities. Then, the IMF decided to visit Kenya to discuss the "reform" package, but nothing has yet been resolved.

The latest escalation, coming after opposition groups staged a demonstration at which they instigated violence against the police, came in the tourist region around Mombasa, where there was an outbreak of random killings in mid-August. President Moi declared that the government had been

"pushed to the wall," and blamed the "opposition" and "reform" leaders for creating chaos. Moi's ruling KANU party has now ruled out dialogue with the National Convention Executive Committee (NCEC), insisting it is using unconstitutional methods to pursue its agenda.

Since at least April, the Kenyan government has been under fire as the last so-called "dictatorship" to hold out against the onslaught of the British-run marcher lords. A formal siege began on July 31, when the IMF suspended its aid package to Kenya. This is precisely what the IMF did to Zaire's Mobutu Sese Seko, but in that case it took several years for the regime to be toppled. Clearly, the aim is to overturn President Moi's regime, and destroy the country, more rapidly this time.

Escalation in the India, Pakistani border area

Indian and Pakistani armies exchanged fire all along the India-Pakistan Line of Control in Kashmir on Aug. 24. Conflicting reports of casualties have come in, but there is no question that the firing was intense.

According to the evaluation in the Indian press, the reason for the clashes is that Pakistan wanted to use the shellings to provide cover for the fresh infiltration of militants into Kashmir. There are elements within the Pakistani Army, or the Inter-Services Intelligence (ISI, the most important intelligence agency), or both, who believe that the Indian political situation is ripe for creating further trouble in Kashmir, and thereby seek to derail completely the initiative started by both prime ministers, Nawaz Sharif and Inder Gujral, toward resolving the 50-year-old conflict.

Others think that the intent of the clashes is to make it easier for the United States or Britain to intervene into the conflict as "third-party mediators." "The idea obviously is to obstruct direct talks between officials by vitiating the atmosphere, and to legitimize a call for a third party to intervene," a source told the *Times of India*. Both India and Pakistan have always rejected third-party mediation.

Espy indictment: The real target is President Clinton

by Edward Spannaus

That a prosecutor should spend three years and well over \$10 million, to indict somebody over \$35,000 of alleged illegal gratuities—without even charging that the gifts influenced any official policies—borders on the ludicrous. Yet, this is what was revealed on Aug. 27, when Independent Counsel Donald Smaltz issued a 39-count indictment against former U.S. Agriculture Secretary Mike Espy.

Readers of *EIR* would not be confused by this development. As we have said for over two years, it is President Clinton, and not Mike Espy, who is the real target of Smaltz's investigation. (See "Espy Special Prosecutor Puts President Clinton in His Sights," *EIR*, Feb. 17, 1995.)

To put these events in proper perspective, it is worth recalling that during President Clinton's first term, the British press—particularly the Hollinger Corp.'s *Sunday Telegraph* and Rupert Murdoch's *Sunday Times*—gloated over the multiplicity of scandals hitting the White House. For example, in February 1995, Lord William Rees-Mogg boasted in the *Sunday Times* of London about six different inquiries, "each of which could be fatal against the President." Rees-Mogg's six scandals included the Espy investigation and the Paula Jones case, as well as the various Whitewater investigations. The *Sunday Telegraph*'s Ambrose Evans-Pritchard, a reputed British intelligence stringer, played a direct personal and insidious role in launching most of these calumnies, including the drug-running and money-laundering allegations lurking in the background of Smaltz's probe; he also bragged of participating in litigation strategy discussions in the Paula Jones case.

Now, we come to the situation today. While Kenneth Starr's Whitewater witch-hunt against President Clinton appears to be making little progress, and Starr himself has been cited by a senior Federal judge on a conflict-of-interest com-

plaint (see *Documentation*), the parallel attacks on the President and the Presidency are proceeding unabated, supplemented by the "Chinagate" campaign fundraising investigations now being conducted by both the Justice Department and by two Congressional committees.

For example, the Paula Jones case "sexual harassment" lawsuit against President Clinton is now steaming ahead. On Aug. 22, a Federal judge dismissed part of Jones's complaint, but set the rest of the case for a May 27, 1998 trial date. Thrown out was Jones's claim against Clinton for defamation, although the defamation claim remains against state trooper Danny Ferguson, the source for the original *American Spectator* article which mentioned someone named "Paula." Jones's claim that Clinton had violated her rights of due process was also dismissed. Judge Susan Webber Wright allowed the case to go ahead on the sexual harassment and emotional distress claims.

The British press could scarcely contain themselves two days later. The *Sunday Times* coverage was especially detailed and lurid, and expressed the wish that, "instead of being remembered for forging a new centrist path in American politics, Clinton may forever be known as Bonking Bill."

The British press also played up the wild stories purveyed by former Arkansas trooper L.D. Brown, who says that he was approached mysteriously while in London last June and offered money and a job in Moscow—which he claims was to prevent him from testifying about events in Bill Clinton's Arkansas.

The Espy case

Then, a few days later, Espy, a longtime friend of Clinton, was indicted on 39 felony counts, centering around illegally accepting gifts and gratuities, such as football tickets, tennis

tickets, and luggage, from companies having business before the U.S. Department of Agriculture. Somewhat defensively, Independent Counsel Smaltz conceded, during his press conference announcing the indictment, that he was not charging that there was any *quid pro quo*, i.e., that Espy had changed any policies of the USDA to favor the companies in question.

One reporter asked: "Is it worth spending over \$9 million to indict a public official who's been fired for taking \$35,000 in gifts, when you are not charging that any policies were changed?"

Smaltz answered, "That's for someone else to decide, not I."

"Never has so much been made of so little," said Espy's attorney in a statement. "In an effort to justify three years and countless millions spent on this investigation, the special prosecutor has stretched criminal statutes beyond recognition and taken trivial, personal, and entirely benign activities, and attempted to distort them into criminal acts."

There is obviously something more at stake here.

Who is Ted Greenberg?

The surest indication that Smaltz was aiming higher than Espy came in February 1995, when Smaltz announced that he had named a high-ranking Department of Justice career prosecutor, Theodore Greenberg, as special counsel for his investigation. Smaltz's statement at the time said that Greenberg, then chief of the DOJ's money-laundering section, "has been detailed to the investigation" at Smaltz's request, and would take a significant role in the Espy investigation. Smaltz's office assured *EIR* on the day of the Espy indictments that Greenberg is still on the case, two and one-half years later.

Greenberg is one of the dirtiest career prosecutors in the Justice Department; he joined the DOJ in 1974 and has been in supervisory positions in its Criminal Division since 1987. Smaltz's February 1995 press release noted that Greenberg's duties at the DOJ had included overseeing prosecutions in areas of foreign corrupt practices, failed savings and loan institutions, defense procurement fraud, and national security. For ten years, says Smaltz, Greenberg was an Assistant U.S. Attorney in the Eastern District of Virginia (Alexandria), "where he had primary responsibility for complex white collar crime prosecutions and matters of national security."

In fact, Greenberg was involved in every case coming through the Federal court in Alexandria involving the CIA or the intelligence community. His role was to protect favored elements of that intelligence community, while targeting so-called "rogue" elements in the CIA and the military.

There are also two documented instances of Greenberg's involvement in the frameup of Lyndon LaRouche in the Eastern District of Virginia. It was Greenberg who personally made the first contact with the Pentagon to arrange for two truckloads of files which were seized from associates of LaRouche on Oct. 6-7, 1986, to be taken to a military facility.

This was arranged through the secret "focal point" channel in the J-3 Operations Directorate of the Joint Chiefs of Staff—originally created as the CIA communications channel within the Defense Department.

Greenberg was also consulted during the involuntary bankruptcy used in 1987 to illegally shut down three publishing companies associated with LaRouche. Assistant U.S. Attorney David Schiller testified that he had consulted Greenberg, because of Greenberg's experience in the CIA-linked Bishop Baldwin Rewald bankruptcy case. Greenberg had congratulated Schiller on his "innovative" approach in the LaRouche case, and told Schiller he wanted to stay in touch on it.

One can rest assured that a prosecutor with Greenberg's background and credentials has not spent the past two and one-half years tracking down \$90 football tickets given to Mike Espy. So, what is he doing there?

British allegations

Smaltz was appointed as an independent counsel on Sept. 9, 1994, by the same three-judge panel that unceremoniously fired the first Whitewater independent counsel and replaced him with the highly partisan and politically active Kenneth Starr. Soon after being appointed, Smaltz expanded his investigation to encompass the relationship between Tyson Foods, Inc. of Arkansas and Bill Clinton, including allegations of money laundering and of cash deliveries to Clinton while he was governor of Arkansas.

Where did these allegations come from? The story that Tyson Foods chairman Don Tyson was involved in drug running first surfaced in the London *Sunday Telegraph* in an October 1994 article by Ambrose Evans-Pritchard, entitled "Bill Clinton and the Chicken Man." After describing Tyson's "kingmaker" role in Arkansas politics, and his vetting of Espy for the USDA post, Pritchard charged that Tyson had been under suspicion for drug dealing, and he even cited a former state trooper who allegedly told him that Tyson smuggled cocaine "stuffed inside chickens."

By December 1994, Smaltz was being quoted in *Time* magazine as saying that there was "a ring of truth" to allegations made by a former Tyson pilot who claimed that he had carried envelopes of \$100 bills to Little Rock, Arkansas, which were then delivered to Clinton.

Then, in February 1995, Smaltz brought Greenberg on to his staff. Shortly after this, the *Washington Post* reported that former Tyson employees said that they had been questioned about whether Chairman Don Tyson had sent cash to Clinton, about drug use and drug trafficking, and whether company representatives had ever bribed Mexican officials.

But, as *EIR* readers know, any large-scale drug trafficking—and gun running—going on in Arkansas in the 1980s, such as that out of the airstrip in Mena, was run under the direction of the "secret government" drugs-for-guns network run by Vice President George Bush and his cronies. The com-

plication for Starr and Smaltz is that they have a dual assignment, of trying to nail Bill Clinton, while at the same time, covering up the Bush dirty operations. This is the type of job for which Ted Greenberg is eminently qualified.

Documentation:

Starr should be probed for conflict of interest

The most senior Federal judge in Little Rock, Arkansas has declared that Whitewater Independent Counsel Kenneth Starr should be investigated and removed from his position because of a conflict of interest involving Richard Mellon Scaife. But, for procedural reasons, it appears that the ethics complaint against Starr is now dead in the water; this is because four of the eight judges on the Little Rock Federal bench recused themselves, because of their friendship with or ties to Bill Clinton.

Mellon Scaife is the Pennsylvania multi-millionaire who finances and publishes some of the most virulent anti-Clinton propaganda in the country. Scaife has a long history of serving the Anglo-American financiers' intelligence network as a manipulator of the news media (see *EIR* March 21, April 4, and April 11, 1997).

One of the four Federal judges in Little Rock who did not recuse himself, Judge Thomas Eisele (a Republican), wrote in a now-unsealed 20-page memorandum, that he believed the court should appoint a counsel to investigate Starr's apparent conflict of interest. Judge Bill Wilson, who wrote the recusal Opinion, incorporated Judge Eisele's memorandum in his own 27-page Opinion, which was released on Aug. 1. Following are excerpts from Judge Wilson's memorandum:

**In the United States District Court
for the Eastern District of Arkansas
Western Division**

In Re: Independent Counsel Kenneth W. Starr

Memorandum Opinion

Pending before the eight District Judges of the Eastern District of Arkansas is a second letter-complaint (Mandanici II) by Connecticut lawyer Francis T. Mandanici, alleging various conflicts of interest on the part of Mr. Kenneth W. Starr in his role as Independent Counsel in what is widely known as the Whitewater investigation.

Judge Elsijane T. Roy, Judge Henry Woods, Judge James M. Moody, and I have determined that we should recuse, for the reasons set forth below.

[T]hose of us who are recusing believe that the parties involved, the bench and the bar, and the public are entitled to know why we are recusing, because of the importance of the matter before us, and because our recusal, may, in effect, amount to a dismissal of the current complaint against the Independent Counsel.

[From Judge Eisele's memorandum]

. . . My intention is that the Court will treat Mr. Starr no differently than it would treat a United States Attorney or Assistant United States Attorney in a similar situation. If a United States Attorney were investigating possible criminal antitrust violations involving three milk producers and a fourth milk producer, a competitor of the three companies under investigation (which, by assumption, would benefit if indictments were returned), agreed to employ the United States Attorney in the future as its in-house counsel at a handsome stipulated figure after the United States Attorney completes her term or completes the antitrust investigation, then that arrangement would, I submit, clearly create both an actual and an apparent conflict of interests. Would not this conflict . . . require the United States Attorney's complete disqualification from the antitrust investigation? . . .

Although Mr. Mandanici raises a number of conflict-of-interests issues in his complaint, the Court has been primarily concerned with the conflicts revolving around Mr. Starr's relationship with Pepperdine University and Mr. Scaife. . . .

In this case, it is clear that the appearance of impropriety, regardless of the reality of any conflict, could—if it has not already—invade the public perception. That conclusion is obvious from the media accounts noted by Mr. Mandanici. . . .

