

EIR

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The tinsel-town follies
President Putin: a phase-change in Russia
LaRouche campaign is set for a breakout

**Crucial issues are addressed
in quest for Mideast peace**



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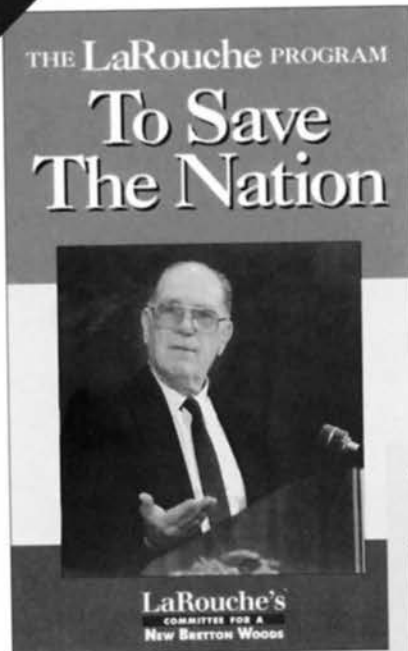
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From the Associate Editor

In a webcast dialogue with international journalists published in last week's *EIR*, Lyndon H. LaRouche, Jr. characterized President Clinton's work with Israeli Prime Minister Barak and others to achieve a long-sought Mideast peace as "probably the most important thing that Clinton has actually undertaken as President." Some may find that assessment surprising; infected with the cynicism fostered by our corrupt media, they may think of Clinton as merely a "lame duck," and miss the potential that the current initiatives hold.

But, look at the global strategic situation in which the peace talks at Shepherdstown, West Virginia are occurring. As LaRouche explained it, Clinton is attempting to bring about a zone of peace in the area from the Transcaucasus through Northern Africa. This, in a circumstance where all of Asia is threatened with the gathering storms of war and destabilization. The solution is like that which Europe found in the 1648 Treaty of Westphalia, by which the Thirty Years' War was brought to an end without recriminations, without victimization among the previously warring parties.

If the Mideast initiative succeeds, LaRouche said, it would set a model for the kind of action needed to deal with the financial crisis. The dynamic globally would be changed, and President Clinton could—with enough support—be encouraged to take the measures that LaRouche has outlined, for a New Bretton Woods financial system.

As we show in this week's issue, the success of the Mideast peace talks hinges, in significant part, on solving the problem of infrastructure development for the region: specifically, *water*. But just as important, is the transformation of the global financial system; for unless we are prepared to *demolish and replace* the bankrupt system of London, Wall Street, and the IMF, no regional development initiatives stand a chance of succeeding on their own.

LaRouche explains the policies—and the cultural transformations—required, in our *Feature*, "The Tinsel-Town Follies," and in his replies to questions submitted by Malaysian journalists (see *International*). As his Presidential campaign steams toward the New Hampshire primary, he will have a great deal more to say on what America's policy must be, for the century now beginning.

Susan Welsh

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Today's suburbanite is about to be hit with the effects of the global financial crisis, popping "the highly leveraged fantasies of their work-a-day world," writes Lyndon H. LaRouche, Jr. "The duty of government is to help those presently fantasy-ridden suburbanites to find their way, as quickly as possible, back to a safe landing in the sanity of the real world, a happier, saner world, which must be made our nation's economic future. . . . To do that, we must first recognize, and, hopefully, cure, the madness which brought today's suburbanites to that point of national disaster now looming before us all."

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Stock and bond markets sound alarm warnings

by William Engdahl

No sooner did the world's financial centers conclude that, as one European banker put it, "Y2K was the biggest hype of the last century," than the major stock and bond markets around the world began to plummet.

The epicenter of the financial earthquakes in the first week of the new year, as might be expected, was New York City, where the combined valuation of all stocks listed publicly, topped a staggering \$13.8 trillion at the end of December, according to the Wilshire Equity Index. That put the paper value of all U.S.-traded stocks at 155% of U.S. Gross Domestic Product, the highest in recorded history, and almost double the stock-to-GDP valuations at the time of the October 1929 market crash.

Empty heads on the daily blab shows immediately began debating whether the week's events point to a "major market correction" or just another hiccup in amid the feast of "prosperity." But in fact, it is neither. As economist Lyndon LaRouche details elsewhere in this issue (see p. 18), what we are seeing is the death-throes of a financial system that is doomed to extinction. Our report should therefore be read not as a sports score-card, but rather as one would read the involutions of a Classical tragedy, as the foolish characters are propelled to their inevitable end.

Of the rising U.S. stock markets, none has risen as fast in the past year, especially in the last month, as the Nasdaq over-the-counter index. Nasdaq is where most of the high-tech Internet and related stocks trade, such as AOL, Amazon.com, eBay, or Cisco Systems. The Nasdaq index rose moderately over the past decade, until 1998. At that point, in the wake of Federal Reserve Chairman Alan Greenspan's huge injections of liquidity into U.S. banks and financial markets in October

1998—in his frantic bid to forestall a global financial meltdown, following the collapse of the Long Term Capital Management (LTCM) hedge fund—the Nasdaq became the focus of feverish speculative inflows from Wall Street investment firms and banks desperate to recoup heavy losses. Nasdaq prices soared from late 1998 to December 1999.

In 1999, the Nasdaq rose 86%, to an all-time high of 4,069 points. Even this was peanuts, compared with individual Internet stocks traded on the Nasdaq. Puma Technology, which writes software for linking mobile phones to the Internet, gained 3,770%. Qualcomm was up 2,835%, while Digital Lightwave rose a mere 2,667%.

Historically, analysts have compared a company's stock price to that company's current per-share earnings, to determine if a stock is inflated in value. Traditionally, a price/earnings ratio of 10-15 has been considered healthy in this regard. That was the level of the Dow Industrials from the late 1950s through much of the 1970s. At the time of the October 1987 stock market crash, the P/E for the Dow was 26. At the end of December 1999, the P/E on the Nasdaq stocks averaged over 200!

Greenspan's bubble

Various market commentaries from London to New York to Frankfurt have compared the Internet-led Nasdaq levels with the spectacular Dutch Tulip Bubble of the 1630s.

Rare bulbs for black tulips were the focus of such frenzied speculation in the Amsterdam market, that in the month of February 1637, prices for bulbs rose 2,000%. The following month, that speculative bubble, which had managed to suck in the life savings of many ordinary Dutchmen along with the

wealthy burghers, burst. So many people lost everything, that the economy plunged into depression. With more than 43% of American households now betting on the eternal rise of U.S. stocks via private pension investment plans such as 401-K or simple mutual fund investment of their savings, the potential for a bursting stock bubble to collapse consumer spending and, with it, the U.S. economy, should be obvious.

The latest phase of this stock bubble in U.S. markets took off in late November. Then, the Federal Reserve began pumping high volumes of liquidity into the banking system, announcing that the liquidity was intended to insure against possible depositor panic withdrawals and bank runs, should the Y2K turn on Jan. 1 result in catastrophic breakdowns in the banking system electronic transfer systems.

Over the course of 1999, with the rise in the stock markets, Fed infusions of new liquidity were rising in tandem. In the last week of December alone, the Fed added an enormous sum of \$24.4 billion, bringing total Federal Reserve assets to \$618.8 billion, an increase above "normal" credit in the system of approximately \$107 billion. Some observers put the excess amount even higher.

While the Fed issued the emergency new money to banks with "strict" instructions that it was to be "used only in case of fire," the explosive growth of the markets, especially the supercharged Internet stocks of the Nasdaq in December, suggest that, as City of London economist Stephen Lewis put it to *EIR*, "Banks have simply skirted the Fed rules and the money found its way into the stock market to fuel the large year-end gains." Annual bonuses for Wall Street bankers and fund managers are typically pegged to the performance of their investments that year.

However, it was not only Greenspan's Fed which had pumped in money. The European Central Bank (ECB), the Bank of England, and most spectacularly, the Bank of Japan, at year end, all joined in the rush, supposedly to prevent Y2K panic, by throwing cheap money at their banks.

Not surprisingly, the stock markets in all these places, and many more, soared as a result of all the liquidity. The London FTSE, Frankfurt DAX, and Paris CAC all hit record highs by the end of December. Tokyo's Nikkei index, which had been in danger of plunging below 12,000 early last year, ended the year at a two-year high of just under 19,000. By some estimates, at year end, total capitalization of all world stock market values combined, some \$30 trillion, exceeded total world GDP for the first time.

As the first trading day of the new millennium opened, more and more bankers and stock traders realized that no major glitch from Y2K was so far to be seen. Rather than heaving a sigh of relief, they broke out into a cold sweat, as the realization dawned that the huge liquidity from the Fed, ECB, and other central banks, would now have to be dried up.

Nowhere is the market so dependent on continuing new funds as in the United States. In the event of a serious fall in U.S. markets, a huge pyramid of debt implodes, along with the

stock prices. Official levels of "margin debt," that is, money borrowed by clients or private households to buy stocks on "margin," stood at an historic high in December. Margin buying of stocks involves paying, up front, only 50% of the stock price, in the hope that the stock will rise and allow the borrower to repay his loan plus interest, and still pocket a nice profit when the stock is sold in some months. With Internet stocks rising 86%, or even more than 1,000% in less than a year, the Nasdaq had managed to become the center of margin debt holders playing the market.

Official New York Stock Exchange data show a total of stock margin debt outstanding at end November of a record \$206 billion. At beginning 1997, it stood at \$97 billion. In November 1999 alone, margin debt exploded by \$24 billion. Figures for December are believed to be even larger. Yet, according to the estimate of Raymond DeVoe of stockbrokers Legg, Mason, Wood, Walker, if we include in the calculation of the amount of stocks bought on margin, i.e., paying only 50% of the full price, from households which have taken out credit card loans at 19% interest to cash in on the stock casino bonanza over the Internet, or persons who took out loans against home equity to buy stocks on margin, the total of margin debt in the U.S. stock market easily could exceed \$600 billion.

In such a situation, as in a chain letter scam, all is well, so long as new suckers play the game in greater and greater numbers. When that ends, the entire edifice implodes. As stock prices fall instead of rise, banks demand a "margin call," i.e., hard cash to cover their margin loans as the stock collateral value falls. For most borrowers of margin debt, however, their only source of fast cash is to sell their stocks. That pattern magnified many-fold, as everyone rushes to be "first out the door," fuels a panic selloff, which, in turn, forces the market even lower. That forces even more distress dumping of stocks at any price, and so on. In such a dynamic, known as "reverse leverage" on Wall Street, a mild market "correction" becomes a self-feeding, non-linear meltdown.

Central banks 'take the punch bowl away'

On Jan. 4, all hell broke loose on world markets. The Dow Index of 30 so-called Industrials slid 360 points, its worst loss since the LTCM crisis erupted in September 1998. The same day, the Nasdaq fell 229 points, a loss of 5.6%, the largest in the 29-year history of the market. By Jan. 5, the Nasdaq was down over 8%, with no bottom in sight. By Jan. 5, the German DAX lost over 9% from its Jan. 3 peak. Markets from Hong Kong to Mexico City to Tokyo fell along with the U.S. and European markets.

Official explanations by Wall Street market traders, with a desperate vested interest in calming the selloff, were that this was merely a "correction" of over-valued stocks, to take account that the Fed would probably raise rates again another one-quarter of a percentage point at the Feb. 1 Federal Open Market Committee (FOMC) meeting. The argument is that

that rate rise will dampen the brisk U.S. economic growth and thus dampen corporate profits in the coming year, hurting stock earnings performance.

“The real reason for this heavy selloff,” insists London’s Lewis, “is the attempt of the various central banks to drain the huge liquidity from the markets as soon as possible.” An old Wall Street adage states that the “job of a central banker is to take away the punch bowl just when the party gets really going.” The Fed, having soused the banks late last month, seems to have decided to do just that to the banks. Over just two days, as of Jan. 5, the Fed had drained out of the banking system some \$50 billion of the \$100 billion-plus emergency liquidity it had pumped in late last year. A similarly large liquidity drain by the European Central Bank is blamed for the sharp market plunges there as well.

“The severe collapse in the U.S. stock market on Jan. 4 was the direct consequence,” Lewis says, “of the Fed draining some \$35 billion that day.” Banks caught short had to demand margin calls from their clients who had borrowed to buy stocks on margin. The result was the hair-raising selloff in Nasdaq and other U.S. markets. “By evening on Jan. 4, the Fed began to chicken out,” Lewis explains. They began to add funds back in, even if slightly. That led to the widely hailed “recovery” on the Dow the following day.

“The problem is, the worst is still to come,” he adds. “This pause is only temporary. The Fed, I estimate, has to drain another \$90 billion, and that will cause at least another 1,000 point drop in the Dow. They are trying to do it in stages, to limit the collateral damage, such as brokers going under.”

Here is the deadly dilemma faced by Greenspan and the other central bankers. If they hesitate too long in removing the liquidity, Lewis adds, bond markets will panic and force the market rates on bonds far higher than the already alarming levels of today, on the bet that Fed laxness will guarantee that all the excess money will create huge inflation problems in the next few months.

Sharply higher interest rates would endanger the record levels of corporate bonded debt created over the past five “boom years” in the United States, likely triggering a chain-reaction of bankruptcy defaults by many fledgling high-tech and other companies, in turn spreading a deep economic recession or worse.

At that point, a bond market crisis could easily spill over into a full-blown U.S. dollar crisis, as the record number of foreign holders of U.S. stocks and bonds head for the exit.

On Dec. 28, a week before the market bubble began to deflate, Lyndon LaRouche issued a statement in which he declared, “Some in print, and many more bankers, economists, and statesmen privately, are warning that the world is faced with something far more serious than a stock market crash. The world’s financial system, is doomed to a systemic collapse, from which only a radical return to earlier pro-nation-state policies could rescue humanity.”

‘Experts’ ignore role thousands die from

by Linda Everett

One of the leading causes of death and injury in America is medical error, according to a report entitled “To Err Is Human: Building a Safer Health System” (National Academy Press), released on Dec. 1 by the Institute of Medicine (IOM). The report, by the IOM’s Committee on Quality Health Care in America, based on a year-long review of hundreds of studies, determined that between 44,000 and 98,000 people die in hospitals every year due to preventable medical errors by doctors, pharmacists, and other health professionals—far more than the number of Americans dying from breast cancer, highway accidents, or AIDS.

As stunning as these figures are, the committee says that these known fatalities are a modest estimate of the magnitude of the problem, which costs the nation as much as \$29 billion a year. Practices resulting in preventable deaths, permanent injuries, and unnecessary suffering are also rampant in nursing homes, day-surgery and out-patient clinics, and retail pharmacies.

The report lays out a comprehensive strategy to reverse the crisis, and calls upon Congress to create a new patient safety center to address the basic flaws in the system. Within days of the report’s release, President Clinton launched three initiatives to address the problem on several Federal fronts; a Senate Committee held hearings on the crisis, with more planned for the coming year; and Sen. Edward Kennedy (D-Mass.) proposed legislation to require mandatory reporting of medical errors, as the committee also proposed.

There are legitimate medical safety issues raised by the committee that warrant immediate action on state and Federal levels. According to “Incidence of Adverse Drug Reactions in Hospitalized Patients,” in the April 15, 1998 issue of the *Journal of the American Medical Association*, fatal medication errors *alone* ranked among the fourth- to sixth-leading cause of death in the United States in 1994. Adverse drug effects are not always preventable, such as when a specific antibiotic is administered to a patient whose allergy has not been previously identified. But, basic flaws in how the health system is organized, and how these flaws lead to preventable deadly mistakes, are well known.

In testimony presented on Dec. 13 to a Senate subcommit-

of managed care as medical errors

tee, the American Nurses Association (ANA) said that one such flaw is the practice of stocking patient-care units in hospitals with full-strength drugs, even though they are toxic unless diluted. Illegible medical records is another, that can result in a wrong drug being administered. The IOM committee calls for adopting a system-oriented approach to reduce errors, such as implementing standardized medication doses for specific hospital units, and having a hospital's central pharmacy prepare high-risk intravenous drug solutions.

A flaw in the report

However, there is a fatal flaw within the perspective and *non*-findings of the 223-page report itself, which will doom all "patient safety" initiatives and centers—of which there are already many. The tip-off to the problems with the report came at the IOM's press conference, where *EIR*'s Carl Osgood asked whether managed care's cost-cutting regime was a major factor in medical errors—to which committee members said that there isn't enough information to draw such a conclusion.

In fact, the report never mentions the murderous pressures by managed care firms on hospitals to slash patient care costs, and it ignores the decades-long take-down of the U.S. hospital and health care delivery systems by both managed care and market-driven policies—all of which *EIR* has thoroughly documented. The report is comparable to an analysis of the faults in the composition of a building's bricks, while the foundation of the building and the mortar holding the bricks together are crumbling to dust due to major earth tremors. The committee ignored those catastrophic tremors in the health care delivery system, and instead focussed on making the case that "human error" is the cause for these preventable and fatal medical errors. But, as Dr. Judith Shindul-Rothschild, R.N., C.S., Ph.D., professor at Boston College School of Nursing, and a member of the ANA Congress on Nursing Economics, told *EIR*, while a study such as this one is long overdue, "the IOM committee never deals with the system flaws that set up physicians and nurses to make those mistakes."

One need only consider the composition of the commit-

tee to see why that is the case, i.e., many have a vested interest in the managed care system. The Institute of Medicine, an arm of the National Academy of Sciences, is a Federally chartered independent organization of scientists. Among the committee's members are the president and CEO of the Kaiser Foundation Health Plan, the nation's oldest health maintenance organization (HMO) conglomerate of for-profit and not-for-profit entities, and the Executive Managed Care Director of the Blue Cross and Blue Shield insurance company. The chair is William Richardson, president and CEO of the W.K. Kellogg Foundation, which funded the shift to neo-Malthusian medical ethics and now promotes welfare-to-work projects. That is, the aim is to balance the government's budget, partly through systemic reform of health care policy—all part of the wrong-headed "post-industrial" policies engineered by Wall Street financial interests which have contributed to our national and international economic collapse.

The committee calls for system-wide changes that strike a "balance between regulatory and market-based initiatives" to reduce errors. But, it is exactly those "market-based" policies, such as managed care, that are murdering thousands, and even entire classes of patients (see L. Everett, "General Welfare Is Being Trampled by HMO Human Rights Violations," *EIR*, Aug. 13, 1999). Such policies, as Democratic Presidential pre-candidate Lyndon LaRouche has declared, are crimes against humanity.

Case studies for disaster

Let us examine some specific crises now unfolding. Shady Grove Adventist Hospital in Rockville, Maryland, for example, is losing its Medicare accreditation after major deficiencies in patient care were found. Maryland health officials investigating more than 100 patient complaints, found cases where hip surgery had been performed on the wrong hip, critically ill patients had been left unattended and died, and other horror stories. In October, the hospital's medical board publicly labelled conditions at the 263-bed hospital "unsafe." Physicians and nurses charge that administrators severely cut back the hospital's nursing and ancillary staff because of payment reductions by managed care plans, HMOs, and Medicare. The result was that a single nurse was often assigned to care for as many patients as are generally cared for by three or four nurses, in addition to transporting patients and moving equipment. The increased workloads by exhausted nurses, physicians said, caused "rampant" mistakes in patient care, with patients consistently given the wrong medications, and physicians' orders for patients ignored.

At Howard University Hospital, beloved by the African-American community in the nation's capital, health professionals held a day-long strike in October, because patient care was suffering from forced overtime and a permanently pared-down nursing staff. *EIR* was told, "Nurses are being forced to care for too many patients. Pharmacists are unable

to effectively dispense medications on a timely basis,” while neither dietitians nor social workers can adequately address patients’ needs. The problem? Stringent managed care contracts paid the hospital less and less for patient care.

Such policies have become commonplace throughout the United States since the advent of managed care—and more intensely so, whenever financial consultants like the Hunter Group, or Ernst and Young, are brought in to “salvage” hospitals savaged by HMO policies. These consultants and hospital “turnaround specialists,” are experts in cost-cutting, which is *known* to cause patient fatalities.

For example, over a decade ago, hired hatchet-men at St. John’s Episcopal Hospital in Long Island imposed a sweeping restructuring plan that enforced 16-hour days for nurses, shifted nurses experienced in the medical-surgical unit to orthopedic or other units, with no clinical training to prepare them. (They were given aroma therapy, team-building and conflict-resolution sessions, which included watching the film, “Dog Day Afternoon.”) Nurses were told: “Get off the train or lie on the track.” The “re-engineering,” as much as managed care, caused “total devastation,” according to hospital staff, from which the hospital never recovered. Nurses are now on strike at another Long Island hospital, North Shore University at Plainview, because they are assigned 16 medical-surgical patients each, and are expected to provide medications, check vital signs and IV bags, and care for patients just out of surgery.

The IOM report never hints at the utter mayhem caused by free-market policies. In one recent survey, 70% of Minnesota nurses report that they are “unable to perform the fundamental duties of nursing”—like feeding patients! Medication or IVs were not dispensed or were given late 22% of the time.

In 1998, the U.S. Agency for Health Care Policy and Research, the same agency which the IOM wants appointed to implement its recommendations, published a study clearly demonstrating a strong inverse relationship between registered nurse staffing and adverse patient events—the fewer the nurses, the greater the number of crises and complications patients suffered (see L. Everett, “‘Managed Care’ and Nursing: Back to the 19th Century,” *EIR*, June 18, 1999). But, the IOM did not have one practicing registered nurse on its committee. As Chris deVries, ANA Deputy Director of Programs, told *EIR*, “Clearly, if you had a dozen nurses in a room studying this problem, you would come up with a very different report!”

Professor Shindul-Rothschild told *EIR*, “The number-one reason that mistakes are made in every service sector industry, whether it’s piloting an airplane or working in a hospital, is because of fatigue, overwork, and stress.” Right now, she said, “we have the fewest number of nurses per population of most industrialized countries. We have ratios of nurse to patients that are at their lowest point [i.e., highest number of patients per nurse] in the past two decades”—due to managed care pressures on hospitals to cut their payment rates by drasti-

cally cutting nursing and staff. What good are the IOM’s remedies, such as using a computer to double-check the appropriateness of medication, if it’s going to collect dust because there are not enough nurses and physicians on staff with the time to look at the computer screen? Rothchild asks. “That’s the real crux of the matter: Who is going to be at the bedside in adequate numbers so that the ones who are there are not so exhausted that they can’t think critically about what’s appropriate for the patients.”

We solved the nursing shortage of the 1980s by improving working conditions for nurses, she said, but this was reversed overnight in the 1990s, with “selective contracting, the main mechanism that managed care used to ratchet down health care costs. [They] pit hospitals against each other and use capitation and other risk-sharing arrangements to force hospitals to cut their deals. Labor was the major component of hospital budget. To ratchet down their costs quickly, they cut their numbers of nursing staff.”

Shindul-Rothschild said that “in our 1996 *American Journal of Nursing* study, half of the nurses in oncology medical-surgical settings reported . . . an increase in medication errors in the past year. . . . Half of nurses in speciality areas reported *unequivocally* that these preventable injuries were occurring at a rate that had been unprecedented. When you have half the nurses in speciality areas reporting an increase in *any* event in the last year, you have to pay attention to that and look at what other factors are causing that increase. *You can’t have in one year half of your labor force suddenly becoming incompetent and making mistakes*—something has happened to the system in which these men and women are working. . . . You would be hard pressed to ignore the fact that this precipitous rise in injuries to patients coincided with a rapid change in the financing of health care from an indemnity [fee-for-service] model to managed care.”

“The fact that we have seen a precipitous rise in lawsuits and malpractice cases involving errors made by doctors and nurses also is something that you cannot ignore, given the impact that financing has had on the quality of care,” she said. “We’ve had more laws passed to protect patients since the rapid proliferation of managed care than we have ever had in the history of this country.”

The IOM report can be a useful starting point for the Federal government, as the main authority charged with responsibility to uphold the general welfare of the population, to repudiate the managed-care concept and restore the basis of health care delivery and policy to that outlined by the 1946 Hill-Burton Act. That Act mandated, by Federal law, that the country must provide the critical infrastructure and staff necessary to provide for the medical needs of every member of every community, regardless of race, creed, or ability to pay. If that objective is reached, one major cause of medical errors—market-based “health care”—will be eliminated.

Hunger and homelessness are growing in U.S. bubble economy

by Marianna Wertz

Two reports published in December 1999 on hunger and homelessness in America, put the spotlight on the reality of the “bubble.com” economy. The report released on Dec. 8 by the U.S. Department of Housing and Urban Development (HUD), the most comprehensive study ever of homelessness in America, and the 1999 report by the United States Conference of Mayors on “Hunger and Homelessness in America’s Cities,” both document the fact that there is growing hunger and homelessness in America, while the bubble economy is driving the cost of housing, and even food, out of the reach of an increasing number of low-income wage-earners.

The issue has become a hot potato in the election campaigns. At the Presidential level, Republican front-runner George W. Bush confirmed Lyndon LaRouche’s assessment that he is dumber, and meaner, than a car test-dummy, when he responded recently after being confronted with the results of yet another study, by the U.S. Department of Agriculture, which found that 5% of Texas households suffered from hunger in the past two years. “Where?” Bush asked. “You’d think the governor would have heard if there are pockets of hunger in Texas!”

The study, titled “Measuring Food Security in the United States,” showed that Texas is second in the nation, behind only Oregon, in the number of people suffering from hunger. Texas State Rep. Elliott Naishtat, a Democrat who is chair of the House Committee on Human Services, in a statement issued on Dec. 23, said that he was “appalled” at the governor’s comments. “Could it be the governor also doesn’t know that Texas ranks at or near the bottom in every recognized national poverty-related category?” he asked. “Perhaps so.”

One could add that Texas ranks first in the number of people—all poor people—that it executes each year.

Cuomo vs. Giuliani

The issue has also heated up the U.S. Senate race in New York State, where First Lady Hillary Clinton is running against New York City Mayor Rudolph Giuliani (R) for the seat being vacated by Sen. Daniel Patrick Moynihan (D).

Giuliani, acting as a would-be spokesman for the Conservative Revolution faction in the Republican Party, is hoping to set a national precedent in New York City with his police-state measures against the homeless and poor. He has begun arresting those homeless who refuse either to move from city

streets when prodded by the police, or to go to one of the homeless shelters, which are notorious for robberies and assaults.

On any given night, there are about 24,000 people in New York City’s homeless shelters (which are in the shadow of Wall Street). Mayor Giuliani’s new rules, instituted on Dec. 13, have resulted so far in the arrest of more than 225 people who refused to move or go to a shelter when ordered to do so by police. The rules also require that any able-bodied shelter resident who refuses to take a low-wage job provided by the city be evicted from the shelter. But, even working full-time, someone earning the minimum wage cannot afford to rent an efficiency apartment in most U.S. cities, including New York, according to the U.S. Conference of Mayors’ report.

Giuliani also proposed that the children of homeless parents who refuse to work, be taken from their parents and put in foster care, on the purported grounds that the parents are negligent. About 40% of the state’s homeless are children, and their parents account for 30% of the adult homeless. Fortunately, the New York State Supreme Court issued a restraining order on the city on Dec. 8, to stop implementation of this outrageous policy. A hearing on the issue is set for Jan. 14.

Combatting Giuliani directly, and indirectly on behalf of his political ally Hillary Clinton, is HUD Secretary Andrew Cuomo, whose father, Mario Cuomo, was Governor of New York State until 1994. The younger Cuomo had reportedly planned to challenge Giuliani for the Senate 2000 race, but backed out when Hillary Clinton announced her intention to enter the race. The First Lady recently hired the head of Cuomo’s HUD office in New York to run her campaign.

Cuomo took on Giuliani’s homeless policy in two recent venues. The first was on Dec. 8, when he released the landmark HUD study on homelessness. There he was joined by actor William Baldwin, president of the Creative Coalition, who, speaking for himself and Cuomo, told the press, “This report shows homeless people are victims of a downward spiral of personal problems that finally force them onto the streets. But it also shows . . . we can accomplish a lot more by unlocking the potential of homeless people to succeed than we can by locking them in jail cells or ignoring their needs.” Baldwin pointed out that the cost per person for homeless assistance by the supportive Housing Network in New York City is \$12,500, while it costs \$40,000 per year to jail someone.



The U.S. Conference of Mayors presents its report, “Hunger and Homelessness in America’s Cities,” on Dec. 16. From left: Akron Mayor Donal Pulsquellic, Conference Executive Director J. Thomas Cochran, Secretary of Agriculture Dan Glickman, Providence Mayor Vincent Cianci, Burlington Mayor Peter Clavelle, and Deputy Assistant Secretary HUD Fred Karnas.

On Dec. 21, Cuomo acted directly against Giuliani. Seizing control of Federal homeless funds for New York, he announced that he is barring City Hall from administering about \$59 million worth of HUD grants. Cuomo said that he was taking this unprecedented action in direct response to a Federal judge’s recent ruling that Giuliani had improperly blocked HUD grants to groups that criticized his policies.

Study findings

The findings of the December studies by HUD and the U.S. Conference of Mayors, make clear that hunger and homelessness have continued to grow in America in the midst of—and, indeed, partially because of—the vast increase in wealth for the 20% of the population profiting from the speculative bubble. The Mayors’ report found that demand for emergency food-related assistance during 1999 grew at the highest rate since 1992, and that demand for emergency housing-related assistance grew at the highest rate since 1994.

In releasing the report, Burlington, Vermont Mayor and Conference Task Force chair on Hunger and Homelessness Peter Clavelle remarked, “Unfortunately, our nation’s unprecedented prosperity is not reaching a lot of our own citizens. Usually, task forces for the Conference of Mayors are established to respond to immediate problems, and they exist for no more than three or four years. I’m sad to say that our Task Force on Hunger and Homelessness is now 15 years old, making it the oldest task force in the conference by far, and this year’s results show we will be here next year as well.”

During 1999, the Mayors’ report found that requests for

emergency food assistance increased by an average of 18%, with 85% of the 26 major participating cities registering an increase. On average, 21% of the requests for emergency food assistance are estimated to have gone unmet during the last year. More than half of the people (58%) requesting emergency food assistance were members of families.

Both reports found that a high proportion of those seeking shelter and food were employed at least part-time. The Mayors’ report found that 67% of the adults requesting food assistance were employed; the HUD report found that 44% of homeless people worked at least part-time in the last month, and they almost universally reported that their top priority was to get a job—but one that would allow them to meet their fundamental needs.

Post-industrial, bubble economy is the culprit

Both the HUD and the Mayors’ report found the lack of affordable housing, minimum-wage jobs with no benefits, and the rapid rise in the cost of rental property, driven up by

the bubble economy, to be the chief causes of homelessness and its attendant problems.

The Mayors’ study found that low-paying jobs led the list of causes of hunger identified by city officials.

Lack of affordable housing led the list of causes of homelessness identified by the city officials. Other causes cited, in order of frequency, include substance abuse and the lack of needed services, low-paying jobs, domestic violence, mental illness and the lack of needed services, poverty, changes and cuts in public assistance, and the lack of access to affordable health care.

The Mayors’ report found that low-income households spend an average of 49% of their income on housing, and that applicants must wait an average of 19 months for public housing in the survey cities. In Boston, the Mayors’ study found—and this is typical of the “new economy”—that the vacancy rate for housing is 1% and the average two-bedroom apartment rents for \$1,350 per month, way beyond the means of even two minimum-wage employees.

Also typical of the problem is Nashville, where 47% of Second Harvest food bank clients are employed at minimum wage. Second Harvest’s emergency food box program has seen a 25% increase in the first four months of this budget year, attributed in a survey of food box program managers to high utility bills, housing costs, high medical bills (with no insurance), day care costs, no benefits, and loss of jobs.