. . . [I]t appears that, in 1991 and 1993, Mr. Starr spent his summer teaching at Pepperdine University in Malibu, California. Brad Cheves, Pepperdine's assistant dean, stated that Mr. Starr was intimately involved in the project to establish a school of public policy at Pepperdine. . . . According to Mr. Cheves, the Scaife Foundation was one of three foundations that helped underwrite the nine million dollars raised to start Pepperdine's school of public policy. The Scaife Foundation made at least one contribution of \$250,000 in 1993 to establish a public-policy chair at Pepperdine. David Davenport, Pepperdine's president, stated in February of 1997 that the Scaife Foundation had given 1.1 million dollars toward the 2.75 million dollars in start-up costs for the school of public policy.

The chairman of the Scaife Foundation is Richard Mellon Scaife, a western Pennsylvania newspaper publisher who, according to various media reports, has used his fortune to press a media campaign discrediting President Clinton and suggesting that Vincent Foster, Jr. may have been murdered. Mr. Scaife serves on Pepperdine's board of trustees. . . .

In the Spring of 1997, Mr. Starr announced that he would

leave the Independent Counsel's office in August of this year to become dean of the law school and the school of public policy at Pepperdine. . . . Mr. Starr then abandoned his plan to assume his duties at Pepperdine as scheduled. President Davenport indicated that Pepperdine would give Mr. Starr "an open-ended time frame." These circumstances are apparently the basis for the words of *Washington Diary* columnist Margaret Carlson: "Starr is now beholden to Pepperdine to hold open a job, for which it is partly beholden to benefactor Scaife." Thus is the alleged conflict brought to the Court's attention by Mr. Mandanici. . . .

In the situation before the Court, Mr. Scaife, said to be a bitter opponent of President and Mrs. Clinton, especially with respect to Whitewater-related issues, has apparently helped to arrange and make possible the very career opportunities that Mr. Starr wants to pursue as soon as he completes his work as Independent Counsel. It appears that Mr. Starr may be involved in a third-party conflict of interest—that is, "the independent counsel . . . has an obligation to a non-client third party that could compromise the independent counsel's neutrality in a matter under investigation." . . .

Even if not true in fact, there is the inevitable appearance that Mr. Starr may consciously or subconsciously tailor his prosecutorial decisions to please his benefactor. . . . (End of quote by Judge Eisele.)

* * *

Judge Moody recused immediately from the consideration of Mandanici II. . . . Judges Roy, Woods, and I have decided to recuse. We are friends of the Clintons, and they are the targets of the Independent Counsel. . . .

. . . I note parenthetically, too, that the district judges of the Eastern District who were foes of the Clintons during their Arkansas days are not recusing. Since recusal is up to each individual judge I will not presume to second-guess their decision; they apparently see a distinction in our respective situations.

This means, of course, that there is no majority of the judges of the Eastern District of Arkansas . . . to refer the Mandanici II complaint to counsel for investigation. . . .

Those of us who are recusing do not do so lightly. We do this realizing that this probably has the effect of killing the Mandanici II complaint without it having been considered on the merits. In fact, it is hard to escape the conclusion that our recusal may well confer de facto immunity on the Independent Counsel, with respect to ethical violation complaints.

In fine, I am filing this opinion because I think it is important for the complainant, the party complained against, the bench and bar, and the public to know that the issues raised by Mr. Mandanici have been extensively researched and debated by the judges of the Eastern District. Further it should be known that Judge Eisele has performed a separate critical analysis of these issues and he reaches conclusions that speak for themselves.

Call for Federal investigation of Texas prison beatings

by Marianna Wertz

The release on Aug. 12 of a videotape of prisoners being beaten by prison guards at the Brazoria County Detention Center in Texas, has led to a growing political uproar, from the state of Missouri to Washington, D.C. The section of the Detention Center where the beatings occurred is leased to Capital Correctional Resource, Inc. (CCRI), a private prison company.

The videotape shows prisoners lying on the floor, being beaten with batons, prodded with stun guns, stepped on, kicked in the groin, and bitten by police dogs. The prison abuse was recorded during a disturbance 11 months ago, captured on video by a sheriff's officer for future use as a training video.

Upon seeing the video, Missouri Corrections Director Dora Schriro consulted with Missouri Gov. Mel Carnahan, and cancelled Missouri's contract with Texas. Four hundred and fifteen inmates were immediately put on buses to be brought back to Missouri from Brazoria County. Missouri political figures say that the state will also bring back the other 655 inmates still incarcerated in four other Texas jails.

Missouri files suit

On Aug. 26, Missouri sued officials in Brazoria County, charging them with a cover-up. "County officials are continuing to perpetrate a cover-up, and it must be stopped," Missouri Attorney General Jay Nixon said after filing the lawsuit in county circuit court in Jefferson City, Missouri. "They have refused to turn over information, including inmate requests for medical attention, officer reports, and medical records, even though they are required to do so under the contract with the state of Missouri. We are asking the court to order them to turn this information over immediately to aid in the investigation."

Charles Quincy Troupe, a state representative from St. Louis, Missouri, has been investigating the brutality for nearly two years, and has repeatedly demanded an investigation. In an Aug. 27 interview with Marianna Wertz, he called for stronger Federal oversight of private prisons, to put a stop to these outrageous practices.

Interview: Charles Quincy Troupe

EIR: I understand you became involved in this situation several years ago, when you heard from the prisoners that this brutality was going on.

Troupe: I think our first letter was in 1995. When they started sending the prisoners there, they were brutalizing the inmates' family members. They were attacking them verbally. When they came all the way to Texas, with family and friends driving 900 miles to go to Texas to visit their loved ones, they'd only give them 15 minutes to visit with them. They were belligerent and aggressive toward the families. The families initially started complaining because of the way *they* were treated.



EIR: Are these your constituents who are in these prisons?

Troupe: Yes, some of them are.

EIR: But the story actually just broke about two weeks ago, when the tape was discovered, is that right?

Troupe: Between the time that the families started complaining, and then the inmates started complaining and sending their horror stories, during that period, I sent letters to all of the elected officials in the state of Missouri: the legislature (House and Senate), the governor, Corrections. And then I did the same thing with the governor in Texas [George W. Bush].

EIR: Did you get any response?

Troupe: I got a response to a letter that was given to me by somebody other than the governor. The letter that I received, said that they had investigated and they found no cause.

EIR: They're still covering up today, aren't they?

Troupe: They're covering up even more today. They never gave me any information, and now they have refused to give any information to the state of Missouri.

EIR: I understand Missouri has sued Brazoria County.

Troupe: They sued them for the information, because they said they would not communicate with the state of Missouri anymore, that they would not provide any information or anything else relative to the inmates.

EIR: Are all of Missouri's inmates now out of Brazoria County?

Troupe: We have them all out of Brazoria County, but we still have them in CCRI facilities in Texas.

EIR: There is something like 5,500 out-of-state inmates in Texas in these privately run prisons?

Troupe: Yes. That's awesome. That's unbelievable.

EIR: So what is your strategy now?

Troupe: My strategy now is, number one, to try and organize a national effort to look at the Federal policy, to try and persuade the Clinton administration to initiate legislation that will provide some standards and provide some oversight for the private prisons. The cost of the oversight should have to be borne by the private prison companies themselves. I think, after this incident, they've proven that they cannot be trusted, and they have no credibility.

It's strictly a situation where they are interested in making money. They don't care about the inmates. They don't care about humanity. They don't care about the loved ones. All they want is the money. I think, ultimately, they want the inmates working in prison industries, making goods and services for their business at a slave-labor rate.

EIR: A good number of these private prison companies are run by former federal prison officials, who left the government to go into the private companies. Corrections Corp. of America, the largest private prison company, now employs J. Michael Quinlan, formerly head of the U.S. Bureau of Prisons under President George Bush.

Troupe: If that is the case, then it is horrifying to think that the United States would allow that kind of group to surface. This makes Watergate look like a sandbox.

EIR: We're talking about two different administrations. The Reagan-Bush administrations sent their people in to run the private prisons after Clinton came in.

Troupe: That's awful. All it does is just feed the suspicion, that all of the drugs and alcohol and the guns and the atmosphere that they've created in the urban areas, over the last 15 years, is all designed to end up with a continuous string of inmates to fill these private prisons, so they can produce cheap goods and compete with the Philippines, Japan, China, Mexico, for cheap labor. I would have to say that that would have to be a conspiracy between the government, business, and the counties, or the people that allow these private prisons to come in, and the states, to develop a new source of cheap labor, or slave labor, in the United States.

EIR: That's exactly what *EIR* has charged.

Troupe: The facts have borne that out right now.

EIR: If you add in the welfare-workfare recipients, you have a potential multimillion-man slave labor force being prepared in this country.

Troupe: One of the major complaints was the lack of food, the lack of health care, the lack of energy, the torturing of inmates when they complained. When the inmates made complaints that got through to the state of Missouri, and we inquired, then, the inmates were attacked in Texas, which indicates to me that somebody in Missouri was either inquiring or informing the correctional officials in Texas about what was going on. The reason I say that is, that I've never had an inmate write me a letter saying the Missouri officials checked with me and I discussed my grievances with them.

Another thing that I think was horrifying in Texas, and especially Brazoria County, it was reported that they had 250-400 grievances that were filed with the Texas facility management, and they never got to me in Missouri. So, our people's grievances were destroyed, or discarded, or not acted upon, which means that there is no way that I think any state, after this incident, could legally send people to private prisons without a guarantee of an ombudsman in those prisons, independently, to have total access to those prisons at any time, to see any inmate.

EIR: Have you launched an action with the Federal government?

Troupe: We have written a letter to [Attorney General] Janet Reno. She has not replied. In fact she hasn't even acknowledged that she received the letter. I have a subsequent letter that will be going to the National Governors Association, to the National Black Congressional Caucus, and the U.S. Senate and House, laying out what happened in Texas and laying out what I think the Federal government needs to do.

EIR: You're getting pretty good press coverage on this, I understand.

Troupe: Yes. We're getting national and international press coverage. The Human Rights Commission of the United Nations have involved themselves in it.

EIR: The United States looks pretty hypocritical coming down on China for its prison abuses when it has this going on.

Troupe: They're talking about slave labor in the Chinese prisons. It must have been so impressive to American businessmen, because that seems to be the ultimate goal of what's going on now, and it seems to be something that the United States has been planning for 15 or 20 years.

EIR: The United States has been doing it for 15 or 20 years or longer.

Troupe: We've had prisoners making license plates and furniture and all of that stuff in Missouri, for as long as I can remember.

EIR: Yes, prisons in this country are now making everything that can be made, and they're exporting it all over the world.

Troupe: I read the Charles Percy legislation, which provides—they don't have to ship it all over the world, they can ship it to the next state.

EIR: Yes, but since the Bush administration, it's been opened up not only to private prisons, but state prisons also are big into prison labor. Bush signed an Executive Order which went into effect in 1992, stipulating that public facilities, which are constructed and maintained using Federal money, may be sold to private investors to help raise money for state and local government coffers and make a profit for the investors. It's increasingly going on in every state. Virginia, for instance, started two years ago using state prisons for manufacture of goods by private companies, which can be sold outside as long as it doesn't compete with free labor.

Troupe: How can it not compete?

EIR: As long as the total that the prisoner is paid—including what they deduct for his "room and board," victim restitution, family support—amounts to minimum wage, then it's said not to be competing. So, the prisoner ends up getting, at best, a dollar an hour, and the prison and company get the rest of it, and the goods get made. The last time there was a big move for this kind of thing in the United States was during the Great Depression. It only changed after the Depression when the labor movement got strong enough to stop it. That's exactly what has to happen today. As long as there isn't a strong labor movement, capable of putting an end to this kind of competition by cheap labor, in prisons and in workfare, you will have this kind of thing going on.

Troupe: What I'm trying to do now is create a family group, of families who have people in jail, to form an advocacy group for inmates, to start lobbying, raising money, and suing states and defeating elected officials who support these things. That's got to be the bottom line.

EIR: The bottom line will be when the LaRouche political movement has enough strength to be able to return the economy to a sound basis, so we don't have to turn to slave labor, and a humanitarian basis so that people aren't treated like slaves.

Troupe: That's going to have to come in through the United Nations. We're going to try and do that. But what's happened in Brazoria County is a total violation of all of the civil rights laws. Especially if they have people working at sub-standard wages and the state takes the money from them.

The state probably takes the money under the pretext that they're costing us money, so we're going to make them pay their debt to society, and business or the state benefits from that. That would probably be more acceptable to me, if all of the money went into juvenile prevention, education, and diversion programs, to make sure that at some point it would die, just by the virtue of nobody going to jail anymore.

Terrorist funder Moskowitz threatens Middle East peace

by Harley Schlanger

As the Clinton administration struggles to keep the peace process alive in the Middle East, one of the problems that President Bill Clinton is running into, and that must be rooted out, is a network that has made deep inroads into the United States.

In April 1994, the LaRouche Exploratory Committee, the official committee for Lyndon LaRouche's 1996 Presidential campaign, released a White Paper, "Assault on the Presidency!" The report, issued in response to the escalation of attacks against President Bill Clinton, documented that the vicious assault against Clinton originated from the highest levels of the British oligarchy. In particular, the report detailed the role of the Hollinger Corp., which includes on its various boards the likes of longtime British asset Sir Henry Kissinger, and Baroness Margaret Thatcher, and among its newspapers the London *Daily Telegraph* and the *Jerusalem Post*.

Coinciding with this escalation against Clinton was a coordinated effort to destroy the prospects for peace between Israel and the Palestinians. These prospects, the result of a partnership forged between Israeli Prime Minister Yitzhak Rabin, his Foreign Minister Shimon Peres, and Palestinian leader Yasser Arafat, centered around the Oslo Accords, and were cemented by a handshake in September 1993 in Washington, D.C. President Clinton, who presided over that gathering, had played a key role in bringing them together. Among the principal opponents of the peace process were the same board members of the Hollinger Corp. who were running the slander campaign against Clinton.

The peace process was shaken when, on Feb. 25, 1994, Baruch Goldstein, a Jewish terrorist from the fascist networks of Rabbi Meir Kahane, opened fire on Muslim worshippers at the Cave of the Patriarchs mosque in Hebron, killing more than 30 people. The White Paper described, in detail, how peace in the Middle East was contrary to the interests of the British Empire, and threatened its long-term operations in the region. It provided a dossier which demonstrated that the very same interests and individuals involved in the campaign against Clinton were engaged actively against the peace agreement in the Middle East. They were funding terrorists from Kahane-linked organizations, while building a climate of hate against Rabin and pro-peace Israelis through the *Jerusalem Post* and other outlets. This climate nurtured the environment from which Rabin's assassin emerged.

One of the individuals deployed on their behalf was Dr. Irving I. Moskowitz of Miami, Florida.

Who is Irving Moskowitz?

Described in his official bio as a retired doctor and "philanthropist," Irving Moskowitz is a major funder of terrorists committed to creating a "Greater Israel" over the dead bodies of Arabs and Jews. Working closely with Israel's Prime Minister Benjamin Netanyahu, Moskowitz's so-called charitable contributions repeatedly have provoked the most deadly rioting since the Oslo Accords were signed.

Moskowitz, like Kahane and Netanyahu, is a follower of Vladimir Jabotinsky, the founder of the "Revisionist Movement" in Zionism. Jabotinsky—whose operation was run from the start by British intelligence—spawned in Israel the terrorist movements Irgun and the Stern gang. His admiration for the methods of Mussolini's squadristi and Hitler's SS, which were employed by these terrorist gangs, earned him the name "Vladimir Hitler" from Israel's Founding Father, David Ben Gurion.

Since the early 1980s, Moskowitz has been a bagman for the movements in Israel associated with the Jabotinskyite terrorists and allied religious extremists. The most prominent of these is the Ateret Cohanim Yeshiva, founded in 1978 by disciples of Rabbi Zvi Yehuda Kook. The primary, stated purpose of Ateret Cohanim is to train rabbis to preside over the new, third Temple of Solomon. The not-so-private agenda of the operatives of Ateret Cohanim is to destroy the Al Aqsa mosque and the Dome of the Rock mosque at the Haram Al-Sharif—both of which are holy sites to Muslims—to make room for this third temple, to be constructed on the ruins of the mosques.

Between 1980 and 1984, Israeli security officials foiled several attempts by Ateret Cohanim faithful and members of Kahane's Jewish Defense League to blow up the Al Aqsa mosque. The preemptive actions by security officials prevented acts which would have triggered violent reactions by Muslims.

Coordinated with these direct terrorist efforts was the founding of the Jerusalem Reclamation Project by one of Kook's protégés. Its purpose is to purchase land in the Arab quarter of Jerusalem, as part of an "ethnic cleansing" operation similar to that of another British operative, the indicted

Serbian war criminal Radovan Karadzic, who conducted a campaign of genocide against the people of Bosnia on behalf of British interests.

In 1984, Moskowitz founded the American Friends of Ateret Cohanim, to increase the funds available for both the terrorist operations and the ethnic cleansing.

Moskowitz targets Jerusalem

The cash flow available to Moskowitz dramatically increased in 1988 following the decision of the town of Hawaiian Gardens, California, which is incorporated in Los Angeles County, to turn over the local Bingo Club to the Irving I. Moskowitz Foundation. By 1991, the club was generating \$33 million a year in proceeds. Of that sum, Moskowitz returned a mere \$360,000 to the city. After deducting operating expenses and prize money, the reported profit was \$1.5 million, which was disbursed by Moskowitz to “charities” of his choice. The profit rose to \$4.3 million by 1994, and to more than \$6 million by 1995.

(Law enforcement officials consulted for this story told *EIR* that they believe the cash flow is as much as three times greater than what Moskowitz reports. They add that there are ongoing investigations by local and Federal agencies into charges of money laundering, and an Internal Revenue Service investigation is under way, looking into various tax scams run by the Club.)

This increased cash flow allowed Moskowitz to be much more aggressive in land purchases in Jerusalem. With funds from Moskowitz, Ateret Cohanim, working through several fronts, has been purchasing land and homes from Arabs in East Jerusalem. Journalist Peter Hirschberg described how this process works in the Oct. 31, 1996 issue of the Israeli magazine *The Jerusalem Report*. He writes, “There’s nothing amateurish in the way Ateret Cohanim goes about settling Jews in East Jerusalem, home to about 150,000 Arabs. With the aid of state funds and donations from religious American Jews, Ateret Cohanim and similar groups use secretive, sometimes legally questionable means to scoop up Arab homes.”

Hirschberg describes how Ateret Cohanim and sister organizations, such as the Elad settlement organization, which is also funded by Moskowitz, escalated after the election of Netanyahu. In several cases, the land seizures were done with muscle from private security groups, enforcing dubious legal papers. “Each property acquisition establishes a new Jewish beachhead in the Muslim quarter—requiring a security presence, further buttressing the Jewish hold.”

And each such action is a further provocation to the Palestinians, violating in effect the agreement to postpone decisions on Jerusalem until the final phase of the Oslo Accords.

Moskowitz has been at the center of two of the most recent, serious provocations. On Sept. 24, 1996, the opening of the Hasmonean tunnel near Temple Mount triggered violent rioting, which left at least 75 Israelis and Palestinians dead.

The night before, Moskowitz was one of a small group of VIPs given a private tour of the tunnel, and his name appears prominently on the donor’s plaque at the entrance. The *Orange County Register* suggested the opening was a “political payoff” by Netanyahu to Moskowitz and the other wealthy Americans who financed his campaign.

The “charitable” funder of terrorism Moskowitz was again in the news in July 1997, when the City of Jerusalem granted him a permit to construct apartment buildings in the midst of the all-Arab neighborhood of Ras al-Amud. The housing was to be built for members of Ateret Cohanim. Though Netanyahu, already under significant pressure from the Clinton administration for his decision to push through construction at the disputed site of Har Homa, announced he opposed this project, and the Interior Ministry suspended the permit on July 28, Moskowitz has appealed the decision. In a raving commentary in the *Los Angeles Times* on July 30 defending his actions, Moskowitz went so far as to claim that any effort by the government to halt his ethnic cleansing “is to countenance racism at its worst.” He concludes this piece by exposing his real intentions, writing that “even the price of peace must have its limits, and Jerusalem’s [peace] cannot be purchased at the cost of its physical integrity,” i.e., he has the right to drive Arabs out of Jerusalem.

Executive Order 12947

Following a suicide bombing in Jerusalem on Jan. 22, 1995, President Clinton issued Executive Order 12947, designed to prevent funds raised in the United States from being used for terrorism in the Middle East. The President said, “I have authorized these measures in response to recurrent threats of international terrorism that threaten to disrupt the Middle East peace process.” At that time, the order was invoked to freeze the funds of 12 groups, both Arab and Jewish, which were engaging in terrorism with funds raised in the United States. Among the Palestinian groups cited were the Abu Nidal organization and Hezbollah; the Jewish groups included Kach and Kahane Chai, terrorist groups associated with Rabbi Meir Kahane.

With the threat to peace posed by the repeated provocations of Moskowitz, the time has come to apply Executive Order 12947 to his operation. Michel Shehadeh, the regional director in Los Angeles of the Arab-American Anti-Discrimination Committee, issued the following statement: “There has often been a double standard applied to the Middle East. The President’s order regarding funding of terrorism should be applied to Moskowitz. His actions threaten to sabotage the peace process, and that is what the Executive Order was issued to address.”

There is ample evidence for the Department of Justice to move against Moskowitz under the Executive Order. He has functioned openly, with the arrogance of one who assumes he will be protected. If he is not stopped, he and his messianic friends are prepared to launch a new Arab-Israeli war.

Summon the moral and intellectual resources to overcome the crisis

by Lyndon H. LaRouche, Jr.

This speech was given by Lyndon LaRouche to a meeting of the Schiller Institute at Riverside Church in New York City on July 27. Subheads have been added.

... I want to give you a message—it's a tough one—but also, hope. Not hope in the sense that maybe something will happen, but hope that we might succeed in *causing* it to happen. As you should know, and everybody but the suckers knows—and the suckers are the people who have money invested in the stock market or in mutual funds—that every capital of the world, financial capital of the world today, will agree with me, as they didn't a year ago, that the international financial system is in the process of disintegrating.

What most people will say in various centers, and in their press—except in the United States—they will tell you that we can expect, sometime in the near future, between August of this year, and the first of the year, perhaps, a 20% or 30% collapse in the New York Stock Exchange, for example. That could happen next month, it could happen in October, it could happen a bit later.

We now have, at present, the disintegration, in progress, of not only the currencies, but the banking systems of South Korea, Thailand, and adjoining countries—what were called a few years ago the Asian Tigers are now disintegrating financially. A chain reaction of that disintegration, which will be a banking crisis, among other things, will hit Europe. It will hit the United States. If you look, in fact, at the cross-liabilities of banks, there probably is not a leading bank on this planet, at least outside of China, which is not bankrupt, if you knew all the liabilities, in terms of its cross-obligations. You have, at this point, the ratio of debt to value of physical assets is such, that virtually every government, every nation of this planet is bankrupt. It has been bankrupt; we have been bankrupt for a number of years. If you look at things in terms of physical values, as opposed to monetary, or financial values, you will find that since 1970, the U.S. economy, in terms of per capita, has been contracting, in physical economic terms, at a rate in excess of 2% per year, every year. There has been no growth, net growth, in the United States, in the past 25-odd years.

Similar conditions exist in most of the world. In most of the developing sector, as in South America, or in sub-Saharan

Africa, the overall growth has been negative since 1967, the time when U Thant, who was then Secretary General of the United Nations, issued a proclamation called the Second Development Decade Resolution, which was *never* put into effect. In the same year, Pope Paul VI issued a papal encyclical, called *Populorum Progressio, On the Progress of the Peoples*—that program has never been put into effect. From the middle of the 1960s onward, for the past 30 years, the world has overall been going downhill. Civilization has been disintegrating.

Some of you people here are of my generation, or near to it. You can recall that, back in the 1960s, a typical American skilled operative would generally, at 40 years of age, approximately, would probably support an entire family on his income, or perhaps with a partial income from some other member of the family. And on this income these families would assist in putting their children through school, and into universities. They would maintain a decent standard of living.

That is no longer the case. The same families today, the children of those families, would require three incomes, *or more* in a household—*not to achieve* the same standard of living they had 30 years ago. Most people have debt, credit card debt, and other forms of debt, which are piling up through the breaking point, to the point of the highest rate of personal bankruptcies in this country. They are using debt in place of the income they haven't had. And the standard of living is not good.

In Europe: similar conditions.

Look for example at hospitals; take this city of New York City. Those of you who lived here, say in 1970 to 1975, or 1965 to 1975: Think of the hospitals that existed in New York City then. Think of what happened if someone fell in the street, stricken of some disorder, and a neighbor called the police department. What would happen? That person would generally be picked up soon and receive medical attention someplace, and then later after the medical attention had been delivered, in the emergency case, someone would come poking around and try to figure out how this service was going to be paid.

Is that the case anymore? It's not. The hospitals have been shut down. New York City, for example, had the finest

hospital system in the world, which was built up under the influence of Hill-Burton. It's gone.

A decaying civilization

Look at the services of this city, which was in sense, for a long time, the commercial and business capital of the United States. What's happened to the city? High rises. What kind of incomes, what kind of life, what kind of security? Look at the homelessness on the streets. Look at the other signs. What is the condition of life of people? What is the condition of life of families? Of individual members of families? What about neighborhoods that are no longer safe? What about the drug problem? All these other things that afflict us? We are living, and have been living, for a period of about 30 years, in a decaying civilization.