The effects of the post-industrial economy also showed up in the report as a cause of homelessness. Witness Charleston, South Carolina, one of the survey cities, where “tourism” is

the leading employer. Most of these jobs provide zero benefits, are seasonal in nature, and employ low-skilled workers. As city officials noted, "Often if individuals lose work due to an illness, they are at risk of losing their home as well. Our population is experiencing health problems more than at any other time and they are increasingly unprepared for the job market in terms of skills."

Another major factor in the growth of hunger and homelessness, according to the studies, is the cutbacks in welfare and food stamps, implemented nationwide in the second half of the 1990s by the Conservative Revolutionar-dominated Congress with the help of the Dick Morris/Al Gore cabal in the Clinton administration.

In Phoenix, for example, more than 40,000 people have dropped off the Food Stamp rolls since 1995. Officials of the Association of Arizona Food Banks believe that this is because of changes in eligibility and misunderstandings about eligibility. In Salt Lake City, the limit of three months of Food Stamp eligibility for unemployed able-bodied adults without children has had a significant impact on the caseloads of several of the city's emergency food pantries.

In city after city, the Mayors' report found, food banks have drastically restricted availability of food packages, often to as little as three days per month, in order to deal with the growing crisis.

The solution

HUD Secretary Cuomo is trying to solve the homeless crisis with his Continuum of Care initiative, developed when he was an Assistant Secretary at HUD. This program has helped more than 300,000 homeless people get housing and jobs. HUD is also the beneficiary of \$900 million in grants for the homeless, announced on Christmas Day by President Clinton, to help find housing, medical care, and jobs for the homeless. The grants are aimed at funding more than 2,000 projects in all 50 states.

But this is by no means a solution to this crisis, as well-intentioned as it may be. As the Mayors' report makes clear, the root cause of the growing homeless and hunger problem in America is the post-industrial, bubble economy, which favors speculation over real production, and profits over human beings. Until that is changed, and in the direction of the New Bretton Woods global financial reorganization to restart trade and production spelled out by Lyndon LaRouche's Presidential campaign, homelessness and hunger will continue to grow.

Interview: Mike Morosin

Fighting for the poor, homeless in Nebraska

Mike Morosin is a homeless advocate and member of the Nebraska State Democratic Committee. The interview was conducted by Marianna Wertz on Dec. 23, 1999.

EIR: Can you give our readers a sense of the fight you've been engaged in, in Lincoln, with respect to the privatized ambulance service?

Morosin: In 1993, a task force was formed to look into the issue of the emergency medical service. Then, eventually, it was allowed bidders. The Fire Department was one of the bidders, as was the private ambulance company, which was Eastern Ambulance then, soon to be Rural Metro. So, when the bids were opened, the Fire Department was found to be the lowest bidder, at \$271 per case. Eastern had bid \$470, a big disparity.

The Mayor at that time, now Governor [Mike] Johanns, said that the Fire Department would get the bid and would receive the ambulance service. Well, 48 hours later, a surprise bid appears out of the blue, \$1 under the Fire Department bid. The Mayor does a complete "180," and gives it to Eastern Ambulance. They were allowed to make a second bid, without the other bidder being allowed to bid, which is totally contrary

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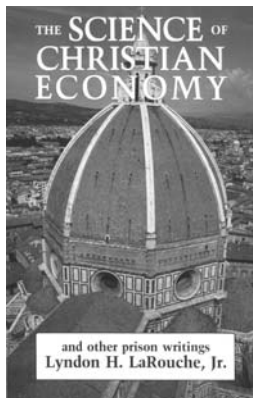
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to state law.

EIR: You've protested this many times at the City Council?

Morosin: I've presented the issue on paper, before the city council, county board, numerous county governmental bodies. I presented it to the newspaper. The newspaper has basically gone along with the cover-up. We're only a one-newspaper town (the *Lincoln Star Journal*). It's been controlled for many, many years. If you want to know anything about Lincoln, you read the Omaha paper! The city council sits there mute, and will not even answer my questions. I have given them a copy of my report, which the citizens of Lincoln asked me to do. My job was to represent my constituents in that area on the question. Here, other ambulance companies around us are charging maybe \$150-250 a ride. These guys are charging \$500-900.

EIR: So, many people who need ambulance service aren't getting it?

Morosin: They're basically saying, "I don't have enough money for food, so I'll turn the heat off." That type of thinking. "I should go in an ambulance, but I'll get there however I can get there." People are not taking the ride that they should be taking, and are jeopardizing their health in the process.

EIR: What about homeless people?

Morosin: Same thing. Homeless people numerous times will not go to the hospital. Then, if they do get picked up and taken to the hospital in the ambulance, this ambulance company is very rude to these people. The ambulance company talks about these people as, "They can't pay," "They're nothings." We're all human beings, and we should have the right to be picked up and transported, regardless of our monetary situation.

The neighborhood I'm in is an old, old neighborhood. My house is 100 years old. We have many low-income people. I'm also on the board of directors at a Day Watch, which is a daytime homeless shelter. So, I deal with this on both sides of the issue. Many times I'm the only person down at these governmental meetings, standing up and representing constituents. Right now, our fire department can get to your house in less than three minutes, anywhere in the city. The ambulance company says, "Well, we're just going to get there in eight minutes." As you know, after four minutes, without oxygen, we start having the problems of brain damage. So why should we relegate ourselves to an eight-minute response, when we can have a three-minute response?

EIR: Can you tell me something about the homeless shelter? Are you getting an increased flow of homeless people? Are they people who are working but not getting enough money?

Morosin: Yes. I let a number of these people sleep in my garage, which is my shop, because it's heated. If I see them out there, I let them come in and sleep. I've had them in my

house, in my car, in my shop, to get them out of the cold. Mayor Johanns, now Governor, said, "We'll help your homeless shelter by building some showers." Then, when it came time to put the rubber where it meets the road, he said, "Oh no, we're not going to give that amount of money, we're only going to give this amount." It was all talk. Then he said, we're not going to fund that at all.

So I went to bat, stood up in the arena, and embarrassed him a little bit. Because I called him on his bluff, I was able to get \$10,000 for the showers. I sit on a Community Development Taskforce. It hands out block grants, so the \$10,000 came through there. Now we have two showers.

This former mayor was preaching welfare to work, but then they were asking, "Why don't those people go to work?" I said, "Wait a minute. Would you go for a job interview without a shower? Without your hair shampooed? Without your teeth brushed? Some clean clothes. No, you wouldn't. But that's what you're telling these people to do. They're not going to get a job."

EIR: On the political side, are you supporting LaRouche for President?

Morosin: I support a lot of his ideas. I'm very supportive of his ideas. I haven't seen anybody from our Democratic Party—I'm not supporting the front-runner, our Vice President. I lean more toward what LaRouche has to say, because in LaRouche, I see a young me, in challenging things. I want to wish him well; if he ever decides to come to the state, [I want him] to let us know, and we can champion his cause. Because there's a lot of people in this state who are independent voters. It doesn't matter whether they're Republican, Reform, Democrat, whatever, there are independent voters here, and in Iowa—there's a lot of independent voters in this area. They're going to vote for the person who can deliver the bacon. I've crossed party lines many times, voting for the people that I think are going to carry the bacon.

EIR: Are you currently a state committeeman with the Democratic Party?

Morosin: Yes.

EIR: What do you think about what they're doing, with respect to your issues and with respect to LaRouche?

Morosin: They won't even touch the issues. In my day and age, we called them plastic people. We've got a bunch of plastic people. They talk the talk, but when it comes time to walk the walk, they don't come forward.

EIR: Have you raised with them the Voting Rights Act question with respect to LaRouche's Presidential campaign?

Morosin: I've started speaking to that issue with people. But people are starting to really take time to look. That's what I tell most of the people. Don't take my word for it. Do your homework. People are starting to do the homework.

DDT, the New York Times, and Judge Irving Kaufman

by Thomas H. Jukes

The following is reprinted from the Spring 1992 issue of 21st Century Science & Technology magazine. The article was occasioned by the death on Feb. 1, 1992, of Judge Irving Kaufman, who had gained national attention for two famous cases: the first, sentencing Julius and Ethel Rosenberg to the electric chair, and the second, overturning a jury decision in a libel suit against the New York Times and the Audubon Society, brought by the author and other scientists. (See box on Dr. Jukes, p. 14.)

In the summer of 1962, Rachel Carson published her book *Silent Spring*. One remarkable feature of this book was that it did not mention in any way the fact that DDT had saved more lives and prevented more illness than any chemical in history. This was because of the effect of DDT on many tropical diseases, but most of all, malaria. Rachel Carson's readers in the United States knew little or nothing of malaria, the "monarch of diseases," and its deadly effect on the inhabitants of tropical countries, particularly on children.

Another remarkable feature about Carson's book was that she said that the American robin was on the verge of extinction. This statement appeared one year before the dean of American ornithologists, Roger Tory Peterson, said that the robin was probably the most common bird on the North American continent.

In September 1963, I published the article "People and Pesticides" in the *American Scientist*. While preparing that article, I had received a manuscript by Philip Marvin, who had summarized the bird counts listed in the Audubon Society publications. I gave one example from Marvin's summary. This was the robin count, which was 19,616 in 1941, and 928,639 in 1960, before and after DDT. The number of observers was 2,331 in 1941 and 8,928 in 1960; therefore there were more observers, but the number of robins per observer was 8.4 counted in 1941, and 104 in 1960. I commented, "the increase is presumably significant, and the robin does not appear to be on the verge of extinction."

Some years later, in 1972, I received a telephone call from John Devlin, a reporter at the *New York Times*. He said that an editor, who was an official of the Audubon Society, had stated that I was a "paid liar," together with Gordon Edwards, Bob White-Stevens, Donald Spencer, and Norman Borlaug. This accusation was made because I had allegedly "twisted"

the bird data, and had not taken into account the fact that the number of bird counters in 1960 had increased over the number in 1941. Therefore, said the Audubon man, the reason that the counts had increased in 1960 was that there were "more birders, not more birds."

This statement was false. However, Devlin refused to print my rebuttal of it. All my calculations had been based on birds counted per observer. Many other species in addition to robins had been counted, and in most cases, the number of birds per observer had increased during the period when DDT came into widespread use. I had not "twisted" any data, I had merely quoted the Audubon results.

I appealed to one of the editors of the *New York Times*, the editor of the editorial page, John Oakes, whom I had met, to publish my correction of the Audubon statement that Devlin quoted. Oakes refused to do so, and did not respond to my letter.

Libel

We did not like being called "paid liars," especially when we thought that it was the Audubon people who were the misrepresenters of the facts. So we filed suit for libel against the *New York Times*, and against the National Audubon Society; its president, Dr. Elvis Starr; its employee, Robert Arbib, who had supplied the *New York Times* with the information about us; and Audubon Secretary Roland Clement, from whom Arbib had obtained the information and our names.

There was a long time of depositions and other legal proceedings before we finally got into court. During this period, attorney Victor Yannacone (famous for fighting against DDT), deposed and under oath, said that he had attended a meeting in which Roland Clement of Audubon, together with officials of the Environmental Defense Fund, had decided that I should be muzzled. This was to be done by attacking my credibility.

The jury trial itself took place in 1976, in U.S. District Court in New York. Our attorneys, Tom Rothwell and Arthur Berndston, challenged a number of the prospective jurors and refused to accept some of them who were evidently prejudiced in favor of the *New York Times* and the Audubon Society.

There was one juror, however, who said that he was a member of Audubon Society but that he was not prejudiced

against us. This one was allowed to sit on the jury, and I have always wondered whether he was responsible for the elimination of the Audubon Society and of Robert Arbib from the charges.

A fascinating trial

The trial itself was fascinating because the two defendants, through their attorneys, attacked each other. The courtroom attorney for the *New York Times* was a well-known and able lawyer, Floyd Abrams. He castigated Arbib on the witness stand. He asked Arbib where he got his information about the plaintiffs being paid liars, and Arbib said that he got part of it in the lunch room and part of it from Roland Clement. Abrams then asked Arbib what he had done to verify his sources. When Arbib said he had done nothing, Abrams asked him, "What kind of an editor do you think you are?"

In turn, the Audubon lawyer raked John Devlin, the *New York Times* reporter who had published the libelous article, over the coals in cross-examination, and to good effect. The best one could say for John Devlin was that he appeared somewhat inept.

We began to feel quite optimistic as our opponents destroyed each other in the courtroom. The sequence of events had been that Arbib had published a piece in Audubon's *American Birds*, saying that some spokesmen for the pesticide industry were "paid liars." Devlin kept telephoning Arbib to get some names. Arbib at first refused, then asked Clement for some names, and Clement named White-Stevens, Edwards, Spencer, Borlaug, and myself. These names were then transmitted to Devlin by Arbib. Devlin telephoned some of us, but did not publish our rebuttals, except to say that we generally denied the charges.

When Devlin's article appeared, Aug. 14, 1972, Clement decided to write a letter commending it over Arbib's signature. Clement wrote and mailed the letter, then telephoned Arbib in North Dakota and read the letter to Arbib on the telephone, asking Arbib to approve it; Arbib very strongly refused, but the letter had been sent!

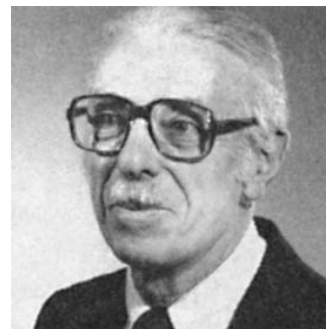
On the witness stand, we emphasized the need for DDT in the developing countries to protect against illness and death from malaria. The opposition did not attempt to impeach our characters or credibility.

Philip Marvin and Victor Yannacone were both witnesses for us. Marvin described how he had looked out of his window and seen many birds, so he decided to compile and compare the Audubon Christmas bird counts. This showed that most birds had increased in numbers per observer during the years of DDT. However, the opposing lawyer accused Marvin of making bird counts by looking out of his window—a ridiculous charge, since Marvin had explained that this was simply what had gotten him started on examining the actual data compiled by Audubon.

Yannacone described the meeting that Clement and he had attended with the Environmental Defense Fund, in which

In Memoriam: Thomas H. Jukes

Thomas H. Jukes (1906-99), an emeritus research chemist at the University of California at Berkeley, died on Nov. 1, 1999, at age 93, after a short illness. Jukes had a wide-ranging scientific career, including pioneering work in chemotherapy at Lederle Pharmaceutical Laboratories, classical research on nucleotides and the amino acid code, and many years as associate director of the space sciences laboratory at the University of California.



He was the author of hundreds of scientific articles and several books, and he was working at the university until his most recent illness.

Jukes became a leader of a group of scientists who fought for the truth about DDT, and opposed the environmental extremists who wanted to ban DDT and other pesticides. He was relentless in writing letters to editors of newspapers and producers of television shows, correcting their propaganda on DDT, and stressing that DDT had saved more millions of human lives than any other man-made chemical.—Marjorie Mazel Hecht

it was decided to attack my credibility.

The jury decided in our favor, and the *New York Times* and Clement were blamed for the libel by the jury, but the Audubon Society and Arbib were not convicted.

Enter Judge Kaufman

This was the first libel case the *New York Times* had lost in many years, and the newspaper appealed the case. Quite conveniently, the appeal was heard in the U.S. Second Circuit by Judge Irving Kaufman, a close friend of *New York Times* publisher Arthur Ochs Sulzberger.

The case, publicized as one of Kaufman's most important decisions involving the First Amendment, was known as *Edwards v. the National Audubon Society* (1977). In it, Kaufman wrote that a newspaper does not commit libel by fairly and accurately reporting accusatory statements by a responsible public organization, even if the statements are clearly defamatory and false. Just how a public organization can be "respon-

sible” if it makes defamatory and false statements is not explained.

The *Village Voice* (New York), in an article by Sol Stern titled “Irving Kaufman’s Haunted Career” (March 6, 1984), described how Kaufman had been friendly for many years with Sulzberger and his family. Given such closeness of association, should not Kaufman have removed himself from any participation in the *New York Times*’s appeal?

The *Village Voice* article pointed out that “on March 16, 1977, disqualification notices were sent to all the judges. . . . Disqualifying bias or prejudice . . . arises most often from prior personal relationships.” Supreme Court Justice Felix Frankfurter wrote that judges should recuse (disqualify) themselves when and because “the administration of justice should reasonably appear to be disinterested as well as be so in fact.”

Nevertheless, Judge Kaufman “chose to be zealous in holding on to the case for himself,” and he assigned the case to a panel on which he would be sitting with two outside judges — retired Supreme Court Justice Tom Clark and a visiting judge from Montana. The *Voice* comments that the record shows that “visiting judges never wrote a single dissenting opinion” from that of the chief judge in this court.

The decision, written by Judge Kaufman, overturned the ruling of the lower court. It included the following statements:

“Unfortunately, the Audubon Society’s principal charges, as reported in Devlin’s article for the *Times*, went far beyond a mere accusation of scientific bad faith. The appellees were charged with being ‘paid to lie.’ It is difficult to conceive of any epithet better calculated to subject a scholar to the scorn and ridicule of his colleagues than ‘paid liar.’

“To call the appellees, all of whom were university professors, *paid* liars clearly involves defamation that far exceeds the bounds of the prior controversy. No allegation could be better calculated to ruin an academic reputation. And, to say a scientist is *paid* to lie implies corruption, and not merely a poor opinion of his scientific integrity. Such a statement requires a factual basis, and no one contends there was any serious basis for such a statement in this case.

“. . . [I]t is unfortunate that the exercise of liberties so precious as freedom of speech and of the press may sometimes do harm that the state is powerless to recompense: but this is the price that must be paid for the blessing of a democratic way of life.”

Judge Kaufman therefore clearly recognized that we had been defamed and damaged. Surely, if he believed this, he should have allowed the decision against Clement to stand! The Audubon Society is not a newspaper, and does not need to be guaranteed “freedom of the press.”

With consummate ingenuity, Judge Kaufman proceeded to rule that it was Arbib rather than Clement, who was to blame for naming us as paid liars. Therefore, the lower court’s decision in this respect was erroneous and was overturned. Of course, it would not be possible at this point to convict

Arbib—the principle of double jeopardy prevented this. Clement, and not the Audubon Society, had been convicted by the U.S. District Court.

So, Kaufman emerges not only as a friend of the *New York Times*, but as a friend of a friend of the *New York Times*. His action on behalf of Audubon showed clearly that he had no sympathy for the plaintiffs, despite his ringing assertion that we had been defamed without “any serious basis”!

Postlude

We carried our case to the Supreme Court, with the help of our friends in Accuracy in Media, the National Legal Foundation, and the Media Institute. In the meantime, retired Justice Tom Clark died. The Supreme Court refused to review our case, and we suspected that one of the reasons might be because Justice Clark had participated in the decision against us in the appeals court. The Supreme Court is reluctant to disturb the decisions of its deceased former members, we were told.

My reaction was philosophical: “You win some and you lose some.” In any event, I thought the best thing was not to carry a grudge, and I wrote to Floyd Abrams, saying that I was crossing the field to shake his hand in defeat. He replied with a nice letter.

There the matter rested, until Judge Kaufman decided to open up old wounds by writing an Op-Ed piece in the *New York Times* in the fall of 1982, congratulating himself on his wonderful decision in the *Edwards v. Audubon* case, as it is now known in legal circles. This article, “The Media and Juries,” also includes a self-serving explanation of how juries are not qualified to decide the “constitutional imperative of an unrestrained press.” The *Village Voice* commented that “Since the Audubon decision, Kaufman has become a regular at the *New York Times*. . . . He is, to put it mildly, treated as a member of the family.”

Reed Irvine of Accuracy in Media challenged Kaufman’s 1982 article, writing in a letter to the editor that the Kaufman decision was “Kafkaesque”; he also mentioned Kaufman’s connection with the *New York Times*. Irvine was attacked by Floyd Abrams in the letters column of the *New York Times*, which refused to print Irvine’s rebuttal to Abrams’s letter. Among other things, Abrams objected to the term “Kafkaesque.” In retrospect, “Kaufmanesque” might have been equally forceful.

Floyd Abrams, the lawyer for the *New York Times* in this case, has benefited from it greatly and is now regarded as a leading First Amendment lawyer. In a Feb. 3, 1992 obituary for Kaufman, Abrams said that Judge Kaufman’s rulings “reflected an abiding belief in the significance of free expression for everybody.”

Everybody, that is, except those who object to being called “paid liars” by the *New York Times*, which has consistently refused to publish any letters from me on the subject of their article and our suit.

Business Briefs

Trade

Russian investment in China expected to grow

Russian investment into big projects under construction in China will amount to about \$300 million worth in 1999, the Russian Trade Ministry reported on Dec. 8, 1999. China is Russia's third-biggest trading partner among countries outside the former Soviet Union; Russia's share in China's total trade is about 5%. China is getting Russian technical assistance for 12 projects in energy, metallurgy, engineering, and chemical industries. Russia had pledged to contribute about \$3 billion to these, and by Jan. 1, 2000, will have carried out operations worth \$1.5 billion.

Projects include the Yimin thermal power station, the Suizhong power plant, and the nuclear power station in Liangyungang. While direct trade is small (\$6.13 billion in 1998), the two countries also signed technological trade contracts for more than \$1.5 billion in 1998, and the level of Russian technological exports was expected to be higher in 1999, and to further rise in 2000. In 1998, exports of Russian machinery and technology jumped 16% over 1997 levels.

Asia

UNICEF warns: Indonesia could lose a generation

The government of Indonesian President Abdurrahman Wahid must take measures to address malnutrition and health care, and to reverse the high rate of school dropouts, or it may lose a generation, warned Stephen J. Woodhouse, UNICEF representative for Indonesia and Malaysia, the Dec. 14 *Jakarta Post* reported.

Woodhouse was in Jakarta to release the agency's "The State of the World's Children 2000" report, which urges immediate and concrete action, or Indonesia's economy will slip further behind, due to lack

of "smart, skillful and productive human resources." He pointed to the high dropout rates, particularly at the secondary level, and the poor academic achievement of students in general.

In a speech written by Indonesian Coordinating Minister for People's Welfare and Poverty Alleviation Basri Hasanuddin, and read by Health Minister Achmad Sujudi, Basri confirmed that school attendance rates fell from 90% to 60% in the past year, while the number of malnourished children rose from 30% to 35%. The Bureau of Statistics reports that there are currently 38.3 million students, including elementary to high school, of whom 25.7 million are elementary students. Clearly, high dropout rates at the secondary level, of 30% or higher, will further stunt the country's future. Woodhouse recommended higher budgetary allocation for health and education, pointing out that the 8.5% and 4%, respectively, earmarked in Indonesia are far below the 26% and 21% allotted by neighbors Malaysia, Thailand, and the Philippines.

Finance

Dorgan would regulate derivatives, hedge funds

On Nov. 18, U.S. Sen. Byron Dorgan (D-N.D.) introduced legislation "to amend the Federal securities laws to enhance oversight over certain derivatives dealers and hedge funds, reduce the potential for such entities to increase systemic risk in the financial markets, [and] enhance investor protections." The bill (S. 1968) would amend the Securities Exchange Act of 1934 to require that all derivatives dealers be registered with the Securities Exchange Commission. Derivatives dealers, and all brokers who are associated with derivatives dealers who are required to register, will be subject to disclosures that require that sufficient capital levels be maintained, taking into account the financial activities conducted by, and sources of capital, funding, credit risk, and aggregate leverage of the dealers. In addition, a registered securities association may

adopt and implement rules for the derivatives dealers required to register. It requires risk assessments for government securities brokers and registration and reporting requirements for hedge funds.

The repeal of the Glass-Steagall Act will lead to a greater level of concentration in the financial services industry, and this means that the government will be less likely to allow these large institutions to fail, Dorgan warned, in the Nov. 4 *Congressional Record*. "Federally insured banks in this country are trading in derivatives out of their own proprietary accounts. You could just as well put a roulette wheel in the bank lobby."

Dorgan said that he tried to amend the bill to repeal Glass-Steagall, to stop bank speculation in derivatives in their own proprietary accounts and to regulate hedge funds, but his efforts were rebuffed. "You think there is not risk here? There is dramatic risk and it is increasing. This piece of legislation acts as if it does not exist. It ignores it," he said. Citing "the \$33 trillion in derivatives held by the 25 largest banks," the junk bond failures, and the collapse of Long Term Capital Management, Dorgan said that something must be done to address the risk overhanging the banking institutions. One day, he said, the thud will wake everyone up, and they will ask how we could have thought that we would continue to exist without a massive problem for the American people and their banking system.

Health

Beware carcinogens in marijuana, says doctor

"The carcinogens in marijuana are much stronger than those in tobacco," stated Dr. Zuo-Feng Zhang of the Jonsson Cancer Center at the University of California at Los Angeles, Reuters reported on Dec. 17. His study was published in the journal *Cancer Epidemiology Biomarker and Prevention*.

Dr. Zhang studied 173 patients diagnosed with head and neck cancer, and compared them to 176 cancer-free patients. He found that those who said they "habitually

NEWBRIDGE Capital Ltd. officially took over Korea First Bank in December 1999, the first foreign takeover of a Korean commercial bank. Newbridge signed an agreement for a 51% stake in the bank for \$441 million (500 billion won), plus the promise to inject an additional \$176 million into the bank in the next two years. Selling the bank was one of the International Monetary Fund's conditions for South Korea to receive a bailout package.

JAPAN'S homeless population rose 26% since March 1999, reaching 20,451 in November, the Japanese Health Ministry said, *Yomiuri Shimbun* reported on Dec. 28. In 1999, suburban areas began to see homeless people, who were previously confined to major cities. The homeless are leaving the cities as work in urban areas becomes increasingly scarce.

TURKMENISTAN started to supply natural gas to Russia from the Daryalyk measuring point on the Turkmen-Uzbek border on Dec. 28, in accordance with an agreement signed on Dec. 17. Turkmenistan has agreed to supply Russia with 20 billion cubic meters of gas in 2000, and to consider purchase of 50 bcm in 2001, on condition that the deliveries are paid in full. Lack of payment has interrupted supplies in the past.

DEUTSCHE BANK former board member Wilhelm F. Christians called for defense of German industry against hostile takeovers, in an interview with *Bildzeitung* on Dec. 23. He appealed to shareholders: "Not short-term speculative gains from share sales should decide [takeovers], but the long-term strategy with its better growth potential; otherwise everyone will be the loser!"

GENERAL MOTORS has agreed to buy 20% of Japan's Fuji Heavy Industries, maker of Subaru vehicles, for \$976 million, according to the *Nihon Keizai* newspaper, *Bloomberg* reported on Dec. 8, 1999. General Motors already owns 49% of Isuzu Motors and 10% of Suzuki Motors.

smoked marijuana were more likely to be in the group with head and neck cancers."

Dr. Zhang said that in the 1960s, there were a lot of people in their 20s smoking marijuana, and "these people are just now getting to the ages" where they will develop this type of cancer which is also common in cigarette smokers and heavy drinkers. "Many people think that marijuana is harmless, but it's not. The big message here is that marijuana . . . can cause cancer," he said.

Colonialism

Globalization is replacing military hegemony

"A new economic hegemony, replacing the traditional military hegemony, poses a great threat to the national security of less developed countries," the *China Economic Times* warned in an article in December 1999. It called on poor countries to be wary of the globalized new world order.

"Because the current trend of globalization develops from the old and irrational economic order, the developed countries . . . have reaped the lion's share of gains from such a process," the article said. "The richest one-fifth of the world population commands 86% of the world's GDP, 82% of the world's gross export market, and 68% of the world's total foreign direct investment. In sharp contrast, the poorest one-fifth of the world's population possesses a mere 1% of these." This is creating a "dangerous polarization," and the "inequitable effects of globalization . . . are . . . touching all aspects of human life."

"When the world entered the 1990s, financial hegemony, an extension of military hegemony and economic hegemony, became the Western countries' main tool for exploitation," the article stated. It warned that many developing countries "still lack the experience to cope with mercurial international financial markets."

Globalization is not just an economic process. Its influence "has brought changes to traditional cultural identities. . . . Western countries try to advertise their own ideol-

ogy, consumption patterns, and value orientations through the most accessible means, the Internet, posing overwhelming threats to the cultural sovereignty of developing nations."

The military "resurrection of the old Cold War mentality," as demonstrated in the war against Yugoslavia, "is closely related to the new imbalance of world economic power," it said.

Eco-fascism

Prince Charles condemns world to starvation

Prof. John Beringer, a British professor of molecular genetics and Dean of Sciences at Bristol University, denounced Prince Charles's campaign against genetically modified foods, because it "condemns the world to starve," the Dec. 23, 1999 London *Times* reported.

Beringer, speaking at a winter meeting of the British Ecological Society, said that such foods could increase yields of crops; for example, rice, from three to eight tons per hectare. He said that organic farming and "spreading around a bit of manure," as Prince Charles and other so-called environmentalists propose, are not going to save the planet, feed the hungry, or conserve wildlife.

Beringer said that if he could sit down with Prince Charles, he would tell him that "in an overfed country, where you can import food from other people, you can afford to reduce yields and satisfy your whims. But in a real, hungry world there are no solutions other than technological ones. I think it is outrageous and disgusting that people are condemned to starve for what is dogma. One and a half billion people already go to bed hungry every night, and it is going to get worse over the coming decades."

Beringer showed the audience headlines which he described as "royal warrants" against genetically modified crops. He said that there is not a shred of evidence to support the environmentalists' dogma.

The tinsel-town follies

by Lyndon H. LaRouche, Jr.

December 26, 1999

A formerly well-known figure of Los Angeles used to refer to the Hollywood of her time as “tinsel town.” It was there, that the motion-picture screens were often filled by cheap, easily destructible movie sets. Now, the methods developed to produce those Hollywood sets, are spreading like mushrooms across that suburban landscape, where the “baby boomers” of today’s middle-management world commute, from the suburbanite fantasy-world which they call home, to the highly leveraged fantasies of their work-a-day world.

As the little boy said, in “The Emperor’s New Clothes,” “But, he has nothing on!”¹ Strip away those fantasies, and behold the result! We are living in a time when two of the dumbest, and most immoral notables to be found, George W. Bush, and Al Gore, have been considered, until now, as front-runners for President of the world’s leading military power, the crisis-stricken U.S.A.² In these times, the labor employed to construct the flimsy modern “Potemkin villages” of suburbia’s homes and malls, is poorly paid and mostly unskilled, and the mortgage is as gigantic and long-lived, as the debt on those crumbling shacks will soon become unpayable.

More and more among the upper twenty-percentile of our family-income brackets, are living in such “Potemkin villages.” Relatively speaking, that stratum among “baby boomers,” and their like, are as wealthy as similarly demented

predecessors had once been, who were suddenly ruined in the collapse of the Seventeenth-Century “tulip bubble,” and the similar “South Sea Island” and “John Law” bubbles of the early Eighteenth Century. Think of the 1923 hyperinflation and bust in Weimar Germany. Think of the worst cases, those within the upper twenty-percent of the U.S.A.’s family-income brackets who are often living as “middle management” on the margin provided by a temporary hyperinflation in highly speculative stock options. Look at the mortgages, from \$300,000 through \$600,000 and up, on structures which appear to be composed of the same paper used to write the mortgages themselves. Think of those many from among today’s “middle management” suburbanites, who, as in Germany’s 1920s, may decide, in hyperinflationary desperation, to trade in their white shirts for brown.

Those who recall the U.S.A. from the 1929-1934 interval, will not smirk at the suffering about to come down upon such all too typical members of the upper twenty-percentile of our nation’s family-income brackets. The duty of government is to help those presently fantasy-ridden suburbanites to find their way, as quickly as possible, back to a safe landing in the sanity of the real world, a happier, saner world, which must be made our nation’s economic future. In brief, separate the victim from the lawful consequences of the madness which has lately gripped our nation, especially among the upper twenty-percentile of the family-income brackets. To do that, we must first recognize, and, hopefully, cure, the madness which brought today’s suburbanites to that point of national disaster now looming before us all.