Very soon, one way or the other, and before the end of this century, the existing international financial and monetary system will have gone! It will have disintegrated. It will go in one way or the other. Either governments act, including the government of the United States, to put a bankrupt financial and monetary system into bankruptcy reorganization, under governments, and doing so in order to keep order, social stability, and security, and to lay the foundations for building a new financial and monetary system, to keep the society going, and to build things up again. Either the governments do that, or by their failure to do so, this country, and most of the countries around the world, will simply begin to disintegrate.

What you see in Africa today, in sub-Saharan Africa, is an unstoppable wave of deliberate genocide. Before this time, before these recent developments, you've seen the life expectancy of Africa drop, the life expectancy of the male, in particular. AIDS/HIV is a factor, but so is famine and epidemic—the most efficient way to kill people is with famine and epidemic disease, as Bertrand Russell prescribed and recommended many years ago, and his friends are now carrying this out, his admirers, today.

You see a similar process going on in South America. Peru is on the verge of being destroyed. Colombia is half-destroyed—it's been taken over by the drug lobby. It's going into hell. Brazil is on the target list for either a coup or a major destabilization. No parts of the Americas below our borders are safe today. Argentina is almost destroyed, and so forth and so on.

The great "successes": Korea is bankrupt, South Korea is bankrupt. You're going to hear more stories about bankruptcies in Korea. The entire system of east Asia, outside of China, the yen system, Philippines, Thailand, Cambodia, Vietnam, Malaysia, Indonesia: They're all in the process of disintegrating.

Europe: Conditions in Germany are collapsing more rapidly than they're collapsing in the United States. France: disintegration. Italy has a government in name, but the structure of government and politics has been destroyed.

In the area of the former Soviet system, eastern Europe

and the Soviet Union, the conditions of life are unbelievable, in terms of the collapse of the conditions of life. Unless there's a reversal of that policy, you're going to see hell itself coming out of the area that was once the Soviet system, the Warsaw Pact, the Comecon, and the Soviet Union. It's at the breaking point now.

What you're looking at is not merely an economic crisis, it's not a cyclical crisis, it's not a boom-bust cycle. There'll be booms, there'll be busts. The boom or the bust. It's coming *now*. The collapse cannot be prevented; it can only be dealt with.

But it's more than an economic crisis. What we're faced with is a crisis of civilization. We're faced with the kind of crisis, globally, what you would think of as the fall of the Persian Empire, or the Babylonian Empire, or some might compare it to what happened to Sodom and Gomorrah. We're faced with the kind of catastrophe in which an entire civilization, which has lost the moral fitness to survive, *goes under*, by its own hand.

The Fourteenth-Century Black Death

Now let's look at the history of this situation, review what lessons we might learn, particularly from the history of the United States, and its prehistory, going back to the last great crisis of European civilization, the great crisis in the middle of the Fourteenth Century. That is over the period from the year about 1250, to the middle of the Fourteenth Century, the population of Europe collapsed by half. This was a period in which the Black Death hit Europe on the wave of a collapse of the banking systems of Europe, in the middle of the Fourteenth Century. This was a period of *madness*, a period of the so-called Flagellants, hordes of angry, crazy people, with wild religious beliefs, beating themselves and each other, marching from city to city, like a pestilence. Like locust plagues, human locust plagues on the land.

In the following century, there was a rebirth of European civilization, this is called the Golden Renaissance. And it was more than just a rebirth, it was a new form of society that was established on this planet, at least in a beginning form. Prior to the Fifteenth Century in Europe, every culture of this planet was degenerate. Why? Here we are, we're human beings; what was the condition of human beings, overall, in every part of civilization, so-called, in every part of human existence, up until the Fifteenth Century in Europe? Over 95% of the population of every culture, in every part of the world, lived in all prior human existence, either in the condition of slaves, or serfs, or worse.

There's a famous story, which is the last story in a book written by Jonathan Swift, called *Gulliver's Travels*. The last story is the story of the visit to the land of the Houyhnhnms. Now actually I'll tell you a secret, which is no secret at all. The land of the Houyhnhnms was England under George I, in which Swift depicted this problem: that England was ruled by a lordly bunch of horses, or rear-ends of horses perhaps,

who were called *the Houyhnhnms*, to simulate the whinny (which I won't perform for you) of the horse. And the horses were attended by humanoid-looking creatures who were rutting in the ditches and doing all kinds of foul things, but did all the work for these horses, who took care of the horses, carried them to their burial places, curried them, and all these other favors, but when they were not taking orders from the horses, or performing services for the horses, they were off in the ditches or fields rutting away. They were incapable of ideas, or human speech—which is a fair description of the ordinary people of England during the time of George I.

So this is Swift, in his satirical reference to the conditions of England in the early Eighteenth Century. But these are conditions which were the normal conditions of humanity, in every part of humanity, up until the Fifteenth Century.

The forms of society were generally what were called the imperial form of law. You would have scattered kinds of cultures—what was called barbarism. And, you would have an emperor, or something that might be called an emperor, and this was a person, who might be assassinated tomorrow, but as long as he was there, *he* was the maker of law. His will was arbitrary rule. Nobody else could make law. Under the chief, you would have people who were lesser chiefs, who could not make law, but they could administer, they could even kill, capriciously, but they could not make law. There was *in fact* no law. There was only custom: that those who ruled found it expedient to take into account the customs of the various groups of people whom they dominated. So, they would legitimize the religion, and legitimize the social habits, marital customs, and so forth, and language of the people who were their subjects. And they would create Pantheons. The emperor would declare himself the highest authority in religion, virtually a god in himself. And he would be what they called in Latin, the Pontifex Maximus, the man who was the boss of *all* the religions. And he would maintain a Pantheon, and all legalized religions would be collected together. And the ruler would agree, by virtue of a covenant, to show due respect for those aspects of these religious beliefs, which they had chosen under their imperial law, to legalize. And sometimes emperors were overthrown because they violated customs of legalized cultures and religions.

But there was no law; there was only custom.

There were some people called Romantics in the Nineteenth Century, like a fellow in Germany called Savigny, who proposed going back to this kind of law. It's called Romantic law, or Roman law, or *Volkgeist*, things like that. There was no law. There was no *principle* of law; there was only arbitrary power and custom, but no principle.

A principle of law

Then you come along with the Mosaic tradition: Genesis I: 26-28. And you say that man and woman are each made in the image of God, and given by this gift the assignment to exert dominion in nature, and over nature. Now that's a principle! Are men and women different than beasts, such as they

may not be kept as cattle, but must be recognized in their individuality, and all persons, *each*, man and woman, made in the image of God, a quality that endows them with the power and responsibility to exert dominion, as mankind, over all other things? That's a principle. That's a principle of law, or should be—isn't it? Therefore, society must be designed, under law, to conform to that principle.

Now, along comes Christianity, and a couple of Apostles go a bit further in developing this principle, the Mosaic principle, which is recorded in Genesis I: 26-28. The Apostle John, on the relationship of God's love toward man. The Apostle Paul, on the nature of man and society and law. In which they based themselves on study, because they were literate people in their time, and the culture of the eastern Mediterranean at that time was Greek culture, Classical Greek culture. Platonic Greek was the highest level of culture in the eastern Mediterranean from the time, approximately, of Alexander the Great, and the development of the Greek Hellenic culture in the eastern Mediterranean. And John and Paul were people who were very literate, and presented Christian principle in the Gospel of St. John and in the Epistles of Paul, etc., as a *form of law*. Law derived from principle, not arbitrary precept, or shibboleth.

But nonetheless, despite the power of Christianity, as a religious belief, from that time, in the Fifteenth Century, there was no form of society on this planet which satisfied the requirements of Christian principle, that is, a state based on the assumption, a form of law based on the assumption, that every person, each person, is made in the image of God, man and woman, and that this quality gives that person, and mankind, the obligation and power to exert dominion in the universe, over all other things. No! Ninety-five percent of humanity was kept as cattle, as slaves, serfs, or worse. Like the tens of thousands of Indians in the late Fifteenth Century, in the place now called Mexico City, who were marched, one after the other, up the four sides of a heathen temple. At the top, each of them, in a matter of seconds, had the living heart cut out of them, and the dying body thrown down the steps. This went on for two days. That's worse than slavery. That is the most abominable kind of culture imaginable. And the evangelization of Mexico came as a great blessing to those Indians who didn't have their hearts cut out, and their bodies thrown down the stairs, simply to celebrate the coronation of some Aztec potentate.

That was the condition of mankind. Someone comes along and says, no, we have to have a different kind of society. The purpose of society is to fulfill the nature of man. Now, what do we know about the nature of man? Is this simply something that's in the Bible, in Genesis, or is this a principle that we can *know*, by reason? Even if Genesis had never been written, would the principle be true?

Yes, it's true. How do we know it's true? Well if you educate a child, you may begin to discover what it is that's different between a child and any beast. Then, you look back and take an image of the existence of man. Well, man has

probably existed as a human species, on this planet, for about 2 million years. We have traces that indicate that, and there's an example recently uncovered in Germany, under a mine-shaft in the the Hartz Mountains part of Germany, not too far from Göttingen and Hanover. And there, at a site which is 600,000 years old, they dug out throwing spears which are perfectly balanced and well designed. And the very nature of these throwing spears, indicates, relatively speaking, a fairly high level of cognitive development and craftsmanship among the people who made these spears. So, therefore you have a pretty high quality of intellect in human beings running around in that part of Germany, 600,000 years ago. Probably better than you'd find in that part of Germany today.

The traces of man go back about 2 million years, and the reason we date it so, to the best of our knowledge, is because the northern part of this planet has been dominated by an ice age for 2 million years. And these ice ages run in about 100,000-year cycles, with 10 or 20,000-year intraglacial cycles, in which these glaciers melt. We reached the warmest point of an intraglacial cycle about a thousand years ago, and, contrary to warnings of global warming, we're now in a global cooling cycle. We're headed toward the ice cube age again. You'll get free ice cubes in Manhattan, but you won't be able to live here to enjoy them. Because, the seas will go up and down; the seas will vary up to 400 feet in depth, level, as the glaciers melt, or they accumulate. We're now in the process of going toward a new glaciation. Don't worry about global warming: It won't happen. Global *cooling* is what's in the cards, that's what we have to worry about. And that's coming naturally from the solar system, not from any gases or anything else on Earth. The only danger is from the gas of some politicians, which may be a problem for us.

So, in this period, man existed.

Man is not an ape

Now, we know from that same period, we know of the existence of apes, or ape-like creatures—not to be confused with Prince Philip—even though he claims to be an ape. Being an egoist, he claims to be a Great Ape. But the ape population of this planet could never have exceeded several million individual apes all put together—chimpanzees, gorillas, orangutans, baboons, whatever—they couldn't make it. But *man*, if you look at man physiologically, man does have, as Prince Philip says—Philip looks in the mirror and says, "I look like an ape." It's true, he does. And his intellectual potential is not much greater than an ape. But the point is, some of us are different. If we were merely apes, as aboriginal creatures, we could never have achieved the human population on this planet at anytime, during the past 2 million years' conditions on this planet, exceeding several million individuals. The life expectancy of the adult would not have exceeded much over 18-20 years of age. Infant mortality would probably have been 80-90%. Not a very good culture.

But, we *don't* have that, we've progressed. How did we progress? How did we get above the level of monkeys, apes,

or Prince Philip? How did we get to that stage? Did we evolve? The evidence is we *didn't*. There's no significant evidence of any biological change in man that accounts for this progress that man has made. It's in the *mind*. In the mind.

We invented language. Language was developed. The languages we use have a long history. We know something about that history; a lot we don't know. But we know about the development of language. Monkeys don't have languages; apes don't have languages; man does. How was it done? How did man make language, develop language? And, there are certain principles involved which can be adduced. We made language. We made inventions. When you look at the archeological evidence, what you find is *inventions*. And you look carefully at the inventions from the standpoint of an experimental physicist. You say, no, man did not simply hit upon the discovery. The mind of man discovered a principle of nature, and learned how to do something based on the mastery of that principle. That principle was passed on, as knowledge, to another generation, and the history of man is a history of accumulation of these discoveries, discoveries of principle, which children can reenact. They can reenact the act of discovery of somebody hundreds of years earlier, or thousands of years earlier, as they do. A child who actually studies geometry, in a decent school, is actually thinking the thoughts that Pythagoras thought, almost 3,000 years ago, or the thoughts that passed through the mind of Plato 2,500 years ago. That most of the things we know, we know because somebody discovered them. And, we teach children in school, or in families, how it worked: *Think* about it. And the child reenacts that discovery. We send people to more advanced education, they're still doing the same thing: reenacting scientific discoveries in their own mind, so they didn't merely learn them, they know them. And some of these people who reenact these discoveries, learn from reenacting discoveries, how to make discoveries. And they go on and they make new discoveries, which enrich mankind, with new knowledge.

The universe obeys man

So, what is man's power over the universe? Man's power over the universe, is the ability to make discoveries of principle, and to be guided by those discoveries to change the way we behave, so that our changes in behavior enable us to increase our power. We can command the universe, as long as we make valid discoveries. The universe will always obey man, every time man makes valid discoveries, and uses them properly.