The Höuyhnhms and the Yahoos

Once again, as in the case of those mass hysterias known as the “tulip craze” and the John-Law “bubbles,” today’s blind faith in what is called today “shareholder value,” is a deadly kind of madness. In other words, it is a form of mass-insanity. To understand the kind of society in which this mass-insanity

1. See Hans Christian Andersen, “The Emperor’s New Clothes,” *Hans Christian Andersen Fairy Tales*, translated by R.P. Keigwin (Odense, Denmark: Flensted, 1950).

2. Usually, when today’s mass media speak of “morality,” they put a stink of hypocrisy in the air. They swallow elephants of evil in matters of their support for financial speculation and other mass-murderous offenses against the welfare of our own and other nations, and strain pornographically at the gnats at which they might hope to peek, in private bedrooms.



A Metro-Goldwyn-Mayer epic is filmed in Hollywood during the 1940s.

erupts, compare the England of the early Eighteenth Century, as the great humanist leader and satirist Jonathan Swift depicted it, in a piece designed for adult reading, *Gulliver's Travels*. I refer your attention to the chapter on the subject of what Swift identified as the case of the *Höuyhnhnms* and the *Yahoos*.³

Compare the insanity of those *höuyhnhnms* with the terrible conditions of life imposed upon the *yahoos*. Take as today's parody of the *höuyhnhnms*, typical wealthier residents of Wall Street's southwestern Connecticut bedrooms, or the "hunt set" of present-day Virginia. Compare the terrible conditions imposed upon the *yahoos*, with the situation into which the lower eighty-percentile of today's U.S. family-income brackets are being degraded by currently ongoing trends in U.S. TV news and other fanciful entertainments. Think back to the Eighteenth Century, and compare present-day trends with the difference in cultural level between the U.S. citizens of that time, and the typical British subject of the same period. See thus the moral depravity of Britain under the House of Hanover, Walpole, and Pitt, as that state of affairs is typified by Swift's satire. Or, compare the state of affairs in Eighteenth-Century and early Nineteenth-Century Britain to the state of affairs under the *höuyhnhnm* tyranny of the Confederacy's slave-owning class. Think of the *yahoo*-like condition of the typical southern poor white, under the

3. See H. Graham Lowry, *How The Nation Was Won: America's Untold Story*, Vol. I (Washington, D.C.: Executive Intelligence Review, 1987).

rule of what the slave-owning class termed, with a certain, bitter, ironical appropriateness, as its "peculiar institution."

To understand how people are transformed into *yahoos*, look at the number of jobs a typical family must work today, in a desperate attempt to match the real-life living standard of thirty years ago; compare the U.S. public and private elementary and secondary education of thirty years and more ago, with the already depraved, and rapidly worsening condition prevailing among virtually all of the public-school and private-education classrooms in the U.S.A. today. So it goes with both education and entertainment. So, under the Wall Street *höuyhnhnms*' preferences in managed health care, the principal function assigned to authorized medical practice, is, like imprisonment, to cull the herd of unwanted numbers of those consigned to the lower eighty-percent of family-income brackets.

A nation which has been caused to degenerate into a society divided between, chiefly, brutish tyrants, and *yahoo*-like creatures, both more inclined to rutting than to thinking, is a society which prefers rather stupid and immoral leading choices for President, more or less of the class of brutish Bush and thuggish Gore today. Real Presidents, like Swift's Lemuel Gulliver, who could actually think, are not wanted. Readily disposable, brutish dolts, who will do as Wall Street's financial aristocracy prescribes, are preferred, instead.

Once upon a time, the Classical scientist, high-technology farmer, and skilled machine-tool designer, were still the pride of our national economy. Such, then, was the American pride

and ideal, in contrast to the decadence of the British upper classes, and the brutality imposed on the lower classes there. Indeed, already in our young republic, the U.S. adult population had a literacy-rate of about ninety percent, in contrast to approximately forty percent among British subjects. It was the programs, launched by President Lincoln and economist Henry C. Carey, which unleashed the great U.S. scientific and industrial boom of 1861-1876, the boom on which all the great economic progress of the world during the past century-and-a-half was modelled.

During the recent thirty to thirty-five years, the direction of economic conditions has changed radically, for the worse. We now import more and more of what we used to produce, and what we import comes more and more from actual or virtual slave-labor conditions abroad, such as the conditions which NAFTA has fostered in Mexico's *maquiladoras* strips. Cheap labor abroad now produces what more and more of our citizens can afford less and less to buy. A U.S. current accounts deficit now running, officially, between \$300 and \$400 billions a year, and still soaring, shows us to be a nation living on what we borrow, or loot, from weaker nations abroad. Indeed, we can no longer meet the technological standards of quality goods which the generation of the 1940s through early 1960s once took for granted. So, why educate a population from which we no longer require productive skills? Why pay to keep alive the senior citizens, or the extremely poor, which Wall Street insists we can no longer afford?

With such changes for the worse, there goes a corresponding change in state of mind, a lowering of the quality of intellect, and of popular morality. The current rates of imprisonments and ritual executions, reflect, more simply and clearly than anything else, a galloping loss of elementary morality among that thirty percent of the adult population — especially the “Third Way’s” suburban stratum — which dominates most of the recent Federal, state, and local elections. The resulting lowering of the intellectual and moral level of the population, over the recent thirty-odd years, defines a specific, relatively depraved, present state of mind, now rampant among the upper twenty-percentile of family-income brackets. It is in study of that so-induced, defective state of mind, especially among that stratum, that we will find the cure for the kind of madness which that stratum, by and large, has copied from the desperate fools of former times, those caught up in such earlier crazes as the “tulip” and “John Law”-style bubbles of the Seventeenth and Eighteenth Centuries.

Two opposing states of mind

To understand how that specific kind of speculative madness functions, one must do a bit of serious thinking about some very elementary scientific issues. Since our nation’s ability to outlive the monstrous financial crisis now in progress, depends upon understanding those issues, no sane person

could honestly object to being asked to do a bit of serious thinking about the following elementary questions.

Therefore, now focus upon two mutually exclusive views of what is called “Euclidean geometry.” One view, the deductive method associated with both Aristotle and Galileo, for example, assumes that space is extended infinitely in three senses of direction (up, down, and sideways), and that this infinite extension is always in a straight line. Persons of that mistaken, but still currently popular view, usually insist, also, that time is also extended in straight lines. The opposite view, which is an ancient one, is based on discoveries associated with astronomy. Man discovered that there are regular changes in the angle at which constellations are to be observed. That latter view led to the judgment, that the laws of the universe are not determined according to straight-line pathways, but, rather, the type of curved pathways associated, approximately, with the regular angular changes in the observer’s view of a point in the Zodiac.

So, in modern times, Galileo and his corrupted followers assumed, wrongly, that the universe was organized according to forces of repulsion and attraction acting along straight lines. These forces were assumed, mistakenly, to connect any two bodies at a distance from one another. Followers of the discoverer of universal gravitation, Johannes Kepler, did not agree with Galileo’s view. Key scientists of modern times, such as Fermat, Huyghens, and Leibniz, proved that the pathway of radiation of light was not governed by the “shortest distance between two points,” but, instead, by the pathway of least time between those points, a pathway which was a larger distance than the straight-line connection. This was the starting-point for Leibniz’s original discovery of the calculus, and for Leibniz’s related principle of *universal least action*.. These latter discoveries were carried further, chiefly, by the world’s greatest modern mathematician, Carl Gauss, and by Gauss’s follower, the physicist Bernhard Riemann.⁴

Riemann laid down the principle, that the measurable form of action connecting two successive points in a physical process, can not be derived from a deductive mathematics, but must be established by a type of physical experiment which he defined as *unique*.⁵ In other words, rather than trying to connect the dots between two observed point-events by straight lines, one must discover, experimentally, the actual curvature which governs the shaping of the pathway by which that process generates the succession of points which it sub-

4. Bernhard Riemann, “On the Hypotheses Which Underlie Geometry” [*Über die Hypothesen, welche der Geometrie zu Grunde liegen*] *Bernhard Riemanns Gesammelte Mathematische Werke*, H. Weber, ed. (New York: Dover Publications reprint edition, 1953).

5. *Ibid.*, p. 286: “Es führt dies hinüber in das Gebiet einer andern Wissenschaft, in das Gebiet der Physik, welches wohl die Natur der heutigen Veranlassung nicht zu betreten erlaubt.” (This takes us into the domain of another science, that of physics, which the subject of today’s proceedings [mathematics — LaRouche] does not permit us to enter.)



“Take as today’s parody of the höuyhnhms,” writes LaRouche, “typical wealthier residents of Wall Street’s southwestern Connecticut bedrooms, or the ‘hunt set’ of present-day Virginia.” Here: a scene in the Virginia Hunt Country.

sumes. The model for this notion is the Kepler-Gauss proof, of the anti-Euclidean way in which orbits, rather than action at a distance, determine the trajectories of planets.

In former times, in practice, every competent manager of production accepted that principle of science, in one way or another. If he did not fully understand the issue from the standpoint of a Gauss, Riemann, et al., he understood how to approach such matters in the practice of designing and testing products and processes of production. Thus, no competent production manager would ever launch a new design of product or production process, without first subjecting that design to the same kind of test which the scientist uses to determine the accuracy of what he or she believes to be a validatable universal physical principle. Only an incompetent would ever launch a new design-configuration solely on the authority of a deductive form of so-called mathematical model.

We should recall the awful loss of a space-shuttle and its crew, during the 1980s, precisely for reason of lack of such competence by those who, among other things, compelled NASA to substitute a new type of O-ring, thus replacing a tested design with an untested configuration, and putting the launch and its shuttle crew at risk in that way. I happened to be, at that time, in ongoing consultation with one of the world’s leading experts in this area, who was gravely concerned by the risk involved in that reckless O-ring substitution; unfortunately, his wise advice was not heeded by the U.S. government’s cost-paring official bunglers. The case of once-proud

Daimler-Benz’s embarrassment over the original design of its A-class model auto,⁶ typifies the follies of modern managements which have fallen prey to the practice of so-called “benchmarking,” or similar kinds of so-called mathematical modelling.

Thus, in those former times—prior to the late 1970s—when leading industrial firms had more or less competent production-managements, there was a perpetual quarrel between these production managements, on the one side, and most of those in the accounting and financial departments, on the opposing side. All generally accepted accounting practice and financial theory, assumed that the cause-effect relations of production and product-design could be interpreted on the basis of that purely linear way of “connecting the dots” which is used in standard accounting practice. When the qualified production-managers and scientists began to be subordinated, more and more, to the linearized whims of the accounting and financial side of management, the U.S. economy gradually lost the relatively awesome competence which had carried it, so brilliantly, through and beyond the time of the World War II mobilization.

Ironically, during the period from Presidential pre-candidate Dwight Eisenhower’s famous trip to Korea and the assas-

6. See Lyndon H. LaRouche, Jr., “The Coming Scientific Revolution,” *EIR*, April 30, 1999; Jonathan Tennenbaum, Rüdiger Rumpf, and Ralf Schauerhammer, “The Fallacy of ‘Benchmarking.’” *EIR*, June 11, 1999.

sination of President John F. Kennedy, the chief factor weighing for competence in production management, was the pressure to keep ahead of the Soviet Union in militarily relevant technologies. At a time when the accounting mentalities of official Washington had moth-balled Huntsville's capability of launching an Earth satellite, it was the nagging beep of the Soviet Sputnik which revived U.S. space and related technology. As long as the scientists and skilled production managements were considered strategically indispensable, the accountants and financial wizards were compelled to ac-

It was the negotiation of détente, in the wake of the 1962 missile-crisis, which unleashed the process of gradually shutting down whole chunks of the U.S.'s former technological potential—especially from 1966-67 onward. When the scientists and production managers were no longer considered desperately important, the Wall Street gang of accountants and financial managements took over more or less absolutely. That was when everything about the U.S. economy began to go seriously wrong.

cept the crucial role of the technologists, however reluctantly. It was the negotiation of *détente*, in the wake of the 1962 missile-crisis, which unleashed the process of gradually shutting down whole chunks of the U.S.'s former technological potential—especially from 1966-67 onward. When the scientists and production managers were no longer considered desperately important, the Wall Street gang of accountants and financial managements took over more or less absolutely. That was when everything about the U.S. economy began to go seriously wrong.

A parallel effect of *détente* was to be seen on the side of the Soviet economy. From about 1973 on, most notably, the Soviet economy relied more and more on exporting its raw materials, and relatively less on technological progress in the civilian-goods sector. This led, lawfully, to the 1989 collapse of the Warsaw Pact and its Comecon economic system.⁷

7. See Lyndon H. LaRouche, Jr., Oct. 12, 1988 Berlin address forecasting the imminent collapse of the Comecon system, and the early emergence of

Thus, it was during the middle 1960s through early 1970s, that the Wall Street gang unleashed its cult of “post-industrial” utopianism. It was the Trilateral Commission which, from its famous Kyoto, Japan conference on, unleashed what has since been a continuing process of destruction of the entire policy-structure which had been used to get the U.S. out of the Great Depression, through World War II, and through the 1945-1964 period of post-war economic recovery. The U.S. agricultural system, based on parity principles, began to be destroyed. The system of Federal regulation on which prosperity had been built, was shattered. Under successive Federal Reserve Chairmen Paul Volcker and Alan Greenspan, the U.S. banking system, the pivot of growth of productivity, was systematically, and viciously corrupted.

Meanwhile, there was an ongoing effort to confuse and corrupt the minds of those who would come, generation by generation, to assume most of the top-most positions in management of both the public and private sectors of the economy. This subversion was typified by the pernicious influence of two devotees of a man who was perhaps the most evil man of the Twentieth Century, the father of nuclear terrorism, Britain's Bertrand Russell. Those devotees were MIT's Professor Norbert Wiener and John von Neumann. The crux of Neumann's role in destroying the competence of most of today's middle and top management, was his insertion of his quack-dogma called “systems analysis.” This dovetailed with Wiener's fabrication of another quack doctrine, known variously as “cybernetics” and “information theory.”

The relevance of both those quack-doctrines for the present crisis of the world economy, is that, to the extent that young professionals, and many other susceptibles, were brainwashed into adopting those two cults, the net effect of Wiener's and von Neumann's linearized mathematical constructs, was to assure the accountants and Wall Street-type financial experts, that there was nothing in physical science which should prevent economic policy from being based entirely upon guidance by the same linear way of “connecting the dots” used by ordinary accounting practice.

Al Gore climbs back up the trees

The entirety of human progress has been the fruit of a quality of the individual member of the human species, a quality which is lacking in any and every lower species. This quality is the power of *cognition*, otherwise known as the unique ability of the cultivated individual human mind to generate validatable original discoveries of universal physical principles. This is the quality of the individual human mind which defines man and woman as made equally in the image of the Creator of this universe, and which provides the human species a unique ability to exert increasing dominion over all

Berlin as the capital of a reunified Germany. See Lyndon H. LaRouche, Jr., Presidential candidate's broadcast, “The Winter of Our Discontent,” Oct. 31, 1988. The full transcript appeared in *EIR*, Nov. 4, 1994.

other species of things within the universe.

The relevant problem of European civilization, from about the time of the Romans' murder of Archimedes, until Europe's Fifteenth-Century Golden Renaissance, has been that society lacked a political form consistent with the requirements of a being, man, made in the image of the Creator of the universe. Meanwhile, from the rise of pagan Rome, the wicked legacy of Babylon once again dominated the Mediterranean region. The Roman Empire and its feudal successors defined government as the property of a ruling "race," or class. This was the form of government which had been known to ancient Greece as "the oligarchical model," the same oligarchical model which the brutish Norman barons dictated to King John as that predator's pact known as England's Magna Carta. Under such oligarchical models, government and its laws were the personal property of a ruling oligarchy, often represented by the absolute authority delegated to an emperor.⁸

Until the Fifteenth-Century Golden Renaissance, the tradition of the imperial (oligarchical) model ruled Europe and adjoining regions. Typical is the case of the long period of war, launched by imperial Venice, the wars of the so-called Guelph League, whose specific purpose was to prevent the rise of forms of government, in which the general welfare of all of the people was secured under a form of government whose authority and responsibility were based entirely on the obligation to promote the general welfare of all persons and their posterity.⁹ Approximately a hundred years of warfare brought a depopulated and ruined mid-Fourteenth-Century Europe to the condition of chaos, from which, finally, there emerged, during the Fifteenth-Century's Golden Renaissance, forms of government which were based upon both the literate development of the popular language, and a form of state constituted according to the principle of the general welfare. France under King Louis XI and England under Henry VII, were the first governments which avowed their dedication to that principle of law known as the general welfare. That notion of government and law, is what is properly known as republicanism, as opposed to oligarchical forms.

That said, please turn your attention to a chart [Figure 1] which both Al Gore and I have used to illustrate our respective, directly opposing conceptions of man, nature, and law: his is oligarchical, mine is republican. This account appeared in his *Earth in the Balance*,¹⁰ and my opposite view in "How Bertrand Russell Became an Evil Man."¹¹ The two of us have

8. Friedrich Freiherr von der Heydte, *Die Geburtsstunde des souveränen Staates* (Regensburg: Druck und Verlag Josef Habel, 1952).

9. These were the so-called Guelph-Ghibelline wars, centered in the period from approximately A.D. 1239 through England's repudiation of its usurious foreign debts, in A.D. 1340.

10. Al Gore, Jr., *Earth in the Balance: Ecology and the Human Spirit* (New York: Houghton Mifflin, 1992).

11. *Fidelio*, Fall 1994.

drawn respectively opposite conclusions concerning man, God, nature, government, and law, from that same demographic evidence. The rate of improvement of the demographic conditions of mankind which emerged from Europe's Fifteenth-Century Renaissance, until the downward trend emerging since 1971-72, surpasses all known other cases from both history and prehistory. The cause for this improvement in the human condition, has been entirely the emergence of that modern conception of government based on the principle of the general welfare, or the so-called commonwealth principle, as introduced to North America's Massachusetts Bay Colony of such admirable intellects as the Winthrops and Mathers of the Seventeenth and early Eighteenth Centuries. I praise this progress; but Gore rabidly abhors it, and proposes to turn back the clock by whatever means possible.¹²

Under France's King Louis XI (1461-1483), a new kind of state emerged from a unified France. During this interval, the national income of that territory doubled. Louis' success in France provided the model for the overthrow of the evil Richard III of England, and the establishment of a form of government like Louis XI's design, under England's Henry VII. The developments from the convening of the great ecumenical Council of Florence, through the establishment of governments based upon the principle of the general welfare in France and England, was the hour of birth of the modern nation-state, and also the moment of birth of both modern science and modern national economy, the hour of birth of what should be recognized as the practice of economics.

This spectacular improvement in the human condition depended predominantly upon three interdependent elements of policy of practice. First, the commitment of the state to regulate commerce in such ways as to promote the general welfare, and to provide, with similar intent, for the development of the basic economic infrastructure of all of the usable territory of the nation. Second, to foster rapid improvements in the productive powers of labor through promotion of scientific and related discoveries. Third, to foster the general health and education of the entirety of the population, to such included effects as fostering scientific and related forms of technological progress, while also fostering in the population a proper sense of the permanent place and value of the mortal individual personality in the eternal scheme of human existence.

To understand this development during that time, it is essential to recognize that Fifteenth-Century Italy was the center of the greatest rate of increase of knowledge of scientific and Classical-artistic principles since the rise of the Classical Greek culture of Plato and such followers as the great Eratosthenes.¹³ The founder of the method of modern experi-

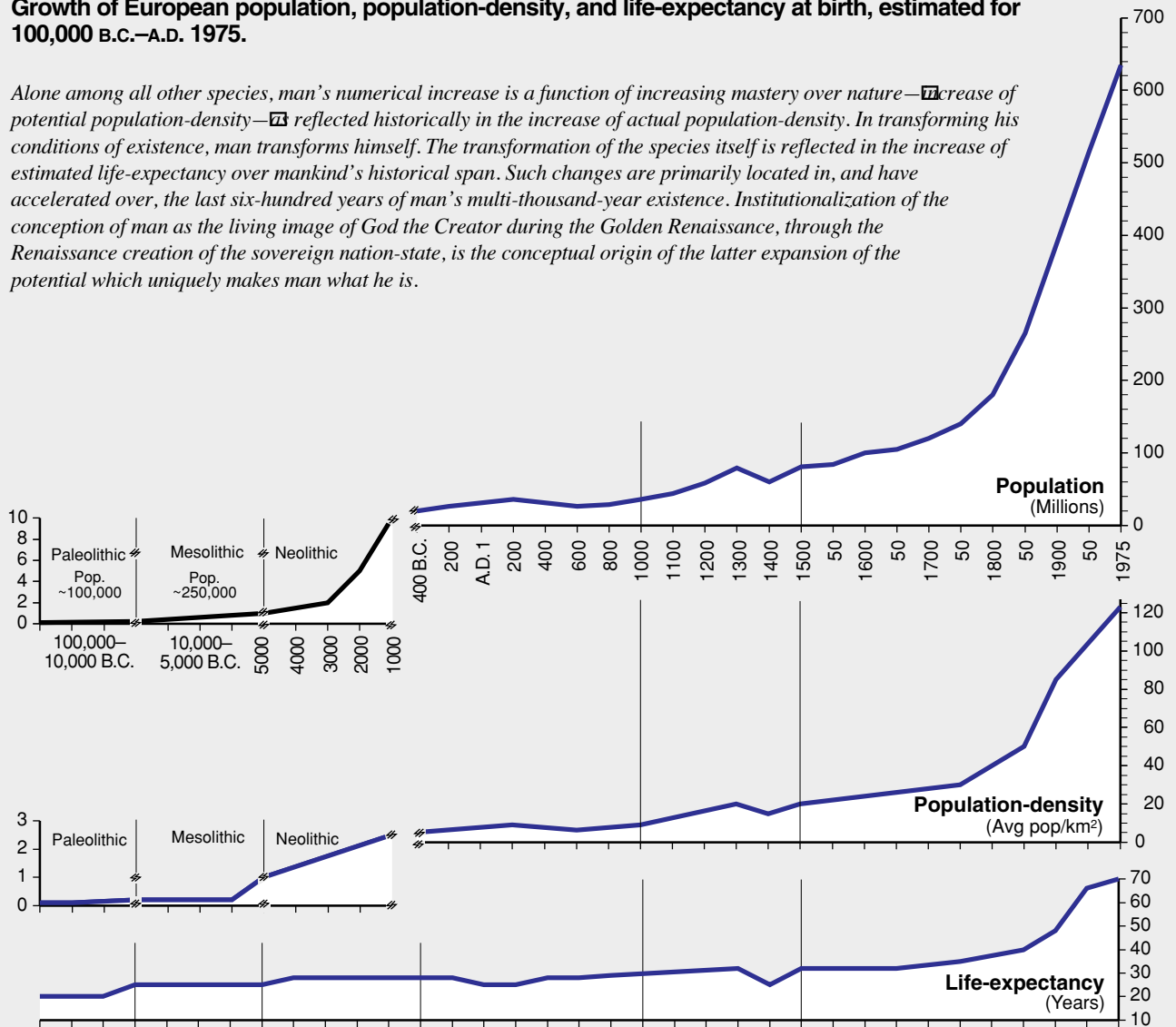
12. This point of difference between me and Gore is doubtless beyond the comprehension of loutish Texas Governor George W. Bush.

13. Eratosthenes, a Cyrenaican educated at the Platonic Academy of Athens, was the great scientific mind of the Third Century B.C., and the first known

FIGURE 1

Growth of European population, population-density, and life-expectancy at birth, estimated for 100,000 B.C.–A.D. 1975.

Alone among all other species, man's numerical increase is a function of increasing mastery over nature— \square increase of potential population-density— \square reflected historically in the increase of actual population-density. In transforming his conditions of existence, man transforms himself. The transformation of the species itself is reflected in the increase of estimated life-expectancy over mankind's historical span. Such changes are primarily located in, and have accelerated over, the last six-hundred years of man's multi-thousand-year existence. Institutionalization of the conception of man as the living image of God the Creator during the Golden Renaissance, through the Renaissance creation of the sovereign nation-state, is the conceptual origin of the latter expansion of the potential which uniquely makes man what he is.



All charts are based on standard estimates compiled by existing schools of demography. None claim any more precision than the indicative; however, the scaling flattens out what might otherwise be locally, or even temporally, significant variation, reducing all thereby to the set of changes which is significant, independent of the quality of estimates and scaling of the graphs. Sources: For population and population-density, Colin McEvedy and Richard Jones, *Atlas of World Population History*; for life-expectancy, various studies in historical demography.

Note breaks and changes in scales.

mental physical science, was the same Cardinal Nicholas of Cusa who had played a leading part in the pre-organizing of the Council of Florence, and who set forth, after A.D. 1453, the policy of global exploration followed by the Portuguese

explorers and Columbus. Leonardo da Vinci was, together with Luca Pacioli,¹⁴ a leading follower of Cusa, and bearer of that influence of Cusa's discoveries and policies, which led to the achievements of such as Johannes Kepler and of all of the greatest scientific minds, such as Gilbert, Fermat, Pascal,

scientist to measure the length of the great circle on the Earth's surface. His discoveries were a source for Cusa collaborator Paolo Toscanelli's design of the map which guided Christopher Columbus to rediscover the Americas.

14. *De la Divina Proportione*, 1498.

Huyghens, and Leibniz, of Europe's Seventeenth Century.

Some among the fuller implications of the same point are identified in my policy-statement on education.¹⁵ Here, I focus upon the specific matter of physical science. Although those universal principles associated with Classical artistic composition, are also essential for scientific and other cooperation within society, I focus attention here on the matter of the average person's power, per capita, and per square kilometer of the Earth's surface, in and over the physical universe. My focus is the act of discovery and validation of universal physical principles, the same focus presented in Riemann's referenced 1854 habilitation dissertation.

Although higher apes, for example, can learn improved techniques through experience and learning, neither mere experience nor learning could ever produce a validated discovery of a universal physical principle, or ever did. Such validatable discoveries of universal principles, are a unique and sovereign capability of the cultivated individual human mind. The learning of mere information, is not knowledge.

Such discoveries are typically prompted by irrefutable experimental, or equivalent proof, that existing knowledge contains a systemic error of axiomatic assumption, usually a measurable form of error, and a most stubbornly persisting one.¹⁶ The suitably cultivated individual mind then generates an hypothetical, new principle, which has the effect of seeming to transform existing knowledge in such a way that the new state of knowledge is freed from the error in question. If a suitably designed experimental observation shows that that hypothetically proposed new axiom is true for all possible cases, the discovered hypothesis is then considered as validated. This newly validated universal physical principle then joins an accumulation of such axiomatic universal physical principles.

What Riemann's 1854 habilitation dissertation did, on this account, was, first of all, to outlaw all so-called self-evident assumptions of mathematics, such as those of school-book Euclidean geometry, from physical science. The kind of geometry acceptable to competent physical science, then became a geometry in which no axiom was allowed which was not an experimentally validatable universal physical principle of the type I have just indicated. Although Carl Gauss had already, privately, adopted an anti-Euclidean geometry, he had long refrained from publishing his discovery for very weighty political reasons. Thus, under slightly more

favorable political conditions, Gauss's student, Riemann, in 1854, carried Gauss's earlier work to the proper conclusion we meet in Riemann's cited dissertation.¹⁷

My own work in advancing the science of physical economy adopted Riemann's work as providing the basis for defining the way in which modern economy succeeds in increasing the physical-productive powers of labor, both per capita and per square kilometer. From that standpoint, the meaning of the evidence reflected in the chart cited by both me and Gore, among others, should become clear. The key to this is the nature of those experiments which establish an hypothesis as a universal physical principle.

Any experiment which actually validates a universal physical principle, contains within the design of that experiment a definite, new element of design, an element which bridges the gap between the notion of that principle as such, and the application of that principle in the form of an element of design of constructable new types of designs of products and productive processes. The successful application of that experimental design to different media of action, results in a new specific technology. The experimental validation of proposed new combinations of such technologies, thus leads to a corresponding generalization of the relevant universal principle for productive and other practice.

Such are the essentials of the internal history of the progress of modern science and technology. Such are the means by which the physical-productive powers of labor are increased.

Thus, the idea that economy is bounded by some fixed array of types and quantities of so-called "natural resources," as the anti-people Malthusians, such as Al Gore, argue, is a childish absurdity, a popularized, and, in fact, devilish delusion. Similarly, the fanatical insistence of a Wiener and von Neumann, that economy can be reduced to a matter of linearized definitions of "information," and solutions to simultaneous linear inequalities, is to be regarded as a fruit of superstition and witchcraft, not science.

What 'non-linear' really means

To understand why linear accounting methods are not competent guides to making economic policy, we must define a few additional terms. This will require some concentration among laymen, but the point to be made is of indispensable importance for the future of the citizen and his or her posterity.

From the standpoint of the mathematical physics of Gauss and Riemann, the physical universe, considered as a whole, is what is called variously a "multiply-connected manifold," or "hypergeometry." The two terms, used in that context, mean the same thing. By "multiply-connected manifold," Riemann signifies, in his habilitation dissertation, a universe in which there are no axioms, excepting those universal physi-

15. Lyndon H. LaRouche, Jr., "On the Subject of Education," *EIR*, Dec. 17, 1999.

16. A classical example of this is provided by Fresnel's exposure of the falseness of Isaac Newton's doctrine of the radiation of light, and by the proof, developed by Gauss, Bernhard Riemann, and Wilhelm Weber, of a principle unknown to J. Clerk Maxwell, the so-called "angular force" of Ampère. Fresnel and Ampère were collaborators, whose principled discoveries in light and electromagnetism were of one piece.

17. See Gauss on the general principles of curved surfaces.

cal principles which have been experimentally validated in a unique way. These principles take the place of the dimensions of a so-called Euclidean geometry. Each principle has its own characteristic curvature, and the interaction among such principles also implies a specific curvature. Each such curvature is determined by appropriate qualities of physical experiment. An interconnected set of some selected such principles, we refer to as a “phase-space.”

For example, as Kepler and Gauss showed this, successively, for astrophysics, the measurable orbit of any planet,

The drill-and-grill method of transmitting “information” through mere learning, to prepare students to pass prescribed formal examinations, might produce an improved version of Texas Governor George W. Bush, but it would never produce a mind actually capable of thinking.

comet, and so forth, within the Solar system, involves measurements which go beyond the scope of any calculation of the type we associate with the teachings of Galileo, Newton, et al. For example, the original discovery of a principle of universal gravitation, was made by Kepler, on the basis of his assessing a complication in the measurement of the orbit of the planet Mars. This led further, to the recognition that the characteristic feature of orbits in the Solar system is *non-constant curvature*. The subsequent proofs, by Fermat, Huyghens, Leibniz, et al., that universal action follows a pathway of least time, rather than “shortest” linear distance, led to Leibniz’s original discovery of the calculus, and to the proofs developed successively by Gauss and Riemann.

All of this proved coherent with the principle, that it is the orbit of the planet which determines its trajectory, rather than “action at a distance.” For the physicist, this signifies that that orbit reflects a multiply-connected, relativistic manifold of the Gauss-Riemann type. This manifold includes, as implied axiomatic features, both presently known, and presently unknown universal physical principles. Phenomena of this type, are to be recognized as “non-linear” processes. These are otherwise to be known as processes characterized by regular, but non-constant physical-space-time curvature, as Nicholas of Cusa, Leonardo da Vinci, Kepler, Leibniz, Gauss, and Riemann viewed this matter.