So, we are a creature of ideas. Now, how do we do this? How do we see this? We live this all the time, if we're treating children properly. How do you teach a child? You take a child, a child believes something. If you know the child believes it, how are you going to show the child that the child is mistaken? Not by thwacking them on the side of the head, which is a method some people use. Not by threatening them, not by sending them to bed without their supper. How do you get a child to correct its mistake? You can't always do it; sometimes



*What future will there be for these New York City youngsters? "A child who's able to come up and solve problems, gets what is called in Greek, an emotion called *agapē*," LaRouche says, "an inflation of joy about being alive. Because they discovered their mind can create valid solutions to problems which seemed impossible. This is what makes a child happy."*

you say to the child, "Look, trust me on this one, you're not ready to solve the problem. I'm your parent, I'm pulling rank." The basic relationship in child nurture is not that; the basic thing is the moments in which you actually are able to assist the child in correcting its own mistake, its own opinion. How? Well, you confront the child with some evidence which shows the child that there is an error in what they believe. And, you nurture the child so that *the child's mind itself* begins to work out that problem.

When you send the child to school, the child presumably is going to have that same kind of experience, in whatever they study in school, step by step. And they will come back. What did you learn in school today? Well they say, "We learned certain words." That's no good! But when a child comes back, beaming, trying to explain to a parent or a sibling, what the problem is, how they solved it, and the new idea they got as a result of the experience of accepting the problem and solving the problem. And the child comes back *happy*. The child expresses this by looking at a parent at a certain stage, and saying, "Why? Why?" You say, it works this way; he says, "Why?" Well, it works because— "Why?" The natural potential of the child is expressed. What you're seeing in the child, is you're seeing that in the child's mind, which corresponds to Genesis I: 26-28.

Did you ever see a dog say, "Why?" A monkey say, "Why?" Only a human child—and *every child has this*—every child that's born has this quality. It sets them apart from the animals. A quality which is manifest best in a good

education. With a happy child and a good education. Happy, why? Because they are discovering there's *something good in them*. A child who's able to come up and solve problems, gets what is called in Greek, an emotion called *agapē*: an inflation of joy about being alive. Because they discovered their mind can create valid solutions to problems which seemed impossible. This is what makes a child happy.

In the old days, for example, when people still worked—they didn't slave, they worked. They would go to a factory someplace, or build things, and do things. And the social relations among people who were, say, trade union members, or something, when they would meet for social occasions, they would often get into the thing, where their wives would start yelling at them, because what they were engaged in was shop talk. What they were talking about was about the things that made people happy, when they worked in factories, or at some craft. The thing that made them happy, was they faced a problem on the job, such as mastering a new technology, and they produced a better product or something, and they were so excited about that, that was what they identified their workaday life with: these moments, moments when something *good* happened. "Something good happened on the job today. We made a better product. This machine is making things better. We're learning how to do this. We solved this problem." The father would take his young boy by the hand, down to a construction site: "See, we're building that, and we're solving problems."

These little things, which we sometimes took for granted,

years ago, are the things which are beautiful about the individual human being, and are expressions of that quality unique to the human individual. Which proves, *yes*, the human individual is made in the image of God. Man and woman. How? Because the human individual is able to command the universe to obey. How? Every time that you discover a principle, you have an increased power over the universe, and the universe shows its respect for that by obeying you, when you use that legitimate principle.

The just society

So, what is a just society? A just society must be based on truth. What is truth? The discovery of truth, is truth. The educational process by which a child comes from ignorance, and though good nurture and good education, the child is able to increase its power to know and master the universe, and *knows* that quality in it, by which it achieves that, is good. It's beauty. That's the sense of true truth and beauty and justice.

Now, what's a good society? A good society is one in which two things are immediately satisfied. Number one: Every child has a right to that quality of education, in so much as the society which exists has the means to provide it, that is, the knowledge to provide it. Every child is entitled to share the knowledge which the society has inherited from its predecessors. All children have the right, all human beings have the right to all human knowledge, in that sense. And every child has it.

Now if we educate a child so, and if, living so, making those kinds of discoveries, and those kinds of improvements, is the normal human expression, then society must organize itself, to solve its necessary problems, but to provide each of these children, as they grow up and become adults, with the opportunity to live that kind of life. To do something useful, in some way or other, where they are satisfied that they are expressing that quality which makes them human. They are not imitating an ox; they are not imitating a jackass, like Prince Philip or something like that; they're doing something human. And therefore, ought not society be constituted in such a fashion that we fulfill this?

Then we have another question, which gets us a little deeper, but it's based on the same principle. We are all born, and we are all going to die. Now, therefore, what is the meaning of life? What is the meaning of a mortal life? It has a beginning and an end. Obviously, the meaning is, what it leaves behind, which is not riches, it's something much more important. What's the difference between relations between human beings, and monkeys? Human beings' social relationship is based on *ideas*. What is the relationship of a parent to a child, of a teacher to a child? The social relationship of a teacher to a child, is ideas. When you learn, for example, what Eratosthenes did, an example I often use, in estimating the size of the Earth, from inside Egypt, over 2,200 years ago, by just looking up at the Sun and stars. And a child can replicate that. What is a child doing? A child is establishing a relation-

ship, a personal relationship with Eratosthenes, not because they're repeating and honoring Eratosthenes' name, or repeating the results of his measurement, but because the child, in properly studying this experiment, is reliving it. The child is reliving the discovery of principle that Eratosthenes made. The child is reliving the moment *inside the mind of Eratosthenes*, when Eratosthenes made that discovery.

Now, of course we have a problem these days: We don't understand these things too well. It's because — well, I'll give you an example, it seems to be a digression, but it's not.

The case of poetry

Let's take the case of poetry. Let's take the case, to be explicit, of Shakespeare, William Shakespeare, who should be known to all of us. Now, ask somebody to recite Shakespeare, just a piece of it. Ask a baby boomer to recite Shakespeare. It will never work. It's horrible! Baby boomers have no musicality. A baby boomer, speaks, how? A baby boomer speaks in a monotone, he speaks regularly. He keeps a fairly narrow dynamic range of utterance. There's not much inflection. You can't recite Shakespeare that way. Not that it's a matter of style, it's not a matter of style, it's a matter of *content*. "To be, or not to be. That is the question." You *can't do that* in narrow dynamics! You see, the baby boomer never learned to speak. The baby boomer was taught to *recite text*. To imitate phrases and recite text, not to speak.

I use an example with people, the case of a simple part of Shakespeare, the prologue chorus to a rather ordinary, relatively ordinary play of Shakespeare's, in the opening of *King Henry V*. You can imagine London, the theater in London, and this actor appears on stage, on a virtually bare stage. No scenery, no drops, no nothing, just a *bare* wooden stage in a wooden theater. And you've got people down here, and you've got people up there in the balcony, sitting about on three sides, all looking at this stage. And what does this speaker-chorus do? The chorus says, "We're about to present a play here. I'm going to ask you to use your imagination. Where you see one man, I want you see an army. I want you to hear the horses, and hear the beat of their hooves on the field in battle. I want you to hear the clash of arms of great armies."

That's poetry, that's utterance. It's not to get people to hear your words, and agree or disagree with your words. The function of poetry is to evoke from within the mind a *cognitive process*, and written text is nothing but shorthand, for uttered speech. You must speak in such a manner that you address the mind. You're not speaking to a recording device.

You see the way people punctuate. Read the original Shakespeare, see how it's punctuated. How is it punctuated? What is the principle of punctuation in Shakespeare? Is it grammar? *No*. Never go to a grammarian's funeral! He was already dead, before he died. The function of punctuation, is to denote, to the reader of the shorthand, called "text," some keys to understand what the spoken utterance was. To assist the reader in re-creating, to hear the spoken utterance, not to

read the text. The minute you have a rule for reading text, you don't know how to think anymore. You don't know how to hear.

So, the American population is denied poetry. The American population goes to school. Now a term that is used to show how we were destroyed—and this is part of the story—I use a word, the German word, which Schiller used, a term of derogation, called *Brotgelehrte*, which I translate into English as people who sing to earn their supper, not for the benefit of the music.

There's a child in school, who says, "Hey teacher, is this going to come up on the examination? If not, why do we have to hear this nonsense?" People who study only to learn how to behave, so as to qualify for employment, not people who study science to become scientists, but people who become *well-paid* scientists, to make a career.

This was something that happened to baby boomers, because it happened to my generation, when they were scared, when they came back to Truman instead of Roosevelt from World War II. And everybody was scared. The wives especially: "Don't do anything, don't say anything that impairs our family household financial security, or your job prospects." And that dominated the country from 1946 through 1952. And then we went from Truman to "Eisenhower," and it wasn't quite certain which way you would go. And then the baby boomers were raised in these families which had given up the commitment to truth and morality, in place of political correctness. And nobody wanted to think, or very few of us wanted to think; we wanted to know what it is we had to be overheard thinking, overheard saying. And we got away from the beauty of knowledge, the beauty of education. We no longer taught our children in schools in a Classical humanist way.

We should say that we will shove nothing in a child's mind which the child has not been induced to think, to know. By presenting the child with a problem, when the child is ready to face the problem, and assisting the child in a class which is not unduly large, by the interplay in a class, thus evoke from the members of the class, a reenactment of the mental act of discovery. So that every couple of sessions of the class, there would be a new discovery, maybe three sessions, working through that discovery, then discussing it, reviewing it afterwards. Then going on to the next question, the next discovery.

A Classical humanist education. You read the ancient Greeks to understand the Greeks, as they *thought*, to learn how they thought, to learn how Homer thought. These aren't stories! Take Homer for example: Why is it important to have your child study Classical Greek? Well, for example, European civilization comes from the Classical Greek, so it's a good place to start; you ought to learn what happened first. In Homer, for example, what do you have? You have conflicts among men, factions among men who were in conflict. But you also have gods, they're always there. The gods of Olympus, are always present. And the gods have conflicts among

themselves. And the men take sides with the gods, and the gods take sides with men. And you have this interplay between the gods and men. And if you really follow that, particularly the wonderful case of Ulysses, in the *Odyssey*, if you follow that, you get an image of the *mind* of a person, almost 3,000 years ago, in Greece. Because you can hear what is occupying their mind. Then you go on to Aeschylus, at a later point, dealing with the same material. Or Sophocles, dealing with the same material. Then you see the same problems addressed by Plato, in the Socratic dialogues, the same problems. And you see the birth of European civilization. . . .

The child follows another story: How is the Greek mind changing from the time of the Homeric epics into the time of Plato and thereafter? And what do these changes have to do with us? What did the Apostle Paul or the Apostle John see in this? How did that affect us today? Our conception of man, our conception of nature? The child *knows*.

What we came up with in this century, especially in the postwar period—in my time in school it was already going in that terrible direction, but after the Second World War it became terrible. We had mass education with less knowledge and more learning, or even less learning, later. And we got away from the conception of man in the image of God, and the relationship of the process of education to the idea of man in the image of God. Something really precious there.

Two million years of history

We lost historical sense. When I think back, I think 2 million years. Mankind—2 million years—it's perfectly comprehensible to me, to anyone who studied these materials. Human history: Well, what do we know about human history? As such, we have about 8,000 years, from Central Asia, between 6,000 and 4,000 B.C., is our earliest general knowledge about human society, and how it was organized. Some of the ideas, because they had some solar astronomical calendars from that period, which, when reproduced, tells you something about how they thought.

We depend upon these people. They lived; we live with their ideas. What we are able to do today depends upon what people *unknown* to us discovered, in these periods before. They're part of my life. And I'm going to die, and they died. And yet I sense, every time I *know* something, which I do because they discovered it, I have a sense of an immediate relationship with these people! When I study and reproduce an idea which was originally discovered by someone hundreds of thousands of years ago, I have an immediate relationship with that person. And I think about them. With my kind of education and background, my head is very heavily occupied with a large population of people to whom I'm indebted, whom I know very intimately, because I know intimate moments from the inside of their minds, when they were doing some of the most important things that their minds ever did, making these kinds of discoveries, which is a very important moment in anyone's life, when they make important discoveries.

Therefore, I think about the future. I think about the people who are yet unborn, who I don't know. When I'm dead, and what I think today, will determine *how they live*, and things that I think today, that they must know, and I say, what is this voyage from birth to death, for me? What was the voyage of those who lived before me, who lived and died before me? The same. What did they contribute that's lasting? Fortune? Wealth? No, that's not what's important. What they contributed is *the process of ideas*, they contributed to a process which is natural to man in the image of God. And when I relive the ideas which they produced, I'm reliving the inside of their minds. And they are alive in me. They're in my head! When you think about anything in science, what do you think? You think about using a principle, you think about, in your mind, the person who developed that principle. That's how you know it. You can almost see the face: Sometimes you know the face and you recall it, and when you're thinking and sitting in a room alone, thinking and working on some scientific work, all these faces, all these people, long dead, are with you, present, as if they were sitting and talking with you in the same room. Because they're in your mind, through the ideas which they transmitted, which you enjoy today.

You can re-create, and you say: Everyone has a right to be that kind of person. Not merely to make discoveries, not merely to be useful, but to think about what it is to have a *life*, to go through this mortal span of life from birth to death, and to *live* something, to *do* something, in the realm of ideas, which honors those who gave you something from before. Thousands of years, nameless people, perhaps hundreds of thousands of years before. To honor them, because they gave you what you can do today. And to be an honorable person, through your agency, your mortal life, to those unknown who come after you.

The simultaneity of eternity

In Christian theology, this is called the simultaneity of eternity: to live and have an identity, as a necessary person, in one's own place and time, in respect to the simultaneity of God's eternity. That is the basis for the good society. People who had this view, in the middle of the Fifteenth Century, coming after this terrible period in the preceding century, the so-called new Dark Age, conceived what is called the modern nation-state. No longer should 95% of the population live like cattle in the service of a minority, a lordly oligarchical minority and their lackeys. No longer should people live like cattle in herds to be culled and slaughtered at the pleasure of the lordly few. No longer should people be Yahoos under the domination of the rear-ends of horses, called Houyhnhnms, or British aristocrats.

But society must exist in order to provide each and every individual that opportunity of life, which is consistent with man made in the image of God, to exert dominion on this planet. To provide universality of education, of this kind of Classical humanist education, in ideas, to establish a personal relationship, through ideas, with valuable people long dead.

To feel the enrichment of their lives on one's own life. People who are long dead become personal friends, who you know through the gifts they've helped you to receive. To become a person who lives so, as those honored dead who gave you so much, and to be that to coming generations. That every person has the right to be that kind of person. And to have a society which values every person, for that reason. Which protects the good that people do, so that when you're dead and gone, the good that you've done, in educating, in transmitting ideas, adding to the stock of ideas, that society will protect your contribution, to ensure that future generations can enjoy it. And you can go to your grave in peace, saying, "I have lived a good life, from beginning to end, and I have an identity which is untarnished and durable in the simultaneity of eternity."

That was the modern nation-state! They took a young man, who was a prince of a very bad king in France, who was later called Louis XI. And people from the Renaissance in Italy, reached out to this young man, this Dauphin, and said, "We're going to make France the first modern nation-state. We're going to train and educate this young boy, to become that kind of a king." And so this fellow, who became king in 1461, and died in 1483—during that period of his life, took a nation, France, which was not a nation, which was chopped into pieces, and made it a unified nation. He uplifted people, he established in his kingdom the first hospital, which still exists today, in Beaune, in France, in the Burgundy region. He established the first form of a publicly or state-sponsored secondary school, open to children of all classes. He shifted the power in society away from the nobility, the financier nobility and the landowners, toward an urban intelligentsia, which had educated people who had been drawn from all statuses in life, as young educated persons, to be educated.

In other words: the birth of a modern nation-state.

We live in a country, the United States, which was established in that tradition, through the influence of people like Leibniz, and through leaders like Benjamin Franklin, who sought to build in this nation, a republic, which would satisfy precisely the requirements which I've indicated today. Requirements which are specified in what is supposed to be the fundamental law of our country, the preamble of our Federal Constitution, in which we are obligated, not merely to provide certain things for ourselves, living, but we are obligated to provide these benefits for our posterity: the nameless unknown who come after us. Who can vote today, has no right to determine law. Law is eternal. Law is the nature of man, and man's relationship to the universe. That can not be changed. No legislature, no popular majority, has the right to change that. But we are responsible, to serve that principle and deliver it intact, in practice, to our posterity. To ensure that this form of society, as Lincoln was to say later, at Gettysburg, and elsewhere, that this form of society *shall not perish* from this Earth, and we shall defend it.

Now, the problem is this. From the beginning, with the introduction of this new form of society, of which our nation



A scene at the New York Stock Exchange on Wall Street, Oct. 20, 1987, after the crash.

has been, at times, the leading expression on this planet, it's our great privilege, and our responsibility, and our duty, to serve the best that our nation represents for humanity. This nation, and this form of society, was never able to run on its own. The landowning class, or the aristocracy, and the loan sharks, the financier nobility, never gave up power. So, as we established a better form of society, and improved life on this planet through the impact of scientific and technological progress, and new political forms, nonetheless, we did so under conditions of a kind of *standoff* with our enemies, the enemies being the feudal landowners—who were essentially assimilated, generally—and the loan sharks. Today, Wall Street is a good example of that, the Wall Street mentality. The financier parasites who sit upon society and suck it of its juices, and who say, "We have too many people," or "The poor want too much." Or, "We have to protect Wall Street's interests; therefore, people have to suffer, children have to die, nations have to die, because we think there are too many people here or there." In which the principle of government is betrayed.

The striped-pants boys

Now we lived under a condition of nations. And the enemy, the oligarchy is the proper name for it—we had them in

our country. Franklin Roosevelt referred to them as "State Department striped-pants boys," and things like that. The Wall Street crowd was another term for these disreputable specimens. "British" was also a common term used to describe them, British oligarchs, in my time. This fancy love and admiration of British oligarchs is a fairly new phenomenon, among baby boomers and afterward.

We had a standoff, but they depended upon us, because *we*, with modern education, with the machine-tool industry, with scientific and technological progress, provided the *means of national defense*, to keep our nation from being destroyed. So every time these guys would get a war whopped up someplace, or coming, they would rely upon *us*, those who represented this kind of society, scientific and technological progress, universal education, these sorts of things; they would rely upon us to produce the means by which to defend the nation. And when the military threat had gone by, they'd put us back, if they could, into a closet, or suppress us. And Wall Street would take over once again, and loot us all over again.

But then, a change came, it came in the middle of the 1960s, and I see around the room that most of you saw it. In 1962, the missile crisis. People were running into churches, who didn't know what they were. Anything that looked like a church, they'd run into it, during those weeks when those ships, Soviet ships, were speeding toward Cuba. The degree of terror in this country was beyond belief, especially among young children who were then adolescents, who did not know what morality was, because their parents hadn't taught it to them, the schools hadn't taught it to them. *They're terrified* that tomorrow morning, or tonight maybe, the nuclear weapons are going to hit and we're all going to be fried. Thirteen months later, we had a President who was opposed to some of these deals, who was assassinated. Martin Luther King, later on, was killed. And the horror of the Vietnam War, on television every night, brutalized the nation. But at that point, the oligarchs—whom some like to call oilygarchs—these fellows said, "We have now reached the point, because of the terror, that has caused the two superpowers, the Soviet Union and the United States, to enter into a process called *détente*, under which they are gradually going to give up war, except for little wars like Vietnam, or something like that, where they can kill a lot of people without threatening much of anything—except people—and we're going to produce world government. We're going to eliminate the nation-state, and have world government. What we're going to do is eliminate technology, or cut it down; we're going to take away education from people; we're going to get them out of science and technology; and we are going bring society back to what Jonathan Swift saw in England under King George I. We're going to create a society in which 5% of the population are lords, ladies, and lackeys, and 95% are Yahoos. We're going to turn the children into Yahoos."

And that's been going on, all over the world, for the past 30 years.

What happened is, that 30 years ago, when this effort was made, people of my age, and older, were people who were running the policymaking institutions of the world, including the United States. People who are now deceased, or are now in their 80s or 90s, were making policy; they were occupying top positions in government, in universities, in industries, in churches, and so forth. And they wouldn't accept the radical changes that some of these people wanted to make. So, what did these evil fellows do? They went to the university campuses, and they introduced the counterculture. And the people who passed the course, that is, the people who flunked humanity, were relied upon to occupy, a generation later, the top-most positions in government, in business, in education, in the church, and so forth. So, by getting the very worst people tracked into their march through the institutions, in the top-most positions, as my generation and the older generation died out, or became retired, the younger people moved in.

And, who moves in? Generally the college students, or certain sections of them. And by tracking those who are coming out of this college track, into dominant positions in government, who had these crazy new ideas about a post-industrial utopia, about eliminating technology, stopping scientific progress, and creating a perfect society, with 95% of pleasure-seeking Yahoos, almost incapable of human speech, as Jonathan Swift saw in his imaginary Houyhnhnms, land of the Houyhnhnms, or George's England.

Now, what does this mean? The ability to sustain a population of over 5 billion people on this planet, depends not only on modern technology, but on improving it. We could sustain up to 25 billion people on this planet, with no great problem. The technology that we possessed, on this planet, at the end of the 1960s, *if fully developed and marshalled*, could sustain every person on this planet, with a population of 25 billion people, with an income comparable to the average income of the middle class in the United States in the 1960s. With no pollution — with less pollution.

If you take away technology

So, we could do that. But what happens if you take away technology? What if you go back into a paradise, an ecologists' paradise? The ability of this planet to support the existing level of population collapses. What kind of a population could we maintain on the basis of the kinds of political institutions which existed in the Fourteenth and early Fifteenth Centuries, when the modern nation-state was born? The total human population of this planet reached the level of a couple hundred million, at about the time of the Roman Empire. Largely as a result of the effect of Greek civilization, and some things in China and India, in improvements of human conditions. The level of the human population of this planet did not reach above a few hundred million persons until the

Fifteenth Century. The entire growth of the increase of population on this planet, the increase of life expectancy, the improvement of the demographic characteristics of family households, which has occurred in every part of this planet, is a result of the revolution in political institutions, and scientific progress, which has occurred through the European revolution that created the nation-state.

If you take that away, it's like taking out the foundations from under a building. And very rapidly, the population of this planet will collapse back toward several hundred million people. And that is what you're seeing happening in Africa today. First of all, you take away the right to progress; the next step, is you take away the nation-state itself, you take away the responsibility.

How did they destroy Zaire? First of all, IMF, the International Monetary Fund, ordered Mobutu to begin destroying his own country. Zaire ceased to be a nation-state, and began to disintegrate. Then, they decided to destroy it utterly, which they've now done. Then carve it up, so that the choice parts, the mineral parts, and so forth, are taken over by private companies associated with the British Commonwealth. The national borders of the nation-states of Africa disappear. Whole parts of Africa are turned into no man's land. Only a few parts survive, where the precious assets are that somebody wants to hold; hold this area, with the aid of the Crown Agents to supervise it, and mercenary armies to defend the territory. In the rest of Africa, the effect is then what? It is the logic of famine and epidemic disease. If you have, like this ebola virus, and other things like that, if you have killer epidemic viruses which hit populations in reduced circumstances, for which these populations have no built-in immune factors, acquired immune factors, the rate of death is terrible. You can not find enough people to bury the people that have died. And that is what threatens Africa.

The same process is now under way in large parts of the Americas, in Central and South America.

So, what we're seeing, as I said earlier, is we've reached the point of a civilization, like biblical Sodom and Gomorrah, which is manifesting a loss of the moral fitness to survive, has repudiated the principles upon which modern civilization's achievements — mixed as they are, tainted and contaminated as they have been — have all depended. Obviously, we're dealing not with a mere financial and economic crisis, although that economic crisis and financial crisis is beyond anything that any of you have ever known, in this century, on this planet. And it's coming now; it's not something that's forecast, it's *happening* now. But there's something much deeper. The financial and economic crisis, is a reflection of a much deeper moral crisis.

Is that a totally pessimistic message? No, it's not. Let's go back in history. Go back to the Fifteenth Century. Go back to the time of the Golden Renaissance. Who made the Renaissance? Of all the population which existed at that time, only a tiny minority made the Renaissance. In every great

event that happened in every country, it was always a tiny minority, whose leadership *in the domain of ideas*, brought about those revolutions which solved the problems and provided a blessing to humanity. It is the same today. The problem with us, as a nation, is that we have grown too accustomed to tolerating things we should not have tolerated.

For example, a typical thing is, you talk with somebody on the phone about the stock market. You say, "Well, you should get out of mutual funds. I can't tell you what date the market is going to collapse, but this thing is going, and if you're in mutual funds, you're in the worst place of all. You could be totally wiped out. You could not only lose your money, you could find yourself with a debt that you didn't think you could have." But they say, "I need the money, I need that extra margin of income. I need it!" You talk to them about the stock market. You tell them, "Look, a 20 to 30% collapse is what you've got to prediscuss. When? Could be August, could be October, could be later. But, it's going to happen, and you don't want to be there when it happens." "Tell me what date it's going to happen, so I'll pull out the day before." Eh? That's what you get.

So what people do, is they go through life saying, "Well, maybe it could happen." Or, they say something else which is even sillier; they say, "*They* would never let that happen to my money." Who's they? The guys that are going bankrupt?

We can solve the problems that confront us

So, there's a tendency in humanity to postpone facing reality. It's only when people recognize that what they're doing ain't going to work, that they are actually forced to sit down and think it through, and think *what must we do* to solve this problem.

We have solved, in humanity's history, we've solved problems which are as dangerous as this before. We can do it again. We just have to find the will to face up to doing that.