Unfortunately, in today’s commonplace academic misuse

of the term “non-linear,” the definitions for use of the term “non-linear” usually signify calculations made from the standpoint of a currently standard, linearized formal mathematics. The use of the term “non-linear” in connection with the work of such disciples of Bertrand Russell as both John von Neumann and Norbert Wiener, is typical of that kind of misuse of the term. The phenomena addressed by such quacks may be, indeed, actually “non-linear” in their own right, or not, but the use of the term “non-linear” by such fellows, signifies the observation of a real or merely conjectured phenomenon from the standpoint of a linear-deductive, formal mathematics, not the standpoint of physical science as the Gauss-Riemann method defines it.¹⁸

Admittedly, in engineering, we usually rely upon mathematical formulations which have, speaking formally, a linear basis. We do this as a convenience, to simplify the calculations. However, the use of such approximations is allowable only when no new physical principle, or new combination of technologies is involved. Whenever the matter addressed involves paradoxes suggestive of some new physical principle, or new combinations of established technologies, we must put formalist calculations to one side, until the relevant experimental test of principles has been made.

Thus, the rate of man’s increase of the productive powers of labor, is limited by the ratio of scientific and related experimental activity to standard engineering and related types of activity. Typical of the investment practice which yields the highest rates of growth of physical productivity, per capita and per square kilometer, is the so-called science-driven “crash program” effort, such as the U.S. Manhattan Project and the German-American aerospace effort launched under President John F. Kennedy. Such latter, highly successful policies, are in direct contrast with the trends toward miserable results, today, when science and machine-tool design are being replaced by reliance on inherently unstable “mathematical modelling.” The increasing rate of failures in today’s U.S. space program, is an example of this. So is the absurdity inherent in the so-called “ballistic missile defense” dogmas popular in today’s U.S. Congress.

Putting aside important, and relevant other cultural considerations, the potential rate of increase of man’s power in and over the universe, is determined by the cumulative growth and mastery of new, universal physical principles. This growth is best viewed from the standpoint of the concept of the Gauss-Riemann manifold. The possible rate of such

18. See Kurt Gödel, “On Formally Undecidable Propositions of *Principia Mathematica* and Related Systems” (1931), *Kurt Gödel Collected Works*, Vol. I (New York: Oxford University Press, 1986) pp.144-195. This proof against Bertrand Russell by Gödel drove Russell devotee von Neumann wild, leading von Neumann through his theory of games, into the related proposal of 1938, his insistence that all economic processes could be reduced to the form of solutions to simultaneous linear inequalities.

growth depends upon the development of the cognitive powers of the mind of the individual.

Progress in generating valid new principles, does not occur as a result of learning mathematical models; it occurs solely through the cultivation of the individual mind, through the individual's reliving of the experience of validated original acts of discovery of such principles before him. In other words, the drill-and-grill method of transmitting "information" through mere learning, to prepare students to pass prescribed formal examinations, might produce an improved version of Texas Governor George W. Bush, but it would never produce a mind actually capable of thinking. The student must relive the original act of discovery of each relevant universal physical principle, and must be conditioned by the habit of working out appropriate sorts of unique physical experiments and other observations, as the way of validating hypotheses generated.

This requires the kind of society in which each young person is educated in the way coherent with that practice of knowing. That means, in turn, a family and cultural environment coherent with the production of such qualities of graduates of education. It means a society whose investment policies cohere with that kind of emphasis upon fostering crash-program-like rates of improvement in the physical-productive powers of labor. It is historical cases which approximate that approach to fostering scientific and related physical-economic productivity, which assist greatly in defining an effective approach to such goals.

This defines, from an elementary scientific standpoint, the way in which the best production managements of the U.S. economy's past, gave us the highest rates of improvement in productivity and quality of products.

If we then examine the apparent costs and expenses of households, communities, production, and distribution, from this standpoint, we are soon confronted with the fact, that customary accounting and financial-management methods are incompetent means for showing how viable forms of modern economies actually work.

Compare all of the ingredients of the activity of a population upon which the produced physical-economic output of that population depends. This includes the cost of maintaining the family households which represent the physical-productivity of that population. It includes all forms of physical consumption required to maintain that population in its present level of productivity. It includes maintaining the long-term equipotential of all the basic economic infrastructural improvements. It includes the physical costs of offsetting the depletion of the natural resources consumed.

That equipotential, so defined, represents some relative rate of net increase of the physical-productivity rates of that population. (This could be positive, zero, or negative.) The question is: what is the current allocation of resources needed to improve those rates of physical productivity for that society

as a whole? The answer to that question will have no necessary relationship to the current financial accounting in use.

All of the necessary elements of physical consumption correspond to elements defined in terms of a Riemannian type of manifold.

For example, a change in educational policies of practice, from classroom and textbook methods of learning, to emphasis upon cognitive methods for generating the students' replication of the experience of validatable original discoveries of (for example) universal physical principle, will cause a

Teacher education is much more demanding for cognitive, than for the poorer, mass-produced sort of mere learning-information regime. However, in choosing between the two policies, cheaper is worse, and less profitable to the economy as a whole.

marked improvement in the potential rate of increase of physical productivity in the population so educated, relative to a mere learning-based curriculum. It is the physical-functional character of the so-called "inputs" to the bills of production and consumption, not the "competitive cost" of those ingredients, which defines the net outcome in terms of physical productivity.

In the last analysis, the nominal cost of the elements of the bills of consumption and production, is measurable in accounting terms. However, there is no functional linear form of relationship between those costs and the output or rate of change of output. The functional relations involved are of the type of a Riemannian manifold.

To reduce the problem so posed to a more readily comprehensible form, let us continue to focus on the example of educational methods used in classrooms. Consider the difference between a relatively giant multiversity's populous classroom, in which learning in preparation for examinations predominates, in contrast to a smaller class-size for which the emphasis is on cognition, rather than learning. This latter class will cost more, in physical terms, than the class based on a learning perspective, and the teacher will require qualitatively superior training, and much higher ratios of pre-class preparation-time than the inferior, learning program. Also the student will require more access to means and time for constructive experimental, or kindred validation, than in the learning-oriented, cheaper version. Teacher education is much more demanding for cognitive, than for the poorer, mass-produced



The grueling rush-hour commute from a Virginia suburb to Washington. "Consider the impact of increase in time of commuting, upon the physical productivity of the population as a whole."

sort of mere learning-information regime. However, in choosing between the two policies, cheaper is worse, and less profitable to the economy as a whole.

The results of the cognition-oriented education are a graduate of far greater potential physical-productivity than a graduate from a learning-information-oriented background. How much? That is not a matter of some predetermined mathematical model, but of experimental approaches, including the experience of the teacher in learning better methods for prompting cognitive activity among the students.

Consider the impact of increase in time of commuting, upon the physical productivity of the population as a whole. Obviously, the increases in commuting-time incurred by shift to suburban, from urban residence, to suburban work-places for urban populations, and so on, are wasteful in many ways and degrees. Increasing the number of hours of work of adult members of family households, piles up potentially bad, even disastrous effects. For example: ask, how many primary and secondary pupils had at-home adult members of the family, during the period of the school-day and evening? The change, from the situation in the 1930s, 1940s, and 1950s, to the present day, has been disastrous in its effects on the cognitive powers of the population as a whole, and upon the per-capita rates of net physical productivity of that population.

There was never a competent way to manage production from the standpoints of linearized rules of thumb. One had to understand the production process and production-design itself, and make decisions in ways which echo the way of

thinking of a scientist, whose way of thinking has been cultivated in the school of discovery and experimental validation of universal principles, and the way in which technologies reflecting those principles could, and should not be combined.

Real-life economic relations are to be understood in terms of the human species mastery of the physical universe. This relationship is expressed in terms of man's increase of the potential relative population-density of the human species, relative to nature at large. This relationship is located primarily in those valid discoveries of universal physical principle, by means of which mankind increases its power to exist in and over the universe we inhabit. Those relations belong to the domain of a Gauss-Riemann multiply-connected manifold. The functional expression of this relationship is located within both the domain of individual cognitive processes, by means of which valid universal principles are discovered, and in the

social processes by means of which the cognitive powers of the individual members of society are brought into the form of mission-oriented cooperation, by means of which discovered universal principles are transformed into a social form of generalized human practice.

For example, in applying these general principles to the problems of assessing the performance of individual enterprises, I required that the accounting system of a firm (for example) make a functional distinction between financial and real accounts. Simply, every entry in the accounting system should have a different coding for the purpose of examining the real-life significance of the activity associated with the financial transaction. In other words, two charts of accounts were required. One met the financial accounting requirements; the other real economic activities. Wherever an entry in one of these two accounts corresponded to an entry in the other, the two entries were coded in such a way that they might be cross-related. Thus, the firm (for example) would have the strict financial accounting it required for legal and related purposes, but would not commit the folly of assuming that the linear schemes implied by financial-accounting methods, corresponded to the non-linear economic realities of the real world.

In summary, the use of standard statistical accounting and related ratios, as tools of analysis and forecasting, is, today, more often as disastrous in its effects, as it may be sometimes useful in other ways. In today's practice by governmental and influential private enterprises, the effect tends to be, more and

more, disastrous. Turn now, to discover why that trend has been the case.

The doctrine of ‘shareholder value’

A half-century ago, more than sixty percent of the employed U.S. labor-force adopted physical production and quality of products and professional services as the standard of real-life performance for judging the progress or failure of management of our economy. This sense of real economic values, had been strengthened considerably in that population by the experience of the 1930s Depression, of World War II, and significant recovery from the disastrous — unnecessary — and deep post-war recession of the late 1940s.

That philosophical outlook, as it emerged during the Franklin Roosevelt years, was, relatively speaking, the high-water mark of popular sanity among the generality of the U.S. population during this past century to date. President Kennedy was moving in the direction of reviving that Roosevelt legacy. His launching of the Manned Moon Landing mission, was an outstanding effort in that direction; but, its benefit was cut short by Kennedy’s assassination and what followed during the remainder of that decade.

Gradually, most notably during the late 1950s emergence of a phenomenon then often referred to as the mythos of “White Collar” and “The Organization Man,” there was a marked shift in values among the emerging population of “suburbanites.” The fuller implications of this shift would become apparent during the middle to late 1960s. The 1962 Cuba Missiles Crisis, the assassinations of President Kennedy, Martin Luther King, and then Robert Kennedy, combined with the deep impact of the war in Southeast Asia, brought the potential effects of the 1950s shift to the surface in such forms as the “rock-drug-sex counterculture” of the middle through late 1960s.

During 1964-1972, a deep cultural pessimism struck the generation of “baby boomers,” producing in these U.S. layers a kind of existentialist counter-culture which had not been seen since the 1920s run-up to the Hitler regime. Existentialist influences such as those of Nietzsche, Nazi philosopher Martin Heidegger, Theodor Adorno, Hannah Arendt, and Heidegger followers Jean-Paul Sartre and Frantz Fanon, became characteristic trends in philosophical outlooks of the academic philosophy and sociology departments of the ‘sixties and ‘seventies, up to the present time.

A deep immorality gripped much of the “baby boomer” generation, spilling over into so-called “Generation X” today. Such fruits of shock-induced cultural pessimism are, unfortunately, not uncommon fluctuations in the history of European civilization generally. It was this which made possible today’s epidemic cult of “shareholder value.” Similar historical developments provide background for the eruption of the “Turkish tulip-bulb” madness of the Seventeenth Century, and the “John Law” bubbles of England and France during the early Eighteenth Century. We saw a similar development, then in

a relatively shorter time-frame, in the “Pyramid Club” frenzy in the U.S.A. at the close of the 1940s.

On this account, there is no deeply principled difference between Nazi philosopher Martin Heidegger and his putatively leftist admirer Hannah Arendt. Existentialists of the nominal “left” and “right” varieties, differ only as do spotted and striped varieties of the same animal species. In her published writings, Arendt stressed the species-connection in her praise of the influence of Immanuel Kant upon existentialists such as Karl Jaspers, Heidegger, and herself. There is no difference in species-characteristics between Nazi Heidegger and his follower Sartre, or Sartre’s clone Fanon. Two common species-traits are outstanding. As Arendt stressed, and as Heinrich Heine foresaw, existentialists follow Kant, as Hitler’s Nazis did, in Kant’s denial of the existence of knowable truth; they follow Nietzsche and Heidegger in the notion of man thrown, in violence, into a society which is axiomatically alien to him.

In contrast to the existentialists’ self-definition, as being a feral beast, civilized Europeans find the meaning of their brief mortal lives within society, in what their lives may contribute to the benefit of future generations, and thus to mankind as a whole. The optimistic, civilized personality promotes and defends, even fiercely, as during the Roosevelt Depression and war years, his or her attempt to ensure that the good things given to the present shall endure to benefit the future. The civilized personality is thus dominated by a concern to determine what actions he or she might best take to foster such durable benefits for future generations. The civilized, moral personality, in direct opposition to the existentialist, finds his or her own meaning of life within the simultaneity of an eternity so defined.

The pessimist, the existentialist beast-man, is a feral creature focussed upon his or her choice of pleasure-seeking at the expense of society. Hence, “shareholder value.” Or, as the defender of the Confederacy/Agrarian standpoint defends the tradition of the “peculiar institution,” “shareholder value” and “slave-owner value” are interchangeable mind-sets.

One of the most notable of the ways in which existentialist and similar asocial behavior impairs the intellectual faculties, is the appearance of a quasi-schizophrenic view of the attributed meaning of words and grammatical forms. Such quasi-schizophrenics tend to regard words and grammar as “the mirror of reality.”

One among the kinds of phenomena generated by such pathological states of mind, is a more or less extreme form of deductive argument, such as the usages of the modern logical positivists. For example, in the field of law, a radically positivist version of the philosophy of John Locke and David Hume, tends toward the most vicious form of fascist society, ultimately as bad or worse than the influence of Carl Schmitt and Roland Freisler in defining the peculiar doctrines of law of Nazi Germany. Trends in those directions of legal philosophy have been recently prominent in the practice of

the U.S. Federal Court, for example. The mind of the person who holds to the currently popular definition of “shareholder value,” exhibits an extreme type of this proto-fascist trend toward fascistic-like, quasi-schizophrenic tendencies. The most celebrated dogmas of Norbert Wiener and John von Neumann, “information theory” and “systems analysis,” typify such tendencies. Von Neumann’s doctrine of the “brain,” expressed as the psychotic philosophy of “artificial intelligence” of MIT’s late Walter Pitts, Professor Marvin Minsky, et al., is typical of the proto-fascist pathology we are considering here.

The form of the issue here, is the same as we have considered in identifying purely deductive thinking in physical science, as pathological behavior. In looking at the existentialist phenomenon from this vantage-point, we are focussing upon the factor of emotion—e.g., implicitly sexual, sado-masochistic expressions of greed, rapacity, and hatred—in such pathological expressions of deductive thought. The fanatically deductive personality is incapable of actually loving; he can only rape, or be raped—into whichever of those two conditions he finds himself, or herself “thrown.”

Focus for a moment on the nature of the verb. Contrast the verb, as seen and used in a purely deductive, pathological mode by Immanuel Kant, Thomas Hobbes, John Locke, David Hume, or Adam Smith (for example), with the use of the verb by a mind which is functioning in a cognitive mode. Again, by “cognitive,” I signify the state of mind of the person reliving the experience of an original discovery of some universal principle.

The radically deductive state of mind, such as the empiricist, materialist, or Cartesian, sees the “dots” we associate with sense-impressions. He connects those dots deductively; this means, that he, or she interpolates straight lines between those dots. This is exactly what the empiricist Leonhard Euler did in writing his fraudulent attack upon Leibniz.¹⁹ This is what Euler’s student Lagrange did, in introducing the same perverted principle to the teaching of a theory of functions in Napoleonic France.

Contrast Euler’s deductive view with the cognitive standpoint in science, Classical artistic composition, and education. In the cognitive view, every use of language to identify an idea, bases that statement on the verb. In each latter case, the verb so employed, identifies a form of transformation of the condition of some phase-space. The verb thus corresponds to an *action* of someone or something upon a state of reality indicated as pre-existing, to produce a transformed state of the referenced reality. Simple deduction is not permitted.

Each verb so used corresponds to a non-linear transformation in the indicated phase-space. In other words, a transfor-

mation of a definite—non-linear—curvature, in the Riemannian sense of the use of the term “phase-space.”

For example, at an earlier point here I have referred to Hans Christian Andersen’s “The Emperor’s New Clothes,” and, similarly, to Jonathan Swift’s *Gulliver’s Travels*. Contrast the literate and quasi-schizophrenic reactions we must expect among readers of my allusions to those writings.

With respect to the first of those writings, imagine the current electoral campaigns of George W. Bush and Al Gore marching proudly down mass-media street, festooned in nothing but their only imagined, mythical glories. So, the naked Emperor disports himself before the awed populace, which has duped itself into imagining it sees the wonderful, if non-existing garments with which the crooked tailors have festooned the gulled Emperor. Suddenly, a little boy’s voice pipes up: “But, he has nothing on!” The spell is broken; the Emperor and his lackeys cover his nakedness with their shame. George Bush and Al Gore flee, in all their shameful nakedness, from the arena, hopefully to the showers.

The little boy of Andersen’s account is a truly Classical-poetic creation, like the last strophe of one of Goethe’s most successful short poems. The boy is Andersen’s elegant choice of an agent of metaphor for that tale, the catalyst which leads the cognitive powers of the mind to free themselves from the paradox which the earlier portions of the story have presented. Echoing from the hearing of that tale, there is a voice, heard from somewhere, a voice whose presence can not be denied, saying: “So, a little child might lead them.”

Swift’s *Gulliver’s Travels* illustrates the same principle of artistic composition, but in a more profound way. In this case, the reader will probably not recognize the paradox of Swift’s series of satires until he, or she becomes familiar with the tragic state of affairs in post-Queen Anne Britain, a Britain populated then chiefly by tyrannical *höuyhnhnms* and brutalized *yahoos*. Then, the likeness of that Britain to the legacy of the Confederacy and the Nashville Agrarians, or the post-1971 U.S.A.’s growing decadence, becomes clear in a cognitive mode of thinking about such metaphors. The effect of comprehension is of the same characteristics as that of the voice of the little boy in the Andersen fable.

In the literate use of words, the function of speech is to evoke a cognitive experience in the hearers. Words and phrases in relatively common use, such as direct references, or allusions to literary works, have the function of calling recollection of a past cognitive experience to the mind of both speaker and hearer alike. For sane persons, the meaning of words does not lie within a deductive reading of some glossary, but, rather, within the experiencing or re-experiencing of a cognitive experience.

Among sane people, the cognitive allusions employed by speakers are shaped by shared experiences rooted chiefly in Classical scientific or artistic compositions, or, in folk-art, such as the American Negro Spiritual, which has the same quality of social function. Literacy lies, thus, in the sharing

19. “Letters to a German Princess” (1761). Every important axiomatic form of corruption in Nineteenth-Century mathematics and physical science, including Cauchy, Clausius, Grassman, Helmholtz, et al., based itself upon the precedent of this argument by Euler.

of the kinds of meaning which reside originally within the sovereign privacy of the cognitive powers of the individual mind. It is the sharing of such private cognitive experiences, by induced replication, which is the basis for all Classical art, competent scientific teaching, and healthy social relations among the members of society. This is in direct opposition to everything which deductive formalism and existentialism of all forms represent.

In general, the power to comprehend such references, or to think in that way generally, requires a cultivated mind, a mind cultivated in the tradition of Classical thinking about matters of science and artistic composition. Nonetheless, whether poorly cultivated or not, the sane mind always regards the use of words and the functions of grammatical forms in the way which I have just illustrated.

From that standpoint, the psychopathology exhibited by the cult of shareholder value, is more readily understood.

A financial profit-margin on an investment in production is real, only to the degree that it corresponds to a margin of net physical-economic growth. Such a profit may be regarded as earned under two circumstances. First, that the margin of increase of physical output over physical-economic costs, is the fruit of the combined efforts of the entrepreneur and the operatives and staff associated with the work of that firm. Second, that someone not employed by that firm has provided the means of supply for the physical-economic capital stocks on which the firm's performance has significantly depended.

It is a different matter if someone buys up stockholder's or other creditor's control over an enterprise for the purpose of looting that firm, or the firm's physical-economic environment. Such purely parasitical practices are the commonplaces of the post-1982, junk-bond-afflicted U.S. economy.

Earlier, as U.S. leading economist Henry C. Carey showed, the U.S. economy did not gain wealth from chattel slavery, but directly the contrary. The use of slavery for production of Britain's cotton and related enterprises, enriched the slave-holders — and the British economy — at the expense of the U.S. economy as a whole. Once freed from the direct and indirect burdens of slavery, the U.S. economy of 1861-1876 boomed, to become the leading national economy of the world, and the most advanced in technology. It was the sabotage of that economic growth by the combined forces of Wall Street and the former slave-holder faction of the southern states, which wrecked that recovery-process, producing the series of great financial and economic crises leading up to World War I.

Since 1971-1972, the U.S. financial economy has lived on cannibalizing both previously accumulated capital investments in productive and related facilities, and using the military and related political power of the U.S. and Wall Street's British Commonwealth ally to loot most of the rest of the world. The fact that the U.S.A. can no longer afford the infrastructural maintenance and social-welfare programs it once could, reflects chiefly the fact that this economy has become

poorer. The explosion of U.S. public debt, launched by the Trilateral Commission policies of the Carter Administration, and accelerated by the Trilateral Commission policies of the 1980s and beyond, has multiplied the kind of national debt which did not exist until Carter became President. Outsourcing, as replacement for looted-out U.S. agro-industrial productive capital, is part of the process of looting both the U.S. and source nations simultaneously. The fact that the "yen carry-trade" bubble, a bubble ripe for popping, has been carrying the U.S. economy for years, and close examination of other factors behind the sky-rocketing U.S. current account deficit, repudiate the delusion of a marvellously growing and prospering U.S. economy.

If the internal U.S. economy is actually collapsing, per capita, in net physical-economic terms, as it has been doing for so long, how then do the upper twenty-percentile of our nation's income-brackets imagine themselves to live so prosperously? In general, the answer is, that that stratum, and some others, have been living on a marginal income derived from their combined direct and indirect participation in stock-market and related financial speculation. The ability to maintain that illusory prosperity, depends upon mechanisms of so-called financial leverage. This leverage depends, in turn, on the greatest monetary and financial pump-priming in world history. Until now, especially since late 1997, and, ever more wildly since Fall 1998, that financial pump-priming supplies the entire margin which has kept the world-wide financial bubble from popping.

Now, that very pump-priming itself, is generating the kind of hyperinflationary threat within real-estate and other commodity markets, which threatens to set off, world-wide, a hyperinflationary blow-out, like that which struck Germany in 1923.

The delusion of the person duped by the cult of shareholder value, is the quasi-schizophrenic assumption, that ownership of a real, or even a merely imagined future income-stream, entitles the owner to sell that ownership at a financially capitalized price many times the size of that income-stream itself. That ratio corresponds to what is termed "financial leverage," or, more often today, what the past hour's trading suggests the current ratio of financial leverage for such types of nominal assets might be.

Persons deluded into believing that that pyramiding of purely speculative financial leverage, might be continued more or less indefinitely, are to be considered virtually insane. For such cases, the aggravating problem is, that that is exactly what is conveyed as current doctrine by the devotees of John von Neumann's hoax called "systems analysis."

So, the pack of lunatics caught up in the tulip bubble, and the early Eighteenth Century's "John Law"-style bubbles were generally wiped out financially, and that very suddenly, and, for them, unexpectedly so. So, it will be soon, with the suburban tinsel-town follies of today.

It will be up to us to clean up the mess that creates.

Crucial issues taken up in quest for Middle East peace

by Dean Andromidas

A review of developments over the past weeks, culminating in the beginning of formal, U.S.-mediated talks between Israel and Syria at Shepherdstown, West Virginia beginning on Jan. 3, indicates that key issues are now being seriously taken up by the leaders of the two Mideast nations. These issues include protecting the national sovereignty of all those concerned, the emergence of the issue of providing adequate water resources as crucial to any agreement, and dealing with the political fight that has broken out in the region over ending 50 years of conflict.

Many observers, including President William Clinton, caution that a decisive breakthrough will not be made in the current round of negotiations. Others expect a deal to be finalized by late spring, leading to an agreement which would take up to two years to implement. And still others caution that “a lot could happen in between.”

But the role of President Clinton in the maximizing the chances of success, cannot be understated. Clinton is the only political leader who has managed to earn the trust of both Israeli Prime Minister Ehud Barak and Syrian President Hafez al-Assad.

The principles of the peace of Westphalia

The astute observer of the talks will notice the complete absence of cheap rhetoric about “protecting human rights,” “democratic principles,” bringing war criminals to justice, and the like, which have characterized the so-called peace conferences sponsored by the British Foreign Office or the U.S. State Department over the last decade.

The fact that, in principle, the foundation of peace rests on upholding national sovereignty is at the core of these negotiations, has been underscored at crucial points by both Syrian and Israeli political leaders. This was clear in the statement by Syrian Foreign Minister Farouk Shara on Dec. 15, at the inauguration of the Syrian-Israeli talks. Shara’s statement is worth quoting at some length, because its importance has been ignored or glossed over by the international press.

Shara stated that “it goes without saying that peace for Syria means the return of all its occupied land, while for Israel, peace will mean the end of the psychological fear which the Israelis have been living in as a result of the existence of occupation, which is undoubtedly the source of all adversities and war.

“Hence ending occupation will be balanced for the first time by eliminating the barrier of fear and anxieties, and exchanging it with a true and a mutual feeling of peace and security. Thus the peace which the parties are going to reach will be established on justice and international legitimacy, and thus peace will be the only triumphant after 50 years of struggle.”

Shara later said that the negotiators must make “a peace based on justice and comprehensivity, an honorable peace for both sides that preserves rights, dignity, and sovereignty. Because only an honorable and just peace will be embraced by future generations. And it is the only peace that shall open new horizons for totally new relations between people of the region.”

Shara’s statement is comparable to the Treaty of Westphalia



Left to right: Israeli Prime Minister Ehud Barak, President William Clinton, and Foreign Minister Farouk Shara, in Shepherdstown, West Virginia. Their talks have been characterized by a refreshing lack of rhetoric, and by serious concern for the vital issues of national sovereignty, water resources, and finding ways to defuse the political conflict.

lia which ended the Thirty Years War of religious conflict that ravaged 17th-century Europe. The Peace of Westphalia underscored the importance of, above all, establishing respect for the sovereignty of the nations formerly at war. Furthermore, that the peace should not be based on exacting retribution, but on the recognition of the honor and dignity of former enemies.

This same concern has been expressed by Israeli Prime Minister Barak. On Dec. 21, a few days after the completion of the first round of talks, Barak let it be known through the Israeli press that he was considering a proposal for establishing an organization for regional cooperation between Israel and its Arab neighbors. Barak has chosen the Association of Southeast Asian Nations (ASEAN), the regional organization that now comprises Indonesia, Malaysia, Singapore, Thailand, the Philippines, Vietnam, Cambodia, and Laos, as his model. The principal reason for this choice is that the organization is based on respect for independence and sovereignty, non-interference in the internal affairs of other countries, and a commitment to resolve disputes through peaceful means.

Barak specifically rejected the model of the European Union and the Organization for Security and Cooperation in Europe, because in practice these organizations have worked to limit, and even attack, national sovereignty. He does not want a repeat of the Kosovo war in the Middle East. Barak's view of these two organizations is reportedly shared by his Arab colleagues, and he is said to believe that the ASEAN model will serve to foster economic cooperation,

because such cooperation would be based on the sovereign decisions of the nations involved.

Water is a vital resource

The issue of provision of adequate water resources is at the center of these negotiations, more so than in previous negotiations between Israel and Egypt or the Palestinians and Jordan. Water is the topic of one of the four technical committees established to carry out the negotiations. The other committees deal with borders, security arrangements, and normalization. Both countries brought their top water experts to the negotiations. A brief review of the water issue demonstrates that a mutually acceptable political and territorial solution is only possible in the context of the types of ideas presented in Lyndon LaRouche's "Oasis Plan" for Middle East peace.

The territorial issues are entirely intertwined with the water issue. A glance at a map (see p. 39) shows that the Israeli-occupied Golan Heights lie astride the upper Jordan River basin, which comprises the upper Jordan River and its tributaries, including the Banias and the Hasbani, which feed directly into Lake Tiberias (Lake Kinneret, as it is known in Israel). Israel draws the vast majority of its water from this system, and Lake Tiberias has served as the major water reservoir for Israel.

The Syrian demand for a return to the June 4, 1967 borders would bring the Syrian border directly to the northeast corner of Lake Tiberias, and would return control to Syria of the Banias and Hasbani tributaries. Furthermore, at one point

along the upper Jordan River itself, the old border crosses the Jordan River.

Israel is demanding that its international border should be the 1923 border between the British Mandate of Palestine and the French mandate of Syria. This is also the border as it was defined in the 1948 plan by the United Nations to partition Palestine, creating an Israeli and a Palestinian state. Under this arrangement, the Syrian border would not reach Lake Tiberias and would not cross the upper Jordan River.

What lies between these two positions is — water. Neither the 1923 border nor the June 4 lines ever constituted an internationally recognized border. The Israeli-supported 1923 border was rendered irrelevant by the 1948 Arab-Israeli war. The border defined by June 4, as demanded by Syria, was the cease-fire line established by the agreement that ended the 1948 war. This was not a peace agreement, and it never ended the technical state of war, which has continued to this day. That agreement left patches of “demilitarized zones” precisely at the strategic points along the upper Jordan River and Lake Tiberias where the fixing of the border was to be left to future negotiations. From 1948 to 1967, these negotiations never materialized, nor was the border issue ever resolved. In fact, the demilitarized zones periodically became points of violent conflict, as both sides attempted to access the water resources in these zones. It was this conflict over water that led directly to the Syrian-Israeli war, which began on June 5, 1967.

Any geographical compromise means an intolerable political compromise for either side. The Syrian regime of President Assad cannot settle for less territory than did his Egyptian or Jordanian counterparts, which included all the territory they lost as a result of the 1967 war. For Prime Minister Barak, a compromise that appears to pose a danger to Israel’s water supply, would make it almost impossible to get any peace agreement passed in a national referendum to which Barak might have to submit it.

Israeli military commentator Ze’ev Schiff wrote recently in the daily *Ha’aretz*, “Barak understands that the water issue is the one that will decide the result of the referendum. It would be difficult to deceive anyone on on this issue. . . . For this reason, Barak must place special emphasis on the subject of water.”

New water resources on the agenda

The question of water cannot be negotiated as a zero-sum game, simply because there is not enough water to go around. Therefore, the question of creating new water resources, as proposed in the LaRouche “Oasis Plan,” must become “the idea whose time has come.”

There are indications that aspects of these ideas are being brought into the peace process.

Schiff wrote that President Clinton would be prepared to

promise Israel water desalination facilities as compensation for conceding Syria’s full territorial claims.

Furthermore, according to various sources, there has been a revival of the old Johnston Plan, as Israeli and Syrian policy-makers grapple with the question of water-sharing.

Such a discussion would be extremely important. The Johnston Plan was a regional water-sharing and development scheme devised under the initiative of President Dwight Eisenhower in 1953, as a means to defuse conflicts over water. The plan called for the creation of a regional authority, not unlike the Tennessee Valley Authority, which would oversee not only the allocation of water quotas to the various countries, but would foster the development of the Jordan River basin as a means of increasing the water resources of the region. The plan also dovetailed with Eisenhower’s Atoms for Peace program, which called for the development of nuclear energy in the region for desalination. Although the final plan had been accepted by the technical committees of all the countries involved, it was rejected for “political reasons.” That rejection helped lay the foundations of the subsequent Middle East wars.

According to sources close to the Syrians, President Assad wants the water issue to be discussed not simply as a bilateral issue, but on a multilateral, regional basis, and would include Jordan, Lebanon, and Turkey. The inclusion of Turkey would be crucial for two reasons: First, it is a source of additional water that could be diverted to the region, and second, it would help resolve the current dispute between Turkey and Syria over dam projects that Turkey is building in the upper Euphrates River, which is the strategic source of water for Syria. Moreover, it would bring Iraq, which has a similar dispute with Turkey over the Tigris River, into the peace process. Also, in December Syria announced that it will reestablish diplomatic relations with Iraq for the first time since the Iran-Iraq War in 1980-88.

In a parallel development, Syria and Jordan have announced their plan to build the Unity Dam on the Yarmouk River, just above the point where the Yarmouk flows into the lower Jordan and becomes the border between Israel and Jordan. The project had been part of the Johnston Plan but was never completed after its first foundations were destroyed by the Israelis in June 1967. The decision, in part, is a testament to the relaxation of tensions which have dominated the region since 1948.

The fight against destabilization

Parallel to the current negotiations, is a major political fight raging inside Syria and Israel, as well as in Lebanon. The last is expected to join the peace talks soon. Measures have been taken in all three countries to pre-empt the political destabilization that will be launched by the British and their geopolitical puppets, to sabotage any peace agreement.

According to press reports, Syrian authorities have con-

ducted a crackdown on Islamic fundamentalist groups, particularly the Hizb al-Tahrir al-Islami (the Islamic Independence Party). As is the case with most Islamic terrorist groups, it maintains an office in London. Syrian security sweeps in Damascus, Aleppo, Hama, and Homs left several Syrian security officers dead. In addition, Syrian authorities moved against the political base of Rifaat Assad, President Assad's brother, who, back in the 1980s, attempted to overthrow the President. While Rifaat is said to live in France and Spain, and to be involved in the Middle East drug trade, his son maintains an Arab TV station based in London that has been issuing anti-Assad propaganda against his uncle, the President.

In Lebanon, government troops clashed with an Islamic terrorist group, Takfir Wal Hijra, north of the Lebanese city of Tripoli. The group is linked with the above-mentioned Syrian groups as well as similar groups in Egypt, all of which also operate out of London. The clashes left several soldiers and civilians dead, and included the mutilation of two female hostages. In a related incident, a Lebanese Palestinian was killed after he launched a grenade attack against the Russian Embassy in Beirut, supposedly to protest the Russian war in Chechnya. These have been the worst clashes since the end of the Lebanese civil war over a decade ago. Lebanese sources point to the artificial nature of these groups, which have no popular support, but nonetheless say that peace is endangered, and the groups are actively attempting to undermine the Israel-Syria talks.

In Israel, where Barak has been able to outmaneuver his weak political opposition in the Knesset (Parliament), particularly the Likud, a major intelligence war has broken out. It is no secret that a reorganization of the Israel security establishment has been under way since Barak came to power. Given the fact that two-thirds of the agents of the Shin Bet, Israel's internal security service, live in the Jewish settlements in the West Bank, the reorganization is a necessity if Barak and his peace policies are to stay alive. The Israelis know that they have to clean out the private intelligence networks which interface, through corruption and political ties, with the government security apparatus.

The 'payments scandal'

The reaction against this cleanout has been highlighted by the eruption of the so-called "payments" scandal against Israeli President Ezer Weizman, at a time when he is using his position as President to promote a peace deal with Syria.

The scandal was started when Israel journalist Yoav Yitzhak presented evidence of payments given to President Weizman from a millionaire based in France. Weizman admits that he received payments, but maintains that there was nothing illegal involved. Now, well-informed sources have told *Ha'aretz* that Ofer and Ya'akov Nimrodi are behind the scandal. (See "Mideast Talks Must Solve Water Resource

Shortage," *EIR*, Dec. 17, 1999 for a look at this father-and-son team.)

Ya'akov Nimrodi, a former Mossad foreign intelligence agent, is one of the most notorious Israeli arms dealers, and he played a key role in former Vice President George Bush's Iran-Contra drugs-for-guns operations. His son Ofer is currently in prison awaiting trial for conspiracy to commit murder, obstruction of justice, and bribery and corruption. The case is an example of how a private intelligence apparatus has extended its tentacles into the highest levels of the security and criminal justice apparatus of Israel.

If the *Ha'aretz* story is true, the Nimrodís were leading a major operation to destabilize the Barak government, an operation that would destroy the peace process. The Nimrodís connections come in two ways: First, is the fact that Yitzhak writes for the daily *Ma'ariv*, which is owned by the Nimrodís. Second, it has been confirmed by the relevant authorities that the Nimrodís met with Weizman last August at his private residence in Caesarea, supposedly to ask the President to officially pardon Ofer Nimrodi for a conviction and jail sentence he received for illegal wiretapping in 1995. Weizman refused, after which the discussion became heated and, according to friends of the President, the Nimrodís told Weizman they would "liquidate Weizman." Furthermore, an ongoing criminal investigation against Ofer Nimrodi is looking into whether Nimrodi was blackmailing Weizman. Nimrodi's intention was not just to go after Weizman, but he was preparing dossiers to go after other senior leaders in the government. In addition, Ofer Nimrodi met with Prime Minister Barak last August, seeking a pardon. Barak also refused.

The evidence being presented against Weizman, by journalist Yitzhak, is so detailed and confidential that it could have only been stolen from the offices of President Weizman's attorney. One of the President's lawyers has filed a complaint accusing a former law partner firm of stealing the documents. Recent investigations of the Nimrodís demonstrate that this type of theft of documents is their stock in trade.

Beyond the threat posed by the destabilization of the countries concerned, are the geopolitical machinations which can be expected if the Syria-Israel talks begin to bear fruit. One senior Israeli intelligence expert warned that the enemies of this process would launch a geopolitical crisis targeting Iran and Iraq. Such a move is reflected in the recent British-sponsored United Nations Security Council resolution calling for the reestablishment of a weapons-inspection team in Iraq. Although backed by the United States, but not by China or Russia, and rejected by Iraq, the resolution is slated to come into effect for implementation by March or April. Thus, a new international "Iraq crisis" could erupt precisely at the time the Israeli-Syrian talks are expected to reach maturity.

An on-the-scene report from Shepherdstown

by William Jones

Entering into his final year in office, President Bill Clinton is committed to making a major effort to put into place what may prove to be the final elements in a comprehensive peace agreement for the Middle East. Largely due to the President's efforts, Syrian and Israeli delegations agreed to meet, with the United States as "facilitator," and with the participation of the President himself, for open-ended discussions in the small town of Shepherdstown, West Virginia beginning on Jan. 3.

Although Syria has been involved in the Mideast peace process since the initiation of the multilateral talks in the 1980s, not a lot of public diplomacy has been going on between Israel and Syria. Nevertheless, talks between the two continued until 1995, when the assassination of Israeli Prime Minister Yitzhak Rabin brought all such discussions to a screeching halt. Rabin's opponent Benjamin Netanyahu, elected as Prime Minister in 1996, was widely blamed, including by Rabin's wife, Leah, for inciting the assassination; he was not a man interested in making peace with anyone. Only with the accession to power of the Labor Party's Ehud Barak last year, was there again a possibility for bringing the Mideast peace process back on track.

The Syrian role

Syrian President Hafez al-Assad's decision to go ahead with the Shepherdstown meeting represented a change in the seriousness of the Syrian commitment to reach some agreement with Israel. Not coincidentally, it came after a series of phone calls between Assad and President Clinton. Although the Syrian leader, possibly for health reasons, did not himself come to the talks, he did send his Foreign Minister, Farouk al-Shara, who was given plenipotentiary powers to negotiate a binding agreement on Syria's behalf. It is widely believed, however, that if an agreement is reached, President Assad might appear to put his personal imprimatur on it.

The commitment to talk on the Syrian part is considered a serious one. As Ragheda Derghan, the UN diplomatic correspondent for the international Arabic newspaper *Al-Hayat*, noted, in a presentation on Jan. 4, "Syria is Syria. Their agreement to talks is sincerely intended. Once Syria commits to something, it will follow through. The leadership believes this is the last chance. If it is lost, it may not easily return. They are eager, but not desperate."

Changes in the Middle East, including a continued Israeli pull-back from the West Bank, and the emergence of an Israeli Prime Minister, Barak, intent on establishing a stable and permanent peace for Israel on the basis of the "land for peace" formula of his slain predecessor Yitzhak Rabin, has convinced even Syria's mercurial President, that now is the time to move in the direction of establishing normal relations with Israel.

Assad has taken a long time to come to the table. And yet, deprived of the massive Soviet aid on which he had subsisted on for years during the Cold War, and perhaps with an eye on creating a stable political situation in which his son could take power after he departs the scene, Assad may have decided that he should make his peace. President Clinton has long been keen on establishing some sort of rapport with the Syrian leader. When *EIR* asked on Jan. 4 about the personal role of President Clinton in creating confidence among the players in the Mideast peace process, White House press spokesman Joe Lockhart said, "Yes. I think we are at a unique time in this process, where both sides—and in fact, if you look on the comprehensive view of the Middle East peace process, the Palestinians included—have confidence in the President, have a high level of trust in the President, built over, now, seven years of working on this process. I know that Prime Minister Barak has talked about this. The President has now met with him many times. The President has spoken to President Assad countless times, in anticipation of the meetings that were kicked off today. So, I think one area that drives this process is the level of trust that exists between the parties and the President."

No 'quick fix' expected

Nobody is expecting any "quick fix," however. "I think it's fair to say that Charles Dickens's novel, *Great Expectations*, is not the novel that is being read by the negotiators and the working level officials," State Department spokesman Jamie Rubin told reporters on the first day of the talks. "We do not expect to be able to achieve a core agreement in one round of negotiations."

On the first day, Jan. 3, with the President in attendance, there were difficulties. Clinton began his day by holding separate meetings with Barak and Shara. It was thought that the three of them could then meet together, for the first time. Some "procedural" problems arose, however, which required the President to meet further with Shara and Barak separately. These issues involved Syrian objections to discussing the "security issue," prior to the issue of borders. Any Syrian-Israeli agreement would involve Israeli withdrawal from the Golan Heights, occupied in 1967, and long considered essential to Israeli defense needs. With the advance of technology, however, relating to early warning systems, detection devices, and sophisticated weaponry, in which Israel has a definite advantage over its Arab neighbors, Israel could be provided

with the means to defend itself from a surprise attack, even without being in possession of the Golan Heights.

Barak has indicated that he would be willing to withdraw from the Golan, if he felt that Israeli defense needs could be met in other ways, largely with the aid of sophisticated technology provided by the United States. And yet, from the Israeli point of view, the decision on where the Israeli-Syrian border would lie, is very much dependent on the defense arrangements which would be available to them.

Shara, however, objected to setting a priority on the security issues over the issue of borders. Syria wants the border to lie at the line that existed on June 4, 1967, giving Syria access to Lake Tiberias and control over some key water sources, something that Barak has said would be entirely unacceptable to the Israelis. Although water is one of the specific issues to be discussed in one of the four committees, its significance intertwines all the areas of discussion.

These “procedural” difficulties required President Clinton to spend most of the first day in separate discussions with Shara and Barak. The meeting among the three leaders that had been planned for the evening of the first day (the first occasion in this conference when Barak and Shara would actually talk to each other), had to be postponed until day two.

Although the three parties did meet the next day, when President Clinton again returned to Shepherdstown, the talks began to lag shortly thereafter. Four committees, with representatives from the Israel, Syria, and the United States, dealing with the main problem areas involved in a Syrian-Israeli peace accord — security, water, borders, and normalization of relations — were formed. Indicating some of the problems that still exist, the “normalization” category was renamed by the Syrians “normal peaceful relations,” since “normalization” of relations with Israel is still considered a very sensitive issue in Syria. The only committees that met, however, were the committees on security and on “normal peaceful relations.” At the same time, the U.S. delegates to the other committees did meet with their counterparts on both sides, to convince the Syrian delegation that the issue of borders was not being ignored.

Success in the Syrian-Israel track would have profound implications for the entire Mideast peace process. If Syria makes peace with Israel, this would open the way for a viable peace with Lebanon, given the overwhelming preponderance of Syria in Lebanon — as well as its influence over the Hezbollah terrorist group operating in southern Lebanon. Initial statements by the Iranians also indicate that they would not be averse to a Syrian-Israel agreement. If the Iranians allow the Hezbollah to be transformed into a “political party,” as some statements coming from there have indicated, it might also remove the last roadblock to improved U.S.-Iranian bilateral relations. As State Department spokesman Jamie Rubin expressed it in a briefing, “This is a big, big deal.”

Mideast peace requires water, power resources

by Marcia Merry Baker

When the peace talks commenced on Jan. 3, 2000 in Shepherdstown, West Virginia between representatives of Israel and Syria, four ongoing commissions were approved on specific topics, one of which is water. This reflects the well-appreciated fact that there can be no concurrence over security, borders, and normalization of relations (the other three goals) without agreement on water. Moreover, what is involved is not simply a matter of “sharing” or observing “fair” water rights. In this ancient, long-inhabited region, there is simply not enough water to “share.”

Thus, the new peace dialogue implies a commitment to work out how new water and power resources can be provided in the common interest of all. A breakthrough in this critical part of the world would be of international strategic importance. It puts the question of infrastructure-building back on the agenda for all world leaders and concerned citizens, at a time when such nation-serving commitments are required, instead of acquiescing to the financial breakdown and chaos otherwise occurring.

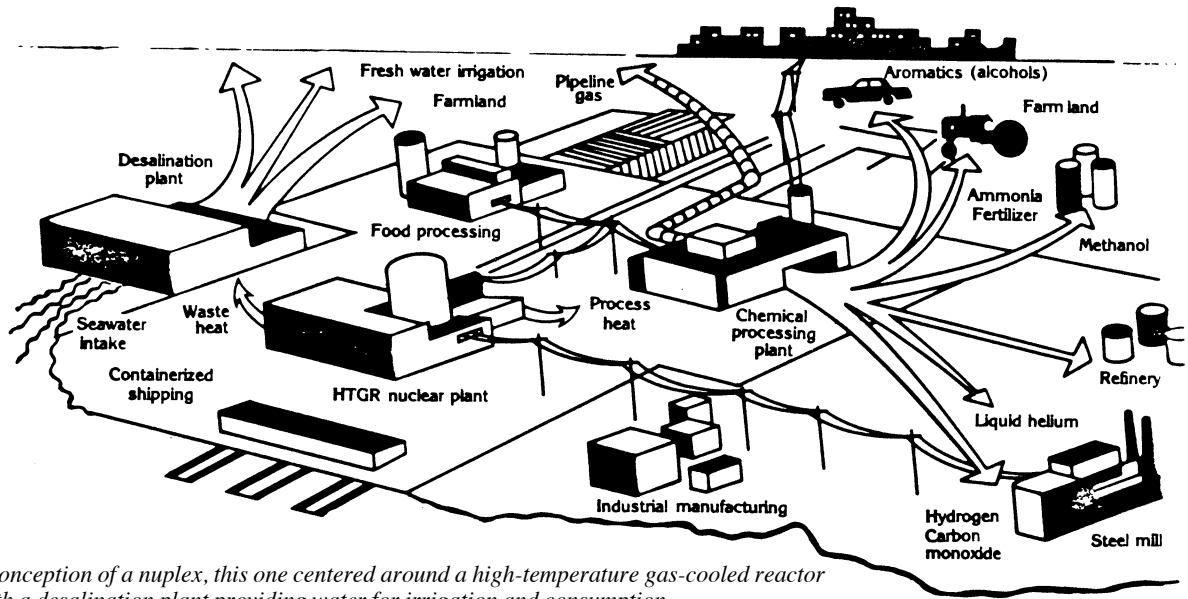
In the historic 1993 Oslo Peace accords between Israel and the Palestine Liberation Organization, water was also a paramount issue, but the agreements were not carried through, under the fierce anti-development climate of the declining International Monetary Fund era. Annex III of the 1993 accords was an economics protocol (“Protocol on Israeli-Palestinian Cooperation in Economic and Development Programs”) which listed nine points, the first of which concerned provision for water. The agreement was for “cooperation” in managing water resources, and “equitable utilization” of joint water supplies, as well as electricity, clearly implying the need to *make new supplies*. They were not carried through.

Technologies and plans exist

For decades, engineers have had plans for providing new water supplies in the region of the Jordan River basin, and throughout the Middle East. Technologies have been available all along, and today there are new R&D improvements.

The year 2000 Syrian-Israeli talks call to mind for many, the Mideast water supply development perspective of mid-century, named the “Johnston Plan,” in honor of a diplomat of the Eisenhower administration who promoted a framework for undertaking large-scale waterworks. During the 1950s Atoms for Peace period, there were missions and studies on

FIGURE 1



An artist's conception of a nuplex, this one centered around a high-temperature gas-cooled reactor (HTGR), with a desalination plant providing water for irrigation and consumption.

the specifics of providing new water resources to the Middle East region. In 1958, President Dwight Eisenhower addressed the United Nations on the subject of water and power development proposals for the arid Middle East: "The ancient problem of water is on the threshold of solution. Energy, determination, and science will carry it over that threshold," he told the UN General Assembly, on Aug. 13, 1958. Unfortunately, this did not come to pass.

In the 1960s, feasibility studies for "nuplexes"—complexes of agro-industrial activity centered on nuclear power sources, including water desalting facilities—were carried out by the U.S. Atomic Energy Agency and Oak Ridge National Laboratory in Tennessee. Site-specific studies were done for various places including the Kutch, in Gujarat, India, a semi-desert area where conditions are similar to the Mideast. But, the nuplex campaign was shelved. **Figure 1** illustrates the idea of the nuplex, where power (both electricity and process heat) and freshwater can be supplied for many uses.

In the 1970s, *EIR* began publishing updates on the technologies that could be applied to "make the desert bloom," not only in the Mideast, but throughout North Africa and elsewhere. Lyndon LaRouche promoted the high-technology development perspective for arid lands, as the "Oasis Plan," in which nuclear power and advanced desalination, coupled with water engineering, could create new "oases" and man-made "river" corridors of economic growth.

In September 1993, at the time of the historic Oslo Accords, LaRouche urged an international mobilization to launch needed projects, entitled "Break Ground Now," aimed at heading off sabotage by anti-development political and financial circles. Earlier, before the Bush-Thatcher instigation

of the Persian Gulf war, LaRouche also publicized the infrastructure-building path to peace involved in the "Oasis Plan" approach.

On Dec. 3, 1999, *EIR* Editor Muriel Mirak-Weissbach presented the need for a crash program of nuclear desalination development, at a conference of the Middle Eastern Businessmen's Association, of the Danish Confederation of Industry. The idea was very well received by diplomats from throughout the Mideast and North African region (see "Mideast Talks Must Solve Water Resource Shortage," *EIR*, Dec. 17, 1999).

Economic geography

Figure 2 was first published by *EIR* at the time of the 1993 Mideast peace accords, and is based on LaRouche's "Oasis Plan" perspective. It schematically shows selected features in and around the ancient Jordan Rift Valley and basin. The map also shows political borders and key cities, and infrastructure-development symbols, indicating the kind of projects that can be built. (The project locations are not exact, but indicative.) First, consider the dimensions of the water shortages.

The Jordan basin water resources might adequately supply a population living in modern standards of 5 million people, but the population in the immediate area exceeds 14 million. For many years there has been, in the greater Mideast region, too little water, in per-capita and per-hectare terms, to support basic economic activity.

Figure 2 shows parts of the network of surface run-off, and underground springs and flows connected with the Jordan system. The volume of water involved is very small, and the *outflow exceeds the resource base*. One way to appreciate this

FIGURE 2

Selected infrastructure projects for the 'New Mideast'

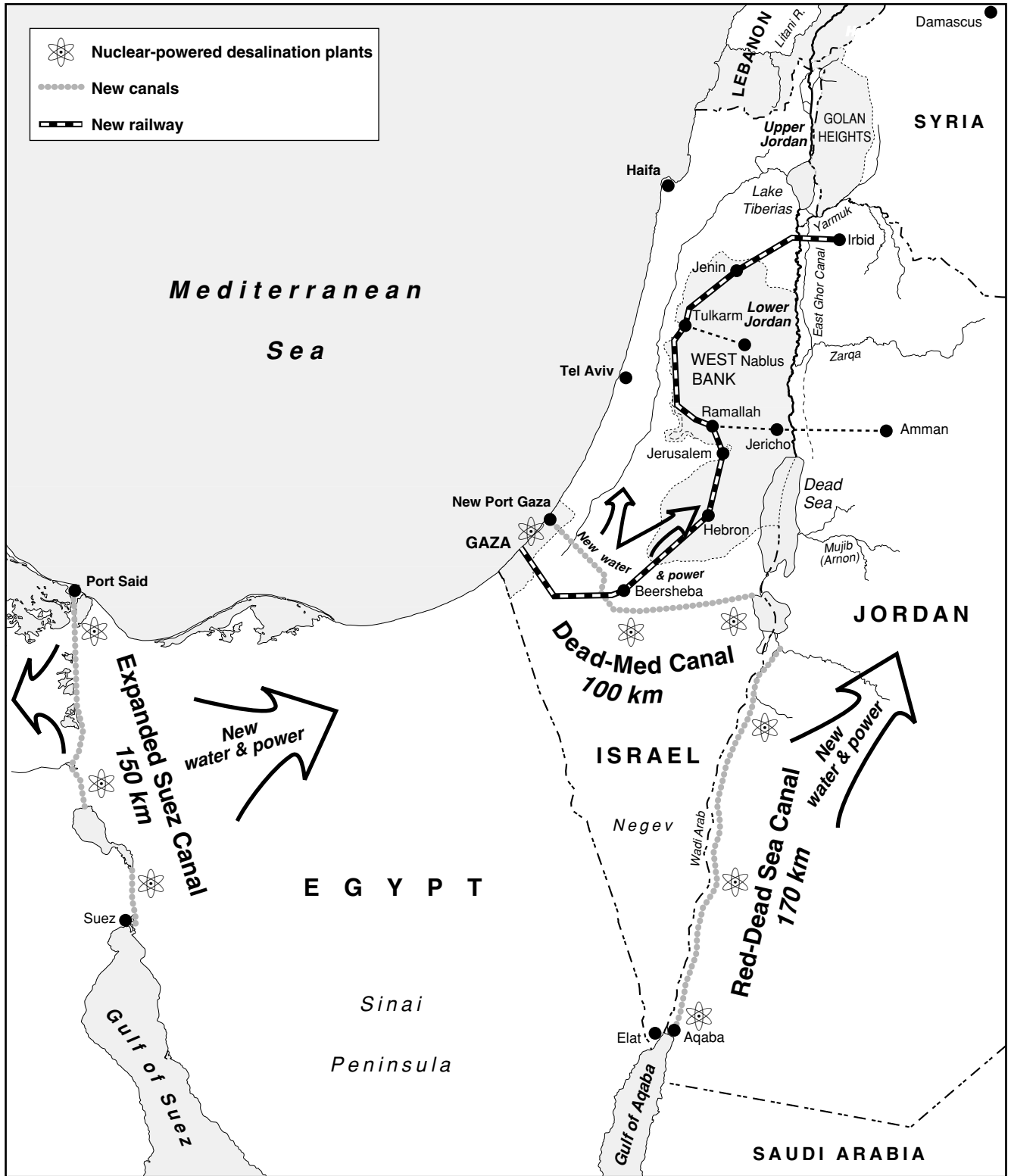
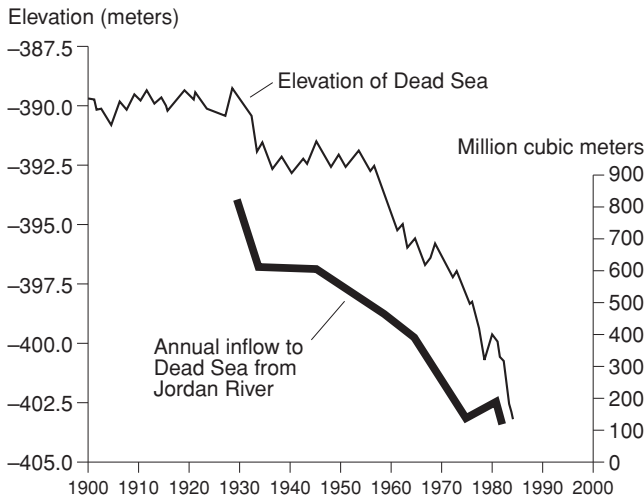


FIGURE 3

The Dead Sea's level has been dropping steadily since 1930



Source: Uri S. Würzburger.

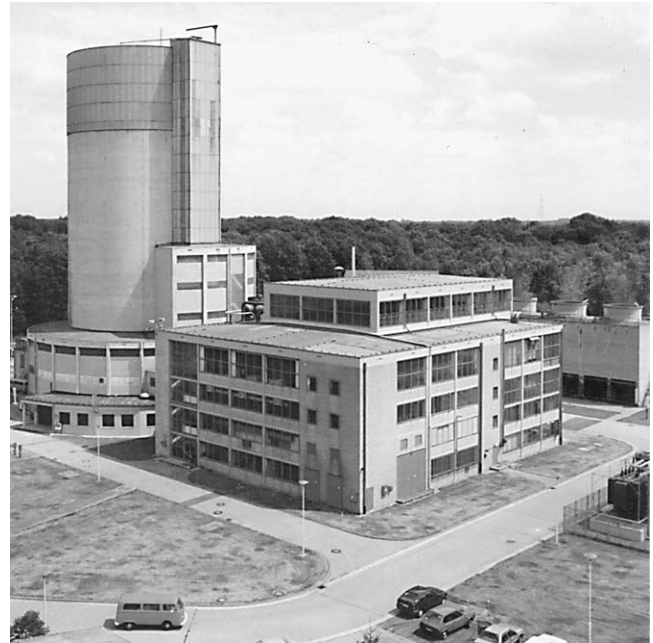
problem, is to see how the level of the Dead Sea is going down (Figure 3). In 1950, the Dead Sea was about 390 meters below sea level; today, it is more than 408 meters below. Due to the various diversions of freshwater, mainly from Lake Tiberias and the Jordan River, the amount of water draining into the Dead Sea from the north via the Jordan decreased. The sharpest decrease came after the 1970 construction of the National Water Carrier, and the Ghor Canal.

West of the Rift Valley, the annual natural water supply is about 1,700 million cubic meters (mcm), while demand is 2,000 mcm; east of the Rift, the supply is about 600 mcm, with a demand of 1,100 mcm. The deficit is thus in the range of 800 million cubic meters.

Israel consumes most of the surface and underground water in the Jordan River basin. Water supplies are at crisis lows in the nation of Jordan. This is all the more pressing, because Jordan took in more than 300,000 refugees from the 1991 Gulf War.

Syria depends greatly on the Euphrates (which rises in Turkey), on the Orontes, and also on the very small amount of water available from the eastern banks of the Jordan basin. When Israel took control of the Golan Heights in 1967, it took control over critical water resources in this part of the Jordan system.

Also, within Israel, the inequity of water availability is great between Israeli and Palestinian. The Palestinians are experiencing severe shortages. Compared to the 1,000 cubic meters per person of water which Israeli settlers in the occupied territories enjoy each year, the Arab population of 1



The AVR experimental high-temperature nuclear reactor (HTR) at Jülich, Germany. A full-sized HTR is now under construction in South Africa, promising both inexpensive electricity, and process heat for many applications.

million had 137 cubic meters per person, back in the early 1990s. Today, it is worse. Gaza is dependent on ground water, which is increasingly saline. Diseases linked to unsafe water are twice as frequent there as in the other territories that have been occupied since 1967.

Make 'natural resources'

Where is the water to come from to relieve this crisis? The answer is, *it can be man-made*.

Figure 2 shows selected water-making projects, along with other needed infrastructure priorities for Mideast development, such as rail and power lines.

The symbol for atomic power is shown at different sites on the map, to indicate that nuclear-powered desalination plants are the only realistic high-energy mode for the future. The chief cost of desalination is the energy source. Light-water reactors are off-the-shelf technology; and proposed modular, high-temperature gas-cooled reactors (MHTGR) are the next-generation power source.

Locations along the seacoasts are the priority sites for nuclear-powered desalting plants, including northward at points on the Mediterranean in Lebanon and Syria. From coastal sites, sweet water can be piped the relatively short distances throughout the whole region for targeted use.

But also, nuclear-powered desalination plants at points on long-proposed canals are an option, creating the resource base for new development corridors. Figure 2 shows a hypo-

thetical route for a “Med-Dead” Canal (shown beginning at New Port Gaza), the “Red-Dead” Canal, and other routes.

Such canal projects raise concerns over channeling seawater through established agriculture regions, because of the risk of salt water intrusion from mishap or mis-calculation. But there are also benefits of increasing flow into the Jordan/Dead Sea basin to increase the hydrostatic pressure. These are the challenges of hydrologic engineering, which can be worked out.

One novel geo-engineering proposal calls for running Mediterranean seawater eastward through a conduit starting south of Haifa, to a point south of Lake Tiberias. At that point (north of the town of Beisan), the water has a 320-meter drop into the Jordan Rift, where reverse osmosis-type (RO) desalination plants which can process the seawater can be located. By utilizing the waterfall energy of the elevation difference, the RO desalting process will require no more than one-third of the mechanical energy needed by conventional RO plants. The modern RO membranes are capable of separating the seawater into a product of high-quality drinking water, and a remaining flow of brine—which, though salty, is less salty than the Dead Sea, into which the augmented flow can run. An estimated 800 million cubic meters of desalinated water per year could be produced, a potential capacity that almost equals the flow of the original Jordan River.

High-temp, gas-cooled nuclear reactors

However, the optimum technology for both generation of power and desalting of water, and for improved safety and management at varied locations, is the proposed high-temperature, gas-cooled reactor design. A module of this type, designed to be sited underground, can provide 350 megawatts of power, and can easily be mated into a unit of four modules, producing electricity, and power for desalting, especially through the multi-effect distillation process.

Just 20 such nuclear-desalination sites could provide a volume of water to equal the entire “natural” annual flow of the Jordan system. Thus, a second Jordan River could be created! Such designs have been worked out by General Atomics of California, and by the European companies Siemens and ASEA Brown Boveri.

The photograph shows an experimental reactor at Jülich, Germany, which successfully demonstrated the feasibility of a high-temperature, gas-cooled reactor, with its potential for desalting seawater and many other applications.

Even while a gear-up is under way for such advanced design projects, off-the-shelf conventional thermal-powered desalination plants are the only realistic interim solution.

In the context of the ongoing Syrian-Israeli talks on water rights, it is important to take note of the vast experience that the Saudis have gathered in the field of desalination. Of course, the Arabian peninsula is rich in oil and natural gas deposits to power the desalting facilities, but what the Saudis

have achieved in high-technology methods, makes clear that water can be produced, relatively cheaply, and in significant quantities. What is required, are the funds and the technology.

Saudi Arabia is the world’s largest producer of desalinated water, with 572 million gallons per day, from 27 stations. This covers 70% of the required potable water. Desalination was introduced in 1928, when King Abdul Aziz ordered the first station built in Jeddah. Later, Al-Jubail became the biggest desalinated water center in the world. Reports indicate that production will increase to 800 mgd, and more than 5,087 megawatts of electricity will be produced. There will be 4,000 kilometers of pipelines, and 166 reservoirs, with a total capacity of 9.3 million cubic meters of desalinated water.