For example, I remember I was in New York City, on the famous day, Dec. 7, 1941. I was in here on business, and I had an appointment, which had to do with employment, employment prospects, which happened to be on a Sunday, because it involved a company which was recruiting here in New York City. So, I was going to that appointment. I was up on Sunday morning, and I walked down to the hotel where we were going to meet the people with whom we were going to have this discussion about this employment prospect. I walked into the lobby, and there was something very funny about that lobby. A lot of people there, sitting, stunned. And then I heard the voice of the President, President Roosevelt. And I saw, in those few moments, I saw a people that I knew, the American people, as exemplified by those in New York, and what happened elsewhere: There was an immediate, instant transformation throughout this country, in a matter of less than a couple of hours, as attitudes of the most fundamental sort, from coast to coast, were changed. What people were doing, was they were running around trying to find recruiting

stations, military recruiting stations, and things like that. But the reactions were sudden, and fundamental, and sweeping.

In times like these, that's the kind of thing you expect. And we're getting to the time, where the hope is, that we will be frightened enough, without being terrorized, into recognizing that we have to change. The things we've put up with, which are destroying us, which are making us morally unfit to survive, are things with which we have to deal.

Then you look at this nation. Look at this nation: Look again, just at its history. This nation was a great success, as of 1783. It wasn't yet perfected, it took until 1789 before we could get a decent form of government, with the inauguration of George Washington. But at the same time, a terrible thing happened in France. Because this nation's existence was actually dependent upon the power of France. In 1789, France collapsed, and came very rapidly under the dictatorship of our deadly enemies, the Duke of Orleans, and Robespierre's Jacobins, Robespierre's faction of the Jacobins. In the years that followed, between 1789 and 1814, we had *no friends, but only enemies* throughout the nations of Europe, and the world. None! The nations of Europe in 1814 came under the control of the Holy Alliance, better called the Unholy Alliance, every member of which was dedicated to the destruction of the United States. We consisted, in this nation, of a few million people, scattered on the Atlantic shores and the Caribbean shores. That's what we were. Against almost the entirety of the world.

And that continued until almost the 1850s, when the United States got its first ally, after 1814; when the French and the British ganged up on Russia, a young tsar, Tsar Alexander II, allied himself with the United States, or the patriots of the United States. And when the Civil War, which was organized by the British, broke out, which was the result of the corruption in our country, Tsar Alexander II saved the United States, because he did two things: First of all, he sent a message to London and France, and told the French, and the British, and the Spanish, that if they dared to interfere on the side of the Confederacy, against the United States, that Russia would launch war against them throughout Europe. Second, Tsar Alexander II sent the Russian Navy, which had been built with the help of American patriots after the Crimean War, he sent the fleet to New York harbor, out here, and to San Francisco, with sealed orders to make war against the Confederacy, the British, and French, should they act in any way to interfere against the United States.

We emerged from that. From Lincoln's administration through 1876, the United States emerged as the most powerful economy on this planet, the technologically most advanced. The advancement of the German economy came as a direct result of German collaboration with the United States, in doing in Germany what had been done already in the United States. *We* created Japan in that period; Japan was nothing but a bunch of islands under feudalism. It was the United



Disabled soldiers returning to New York City during World War II. Anyone who understands the lessons of America's history, says LaRouche, knows that "we can do whatever is necessary to solve the problem."

States that made Japan a modern nation, directly, and an ally. It was the United States that created the movement for the freedom of China. *We created Sun Yat-sen*, and backed him, for the independence of China.

So this nation, beleaguered on a planet for many decades, torn by evil within it, in terms of the Confederacy and what that represented, by the evil that was and still is Wall Street—we, in our time as a nation, have done great things. The nation-state which was created in the Fifteenth Century, was created by a handful of people. These achievements we have at our disposal, these lessons. And anyone who understands these lessons of the achievements of civilization, from the distant past, but especially from modern times, knows that, as we understood from Dec. 7, 1941 in this country, we can do whatever is necessary to solve the problem.

And I saw in that period, I saw a gray-faced people, who hadn't had decent work, but had formerly had some skill, throughout the Depression, I saw them stumbling into shops that were junk shops, and I saw, after a year or so of this process, that these people, who had virtually lost skills, had been gray-faced in their mental life and appearance, were producing production miracles. And that these plants, which were junk heaps, were the places where these miracles were being created. The United States began turning out machine tools, and the U.S. government began sticking machine tools of an advanced type in every nook and cranny. In Brooklyn, for example, here, in New York City. And from the waste-

lands of Brooklyn, industries sprung up, new industries, revitalized. Which is part of the process of creating the power by which this nation addressed this problem in World War II.

We can do it again. But we have to recognize the principles. We have to rethink, reflect upon those things that once made us great, or made us a nation of promise. Reflect upon the lessons that we should have learned from human history, and reflect, above all, what is valuable in life. Because once you understand, that what is important about your life, from its beginning to its end, is finding and realizing a permanent identity of which you need not be ashamed, in the simultaneity of eternity, then you have unlimited courage, and unlimited moral strength, and *you can do anything*. This is the time when we have to turn in on ourselves, and find the secret wellsprings of moral strength within ourselves. And inspire others to do likewise.

Look the evil of this danger fully in the eye. Look at the horror of Africa today in the eye. Look at the horror in Central and South America in the eye. Look at the homelessness on our streets, the bankruptcy of our medical system, the murder that's going on in the name of medical practice under these insurance companies. Look this in the eye, and say, "We're going to deal with it, and we have the intellectual resources to summon in ourselves and in others to deal with it."

In times past, a few have provided leadership; in the times present, a few must provide leadership.

Thank you.

National News

Clinton acts to stop strike at Amtrak

President Clinton on Aug. 20 invoked his emergency powers under the National Railway Labor Act to impose a 30-day cooling-off period that will keep Amtrak employees on their jobs for 60 days. The move came two days after he refused to intervene, under the Taft-Hartley Act, to stop the Teamsters' strike against United Parcel Service. Unlike UPS, Amtrak is covered by the Railway Labor Act, the Federal law that allows the President to intervene in the case of regional emergencies. He had last used his powers under the Railway Labor Act last February, to stop a strike by the main pilots union at American Airlines.

Under the law, Clinton appointed a three-member panel to investigate the dispute between Amtrak and the 2,300 workers represented by the Brotherhood of Maintenance of Way Employees (BMWE). The Presidential Emergency Board will have 30 days to investigate the dispute and to make recommendations. After that, the company and the union will have a further 30 days to try to work out an agreement.

"A strike on Amtrak would have an adverse effect on the travelling public and would severely hamper freight rail shipments, particularly along the northeast corridor," Clinton said in a statement. "Over 500,000 commuters and intercity rail passengers would be affected by a shutdown of Amtrak."

California politicians call for medical drug hoax

California Republican gubernatorial candidate Dan Lungren now backs an effort to study the "medical use" of marijuana, according to the *Los Angeles Times* on Aug. 28. Lungren is supporting state Sen. John Vasconcellos's bill, S.B. 535, which sets up a \$3 million research program to assess the medical benefits of marijuana. This contrasts with Lungren's previous opposition to

the George Soros-funded Proposition 215, allowing "medical use" of marijuana, which he had opposed, calling it, correctly, a smokescreen for the drug legalization movement. According to the *Times*, in response to Lungren's action, Soros crony Ethan Nadelmann, director of the Lindesmith Center, said, "When Proposition 215 gets more votes in California that Clinton did, you don't get much mileage from continuing to oppose it."

In an op-ed in the same issue of the *Los Angeles Times*, entitled "Needle Exchanges Can Be a Path to Promote Racial Healing," Sen. Diane Feinstein (D-Calif.) called for establishing needle-exchange pilot projects in 10 states, including California.

After expressing concern that "injection-related HIV transmission disproportionately affects the African-American community," Feinstein makes the highly dubious assertion that "66% of all Americans and 69% of African-Americans are in favor of needle-exchange programs," citing a 1996 Kaiser Family Foundation survey." Then she says, "A bill I am sponsoring would allow pharmacists, physicians, and other authorized individuals to provide injection equipment without a prescription in targeted California cities." She ends by saying, "President Clinton and legislators who want to do the right thing for race relations and the black community, would do well to listen to what African-Americans have to say: Lift legislative restrictions on needle exchange now. The best way to prevent a powder keg from exploding is to snuff the fuse." (See last week's *EIR* for the real story of George Soros's role in pushing needle exchange, on behalf of Dope, Inc.)

Time magazine puffs drug-pusher Soros

"Saint George and His Unlikely Crusades: Billionaire George Soros Wants to Change How We Deal with Drugs, Immigrants and Dying," reads the headline of the cover feature in *Time* magazine of Sept. 1, which features a cartoon of the Queen's global speculator giving money to the world, and

promotes him as a philanthropist in the tradition of John D. Rockefeller.

Time's article says that Soros may have made money in "ways that stir controversy and occasional outpourings of ire," but that he now is helping people by giving it away. After saying that the East bloc was his first beneficiary, the article then claims that Soros is ready to spend his largesse in his "adopted home," the United States.

While including some criticism of Soros's funding of drug legalization by people such as former U.S. Secretary of Health, Education and Welfare Joseph Califano, the article attempts to present a positive image for Soros.

Frank Wolf targets China through caper in Tibet

U.S. Rep. Frank Wolf (R-Va.) revealed at a press conference on Aug. 20, that he had travelled to Tibet "undercover" as a tourist, on Aug. 8-13. Wolf declared that he had found terrible religious repression, and issued a list of demands that the Clinton administration put the issue of Tibet on the table in its discussions with China.

Wolf, the prime sponsor of the "Religious Persecution Act of 1997," also outlined a timetable for passage of his bill, which would impose severe sanctions against a host of nations, including Sudan and China, for alleged religious repression. The major countries attacked, not surprisingly, are targets of broader British intelligence operations. Wolf himself is a board member of a British intelligence front, Christian Solidarity International.

Wolf's hypocrisy was exposed at the press conference by an associate of LaRouche, who referenced the congressman's complaints about political prisoners, and the lack of access to prisons, in Tibet. When asked about the political prisoners who exist in his own district of Virginia—five associates of Lyndon LaRouche—Representative Wolf went silent.

LaRouche Democrat Nancy Spannaus issued a press release, asking when Wolf would be acting against the political incar-

ceration of innocent LaRouche associates in his own state, as well as the denial of rights to media representatives to visit those prisons.

Senate committee seeks groups' internal records

The AFL-CIO is refusing to honor a sweeping subpoena from the Senate Governmental Affairs Committee, which asks for scores of internal strategy documents and correspondence with the White House and the Democratic Party during the 1996 elections. The committee is supposedly investigating whether tax-exempt groups violated Federal election laws by advocating specific candidates, and whether they coordinated their effort with the political parties.

Lawyers for the federation said in a memo sent to committee investigators on Aug. 20 that it will not comply, because the subpoena "is a virtually unlimited search mission through almost every aspect of the AFL-CIO's internal workings, and one that seeks documents of a most sensitive and delicate nature. . . . The AFL-CIO is being subjected to a top-to-bottom investigation of the type characteristic of a major criminal investigation."

The labor federation is among more than 30 non-profit organizations across the political spectrum whose records were subpoenaed by the committee. Others include the Christian Coalition, the National Right to Life Committee, and the National Rifle Association. Committee aides say some of these conservative nonprofits are also refusing to comply with the subpoenas.

Virginia clergy challenge 'ethnic cleansing' of poor

A group of more than 100 Richmond, Virginia clergy has launched a campaign of civil disobedience, beginning with a mass "feed-in of the poor" on Aug. 22, in opposition to three city ordinances adopted on July 28 by the Richmond City Council. The ordinances,

which amend the city code, forbid places of worship from feeding any more than 30 people a day, and no more than seven times per year. If a church wants to feed more, it must apply for a conditional use permit and pay a \$1,000 fee, plus \$100 per acre of affected property. The ordinance also limits feeding to the period between Oct. 1 and April 1.

Marty Jewell, a leader in the fight, called the ordinances, and the plan behind them, "the ethnic cleansing of the poor and African-Americans."

A statement issued on Aug. 21 by the coalition of religious leaders read, in part: "Many of our religious traditions share a common heritage. The words of the Prophet Isaiah convict us all: 'Woe to those who enact unjust statutes and who write oppressive decrees, depriving the needy of judgment and robbing my people's poor of their rights, making widows their plunder and orphans their prey.'

"We cannot and will not abide by these ordinances."

In addition, the Virginia branch of the American Civil Liberties Union filed suit in U.S. District Court on Aug. 21, charging that the ordinances violate the First and Fourteenth Amendments to the U.S. Constitution.

Republican leaders bomb in Indianapolis

The Republican Leadership Conference held in Indianapolis, Indiana on Aug. 22-23, was widely billed as the first "important beauty contest" in the fight for the Republican Presidential nomination for the year 2000. By all accounts, the party was divided, and the superstars flubbed.

The most promoted, and disappointing, potential candidate was Texas Gov. George W. Bush, son of the former President. Governor Bush—known as "shrub"—was heavily promoted in the London press beforehand. After his remarks, all the press were forced to admit that "George was the dullest knife in the pantry." Many commentaries concluded that Dan Quayle, Bush's vice-president, and not a man known for his intelligence, came across as the star of the show.