On Nov. 15, 1999, Dr. Fahad Balghunem, governor of the Saline Water Conversion Corp., reported on progress in building three more desalination plants, in al-Khobar, Jubail, and al-Shoiba, and five delivery stations. On completion of this project, he said, there will be 4,155 km of pipelines for water, and 29 pumping stations. He said that the corporation is studying the possibility of setting up 20 more water desalination plants, with a daily production capacity of 2.6 mcm, and 12 water delivery system projects with a total length of 2,640 km.

The Way Out of The Crisis



A 90-minute video of highlights from *EIR*'s April 21, 1999 seminar in Bonn, Germany.

Lyndon LaRouche was the keynote speaker, in a dialogue with distinguished international panelists: **Wilhelm Hankel**, professor of economics and a former banker from Germany; **Stanislav Menshikov**, a Russian economist and journalist; Schiller Institute founder **Helga Zepp-LaRouche** from Germany; **Devendra Kaushik**, professor of Central Asian Studies from India; **Qian Jing**, international affairs analyst from China; **Natalya Vitrenko**, economist and parliamentarian from Ukraine.



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Time for action on new water resources

by Marsha Freeman

At the present time, Israel and the Jordan basin region is suffering from a drought, due to below-average rainfall, which has left water levels in Lake Tiberias below the “red line” that is considered the minimum allowable. If there is not adequate rainfall this winter, experts in Israel report, by spring the water commission, under the Ministry of Infrastructure, will reduce allocations of water by 40% to agriculture and municipalities. If the winter rains continue to be poor, then, as of April, the Israeli government has indicated that it will announce a tender for a new seawater desalination plant.

The drought underscores the urgent necessity to accelerate the implementation of regional water management and development projects—which have been long planned, and lately promulgated since the signing of the peace agreements between Israel and Egypt, Jordan, and the Palestinians—which have been stalled largely because of wrong-headed economic policies. The possibility for peace with Syria will only be successful if the issue of providing adequate water for the region, which will be raised to the top of the agenda once the political issues are settled, is solved.

Although the focus of Israel’s security concerns in trading the Golan Heights for peace with Syria is generally described in military terms, it is by solving the water shortage that security will be brought to the region. In the Israel-Syria case, 20% of the water in Lake Tiberias, which provides a significant amount of the water for Israel, is fed from springs in the Golan Heights. Joint regional water development projects will ultimately be the only way to assure security.

Works in progress

In 1994, after Israel had signed a peace agreement with Jordan, a multi-phase water agreement was signed. The first stage involved construction by Israel of a pipeline from Lake Tiberias to Jordan, to carry 20 million cubic meters of water. This pipeline has been completed.

The second phase involves completing long-planned dam projects on the Yarmouk River. The Jordanians first started construction on a dam in the 1960s, but the project was bombed by the Israelis during the 1967 war. Efficient utilization of the Yarmouk flow had been part of the 1950s Johnston Plan for the Jordan basin development, but was never fully implemented because of the conflicts in the region, including

tensions between Jordan and Syria.

As of the first of this year, the Jordanian and Syrian governments have agreed to move ahead on their Yarmouk River Dam project. Construction is expected to begin in the coming months. Jordanian Water Minister Kamel Mukhadin said that only “the last touch-ups” are required.

The project is to be financed through the Kuwait-based Arab Fund for Economic and Social Development, which will contribute \$115 million; the Jeddah, Saudi Arabia-based Islamic Fund, which will contribute \$45 million; and the Abu Dhabi Fund, which will contribute just under \$10 million. The World Bank is against the project. The regional water shortage is so severe that the Jordanians are now discussing the possibilities of water desalination.

Expanded use of desalination has been much discussed in Israel, including the specific proposal that Israel would desalinate saline water in springs, and transfer the fresh water to Jordan. According to one hydraulic expert, this project has been at a standstill for the past two years, over a disagreement of who should pay for it.

Water is in critically short supply in all of the formerly occupied lands now administered by the Palestinian Authority. Engineers are examining the possibility of, most immediately, recycling treated waste water on the West Bank. In Israel, 70% of the waste water is treated and used for irrigation. After the signing of the Oslo Accords, a water-sharing agreement between Israel and the Palestinians was signed. This includes the use of water in the eastern mountain aquifer, which is largely unexploited, by the Palestinians.

A joint study, funded by the European Commission, by experts from Jordan, Israel, and the Palestinians, is under way, to examine how to optimize water use in the Jordan Valley, and to plan future land and water use from a regional perspective.

But it is clear that even taking into account the more efficient use of water, recycling of waste, and treatments for polluted and contaminated water, only by bringing in new supplies will the problem be solved.

New sources of water

During the current drought, there have been proposals to raise the price of water in the Middle East, as one way to get people to “voluntarily” cut back use. This austerity approach will reduce agricultural production, reduce the standard of living for the population, and preclude the implementation of the economic development projects on the agenda—but it will not solve the water shortage.

One of the options under discussion in the region to increase the amount of water available, is to import water from Turkey. Until now, Israeli engineers have looked at the possibility of transporting water from Turkey in tankers. But another possibility under consideration is a “peace pipeline,” which would bring this relatively inexpensive freshwater through a pipeline crossing Syria. This has been opposed by



An irrigation project in Israel, bringing water to the Negev. The most efficient use of existing water resources cannot meet the region's needs. New, "man-made," sources, using nuclear-powered desalination, will have to be created.

those in Israel who do not want the country's supply of water to be dependent on any other country.

The long-term solution, which has been recognized by all those who have studied the problem, is to create new freshwater supplies through desalination. Although Israel has long been in a technical position to commercially apply desalination on a wide scale, and produces desalination equipment which is exported all over the world, its minimal application there has been a function of the unwillingness to invest the necessary resources. Twenty years ago, experts told the government that overpumping the underground aquifers would lead to an increase in salinity, but, until now, little has been done as an alternative.

Numerous studies have been carried out to evaluate the economic feasibility of large-scale desalination plants for Israel. The major factors are the capital costs (and interest rates charged on the capital), and the operating cost, which depends almost entirely on the price of the energy needed to run the plants.

At the present time, most of Israel's electricity is produced from burning imported coal. But there are ongoing discussions with Egypt, and also now, with the Syrians, to buy natural gas. Were Israel to bring the cost of energy down

through the near-term use of local, inexpensive, clean-burning natural gas, as the Saudis do, the operating costs for desalination would decrease.

One Israeli expert reports that in the 1990s, the World Bank concluded that desalination is the solution for the next decade. A decade ago, studies were conducted by the UN International Atomic Energy Agency (IAEA) on the application of commercial nuclear energy to desalination.

The Israeli government's participant in the IAEA commission studying desalination, Dr. Amitzar Barak, told *EIR* in 1994 that until the cost, per kilowatt of installed capacity, of nuclear power plants comes down enough to be competitive with fossil fuel plants, the Israeli government would not consider any nuclear plant projects. Dr. Barak estimated, however, that the cost of desalination could be reduced by 10% through economies of scale, and that the costs should not be extrapolated from the small-scale systems being used today.

Dr. Dan Zaslavski, a former water commissioner of Israel, also sees desalination as the solution, and emphasizes that desalination plants should be located on the Mediterranean Sea, not inland, so that only freshwater is piped across the country. Because a pipeline would cross some of Israel's most productive land, no chance should be taken that an accident could poison the aquifers upon which farming depends.

In 1994, Tom Loey, the president of IDE Technology, which builds the desalination plants that Israel exports, stated that nuclear energy is "the most obvious source" of energy for desalination. But the opposition to nuclear energy in the United States has "set back nuclear development worldwide," he said, including in Israel. Even nuclear desalination systems that had been designed by non-U.S. firms never came to fruition.

Plans for creating water for Middle East development have been on the books for years. The construction of desalination plants using conventional technology could be started immediately, and improvements in desalination technology are making it more efficient and economical. The application of nuclear energy in the region, for electricity and desalination, will remove any limits from what can be accomplished in developing the Middle East.

Putin becomes President: a phase-change in Russia

by Jonathan Tennenbaum

In a dramatic television address on Dec. 31, Boris Yeltsin announced his withdrawal from the Russian Presidency, and the transfer of power to Prime Minister Vladimir Putin, who is to serve as acting President as well as Prime Minister until early elections, now set for March 26.

At first glance, the long-standing issue of Yeltsin's succession, and thereby of the political future of Russia, would seem to have found a definitive resolution. With the advance of Putin to highest state power, following a dirty, media-dominated Duma (Parliament) election in which a threatened consolidation of "center-left" opposition forces was brutally beaten back, and with the moving up of the Presidential election from June to a date much more favorable to now-incumbent Putin, there can hardly be any doubt about the outcome. If we believe the loud chorus of the media, the only really important question remaining is: Which economic, foreign, and domestic policy course will Russia's new "strongman" actually follow in the weeks and months ahead?

That, indeed is a very important question, but—contrary to over-hasty, naive assumptions being made in many quarters—by no means the only one. In fact, as of this moment, very little has really been settled. The Russian situation remains characterized by multiple paradoxes and imponderables which virtually guarantee further surprises in the near future. Above all, the Russian situation must be seen not as a purely Russian phenomenon, but as a function of the global financial and strategic crisis which has entered a period of unprecedented turbulence. Especially crucial is the outcome of the political struggles around Lyndon LaRouche in the United States. Whoever tries to make any simple calculations

or schedules in this situation, is in for some big surprises in the coming weeks and months.

Some of the imponderables

Before turning to the person of Vladimir Putin and his early actions upon assuming the Presidency, let us first review some of the imponderables of the Russian situation.

1. Yeltsin's dramatic television announcement of his withdrawal, the transfer of the famous "nuclear briefcase" to Putin, the departure of Yeltsin's daughter Tatyana Dyachenko from the Kremlin, and so forth, have led many observers to assume, in part unconsciously, that Yeltsin is now definitively "out of the picture." But could it really be, that by some magic, the infamous "Family," with its vast apparatus and circles of allied "Russian oligarchs," has suddenly evaporated, or just naively placed its entire fate and fortunes at the mercy of the "inscrutable" Putin? Before jumping to conclusions, observers should watch the Yeltsin family's "post-retirement" activities more closely, and bear in mind, that the real story of the events leading to the transfer of power to Putin, and the arrangements made in that connection, has not yet come to the surface.

2. While most eyes were fixed on Moscow and the activities of the new President Putin, the "retired" Yeltsin was flying in the Russian Presidential jet to Israel for a very extraordinary event: an unprecedented celebration of the Russian Orthodox Christmas on Jan. 7 by the highest-level representatives of the Orthodox Church and Russian political figures ever to visit the Holy Lands in modern times. Yeltsin was joined not only by Belarus President Aleksandr Luka-

shenka and Ukrainian President Leonid Kuchma, but also by “oligarchs” Boris Berezovsky and Roman Abramovich, as well as Tatyana Dyachenko and Kremlin Chief of Staff Aleksandr Voloshin. Yeltsin reportedly made a remark to the effect, that he considered himself “the Holy President of Russia.”

Whatever Yeltsin may have meant by that, the presence of Belarus’s Lukashenka should remind observers of the fact, much discussed at an earlier point but recently nearly forgotten, that the just-formed Union of Belarus and Russia, signed into law by one of the first acts of Putin after a curious chain of events surrounding Yeltsin’s perhaps feigned illness at the end of last year, in effect creates a new state. Regardless of formalities (which, in Russia politics, often have more theatrical than substantial effect), the question unavoidably arises: Who will be the real head of state of this new entity? The question becomes even more interesting in light of recent speculations, that the Union might be expanded further, even to include Ukraine. The latter prospect might appear extremely remote, at first glance; but things might suddenly look different in the context of an emergency situation which could arise as a result of major financial default, the outbreak of economic chaos, or a world strategic crisis weeks or months down the road.

Financial disaster

3. This brings us to the extremely precarious economic and financial situation of Russia and its neighbors, a looming disaster which will determine events as much, or more, than any amount of byzantine political maneuvers. Although the international oil price rise has significantly boosted Russian government revenues in the short term, permitting the Chechnya war to be financed with relative ease, a new wave of economic and financial crisis is on the horizon. A marginal industrial production recovery, which had begun under the September 1998-May 1999 Primakov government, is running out of niches for expansion, and a wave of bankruptcies and factory closings has begun to spread across the country. Besides this, there is the threat of a formal default, and signs of a violent, “underground” struggle over the fate of the gigantic financial assets placed by Russian citizens outside the country.

4. Another “imponderable” is the further course of the military operations in Chechnya. While the overwhelming popular support for the war continues, the period of “easy victories” has definitively come to an end. With the onset of winter, and the stiff resistance encountered by Russian forces in Grozny and elsewhere, the Russian military is faced with the prospect of either suffering huge, perhaps unacceptable losses of men, or going for a massive escalation of firepower, even up to the threshold of tactical nuclear weapons. Under discussion, and perhaps already used, are so-called “fuel-air” bombs—special, non-nuclear devices

whose destructive effect is comparable to that of a small nuclear weapon—various other “non-conventional” weapons, and chemical weapons. Such actions, in the context of the whole “arc of crisis” from the Middle East into the India-Pakistan conflict and Central Asia, can quickly thrust events in Chechnya into a quite different strategic plane, than the “limited conflict” it has represented so far.

5. A further factor of incalculability is the highly uncertain balance of political forces in the country following of the Dec. 19, 1999 Duma elections, and especially the future of Yevgeni Primakov, up to now the main potential rival of Putin for the Presidency. As we note below, the actual outcome of the elections was by no means so favorable for the Kremlin-Putin bloc, as was generally reported in the international media. On the other hand, the Fatherland-All Russia (OVR) election bloc, which was Primakov’s base in the election, appears to have split irreversibly. The Russian press is full of speculations, ranging from Primakov simply withdrawing from politics, to Primakov’s potential emergence as the Presidential candidate for the entire “left,” including the Communist Party of the Russian Federation, according to a scenario in which CPRF leader Gennadi Zyuganov, recognizing that he could not win himself, would withdraw in favor of Primakov. Just as conceivable, and increasingly under discussion, is the prospect of Primakov’s being chosen as the speaker of the Duma, or joining with Putin in some form in a government of national consensus. But all is only speculation for the moment: Primakov himself has remained completely silent, making no single public statement since the events of New Year’s Eve. At the same time, there are hints that Primakov and his circle have by no means given up, but are planning some surprises of their own.

6. Finally, the uncertain future of certain powerful Russian oligarchs, including Boris Berezovsky, who made it a point of acquiring Duma seats, and thereby immunity from prosecution. Long central to various intrigues around the Yeltsin “Family,” Berezovsky and his *Nezavisimaya Gazeta* have come out as the most glowing supporters of Putin. But now that Putin is in power, can Berezovsky count on his protection? Although Putin has been reputedly close to Anatoli Chubais and other so-called young reformers, and has so far acted in the general interest of the “Family” and the “Russian oligarchs,” he should by no means be discounted as a mere “puppet” of these interests. On the contrary, it is entirely possible that Putin, as an avowed “dirigist nationalist,” will move quickly to rein in and even break the power of “oligarchs.” Just a first days in office, Putin has already acted to change the legal status of “organized crime,” effectively removing the task of combatting it from the hands of the dubious Internal Affairs Minister Vladimir Rushailo, and putting it, as a national security matter, instead in the hands of Federal Security Agency (FSB, the former KGB) structures

loyal to Putin himself. Here also, major surprises could be in the making.

Who is Vladimir Putin?

This brings us to the “imponderable” of Putin himself, an intelligence professional who up to now has appeared to the outside as a most loyal servant of Yeltsin and the Family’s Kremlin apparatus. In last week’s issue, I emphasized the ambiguities of Putin’s rapid rise, which have led to widely diverging evaluations of his intentions and motivations. Perhaps more significant, Putin is credibly described as a careful and highly disciplined, but very intense personality, with a significant potential for independent action.

While much remains to be learned about Vladimir Putin, above all from his concrete actions in the coming weeks, there is no doubt that his general outlook has been strongly shaped by his career in the Russian intelligence service, which began no later than his student days in the mid-1970s. As some well-informed German commentaries have emphasized, Putin belongs to a generation in the KGB who were broadly known as “Andropov’s children.” These were typically young, highly disciplined and proud professionals, with a strong technocratic orientation, who were acutely aware of the Soviet Union’s backwardness in economic and political terms, and committed to modernization through dirigistic methods. This included an emphasis on areas of advanced technology, such as microcomputer and telecommunications, where the Soviet Union was far behind the United States. This modernization impulse within the Soviet intelligence, armed forces, and other institutional structures, while reflected to a significant extent in the early phases of Gorbachov’s *perestroika*, was all but buried in the ensuing disaster of “shock therapy.” But the image of the “modernizers” shines through in Putin and many of the other, strikingly similar persons he is bringing into power around him now. Putin’s rise came amid a process of “generation shift,” where the remainder of the elder generation from the Soviet *nomenklatura* is gradually being replaced by much younger figures, many coming from the intelligence and former Komsomol (Communist Youth League) apparatus.

Several biographical articles on Putin have appeared in the Russian press in recent days, including an extensive profile published in Berezovsky’s *Nezavisimaya Gazeta*. While nothing in the press, and least of all *Nezavisimaya Gazeta*, is to be taken at face value, it may be of interest to paraphrase some of the biographical highlights contained in that daily’s profile, which are generally in line with what is otherwise known.

Vladimir Vladimirovich Putin was born on Oct. 7, 1952 in Leningrad, in a family of workers. Working his way up from the bottom, he early learned to defend himself, becoming a leading master in the martial art of sambo. He entered the law faculty of Leningrad University, where through extremely

intense study (he rarely went to parties, but worked long hours in libraries), he advanced rapidly. Anatoli Sobchak, later to become mayor of the city, who at that time was a professor at the university, became Putin’s academic supervisor.

In 1975, after leaving Leningrad University, Putin entered service in the KGB. Following training at the KGB school in Moscow, Putin entered the first directorate of the KGB (foreign intelligence), working for 10 years in various capacities in Leningrad, after which, in 1985, he was sent to East Germany to the Group of Soviet Armed Forces there. He spent five years in Leipzig, where he served the KGB under the cover of head of the “House of German-Soviet Friendship.”

With the 1990 reunification of Germany, Putin went into reserve status, returning to Leningrad at the beginning of 1990, where he worked as assistant to the Rector of Leningrad University on international affairs. During this time he was involved in various small businesses, where he received much “concrete experience in market economy.” At the end of spring 1990, Sobchak, who had just become the leading figure in the city, invited Putin to work in the city soviet as an adviser on international affairs. Following Sobchak’s election in June 12, 1991 to Mayor of Leningrad (later renamed St. Petersburg), Putin became chairman of the city’s Committee for Foreign Relations. During June 1991 to July 1996, Putin became one of the most influential figures in city politics, becoming known as “the grey Cardinal,” without whom no important decisions were taken. He enjoyed the complete trust of Sobchak, and fulfilled the function of Vice Mayor during Sobchak’s frequent stays abroad. In August 1991, Putin played an unseen, but crucial role in delicate negotiations with the Leningrad KGB and military structures connected with the attempted coup at that time.

In 1994, Putin became first deputy chairman of the government of St. Petersburg, with wide functions which included diplomatic and business relations, and also large-scale investment projects. In autumn 1995, when the party “Our Home Is Russia” (NDR) of Viktor Chernomyrdin was establishing itself around the country, Sobchak appointed Putin to become the chairman of the Leningrad branch of the NDR with responsibility for running the NDR’s Duma election campaign in the region. Putin remained practically the only single member of the group of “Petersburg Democrats” who stayed with Sobchak right up to his defeat in the mayoral elections of 1996. After the election, Putin refused to work with Vladimir Yakovlev, declaring that this would “give the appearance of treason.” Putin did not sever contacts with his former boss even after Sobchak became the center of a corruption scandal, and fled to France. Later it was Putin who made possible Sobchak’s return to Russia.

In 1996, Putin became the equivalent of a doctor of economics, defending a dissertation on “Strategic Planning in the Maintenance of the Mineral Raw Materials Base of the Region under Conditions of Formation of a Market Econ-

omy,” at the St. Petersburg Mining University.

After this, Putin moved to Moscow, where he was appointed deputy to the Director of Affairs for the Presidency, Pavel Borodin. There Putin played a key role in determining what happened to the property of the Ministry of Foreign Trade in East European countries. In March 1997, Putin entered directly into the Presidential administration. By May 1998, Putin became a deputy head of the administration with extended powers, including in relations with the Russian regions. Soon afterwards, in July 1998, he was appointed director of the Russian Federal Bureau of Investigation, where he carried out far-reaching reforms. Putin continued in that post only until the financial crisis of August 1998, and the subsequent appointment of Primakov as Prime Minister. This was, as *Nezavisimaya Gazeta* puts it, a period of general political scrambles, in which Yeltsin was significantly weakened both physically and politically. But just as he had remained loyal to Sobchak, Putin did not give up on “the hopeless” Yeltsin.

In the ensuing struggle, brought to a head by the attempts by Primakov in January 1999 to obtain an agreement barring Yeltsin from making any sudden change of government, Putin played a crucial role on the side of Yeltsin. In particular, Putin is credited with having organized the political demise of Prosecutor General Yuri Skuratov, whose investigation of corruption between the Kremlin and Russian “oligarchs” such as Berezovsky, had become a major threat to the Yeltsin “Family.” In April 1999, at the height of the struggle around Skuratov, Putin was named Secretary of the National Security Council. In the period following Primakov’s replacement by Sergei Stepashin in May 1999, Putin became the key “armor-bearer” of the President, while at the same time to a large extent masking his growing importance from the public eye.

It was the total discrediting of Stepashin, through his inaction on the August 1999 “Islamist” attack in Dagestan, which led to Putin’s appointment to Prime Minister. The “Pearl Harbor shock” to the Russian population, caused by the bombings of apartment buildings in Moscow and elsewhere, and Putin’s “hard line” in the Northern Caucasus, became the basis for the hitherto unknown Putin’s meteoric rise to mass popularity in Russia.

This, in turn, entirely changed the situation around the Duma elections, as well as the perspectives for the Presidential election, then planned for June 2000, and for which Primakov had, up to then, been the favored winner.

Dirigistic measures

Biographical details aside, a key strategic question is, what Putin will do about the Russian economy. Although it is too early to make any solid judgment, a first pattern of decisions indicates that Putin is serious about the pledge, as expressed in his “Millennium” article referred to in last week’s *EIR* (Jan. 7), to take “dirigist measures” on behalf of the real economy. Putin reportedly announced measures to

reorganize Russia’s system for exporting raw materials, which form the core of its hard currency earnings. First Vice Premier V. Khristenko announced that “a decision has been taken to restrict access to export oil pipelines, in the year 2000, to those oil companies that have no shortfalls in their payments to the budget. Only this will be the basis for permission to export oil.” Putin, meanwhile, announced that he personally supports the institution of mandatory 100% conversion of foreign currency export earnings, which Khristenko and Central Bank head Viktor Gerashchenko have likewise advocated. He also scrapped a system allowing schemes that produced hundreds of millions of dollars in tax breaks for aluminum exporters. Putin also said that he favored a cut in interest rates to boost business and markets.

If Putin really intends to go for a dirigistic rebuilding of Russia’s productive economy—along lines otherwise strikingly similar to policies advocated by adviser to the CPRF Sergei Glazyev, as well as circles around former Prime Minister Primakov—then he will necessarily have to take on not only the “Russian oligarch” structures (including those aligned with the Yeltsin “Family”), but also their London-centered international backers as well. The course of that battle, if it occurs, will be a crucial test of Russia’s new leadership.

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Airliner hijacking puts a spotlight on Kashmir

by Ramtanu Maitra

The seven-day-long hijacking of the Indian Airlines flight from Kathmandu on Dec. 24, finally ended at Afghanistan's Kandahar Airport on Dec. 31, 1999. The Indian government handed over three terrorists imprisoned in the India-held part of Kashmir, and obtained the release of 160-plus passengers and crew. At least five of the hijackers, who had cold-bloodedly knifed a passenger to death inside the aircraft, were allowed to go free by the Taliban regime, and given ten hours to leave Afghanistan. Although the hijackers had not been sighted at the time of writing, there is little doubt that they have slipped across the porous Afghanistan-Pakistan border, into a safe haven in Pakistan.

The outcome of negotiations between New Delhi and the hijackers will have a telling effect in the subcontinent's already vitiated security situation. Notwithstanding New Delhi's claim that the swap of the three militants was necessary to save a planeload of innocent citizens from several countries, the victory clearly belongs to the hijackers. By striking a successful bargain, the hijackers have put a spotlight on their separatist demands for Kashmir, and have sent the message that they have the capability to strike anywhere, inside or outside of Kashmir.

The hand of Great Britain

Although the hijacking began in Nepal, which has become a nest of drug and gun peddlers operating under the protection of foreign intelligence agencies, particularly Pakistan's centipede-like Inter-Services Intelligence (ISI), the seizure of the plane was organized from abroad. The Indian daily *The Hindu* reported that Indian intelligence had intercepted calls to Mumbai (Bombay), Kathmandu, Saudi Arabia, and Kandahar by a close associate of a U.K.-based Harkat-ul-Mujahideen militant. This news is not surprising, because the Sri Lankan separatist Tamil Tigers and several Islamic terrorist organizations operate freely in Britain.

Also, two of the three terrorists released by New Delhi have direct links to the United Kingdom. Masood Azhar, who kidnapped and killed six foreigners in Kashmir, is a Pakistani citizen, but he entered India in 1994 using a Portuguese passport prepared for him by terrorists in Britain. Ahmed Omar Sayed Sheikh is a British citizen with a London School of Economics education. British officials have already indicated

that since Sheikh has not committed any crime in Britain, and India has not filed any legal case against him, this terrorist will be allowed to return to Britain.

But behind the hijacking lurks the policy, led by Britain, to make Kashmir an independent nation, ensconced strategically in the tri-border area of India, China, and Central Asia. This policy has been promoted regularly at the highest political level in Britain since 1947 when the dispute arose, by some U.S. Congressmen, and by others elsewhere in the West. This effort is under way at various levels. On the legislative level, the danger of a volatile Kashmir dispute leading to the use of nuclear weapons, is often cited to justify the claim for independence; human rights violations by the Indian Army, and riots between Shia and Sunni Muslims in the Pakistan-held part of Kashmir, are the favorite subject of some elected officials using Britain-based Amnesty International's and other non-governmental organizations' reports. The hijackers and their networks thrive under "democratic rituals" and academic rights.

Reactions in the subcontinent

Although the hijackers made their final preparations and boarded the plane in Nepal, the three main participants in attempting to end the hijacking were India, Pakistan, and Afghanistan. India's initial response bordered on the ludicrous. Despite the advice of the military, New Delhi did not intercept the plane over Indian skies, but allowed it to go to Lahore, Pakistan, where landing was denied. The plane then went to Indian territory and landed in Amritsar. New Delhi, despite its stated intent, failed to detain the plane, and let it go back to Lahore.

New Delhi's bungling did not end there. When the plane finally landed in Kandahar, the Indians, not wanting to deal with the Taliban regime, which New Delhi does not recognize, dilly-dallied. As pressure mounted within the country for the government to talk to the hijackers, India opened channels to the Taliban. The inadequate manner in which the Indian government acted made it the target of vitriolic attacks domestically. The Army, in particular, was enraged, and publicly disagreed with the government's decision to release the three Kashmiri terrorists. The Army pointed out that allowing the imprisoned terrorists—who had killed thousands, and maimed as many in Kashmir—to go free along with the hijackers, who also killed one civilian, was neither a fair deal nor just. As if to underline the Army's anguish, Kashmiri militants exploded a bomb at a vegetable market in Srinagar three days later, killing 18 people, including two security personnel, and injuring and maiming a dozen others.

India's failure to keep the plane on the ground while it was in Amritsar, was immediately seized upon by Islamabad as an indication that the Indians themselves had orchestrated the hijacking—to defame Pakistan. Although the accusation was later dropped, Pakistan has been particularly riled by

statements issued by Indian Prime Minister Atal Behari Vajpayee, that India possesses evidence to “prove” that Pakistan was behind the hijacking, and hence must be tagged as a “terrorist state.” Pakistan’s Foreign Minister Abdus Sattar, quoted by Agence France Presse, countered that Vajpayee’s statement was “designed to divert domestic denunciations for the delay, inefficiency, and insensitivity” of his government in dealing with the hijacking, and to promote further “a pre-conceived objective of building a strategic relationship with the United States, on trumped-up charges of terrorism against Pakistan.”

What Islamabad is fending off at this point is the Indian charge that four of the five hijackers were Pakistanis, and hence the hijacking was a “Pakistani plot.” More importantly, Islamabad is distressed by the fact that the hijackers were driven out of Afghanistan, and could have entered Pakistan. Islamabad claims it has no information on the hijackers’ whereabouts, and even if they have entered Pakistan, it has no way of identifying them.

Afghanistan’s role, by contrast, was predictable. The Taliban made way for India to negotiate with the hijackers. But they also surrounded the plane with armored cars, and the Taliban militia were showing off their rocket launchers and Stinger missiles, which may have been preparations to fight off, if necessary, any Entebbe-style rescue operation the Indians might have attempted. Once the hijacking was resolved, the Taliban allowed the hijackers ten hours to clear out of Afghanistan. Although New Delhi expressed satisfaction at the way the Taliban organized the negotiations, the fact that the hijackers went scot free, and took along with them three Kashmiri terrorists, was damning, and it will prevent New Delhi from opening formal diplomatic channels with Kabul. The Taliban are aware that their harboring of terrorists, Afghanistan’s huge annual production of narcotics, and gun-running are major impediments to gaining recognition from big countries such as India, but the regime has shown no intent to give up that which props it up.

A geopolitical cauldron

There is little doubt that India, Pakistan, and Afghanistan have all developed major security problems. Afghanistan, following the Soviet invasion in 1979, has become virtually a terrorist training ground. Although Soviet Russia no longer exists as a nation, the Taliban regime, which lives by the sword, as well as by running drugs and guns, does not wish to throw out its “colleagues” and “beneficiaries.” As a result, terrorists belonging to various countries, all of which are Muslim-majority nations, have a safe haven in Afghanistan. These are mercenaries eager to lend their “expertise for a price” for “jihad” against any nation—be that India, China, Russia, Pakistan, or any of the Central Asian nations.

Sadly, the situation is not much different in Pakistan. Having controlled the mujahideen from their own soil against the Soviet Army invading Afghanistan, some in Pakistan have

become the patrons of many who today are hard-core terrorists. In addition, the ISI was involved in masterminding the emergence of the Taliban in 1994, and there have been reliable reports that Pakistani regulars, donning Taliban garb, had fought (including the use of aircraft) to wrest power from the Tajik-dominated militia belonging to Ahmed Shah Massoud and former President Burhanuddin Rabbani. In other words, the umbilical cord that ties ISI and the “jihadi terrorists” of Afghanistan is still quite strong.

There is yet another problem. Pakistani geopoliticians, like their counterparts in India, have little understanding of the potency of the “independent Kashmir” movement. Islamabad, in essence, will endorse without hesitation any attempt, fair or foul, democratic or terrorist, to create a problem for the Indian Army in Kashmir. Mercenaries, under ISI guidance, regularly enter the India-held part of Kashmir to engage in terrorist activities. Pakistan believes that by forcing the Indians to commit human rights violations in Kashmir, it will be able to weaken the Indian hold there. Islamabad believes that a massacre, of the size which the Israelis carried out against the Shatila and Sabra Palestinian camps in Lebanon in 1982, committed by the Indians someday, would tilt the scale decisively in their favor. Islamabad also believes that the drain of financial and human resources on New Delhi to maintain a semblance of peace in Kashmir, will eventually tell upon India’s economic health. For Islamabad, it is low-intensity, low-cost irregular warfare, waged to get back the territory. Moreover, the Pakistani Army’s eagerness to annex Kashmir, and get even with India, has increased multifold since India helped to bring Bangladesh into existence by severing East Pakistan from Pakistan in 1972.

India, at the same time, is cursed with a situation which cannot be improved in the foreseeable future. Although Kashmiris have long become tired of violence, their hatred toward the Indian Army has not ebbed. Many of them will cooperate with the terrorists to inflict injury on the Indian Army, and the Indians in general. In the Kashmir Valley, local Muslims who had lived in harmony with the Hindus for centuries, have driven the Hindus out of their homes during the last decade. These are all “successes” of the terrorists, and New Delhi has failed to reverse the tide.

History of the Kashmir dispute

The big issue, which has been highlighted by the latest hijacking, is the need to resolve the Kashmir dispute. At the present time, India occupies two-thirds of Kashmir territory, though much of it is the sparsely populated Buddhist-majority part of Ladakh bordering China. The so-called line of control, which has not changed over the last five decades, is considered by New Delhi a de facto international boundary. Pakistan, on the other hand, does not recognize it as such. Islamabad has not spelled out how much more Kashmir territory it must have to reach an agreement, but is demanding all of Kashmir. It

seems that former Pakistani Prime Minister Nawaz Sharif, who was pushed out of power by a bloodless coup on Oct. 12, 1999, had reached some sort of arrangement vis-à-vis Kashmir with his Indian counterpart. But a border skirmish between India and Pakistan last summer, and the coup that ousted Sharif, weakened that initiative. The recent hijacking has put up yet another barrier to the resolution of the Kashmir dispute. Islamabad has already announced that it will not join the South Asian Free Trade Association of seven South Asian countries, and therefore there is nothing to talk about with India except Kashmir. India has reiterated its old position that it wants to resolve all outstanding issues, including Kashmir, with Pakistan. In other words, positions have hardened once again.

The problem is a big one. India was divided in 1947 under the British imposition of the “one country, two nations” theory, according to which India is one country, but has within it a “Hindu nation” as well as a “Muslim nation.” Pakistan was carved out because of the assumed validity of this theory. While Pakistan’s entire identity depended on it, few in India accepted the theory. India called itself a secular nation, and Pakistan is now an Islamic Republic. Indian political leaders, such as Jawaharlal Nehru and Vallabhbhai Patel, accepted the theory in 1947 in order to get the British out. Mahatma Gandhi did not accept it, but there was no plan to revisit the issue. Meanwhile, Hindu-Muslim riots, erupting from time to time, continued to inflict further damage. In 1972, when Bangladesh was born out of East Pakistan, India pointed out that the “Islamic bond” was only skin deep. New Delhi claimed then that that was the end of the “one country, two nations” theory. But, Pakistan had no way to accept this. The Kashmir issue, to both the Indians and Pakistanis, is yet another chapter from the same book. While the Indians cannot give up Muslim-majority Kashmir, because that would “justify” the “one country, two nations” theory, it is for the same reason, ironically, that Pakistan cannot give up Kashmir. Moreover, the Kashmir dispute keeps India at the center of Pakistan’s basic threat perception. This helps the old feudal order, and the Pakistani Army and the intelligence services, to continue ruling the country the way it has ruled for decades. It is a vicious circle, and both India and Pakistan are wholly within it.

Things have to change. If Kashmir continues to be a theater of death and mayhem, the international community will lose faith in India’s, and Pakistan’s, ability to resolve the issue bilaterally. In addition, with the passage of time, and continuation of violence, new scars have appeared, and some of them are quite deep. A time will come, and it is not too far off, when the entire world will tilt toward making Kashmir an independent nation. Pressure will mount on both India and Pakistan to accept such a solution. The hijacking, and the events that followed, indicate that neither Islamabad nor New Delhi is quite ready to deal with this.

British establishment admits, ‘Yes, we harbor terrorists’

by Mary Burdman

The British authorities and media have not considered it necessary to disguise London’s role as a command center for terrorist and separatist operations. Groups including the support apparatus for the Saudi terrorist kingpin Osama bin Laden, and militant Kashmiri separatists who have led a 10-year war which has killed some 25,000 people in the Indian subcontinent, work out of London with the full protection of the British authorities, as *EIR* has repeatedly documented.

In the wake of the terrorist hijacking of an Indian Airlines plane on Dec. 24, the British Foreign Office and its circle have even been aggressive in acknowledging Britain’s role.

“The fact is, that London has been the center of terrorist groups,” a stalwart of the British establishment candidly told a journalist on Jan. 5, when he was asked what initiatives the British Foreign Office or British government might be considering vis-à-vis the explosive situation on the Indian subcontinent.

Asked to elaborate, this figure, who is close to both the Foreign Office and Ministry of Defence, stated: “As with Kashmiri groups, for example: London is the center for many emigrés, who are the background to terrorist activity. What often happens, is that emigrés come here legitimately, stay for a while, then have children, who are British citizens, and who then become involved in international terrorism and planning, and guerrilla activity. The nominal problem becomes, that their presence here is seen as legitimate. As a result, much of the theory and planning for international terrorism is done here in London. Top people of bin Laden, for example, operate here quite openly.”

The establishment figure acknowledged that, at least “logically,” there is an argument to be made for a U.S. military attack on London, just as an attack was ordered on Sudan—this one, totally unjustified—by U.S. Secretary of State Madeleine Albright in August 1998, for allegedly abetting terrorist operations. It is also the case, this figure concurred, that London’s notoriety as a protector of terrorist groups is reinforcing the view that the British are *running* terrorism, for strategic and political reasons.

He has been agitating for some time, the man said, for

Britain to take harsher measures against terrorists operating on its soil. But, "there is a great deal of hypocrisy on this whole matter of terrorism. The private thinking of governments, and not only the British government, is that tolerating terrorist groups gives a certain type of immunity from being attacked directly, so we turn a blind eye to what is going on. Therefore, all these summits to deal with international terrorism are nonsense."

Public statements by the Foreign Office itself, would have hardly made it possible to demur on this question.

One of the three imprisoned militants who was released to the hijackers on Dec. 31 by the Indian government, was Ahmed Omar Sayed Sheikh, a member of the group Harkat-ul-Ansar, and a British national of Pakistani origin. Ahmed Sheikh, the son of a well-to-do family, had attended a public (i.e., private elite) school in Britain, and studied mathematics at the London School of Economics. His specialty, after he entered India in 1994, was to kidnap Westerners visiting India and to hold them hostage for the release of imprisoned Harkat-ul-Ansar leader Masood Azhar. In autumn 1994, Ahmed Sheikh, flaunting his perfect British accent and public school manner, had befriended four young men—three Britons and an American—visiting India, and persuaded them to come with him to Saharanpur, northeast of Delhi, where they were ambushed and held as hostages. Indian police, however, were able to free them and arrest Sheikh and others.

British aid India Airlines hijacker

British officialdom was most forthcoming about its efforts to aid Ahmed Sheikh in any and every way possible, including financially, now that he is out of the Indian prison, as the London *Times* reported on Jan. 3. The "justification" for this is that Sheikh was never tried or convicted of kidnapping in India.

Despite the outraged protests of the three Britons Ahmed Sheikh had kidnapped, a British Foreign Office spokesman stated, "It is quite possible that Mr. Sheikh will come back to this country where his family is. As a full British national, he has every right to return. We spoke to his father on Friday and told him we would provide normal assistance to help repatriate him. However, we have been unable to contact him since, so we do not know if his son has been in touch.

"It is quite possible that, if he still has a valid British passport, the first we may know of this is when he turns up at the airport."

India is not likely to ask for Sheikh's extradition if he does come to Britain, the official asserted. "He has not been convicted of any offense, and at this stage, we have no indication that the Indians would seek his deportation if he does come back to this country."

British diplomats have even said they would provide Ahmed Sheikh with financial help and consular assistance,

including issuing a new passport, if he requested these services at any British consulate abroad, the *Times* reported.

On Dec. 29, while the hijacking was ongoing, Indian authorities had revealed that the terrorists' "trail leads to London," as an article in one of India's leading English-language dailies, *The Hindu*, reported. "With Britain as one of the important bases, an international network of operatives appears to have been involved in the convoluted hijacking of the Indian Airlines flight from Kathmandu to Kandahar. . . . Inquiries in London reveal that a network of the Harkat-ul-Mujahideen [the new name of the Harkat-ul-Ansar terrorist group], apparently had a hand in the hijacking."

Calls made on a cellular telephone from Mumbai (Bombay) were traced to a woman in Bolton, U.K., who is a close associate of Yusuf Suleiman Motala, a leading fundraiser for the Harkat-ul-Mujahideen.

While Pakistan's Inter-Services Intelligence (ISI) and the Taliban in Afghanistan all played key roles in carrying out this latest assault in the long-term war on the Indian subcontinent, if the Indian government—or any other government, including in Washington—wants to take action to prevent an escalation which might even risk nuclear confrontation between India and Pakistan, it is essential that the "trail to London" be exposed.

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Geopolitics, geo-economics behind Germany's 'corruption' scandals

by Rainer Apel

Questions about financial irregularities and other unresolved mysteries behind the mid-1990s privatization of the former East German state's biggest petrochemical industrial complex at Leuna, are creating media headlines in Germany's current "scandals." One question that is posed over and over again in the media, is whether the French petrochemical company Elf-Aquitaine, which took over the Leuna complex, used a sum of 256 million French francs (\$50 million), or at least a large part of it, to bribe several German middlemen and politicians.

The transfer of the FF 256 million occurred on Dec. 24, 1992—the day on which the contract between Elf-Aquitaine and the German Treuhand agency (assigned to carry out the privatization of the East German state-sector industry) was signed—in several tranches to bank accounts in Switzerland and Liechtenstein. From there, the money was transferred on to other bank accounts in London, Luxembourg, and other places in Europe. And from there, it is said to have ended up in the pockets of several leading politicians of, predominantly, the German Christian Democrats.

It is not the first time these allegations have made media headlines, although not a single piece of hard evidence concerning the allegations against the Christian Democrats has been presented. Such reports have appeared from late 1995 on, notably during 1997, when Elf-Aquitaine was the target of an official investigation into charges of corruption. Already at that time, when the French company's operations were being looked into in Paris by chief investigator Judge Eva Joly, two things became clear: first, that Leuna was just one among many such cases of corporate takeovers in which strange transfers of money had occurred; second, that Elf-Aquitaine, at least until its privatization in the second half of the 1990s, had not been just a petrochemical company, but had also served as a covert channel for French intelligence operations abroad.

The Le Floch-Prigent dossier

This role had been known among better-informed Frenchmen and people outside of France, but it became known among a broader public when, in late 1996, French

journals quoted from a dossier compiled by Loik Le Floch-Prigent, the former CEO of Elf-Aquitaine. He wrote: "The boss of Elf is close to the [French] State President or the party that is in power. . . . It is a custom, an unwritten law, that Elf carries out secret intelligence work, with a number of real specialists, who are instructed directly by the intelligence agencies."

The dossier described numerous such Elf operations in Africa, the Middle East, and Central Asia, in which political leaders had been replaced, bribed, and the like. Those operations were undertaken in the context of the French power elites' strategic designs for promoting their specific interests in particular regions of the world. Elf-Aquitaine did, using other, one may say "corporate" means, what would otherwise have been done by the secret intelligence agencies, but could not be done in the usual way for particular reasons at particular times.

All of this was covered by French media in late 1996, and within days after the first revelations from Le Floch-Prigent's dossier, he was released from jail, where Eva Joly had kept him for several months, to elicit the truth behind the strange financial transfers of Elf-Aquitaine. The names of leading French politicians, including former Prime Minister Jacques Chirac (who became President in 1997), Interior Minister Charles Pasqua, and Foreign Minister Roland Dumas, were mentioned in connection with Joly's investigation, but, on April 20, 1997, key document files were stolen from the Paris headquarters of Elf-Aquitaine, and files on the Leuna takeover were among them. From other files she had access to, Joly was able to reconstruct the flow of funds from Elf to the bank accounts abroad, but crucial details on the Leuna affair had been removed with the stolen files.

The entire investigation slowed down considerably beginning in late 1997, and almost came to a standstill. Apparently, the files concerned 1992, during which the so-called "commissions" (or bribes) paid by Elf-Aquitaine saw a spectacular rise, from FF 20 million annually, to FF 700 million. The FF 256 million paid as "commission" via bank accounts abroad, in the context of the Leuna takeover, was one-third of that sum.

Longtime intelligence agents

A closer look at those bank accounts and their owners reveals that something more than the usual payment of commissions was involved in December 1992: The owners were all former secret agents of French, German, Swiss, and British intelligence agencies. There was André Guelphi, longtime middleman between French foreign intelligence and Elf-Aquitaine, whose Liechtenstein-based firm, Nobleplac, was the address for the original transfer of FF 256 million from Elf. From Nobleplac, money was transferred to: the London-based firm Showfast, led by Axel Wend, who is said to work for several intelligence agencies, including British ones; the Liechtenstein-based firm Stand-by Establishment, owned by Dieter Holzer, a former agent of the German foreign intelligence agency; and the Liechtenstein-based firm Internationale Finanzanstalt, run by Pierre Lethier, a former officer of the French foreign intelligence service.

The man who ordered the transfer from the Elf-Aquitaine headquarters, Alfred Sirven, nominally head of the company's international division, EAI, was in reality head of the company's covert intelligence operations. Sirven's superior at that time was Loik Le Floch-Prigent. He and Sirven were political appointees of French President François Mitterrand, who certainly knew why he put them at the top of Elf.

Now, Mitterrand fiercely opposed the reunification of Germany, after the fall of the Berlin Wall in November 1989. A series of articles in the Dec. 23, 1999 issue of the French daily *Libération*, recalled that when Mitterrand, after meeting West German Chancellor Helmut Kohl on Nov. 3, 1989, came to realize that Kohl would attempt to carry out reunification, he decided to side with Britain's Germanophobe Prime Minister Margaret Thatcher, and to sabotage the reunion of the two German states. By early 1990, when it became evident that the Germans could not be prevented from reuniting, Thatcher and Mitterrand adopted a strategy of extracting political and economic concessions from Chancellor Kohl, on the pretext of "anchoring Germany deeply to NATO, the European Union," the International Monetary Fund, and other international institutions under the firm control of the London-centered cabal of geopoliticians.

The price of unification

The "geo-economics" that Thatcher and Mitterrand pursued to contain Germany, with backing from U.S. President George Bush and Secretary of State James Baker, aimed at forcing Chancellor Kohl to make substantial sacrifices of German financial and economic sovereignty, as a precondition for gaining their "approval" for German reunification. The overall framework for this financial-economic containment, the European Monetary Union, which would replace the strong German mark with an artificial new currency, the euro, was worked out during 1990 and was accepted by Kohl before the two Germans united in October 1990.

Germany also agreed to shoulder the former East German communist state's bookkeeping debt as real debt, giving in to the blackmail from Anglo-American monetarists that not recognizing that debt, or cancelling it, would set a "very bad precedent" and would "endanger the existing world monetary system." When Deutsche Bank chairman Alfred Herrhausen was assassinated on Nov. 30, 1989, the last prominent German figure in opposition to the Anglo-American blackmail operations was removed from the scene. During 1990, not everything went smoothly for the geo-economic cabal, but the Germans put up no real resistance after Herrhausen's death.

New, serious trouble emerged for the geo-economic cabal, however, when Chancellor Kohl appointed Detlev Rohwedder as chairman of the newly created Treuhand agency. One may say that Kohl tried to revive with Rohwedder, what Herrhausen, a very close friend of Kohl's, had stood for. Rohwedder's designs may not have gone as far as Herrhausen's, but his strategy—of not accepting unbridled shareholder interests as partners for privatization—created sufficient headaches among Western geo-economic circles to lead them to make him "enemy number one."

Conflicting strategies

For example, the profitable takeover of almost 1,000 gasoline stations of the former East German state at dumping prices was not possible, as long as Rohwedder was at the top of the Treuhand agency. Rohwedder's design was to keep the core infrastructure of the entire East German petrochemical sector, including the Minol gas stations and the Leuna refinery complex, with its close connections to the Soviet Union's petrochemical sector, intact, and to use it for the creation of a sound continental energy cooperation grid between the East and the West. Genuine German-Russian cooperation could not be realized, however, because of the Western blackmail, and because several of the potential European partners for Leuna-Minol had other designs.

For example, British Petroleum thought of abandoning the Leuna connection into the Soviet Union, and replacing it with a new pipeline link to the North Sea oil fields. Modernizing Leuna with several billion dollars of new investment, was not very attractive to British Petroleum.

France's Elf-Aquitaine at first seemed to have an approach similar to British Petroleum, showing interest only in the gasoline chain and some aspects of Leuna, but then it changed its mind and conceptualized a big French investment in the Leuna refinery complex, as a stepping stone for gaining influence and control of parts of the Soviet petrochemical sector. This implied that Elf would also run covert intelligence operations into the Soviet Union, and from there, into the Caucasus, Central Asia, and Asia.

Certainly, this was not what Germany wanted, but Chan-

cellor Kohl wanted a substantial French investment in East Germany, to establish at least some broader cooperation with France, because the French political elite was otherwise reluctant to cooperate with the reunified Germany in positive political terms.

Rohwedder is assassinated

It was in the middle of this delicate situation, which was characterized by other such geo-economic conflicts over the future of other sectors of East German industry, that Treuhand chairman Rohwedder was assassinated by a sniper on April 1, 1991. Under his successor, Birgit Breuel, the Treuhand agency policy changed radically, toward a strategy of abandoning remaining links between East German and Soviet industry. Instead, Breuel pushed a policy of reorienting East German industry to the Western free markets. In the Leuna case, Elf-Aquitaine prevailed over British Petroleum, which opted out, and the French extracted a state subsidy of 2.2 billion deutschemarks (roughly \$1.4 billion) from the Germans, during a painstaking negotiation process that lasted from September 1991 to December 1992, when the contract on the “Leuna 2000” project was signed; a second phase of new French demands lasted into the spring of 1994.

The question of Russia

From the standpoint of corporate investment, there were hundreds more reasons for the Germans to bribe the French, than vice versa. So, the question is posed, why would Elf-Aquitaine have to pay “commissions” in the range of FF 256 million, on Dec. 24, 1992, the day the contract was signed. The fact that the payment went to “firms” owned by former intelligence agents of France, Germany, and Britain, indicates that something else was being pursued, parallel to and in close connection with the “Leuna 2000” project, something that had to do with gasoline and oil refining only in the context of larger designs of geo-economics.

The situation in Russia, which, after the nominal end of the Soviet Union in August 1991, saw the beginning of destructive free-market reforms, and the repercussions that it had also in the regions bordering on Russia, has to be taken into consideration. Certainly, the fact that some people in and around Elf-Aquitaine decided to increase its budget for “commissions” from FF 20 million to FF 700 million in 1992, is related to increased requirements for conducting intelligence operations after the collapse of the Soviet Union and its state-sector economic system in 1991.

Certainly, there is a much more interesting story to be found in that context, than the simplistic “bribes and corruption” scandal of the kind that the German and other Western media are trying to make of that “Leuna 2000” case. The real story to be found is the one about numerous, so-far-undocumented aspects of the policies which the two destructive twins, geopolitics and geo-economics, carried out during the 1990s.

Nigeria 2000: a time

by Lawrence K. Freeman

With the February 1999 election of Nigerian President Olusegun Obasanjo and his inauguration on May 29 of that year, the governments of the United States and Britain have changed their outward behavior toward Nigeria, from the vexatious policy they maintained when Nigeria was headed by Gen. Sani Abacha. Yet despite the West’s new veneer, the underlying intent of the financial elite has not changed at all. With the Obasanjo government on the spot to deliver some minimal economic relief to the tens of millions of poverty-stricken Nigerians, and at the same time being forced to handle a new round of nasty “ethnic” attacks, the International Monetary Fund is seizing the opportunity to reinsert itself into the Nigerian economy. However, while it is far too early to predict the ultimate outcome, there are signs of growing resistance from several different sections of society, led by the labor movement, to another IMF takeover.

The Nigerian Labor Congress (NLC) led off a week of protests with a demonstration of 10,000 in Lagos, the largest city in Nigeria, on Dec. 15, and culminated its activities on Dec. 21 in Abuja, the capital, with several thousand workers rallying at Aso Rock, the villa of President Obasanjo. The immediate issue which catalyzed the protests was the decision of the government to deregulate fuel prices. It appears that for the moment, the week of protests in several state capitals has worked.

On Dec. 21, President Obasanjo met with leaders of the NLC, and agreed to hold off any immediate increase in the price of fuel. After the meeting, NLC President Adams Oshiomhole told the press, “We are convinced that there will be no fuel [price] increase in January.” However, the NLC leadership has taken aim at the entire budget, and most importantly, at the IMF’s underhanded efforts to take control of the Nigerian economy, as it did under former President Gen. Ibrahim Babangida. Nigerians have not forgotten, that it was implementation of the IMF’s structural adjustment programs under Babangida (1985-93), through the massive devaluation of Nigeria’s currency, the naira, and the liberalization of the economy, that resulted in the devastation of their nation, from which it has not recovered today.

The IMF’s blackmail

In Lagos, Oshiomhole made clear that “Nigeria does not belong to oil companies, the IMF, the World Bank, or their agents.” The following week in Abuja, he continued on the

for tough decisions

same theme, and “accused the International Monetary Fund and the World Bank of hijacking President Obasanjo’s programs for Nigerians,” according to the Nigerian press.

There is no question that the domestic price of fuel is very cheap in Nigeria, but, as one parliamentarian who joined the rally pointed out, “wages are the poorest in Nigeria.” Once the price of gasoline rises, there would follow an increase in prices throughout the entire economy. Originally, in early December, the government said that it was not fully committed to deregulation (a price increase), but then decided to push ahead with it. Why is the government, with the economy in shambles, and people hoping for some real material economic results from the “democratic” election of their new President, engineering a price hike, which will undoubtedly cause more economic hardship? Because the IMF has made *deregulation of the oil sector*, along with privatization of other state-owned authorities, one of its conditions for Nigeria to receive a \$1 billion loan. This is the same loan that was dangled in front of Nigeria all last year, and there is still no firm agreement from the IMF that it will be granted.

In addition to the demand to leave the fuel price at its current level, the NLC is also calling on the government to stop the “obnoxious” deregulation of the petroleum sector, to stop the commercialization of government-run infrastructure, to stop the \$1 billion IMF loan, and to “revisit the role of the Nigerian state in the economy . . . [including] job creation.” Nigeria is suffering from massive unemployment and poverty, only partially hidden by the millions of poor who try to simply survive by selling cheap consumer products to motorists stopped at intersections, and along the roadside, known as the “informal economy.” The largest sector of employment is the government civilian workforce. However, with the minimum wage for civil servants at 3,000 naira a month, equal to \$30, the necessity to raise the minimum wage substantially is a life-and-death issue, one which has been taken up by the NLC.

With the IMF breathing heavily down on the new government to accept its conditionalities of dismantling the country’s already poor infrastructure and ending fuel subsidies, there are other forces also resisting. Following the week of demonstrations, a policy debate has broken out in the Nigerian House of Representatives on the need to suspend action on deregulation of the petroleum sector, and some have

raised the connection between the fuel price rise and the new IMF loans. For the moment, the deregulation of the oil sector has been delayed by a majority vote in the House.

The well-known anti-IMF economist Prof. Sam Aluko also added his voice to the fight, in a lecture in Abuja to the Nigeria Economic Summit on Dec. 16. *Vanguard News* reports that Aluko told his audience that Nigeria had no reason to trust the IMF and the World Bank, and expressed his strong disagreement with the government’s privatization program, demanded by the IMF. (Aluko has endorsed Lyndon LaRouche’s campaign for the U.S. Presidency. See *EIR*, Dec. 24, 1999, p. 64.)

Ethnic warfare targets Nigeria’s sovereignty

While President Obasanjo is walking a tightrope between the IMF’s insistence on deregulating its economy and new levels of resistance from the population, Nigeria has been hit with an outbreak of “ethnic” and “religious” confrontations in three geographical areas: the North, Lagos, and the Niger Delta region.

The recent round of deadly attacks in Lagos has been conducted by the militant wing of the Oodua People’s Congress (OPC), a group of Yorubas who have targetted the Obasanjo government—even though President Obasanjo is himself a Yoruba. They are advocating convening a Sovereign National Conference of “all ethnic nationalities” to “redefine Nigeria,” along with the creation of an “Oodua Republic” and other ethnic divisions. Reliable sources within and outside of Nigeria point to the fact, that the OPC is really controlled by the National Democratic Coalition (Nadeco), the main British-run opposition movement, which was deployed to break up Nigeria during General Abacha’s rule (1993-98). Abacha refused to cave in to the IMF while he headed the country.

The OPC is accused of being behind the attempted assassination of Lagos state Gov. Bola Tinbu on Dec. 12, in which four others were killed, and it is said to be responsible for several attacks resulting in the deaths of 100 people since President Obasanjo took over the government. The OPC and those behind it are continuing, if more violently, what Nadeco has attempted for years: to divide Nigeria up into warring ethnic entities, to prevent it from functioning as a sovereign nation-state.

In late November, 50 people were killed in fighting in a Lagos market, and bodies were found burned and mutilated. In response to the massacre, the government has given instructions, including orders to the police to “shoot on sight,” in order to crack down on the OPC. Hundreds of people are reported to have fled Lagos after this attack, with members of the Hausa tribe heading to Kano state, fearing further assaults. Predictably, once the militant Yoruba OPC began their violent attacks, the northern Hausas were propelled into action. A new northern Hausa-linked organization, the Arewa People’s Congress, has suddenly come into

existence. Authorities have already warned of an expected backlash from the northern Hausa stronghold state of Kano. The fact that the OPC emerged from the British-backed Nadeco, the phony democracy movement of the 1990s, and the OPC's public commitment to "liberate our people from the hands of the Hausa/Falani oligarchy," provides the crucial evidence that the well-known British mode of operation for destabilizing African nations—orchestrating "gang-counter-gang" violence by manipulation of age-old "ethnic-tribal" differences—is in use.

Is it a coincidence that at the time of the renewed Yoruba/Hausa violence, Zamfara and Kano states are potentially stirring up religious strife by bringing in *Sharia* (Islamic law) for the first time, with other states expected to follow?

The timing of these "ethnic" eruptions overlaps a year-long violent battle in the Niger Delta region, the oil-rich region of southern Nigeria, where militant elements in the ancient Ijaw tribe have been combatting government forces. Odi youth from Bayelsa state killed 12 policemen in November, which provoked a massive over-deployment by the military against the Odi community. The Niger Delta region, which accounts for a substantial amount of Nigeria's oil output, has remained pitifully underdeveloped economically, creating propitious conditions for deploying such militant youth.

Will Nigeria break out of the IMF geometry?

The history of Nigeria, is the history of the British Empire-Commonwealth trying to gain control of Nigeria's enormous oil wealth. This looting policy has been the axiomatic feature of the uninterrupted policy by the British to prevent Nigeria from becoming an independent sovereign nation, since Nigeria freed itself from British rule in 1960. All the apparently internal conflicts have been the result of the struggle for Nigeria to become a leading nation of Africa, against the London-centered financial elite's determination to break up Nigeria, for the purpose of controlling the flow of its oil, from this, the fifth-largest oil reserves in the world. The so-called concern for human rights and democracy by the U.S. State Department, is really just propaganda to justify attacks on any Nigerian leadership that offers even the slightest resistance to British-IMF control of the Nigerian economy.

As soon as Obasanjo assumed the Presidency, the IMF, while dangling the \$1 billion loan, demanded the right to monitor the Nigerian Central Bank, which was at first rejected by Finance Minister Adamu Ciroma. President Obasanjo has been loudly campaigning for help from the West in return for having displaced the military government, and having brought about a democratically elected civilian government. While President Clinton has agreed to a certain amount of debt forgiveness, it is totally insufficient. Nigeria's foreign debt grew from \$3.5 billion in 1980 to \$32 billion in 1999. Debt service and arrears require Nigeria to pay \$3.5 billion a year, a sum equal to 33% of Nigeria's

yearly export earnings.

The axioms of the flawed thinking of the Obasanjo administration have been around for a long time in Africa. They go something like this: Our country will not have democracy and develop economically unless we attract foreign investments. We can't attract investments unless we are accepted into the good graces of the IMF. Thus, unless we go along with the IMF, our country will remain poor and underdeveloped.

The fallacy of this type of thinking, is that it is precisely because Nigeria and other African nations have followed the IMF prescriptions, that they have been destroyed. Such destruction is *what the IMF intends*. Look at the spread of AIDS in Nigeria and Africa generally. This is the biggest killer the continent has ever seen, and it is a direct result of British-IMF looting policies for the last 50 years. With little or no infrastructure, extreme poverty, and poor health care, it is elementary that the weakened immune systems of the African population will easily succumb to HIV infection. And, of course, with annual per-capita income at less than \$300, no one can afford the various cocktails of medicines used to treat AIDS, that are available to wealthier people in the West. With an estimated 5.4% of adult Nigerians carrying the virus, this poses a large-scale health-care emergency, which requires an similarly rapid expansion of the Nigerian economy.

There is a way out, but it will require a courageous Nigerian leadership to step forward to collaborate with U.S. Presidential candidate Lyndon LaRouche. As long as Nigeria's leadership operates within the old geometry, falsely believing that its economic growth depends on the "good graces" of the IMF, Nigeria will be squeezed until its people can breathe no more.

LaRouche's proposal for a New Bretton Woods system is the only feasible, realistic alternative to the present bankrupt global financial system. The derivatives-stock market bubble will pop in the immediate period ahead. The financial-monetary system is systemically flawed, and cannot last. It will disintegrate, either through deflationary collapse, or a hyper-inflationary blowout. Under these conditions, Nigeria can escape the nightmare of appeasement and step out of the "old" IMF- and British-dictated geometry into the new LaRouche-Bretton Woods framework. In a sense, it is that simple. The Nigerian economy has been stagnating for years. Unless there is a measurable improvement in the standard of living of the Nigerian population, accompanied by significant advances in construction of vital infrastructure and industrial projects, the economic-health crisis threatens to overwhelm even the best intentions of the nation's leadership. Such a crisis also produces the conditions for continued "ethnic-terrorist" deployments that could lead to the breakup of Nigeria, and a war more horrifying than the Biafra war of 1967-70. Now is the time to make tough decisions and act courageously, before it is too late.

LaRouche: What foreigners should understand about the United States

On Dec. 22, Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr. conducted an international press conference via Internet webcast with journalists from around the world. Three journalists and commentators from Malaysia submitted written questions for that webcast, only two of which could be answered at the time. LaRouche subsequently answered three sets of questions submitted by Tan Sri Ramon Navaratnam, author, commentator, and prominent retired civil servant and corporate figure; Hardev Kaur, Editor-at-Large for Malaysia's leading English-language press conglomerate, New Straits Times Publications, Inc.; and Long Shih Rome, correspondent for Smart Investor, which has a circulation of 20,000 in Malaysia and Singapore. Long Shih Rome explained LaRouche's "typical collapse function" in the Aug. 23-Sept. 6, 1999 issue of Smart Investor. Here is LaRouche's written response to these journalists' questions, which he submitted on Dec. 31, 1999.

Ramon Navaratnam: Why do the American people allow top U.S. officials to give such a bad image of Americans as being heartless and arrogant, when in fact, the American people are mostly decent human beings?

LaRouche: There are three interconnected reasons for the sundry real and merely apparent difficulties of this sort. These matters are contrary to what are the currently popular official and related popular mythologies world-wide. Nonetheless, no competent assessment of the U.S.A. and its role in world affairs can be reached without a wrenching break with those popular mythologies. Indeed, most of the self-destructive blunders which nations of Europe, the Americas, and Asia commit, in reacting to the U.S.A.'s role, are the result of mistaking false, but internationally popular mythologies about the U.S.A. for the facts of the matter.