OLIVER NORTH was billed as a main attraction at a fundraiser on Aug. 28 for Virginia Republican gubernatorial candidate Jim Gilmore. North, who was widely exposed in his 1994 Senate campaign as a drug-trafficker, is likely to become a liability to Gilmore, who otherwise parades around as a brutal law-and-order politician. Gilmore may also suffer from his close association with snake-oil salesman Pat Robertson, who has given him \$100,000.

VICE PRESIDENT Al Gore travelled to California's Silicon Valley in late August, and holds informal meetings with groups of technology buffs every month, according to an Aug. 25 article in the *Los Angeles Times*. Joining Gore were young executives who are seeking to give Gore an understanding of the "new economy."

DENNIS SPEED, an associate of Lyndon LaRouche who has announced his candidacy against U.S. Rep. Donald Payne (D-N.J.), held a public meeting on Aug. 23 in Newark, where he warned that he will expose efforts to silence LaRouche's campaign against London's African genocide. The keynote speaker at the event was former Ugandan President Godfrey Binaisa, with whom Payne has refused to meet.

PRESIDENT William Clinton will travel to South America in early October, and has scheduled stops in Argentina, Brazil, and Venezuela. In preparation for the trip, he has announced the intention to expand free trade agreements, and asked for "fast-track" authorization from the Congress. There is expected to be a big battle over this question, fueled by the jockeying over the Democratic Presidential nomination, and the renewed vigor of the labor movement, which opposes free trade.

WILLIAM WELD has lost some of his Republican backers in his bid to win the ambassadorial post to Mexico, and there is still a good chance that his nomination will never get a hearing at all.

Dump free trade

When Congress resumes this September, the policy question of free trade will again be on the agenda, in the form of a proposal for Congress to agree to “fast-track” approval for any new free trade agreements negotiated by the administration. This means that Congress agrees to neither amend, nor debate any new commitments, but just to vote up or down for ratification. A first case, would be admitting Chile to the North American Free Trade Agreement, and thus linking Mercosur (the southern South American trade bloc) to NAFTA.

What should be done? No, to fast track. Also, no to slow track. In fact, no to all forms of “free trade”—at any speed.

In recent years, *EIR* has been in the forefront, warning against the shift over to free trade, away from national-interest trade and economic policies. We exposed the anti-nation financial interests behind the General Agreement on Tariffs and Trade (GATT) Uruguay Round trade “reform” bandwagon, that began in 1986, and culminated in the World Trade Organization, which went into effect in January 1995.

In opposition to NAFTA, we published in May 1991, a 75-page *Special Report*, “Auschwitz Below the Border; Free Trade Pact Is George ‘Hitler’ Bush’s Mexican Holocaust.” This study provided the specifics of the destruction NAFTA would mean for the economies of Mexico, the United States, and Canada. The most obvious example is the *maquiladoras*, the work enclaves, with slave-wage rates, inhuman housing and sanitary conditions, and fear and desperation.

EIR scooped all the media with its exclusive coverage on Oct. 8, 1993 of hidden “financial services” sections of the NAFTA agreement struck by President Bush in December 1992. Our 10-page exposé was entitled “Secret NAFTA Accord Threatens U.S. Sovereignty,” and showed how, in the name of “free trade,” secret agreements existed for ballooning Mexico’s foreign indebtedness, looting that nation in order to back up the debt, and, in the process, increasing offshore dollar credits and the derivatives bubble, endangering both Mexico, the United States, and the international financial system. In December 1994, the Mexico financial crisis erupted.

In addition to providing such documented studies on why “free” trade is a swindle, *EIR* has made a point of republishing famous historical refutations of so-called “free” markets. In our Jan. 3, 1992 issue (“200 Years Since Hamilton’s ‘Report on Manufactures’”), we printed selections from the great American System economist Henry C. Carey, a policy associate of Abraham Lincoln.

In one of several open letters sent by Carey to William Cullen Bryant, the editor of the *New York Post*, in 1859, Carey wrote, “We have had three periods of that system which looks to the destruction of domestic commerce, and is called *free trade*—that system which prevails in Ireland and India, Portugal and Turkey, and is advocated by British journalists—each and all of them having led to crises such as you have so well described, to wit, in 1822, 1842, and 1857. In each and every case, they have left the country in a state of paralysis, similar to that which now exists. In all of them, the exchanges have become more and more languid, the societary movement has become more and more irregular, and the men who have needed to sell their labor have become more and more mere instruments in the hands of those who had food and clothing with which to purchase it.

“All experience, abroad and at home, tends, thus, to prove that men become more free as the domestic commerce becomes more regular, and less and less free as it becomes more and more fitful and disturbed.”

Today, the record of NAFTA, the WTO, the U.S.-Canada Free Trade Accord, and other modern examples prove the point of what Carey said 150 years ago. Around the globe, jobs are being lost or downgraded, farmers ruined, diseases spreading. Commenting on the part-time work issue in the UPS strike, Teamsters’ President Ron Carey made reference to NAFTA, saying that both had “the same throw-away worker concept.” He said, “Throw away the jobs of American workers, exploit workers in countries like Mexico for \$4 a day, and then, if they start to get organized, move from one place to another.”

Force Congress to get the message: History tells you: Dump “free trade.”

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Thursdays—9:30 p.m.
- W. HOWARD COUNTY—Ch. 6
Daily—10:30 a.m. & 4:30 p.m.

MASSACHUSETTS

- BOSTON—BNN Ch. 3
Saturdays—12 Noon

MICHIGAN

- TRENTON—TCI Ch. 44
Wednesdays—2:30 p.m.

MINNESOTA

- MINNEAPOLIS—MTN Ch. 32
Fridays—7:30 p.m.
- ST. LOUIS PARK—Ch. 33
Friday through Monday
3 p.m., 11 p.m., 7 a.m.
- ST. PAUL—Ch. 33
Mondays—8 p.m.
- ST. PAUL (NE Suburbs)
Suburban Community—Ch. 15
Wednesdays—12 Midnight

MISSOURI

- ST. LOUIS—Ch. 22
Wednesdays—5 p.m.
- ST. LOUIS—Ch. 22
Wednesdays—5 p.m.
- ST. LOUIS—Ch. 22
Wednesdays—5 p.m.

NEVADA

- RENO/SPARKS
Continental—Ch. 30
TCI—Ch. 16
Wednesdays—5 p.m.

NEW JERSEY

- STATEWIDE—CTN
Saturdays—4 a.m.

NEW YORK

- ALBANY—Ch. 18
Tuesdays—5 p.m.
- BRONX—BronxNet Ch. 70
Saturdays—6 p.m.
- BROOKHAVEN (E. Suffolk)
TCI—Ch. 1/99
Wednesdays—9 p.m.

BROOKLYN*

- CABLEVISION (BCAT)—Ch. 67
Time-Warner B/Q—Ch. 34
- BUFFALO—BCAM Ch. 18
Tuesdays—11 p.m.
- HUDSON VALLEY—Ch. 6
2nd Sun. monthly—1:30 p.m.
- ILION—T/W Ch. 10
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- ITHACA—Pegasys—Ch. 57
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- JOHNSTOWN—Empire Ch. 7
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- MANHATTAN—MNN Ch. 34
Sun., Sept. 14—9 a.m.
- MONTVALE/MAHWAH—Ch. 14
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- NASSAU—Ch. 25
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- OSSINING—Ch. 19-S
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- POUGHKEEPSIE—Ch. 28
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- QUEENS—QPTV Ch. 57
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- RIVERHEAD
Peconic Bay TV—Ch. 27
Thursdays—12 Midnight
1st & 2nd Fridays—4 p.m.
- ROCHESTER—GRC Ch. 15
Fri.—11 p.m.; Sun.—11 a.m.
- ROCKLAND—PA Ch. 27
Wednesdays—5:30 p.m.
- SCHENECTADY—PA Ch. 16
Wednesdays—10 p.m.
- STATEN ISL.—CTV Ch. 24
Wed.—11 p.m.; Thu.—4:30 a.m.
Saturdays—8 a.m.
- SUFFOLK, L.I.—Ch. 25
2nd & 4th Mondays—10 p.m.
- SYRACUSE—Adelphia Ch. 3
Fridays—4 p.m.
- SYRACUSE (Suburbs)
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- UTICA—Harron Ch. 3
Thursdays—6:30 p.m.
- WEBSTER—GRC Ch. 12
Wednesdays—9:30 p.m.

- YONKERS—Ch. 37
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OREGON

- CORVALLIS/ALBANY
Tuesdays—1 p.m.
- PORTLAND—Access
Tuesdays—6 p.m. (Ch. 27)
Thursdays—3 p.m. (Ch. 33)

TEXAS

- EL PASO—Paragon Ch. 15
Thursdays—10:30 p.m.
- HOUSTON—Access Houston
Mondays—5 p.m.

UTAH

- GLENWOOD, Etc.—SCAT-TV
Channels 26, 29, 37, 38, 98
Sundays—9 p.m.

VIRGINIA

- ARLINGTON—ACT Ch. 33
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Tue.—12 Midnight; Wed.—12 Noon
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- SPOKANE—Cox Ch. 25
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- TRI-CITIES—TCI Ch. 13
Mon.—12 Noon; Weds.—6 pm
Thursdays—8:30 pm

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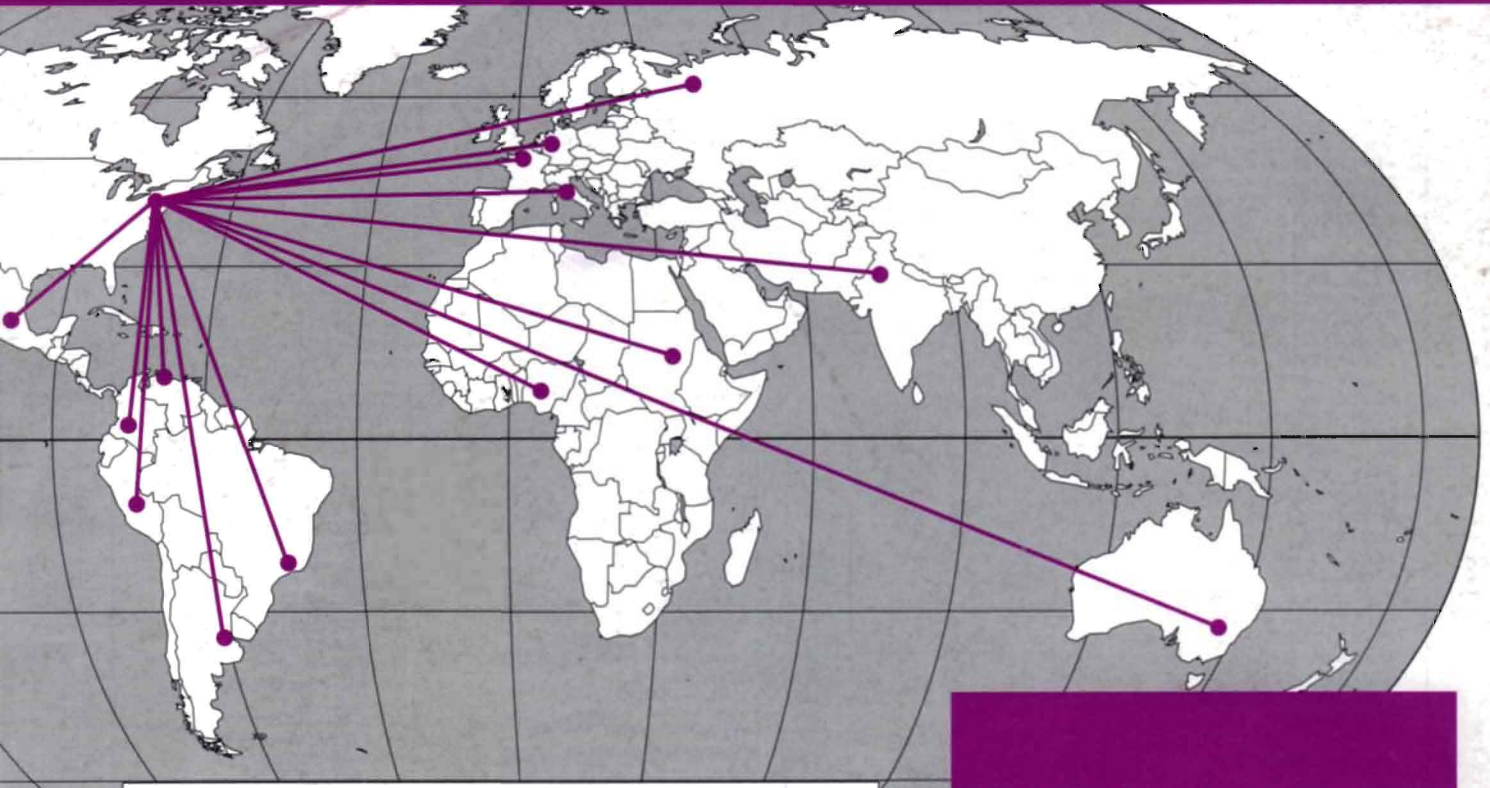
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