In making this reply to the first of the series of questions, I have included essential elements of historical background required to situate my replies to the subsequent questions of this series.

First, from the beginning of its existence, the political-philosophical composition of the U.S. population was divided between patriots and what were then termed "American Tories." The latter have been typified, to the present day, by a powerful combination of pro-British monarchy Wall Street interests, and the fanatically pro-British slave-holder faction

associated with the treasonous Confederacy and its continuing tradition of today. These rabidly pro-British monarchy, Wall Street-centered elements, aided by British Commonwealth press syndicates (such as those of the Hollinger Corporation and Rupert Murdoch), control directly the leading mass media of today's U.S.A., and dominate the thinking of that upper 20% of U.S. family households which share half of the personal income of the U.S.A. as a whole.

The remaining 80% of family households, typified by African-Americans, Hispanic-Americans, Asian-Americans, labor generally, most senior citizens, and science and related types of professionals, have a different perception of national interests than most among the current upper 20% of the family-income brackets. Unfortunately, since the middle to late 1980s, until now, U.S. politics is dominated by 30% of the eligible voters, most of these dominated by the upper 20% of family-income brackets. This is referred by some as the "suburban" vote, on which the so-called "Third Way" dogma is premised. The fact that the man who is, after me, most hated by the Wall Street crowd, President Bill Clinton, should have massive popular support from the general population, but be the victim of a Wall Street-dominated Congress, reflects the impact of the current division of power between the upper 20% and lower 80% of U.S. family-income brackets.

From its late 1820s founding, by Wall Street banker Martin Van Buren, until the first inauguration of President Franklin Roosevelt, in March 1933, the national Democratic Party was predominantly Wall Street-controlled, pro-slavery, and often outrightly treasonous, as under Presidents Polk, Pierce, and Buchanan. That legacy was continued by Democratic Presidents Grover Cleveland and the pro-Ku Klux Klan scoundrel Woodrow Wilson. From the election of President Abraham Lincoln, in 1860, the patriotic tradition of U.S. leaders such as Benjamin Franklin, and Presidents such as George Washington, James Monroe, and John Quincy Adams, was continued by those elements of the Republican Party which were opposed to the Wall Street cabal of later Republican Party Presidents Theodore Roosevelt and Calvin Coolidge.

With the assassination of President William McKinley, in 1901, the Republican Party was virtually taken over by its Wall Street faction, then headed by President Theodore Roosevelt, the nephew and intellectual creation of his political mentor, the leading Confederate traitor and spy, James

Bulloch. Excepting the case of President Warren Harding, whose “mysterious death” brought the scoundrel Calvin Coolidge into the U.S. Presidency, the Wall Street-dominated Republican Party became the controlled asset of a rabidly pro-British cabal of Wall Street financial institutions and law firms. The Democratic Party’s 1912 and 1916 candidate, President Woodrow Wilson, the backer of the relaunching of the racist Ku Klux Klan, was brought into the Presidency by Republican Theodore Roosevelt.

It was the consolidation of Wall Street’s power, under the U.S. Presidencies of Theodore Roosevelt (1901-1909) and Wilson (1913-1921), which consolidated Wall Street’s power in and over the permanent bureaucracy of the U.S. government. The establishment of the Federal Reserve System, at the direction of King Edward VII’s personal agent, Jacob Schiff, and the establishment of the Federal Bureau of Investigation (as the National Bureau of Investigation) by Theodore Roosevelt’s Attorney General Charles Bonaparte (of the Bonaparte family), typify this. Notably, the assassination of McKinley resulted in an immediate reversal of not only the domestic, but also the foreign policies of the U.S.A. The Wall Street-dominated U.S.A. of Theodore Roosevelt Republicans and racist Democrats behind Woodrow Wilson, made the U.S.A. a de facto ally of British King Edward VII’s formation of the Anglo-French *Entente Cordiale*, for a war intended to destroy both Germany and Russia, the war which would have never occurred in 1914, but for the U.S. support for the British monarchy supplied by Wall Street’s sons of the treasonous Confederacy, Theodore Roosevelt and Woodrow Wilson. U.S. policy against Asia, and the worst U.S. practices against the nations of South and Central America, date from the introduction of such policies by the Wall Street bankers and lawyers behind Presidents Theodore Roosevelt and Woodrow Wilson.

This special arrangement between Wall Street and the British monarchy became known, during the periods of World War I and II, and the period following, as the “BAC” (the British-American-Canadian) cabal. It was this cabal which, typified by Britain’s Montagu Norman and Norman’s business associate Prescott Bush, the chief executive officer of the Brown-Brothers-Harriman firm, who, in January 1933, joined forces in bringing Adolf Hitler into power in Germany. (Prescott Bush was the father of later U.S. President George Bush and grandfather of current Republican Party pre-candidate George W. Bush.) Recently, “BAC” signifies the supranational, “globalizing” power of the “British-American-Commonwealth” cabal. This is to be recognized currently, as the combination of Anglo-American financiers and lawyers behind the current drive for de facto “world government” through “globalization.”

Typically, U.S. foreign policy today is associated with Secretary of State Madeleine Albright, she a Zbigniew Brzezinski associate and the daughter of the Joseph Korbel who

shaped the career of George W. Bush foreign-policy advisor Condoleezza Rice. Notably, Joseph Korbel was formerly an official of the Eduard Benes government of Czechoslovakia, that Benes the father of the wife of Zbigniew Brzezinski, the latter from the lower end of the Polish nobility, and a long-standing asset of the same Averell Harriman whose firm cofunded the bringing of Hitler into power in Germany. Such is the nature of life among the princes and lackeys of the Wall Street-centered cabals of the BAC; among such cabals, pedigree is considered very important; often, these are family trees which have few, if any branches.

Franklin Roosevelt’s (FDR’s) 1932 election established his reformed Democratic Party as the bearer of the patriotic tradition of Franklin, Washington, and Lincoln.

This brings us to the second key fact to be understood about the United States and its foreign and domestic policies of today.

To appreciate this more adequately, one should focus attention on the key issue marking all of FDR’s continuing battles against both Wall Street and the then-incumbent majority of the U.S. Supreme Court. The issue was FDR’s defense of a fundamental principle of law embedded in the Preamble of the U.S. Federal Constitution: the fundamental constitutional law of the U.S.A. premises the definitions and authorities of government upon the unique competence and inalienable responsibility of the sovereign nation-state republic, *to promote the general welfare*, that for both all of the living and of their posterity. That has always been the crucial issue of the conflict between the British monarchy and the North American patriots, from the accession of that bloody tyrant William of Orange, in 1689, and of Orange’s ally, King George I, to the present day.

This feature of U.S. natural and constitutional law overlaps that definition of U.S. strategic interest which the U.S. Secretary of State John Quincy Adams set forth in advising President James Monroe to reject British Foreign Minister Canning’s proposal of a U.S. alliance with the British monarchy. Adams stressed that the United States shared no “community of principle” with the British monarchy.

That argument by Adams points to the nature of the fundamental and uncompromisable difference in species-nature between the U.S.A. as a sovereign republic, and the anti-republican, oligarchical composition of the British monarchy’s ruling financier aristocracy, the latter as typified by the interests expressed by the Bank of England. The post-1714 British monarchy, contrary to the English monarchy of Henry VII, for example, is a form of state, in which the mass of the population are merely subjects of those who own the authority of the permanent state apparatus. Under the U.S. Constitution, as under the notion of natural law adopted by France’s King Louis XI and England’s Henry VII, the authority and responsibility of the state are defined by the obligation of the government to promote the general welfare of all the people and of

their posterity, in perpetuity. With any people which governs itself according to that notion of sovereignty, the U.S.A. of Adams shared, and shares, a “true community of principle.”

There is a single axiomatic principle underlying all of those conflicts which define those among today’s more or less global political and related issues affecting relations among states generally. These conflicts are to be seen as expressions of the same continuing historical conflict which has placed the forces of oligarchy against the Creator himself, for as far back as history informs us. The political form of that issue is the lack of any possible honorable compromise between those who deny the fact that, since all men and women are set apart from and above the beasts, because they are made equally in the image of the Creator of the universe, there can be no legitimate government but one which derives the entirety of its duties and authority from an efficient commitment to promote the general welfare of all persons, and their posterity, in a manner consistent with mankind’s nature as a being made

in the image of the Creator. This commitment is otherwise known as the notion of a state self-governed by what is known in English-language usage as the principle of “the general welfare,” or the notion of a “commonwealth.” This absolute division of rule by emperors and oligarchies from the principles of natural law on which the sovereign republic is based, defines both the meaning of “community of principle,” and of its adversaries.

The global issue facing policy-making today, is just that. Every other issue is, relatively speaking, only a form of petty foolishness by comparison.

My third point is, that one should look at all among the leading issues of the domestic and foreign policy of the U.S.A. today in terms of that definition of republican “community of principle.”

From such an historical perspective, we must say, that the U.S.A. today is temporarily dominated by a political class, the BAC oligarchy and its lackeys. Those lackeys are drawn,

Dr. Mahathir warns against globalization

In a televised address to the nation on New Year’s Eve, Prime Minister Dr. Mahathir bin Mohamad called on Malaysians to close ranks and set aside differences to face the new millennium with resilience and strength, so that “our beloved nation will continue to be free, independent, and successful.” We must be vigilant, he said: “Malaysians should greet the new century and millennium with joy. But we cannot accept wholeheartedly the globalization which will accompany it.” According to a summary in the *New Straits Times* on Jan. 3, Dr. Mahathir recalled the many failed Western ideologies like feudalism, absolute monarchy, dictatorship, communism, and socialism, and said that globalization would not last, but that many people would be sacrificed before it would be rejected.

It would appear that Malaysians had forgotten the lessons of history, he said, referring specifically to the country’s long periods of colonization. Drawing two lessons from Portugal’s conquest of Malacca in 1511, Dr. Mahathir said that one of them was the importance of unity, organization, a responsible leadership, discipline and order, clear direction, training, and strategy. The other lesson was that traitors could bring about the downfall of a country. “Those who collaborate with enemies are worse than the enemies. Because of self-interest, they are willing to sell their country and race,” he said.

Looking at these lessons, he said it was clear that Ma-

laysians were not yet ready to face the challenge of the new millennium. The old ways and culture which had brought four and a half centuries of colonization continue to be prevalent, especially among the Malays. He said the people did not see the need for unity, according to the *Times* report, because the government had always protected them, brought development, and deflected foreign pressure. “But the seeds of discord have been sown and are growing. Foreign propaganda has been accepted by some people and is being spread by them. It does not matter that there is no basis to the accusations by the foreigners. What is important is that the accusations are easily believed and can be used for their fight,” he said.

Dr. Mahathir said while the government was concentrating on defending the country from outside forces, those forces found it the best time to strike from behind. He urged Malaysians to set aside the differences which divided them in order to face challenges with resilience, and to remember the lessons of history. He said that the Malay race had lost their self-confidence and became marginalized after the British came in. But when the British tried to form the Malayan Union, the Malays realized that they would lose their homeland, and found the courage to oppose them. Their weapon was unity.

“We may think that Malaysia will be independent forever, the Malays will be in power, and the country will be rich,” Dr. Mahathir said. “But the former colonialists have already planned to re-colonize us.” He said that their method is “globalization and a world without borders,” which has been interpreted to mean free movement of capital (theirs) and freedom to buy up all businesses and banks.

chiefly, from among the upper 20% of family-income brackets. The latter class of lackeys is, currently, generally speaking, as clinically insane as the devotees of the Netherlands' Seventeenth-Century "tulip craze" and those early Eighteenth-Century John Law-style bubbles which bankrupted a similar social stratum in England and France. One should also be reminded of those middle-class speculators of Weimar Germany whose shirts turned from white to brown, when the Weimar hyper-inflationary bubble of 1923 wiped out their financial holdings.

It is important to remember, that these lackeys, these "mad cows" of present U.S. suburban life, are the principal constituency for such lunatic causes as "globalization." These madmen are the social base for the spread of the so-called "Third Way" of current British Prime Minister Tony Blair in the U.S.A. as in Europe. These are the wild-eyed fanatics behind such causes as "free trade," and "shareholder value." These are the wide-eyed madmen of the twenty-four-hour-a-day "financial derivatives" trade. They are to be understood by considering them as "virtual fascists." That is to signify by "virtual fascists," that when the inevitable global debacle of the present world financial system occurs, there will be but a relatively short period of time between the occurrence of either a general deflationary or hyper-inflationary collapse, during which effective, Franklin Roosevelt-like measures of reconstruction must be introduced, and the point at which failure to take such measures will unleash these present white-collar madmen as desperate, outrightly fascist fanatics on their march to national and world power.

Once Germany's then-Chancellor Kurt von Schleicher had been replaced by Hitler, in January 1933, through the negligence of the top Reichswehr strata, and when, in the Summer of 1934, the same Reichswehr leaders stood by complicity in allowing Hitler to assassinate von Schleicher, World War II became inevitable. And, ten years later, Hitler slaughtered the same military leadership whose negligence had allowed Hitler's accession to, and consolidation of power during 1933-34. Now, as then, in times of systemic crises, the consequence of delay in taking timely and appropriate actions for change will usually result in the worst result, as Shakespeare foretells the doom of the character Hamlet in the famous Third Act soliloquy of that tragedy. That is the type of danger the world has most to fear from the situation in the U.S.A. today. Failure to make the needed radical and sudden replacement of the present IMF system, would be the most likely cause for a rapid disintegration of civilization worldwide during the relatively short- to medium-term period immediately ahead.

This means that the future of the U.S.A., and therefore of the world, depends upon a radical shift back toward pro-FDR policies forced upon government by a reactivated majority of the citizenry of the U.S.A. Thus, the appearance and success of the corresponding quality of political leadership is crucial for the survival of the U.S.A. and also the general well-being

of humanity globally. Thus, there is no sane politics within the U.S.A., or concerning its relationship to other nations, which does not proceed from considering the power of the U.S.A. in light of the historic role it must now play in bringing into being the kind of community of principle among sovereign republics to which I have referred summarily here.

At the point that leading patriots of sundry nations look at the U.S.A., its history, and its proper function in the world, in those terms of reference, all important misunderstandings concerning the U.S.A. must tend to evaporate.

Ramon Navaratnam: What can be done by Americans to reduce the powerful influence of oligarchists who shape U.S. foreign policy for their own selfish interests, at the expense of the poor? The American press is "controlled" by the rich and the powerful who distort information to suit the interests of their rich owners.

LaRouche: One should look at such miserable states of affairs through the eyes of the greatest Classical tragedians of European civilization, such as the Greeks Aeschylus and Sophocles, Shakespeare, and Friedrich Schiller. The tragic doom of nations and their people, which we see unfolding on the Classical stage, reflects two closely interrelated classes of problems: the role of leadership of peoples, and the kinds of immorality of those peoples themselves which tend to doom them. The function of the true political and other leader in society, including the greatest of the Classical artists, is to uplift the people, to cause the people to recognize the potentially fatal immorality which has guided most peoples, in most periods of history, to bring doom upon themselves. It is when the available leaders succumb to such popular traditions, rather than inducing the people to change themselves for the better, that great empires, entire cultures doom themselves as cultures which are self-doomed, because they have lost the moral fitness to survive.

President Franklin Roosevelt, whatever we might otherwise view his faults to have been, typifies the kind of leader who, in real-life history, were likely to be found available to address the ominous situation now menacing world civilization in its entirety. There is a principle to be recognized from study of Roosevelt's special role in the history of this passing century. It is a principle which should be familiar to us from comprehension of the greatest works of Classical tragedy, a principle which is also demonstrated in real-life history. Indeed, all great Classical tragedy is the product of the artist's insight into those principles of real-life history which politicians had overlooked, the proverbial "usually electable politicians" cast in the mold of the general run of leading, and predominantly foolish political figures today.

The point is, that the possibility of inducing a morally corrupt popular opinion to recognize its folly, is presented to us only in those times when the people are faced with the kinds of menacing situations in which they, belatedly, recognize that they are fools, and their most popular opinions are



“President Franklin Roosevelt, whatever we might otherwise view his faults to have been,” LaRouche writes, “typifies the kind of leader who, in real-life history, were likely to be found available to address the ominous situation now menacing world civilization in its entirety.” Left to right: British Prime Minister Sir Winston Churchill, President Roosevelt, and Canadian Prime Minister MacKenzie King, at the Quebec conference in September 1944.

worse than foolish ones. Only in such circumstances, are populations prone to hear the voice of the leader who might lead them to save themselves from their own habituated follies. So, the rise of FDR to the U.S. Presidency must be viewed; so, in contrast, the 1933-1934 failures of Germany’s military leadership must be viewed. Such are my chances today, perhaps the only chance the U.S. population will be offered, to save itself.

Look at the U.S. election campaign now. We have two nominally leading candidates for the U.S. Presidency, Texas Governor George W. Bush, and U.S. Vice-President Al Gore, both of which are incurably disqualified, intellectually and morally, to assume the position of U.S. President, especially under presently developed national and global circumstances. Of my two Democratic rivals, Gore and former Senator Bill Bradley, Bradley, unlike Gore, is intelligent and compassionate, but has so far failed to grasp the crucial issue facing the U.S. Presidency at this time. Generally, by that standard, taking all putative candidates, from all parties, I am running against a mixed bag of both leading dummies, Bush and Gore, and, otherwise, persons totally unqualified for occupying the Presidency under the kinds of crisis conditions existing as of January 2001. The common difference between their campaigns and mine, is that while others are appealing to those very prejudices in the population, by means of which the nation and more might be self-destroyed, my mission is to induce the people to abandon those prejudices, to seek the truth instead.

By his God-given nature, man is essentially good. The goodness lies within; but it must often be redeemed, and often yet again. Too often, there is no redemption. All in all, that innate goodness, if it can be called forth, presents us now a chance to succeed in overcoming the global crisis before us. It is a poor chance in a narrow interval of time, but it is the only chance we have. We must find a just optimism in the historical fact, that it is only under conditions of systemic crises, that a nation’s people and institutions are likely to be induced to abandon those customs by means of which they have reached the state of a culture which has lost the moral fitness to survive.

Such are the prospects before us. I am optimistic, but I bring no illusions to that optimism.

Ramon Navaratnam: What can be done to ensure that the American public gets honest and professional reports about the rest of the world—like the *EIR* gives?

LaRouche: I am going my best, and the clearly perilous nature of the present state of crisis in, and among most nations, has lately brought more voices of sanity to the fore. Morally, the advanced state of the present crisis is reshaping the currents of near-term history into a state of preparation for changes that will be, for better or for worse, fundamental, and profound.

Ramon Navaratnam: Why has the U.S. government been dragging its feet in initiating concrete action for reforming

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the “international financial architecture”?

LaRouche: You may recall that, during early September 1998, President Clinton delivered an address in New York City, in which he spoke of restructuring the international monetary system. Then, after the public announcement of the Long Term Capital Management crisis, Clinton backed away from the issue of restructuring the system, and capitulated to the arrangements made at the October 1998 Washington, D.C. monetary conference, instead. Then, shortly after the Democratic partial victory in the November 1998 U.S. Congressional elections, the Republicans launched their impeachment drive against the President. That, for the time being, ended all initiatives for financial reorganization.

The President had, in effect, threatened to do something which frightened the BAC bankers and lawyers. He then backed down from that threat, and when he failed to secure a majority in the November 1998 Congressional elections, the BAC gang used its assets in the Congress and the corrupt Federal Court system to threaten all kinds of horrors against the President and also the members of his family. President Clinton had made the mistake of backing off from what he threatened to do. His threat enraged them in the extreme, as subsequent events showed; but, his failure to carry through on that threat, encouraged them to attempt to destroy him. Do not tease man-eating jungle predators; flank them preemptively, and promptly.

Now, I believe, that only the shock-effect of an actual financial blow-out in the U.S. financial system itself, will produce the conditions under which President Clinton might take the political risk of acting as he should have acted in September 1998. That being the situation thus far, the only rational strategy is to build up support for my role in this matter, thus rallying the degree of support needed to prompt Clinton to respond appropriately at the proverbial last moment of opportunity for addressing a U.S. collapse which had then already broken out in more or less full force.

Ramon Navaratnam: Why did the United States allow the World Trade Organization [WTO] meeting in Seattle to fail?

LaRouche: I see no sign that President Clinton was unhappy with that result. The WTO agenda should be viewed as essentially a project of the political factions aligned with Clinton’s

opponents, such as Prime Minister Tony Blair, Vice-President Al Gore, and Secretary Albright. The crucial development came from western continental Europe, not the developing nations. When Germany’s Chancellor Gerhard Schröder, backed by France’s Prime Minister Lionel Jospin, acted jointly against the British faction in the Mannesmann and related developments of the days immediately preceding the Seattle meeting, the correlation of forces within the G-7 had shifted sufficiently to bring about the defeat of the WTO faction. One should not overlook the fact, that Clinton, the AFL-CIO, and other relevant forces expressed sighs of great relief once the final results of that debacle were registered.

This was a small, but much-needed victory for the cause of the sovereign nation-state; hopefully, the victory will not be a Pyrrhic one. Again, never tease predatory jungle beasts, such as those “globalizers” behind the drive to eliminate the institution of the sovereign nation-state.

Hardev Kaur: How can the United States set conditions that its agriculture subsidy should not be questioned at the WTO, and yet it wants to raise the European Union agriculture policy issues? Why the double standards?

LaRouche: The debate over so-called “agricultural subsidies” was shaped by a general lack of competence on the related economic issues, on all sides speaking publicly on that occasion. The idea, that U.S. farmers should continue to be bankrupted, as they have been since about 1977, by having world prices for foodstuffs set at slave-labor wage-levels associated with the agriculture of poorer nations, is not an acceptable policy for any person who understands the economic issues involved.

U.S. food prices should be based on what would be termed an approximately U.S. ninety-percent of parity-price set for payments to U.S. farmers. Prices for food on the world market should also rise, in order to channel capital formation into agriculture in developing and other nations, thus making possible a rise in the productivity and standard of living of the farm sector in those parts of the world.

The so-called “developing sector” did itself no service by arguing against price protection for U.S. farm-producers. What was needed was the same degree of protection for the farmers of the developing sector’s nations. What is killing

The common difference between their campaigns and mine, is that while others are appealing to those very prejudices in the population, by means of which the nation and more might be self-destroyed, my mission is to induce the people to abandon those prejudices, to seek the truth instead.

the world now, is too much enthusiasm for the rapacious economic dogmas of François Quesnay and Adam Smith, and not enough attention to the principles employed by all successful modern economies, the principles of Alexander Hamilton, the Careys, and Friedrich List. In the end, the choice is between “free trade” and national sovereignty; that was the issue at Seattle’s WTO conference. Happily, the WTO and U.S. Secretary of State Madeleine Albright lost that round. Happily, at least some participants in that conference recognized, that one can not have both “free trade” and national sovereignty for long.

What is needed is a scrapping of all schemes of “globalization,” and a restoration of the kinds of “protectionist” measures enjoyed under the pre-1958 phase of the post-World War II Bretton Woods agreements. That includes: 1) End the floating-exchange-rate monetary system: fix parities of currencies within a gold-reserve system akin to that of the pre-1958 period, with the goal of ensuring rates on long-term development loans of about 1% on five- to thirty-year loans for capital improvements; 2) Capital and exchange controls, and internal financial controls, under the authority of sovereign governments; 3) Agreements on tariffs and trade which protect agricultural and industrial development within nations, and promote mutually beneficial trade-cooperation among nations.

Finally, the agricultural policies of those behind the project of WTO “globalization,” are the policies of an Anglo-American food cartel, which has consistently pursued its rapine policies against the farmers of both the G-7 and developing nations since the middle to late 1970s period of the U.S. Carter Administration. These same controllers of that international food cartel, are, like U.S. Vice-President Al Gore, also backers of policies of population-reduction, especially the populations of so-called developing-sector nations. Never accuse them or Gore, or Madeleine Albright, of being “unfair”; rather, recognize them as intrinsically evil.

Hardev Kaur: The ministerial meeting in Singapore had agreed that labor issues would be left to the ILO. Yet now the United States wants to “sneak in” the labor issues into the WTO by the “back door” it seems. How and why should any sovereign country have any confidence that their issues will be taken into account in future negotiations?

LaRouche: The concerns you express are fully justified. As long as the IMF and World Bank exist in their present form, under the present policy-making trends, and as long as a powerful concert of nations supports those institutions and their policies, there is no possibility of justice for any nation under the thumb of such institutions. The ILO’s record over the period of its existence, has always been consistent with the then-current dictates of the world’s dominant group of central bankers. The presently hegemonic institutions wish to spread virtual and actual slave-labor practices, and so on. Dinner should not debate with a hungry crocodile confronting it. Unless the institutional changes I have indicated are soon made, that under emergency conditions, the likelihood of justice—for almost anyone—will vanish into the mists of a planetary “new dark age.” The question is, therefore: who has the courage, wisdom, and power to force the needed axiomatic changes?

Hardev Kaur: The United States is already beginning to say that no Asian is “qualified” to take over the helm of the IMF. The informal agreement that a European should head the IMF and an American head the World Bank was made in 1946. At that time there were not as many member countries and they obviously did not have a say in this “agreement.” Now with the world that is so changed, should not views of other members be taken into account? Why should a country like the United States continue to dictate the policies and who should head a multilateral organization such as the IMF?

LaRouche: The policy-trends against which you complain are to be recognized as the fruit of the untimely death of President Franklin Roosevelt.

During the period prior to his death, Roosevelt had been in a virtual war with British Prime Minister Winston Churchill over just these issues. Roosevelt had scarcely been buried, when the administration of President Harry Truman adopted the policies of Churchill over those of Roosevelt. In fact, although the U.S. is often blamed for many things, it should be blamed for allowing the British monarchy to use its principal U.S. asset, the Wall Street bankers, for putting the U.S. government at the service of London’s Commonwealth financier aristocracy, at nearly every turn. The point I have just summarized was also stated frankly, although from an opposing standpoint, by former U.S. Secretary of State Henry

A. Kissinger, in a keynote address delivered publicly at London's Chatham House in May 1982.

After all, today, it is that London market which controls over 90% of the world's financial turnover, and is the dominant force in all of the great mega-mergers seizing control of most of the mineral and related hard assets of most of the world including the U.S.A.—today.

As Kissinger described the Roosevelt-Churchill conflict, Roosevelt's policy and my own, in 1945-1946, when I was a simple soldier in Southeast Asia, and now—is to greet the end of World War II with the immediate elimination of all relics of Portuguese, Dutch, British, and French colonialism and imperialism. Roosevelt had intended to use the factor of his relationship to the Soviet Union and China, and U.S. power, to bring in the former colonial world as fully sovereign nation-states, and to share in the administration of a new, post-free-trade, post-colonialist order.

It has been my persisting proposal, since developments of 1997, that the inevitably worsening world financial crisis be the occasion for bringing about an emergency weekend conference of the representatives of a group of representative nations of Eurasia and the Americas. The purpose of such an emergency conference of heads of state and governments, is to declare the existing world financial system to be bankrupt, to launch a new world monetary system modelled in form on the pre-1958 Bretton Woods agreements, to have the relevant governments place the relevant financial institutions into government-directed bankruptcy-reorganization, and to launch large-scale emission of state credit for long-term improvements in basic economic infrastructure and capital improvements in the technology of agriculture and manufacturing.

I have proposed that Russia, China, and India be the three corners of a new system of cooperation throughout Asia, together with other nations of East, Southeast, South, and Central Asia. This three-cornered cooperation should be wedded with cooperation from western continental Europe (notably including France, Germany, and Italy), and also the U.S.A. The purpose is to establish a new world monetary system, modelled upon the successful features of the pre-1958 Bretton Woods agreements and the Marshall Plan, but, this time, with the Asian and other former victims of colonialism as politically equal partners.

The issue is not between nations as such, but, rather, between contending principles and philosophies, principles and philosophies which bridge nations. The issue today is the same issue which prompted the American Revolution against the traditional enemy of the U.S.A., the British monarchy of George III and his successors. The issue is between the principle of rule by financier oligarchy, such as the forces behind George Soros, and the right and obligation of the sovereign nation-state republic to ensure the general welfare of all persons of existing generations and their posterity.

Today, most of the upper 20% of the family-income-

brackets in the U.S.A. are either initiators or lackeys of the madness which grips the present world financial system. The lower 80% of U.S. family-income brackets, whose aggregate income is less than half the total for the nation as a whole, are the victims of the policies currently supported by most among the upper 20%. Recently, U.S. politics is dominated, more or less consistently, by not more than 30% of the citizens as a whole. Most of that 30% represents the social and political standpoint of the upper 20% of family-income brackets.

It is the same in England, for example. Mussolini-lookalike Prime Minister Tony Blair, with his despicable "Third Way," represents, in England, the same kind of constituency which "Third Way" apostle Vice-President Al Gore, and also Texas Governor George W. Bush, represent in the U.S.A. The issue is between the financier oligarchy, and that oligarchy's lackeys, on the one side, and the people, on the other. It is not a matter of national traits.

On this issue of economic relations among nations, I shall be issuing a major policy paper soon. It will be presented under the title of the issue of a long-standing U.S. internal policy—fight under the heading of directly opposite definitions of the U.S.A.'s "Manifest Destiny." This will be the subject of an international Internet video, a live broadcast scheduled to occur on Jan. 14, 2000. I shall also issue an historical documentation of the roots of this policy, tracing the history of the issue from Fifteenth-Century Europe.

Long Shih Rome: After one year of inception, the euro has fallen by 16% against the U.S. dollar. What is the real reason for the weakness? Some attribute it to weak monetary policy on the part of the European Central Bank, others say that it is because City of London traders are selling it down because of the slow pace of economic reforms in Germany.

LaRouche: Certainly, there are real weaknesses in a continental Europe dominated by the so-called Maastricht agreements; but the relative price of the euro has almost nothing to do with the reality of the respective economies. Indeed, contrary to most of the leading British press, the best thing which could happen to Germany's economy would be an elimination of the Maastricht "reforms," that as soon as possible. The worst thing which could happen to Germany's economy, would be to continue those reforms.

Review the situation in Europe briefly. Begin with the United Kingdom.

The U.K. is an economic rubbish-bin, but the British financial position is propped up by what are sometimes termed the City of London's "invisible earnings." The economies of western and central Europe depend upon the strength of Germany's real economy. Germany's real economy depends absolutely on its export sector, especially its high-tech machine-tool-grade exports and construction capabilities. The rest of western and central Europe depends upon the keystone role of the trading position of each and all with respect to Germany.

As long as the IMF and World Bank exist in their present form, under the present policy-making trends, and as long as a powerful concert of nations supports those institutions and their policies, there is no possibility of justice for any nation under the thumb of such institutions.

Continental Europe's economy as a whole suffered a catastrophe with the simultaneous, coordinated financial predators' attacks on the economies of Russia and Southeast and East Asia, over the period 1997 into Summer and early Autumn of 1998. This severely affected the export markets of western continental Europe. A simultaneous increase in the savagery with which Maastricht "reforms" and City of London financial raids looted continental Europe, especially Germany, aggravated the economic situation.

However, the worst situations, outside the worst cases in the world's so-called developing sector, are currently in Japan and the U.S.A. itself. Japan is in a desperate situation. In Japan, a hyper-inflationary explosion of the printing presses is approaching a terminal boundary condition. The United States is propped by a current accounts deficit ranging between \$300 and \$400 billions annual rate, and the inflationary pressures on commodity markets are now accelerating in the general direction of a Weimar-style crisis. The expansion of U.S. monetary emission is moving in that direction and with those characteristics now.

Otherwise, the key factor in the run against the deutsche-mark and France, is a willfully political action, rather than a market-determined trend.

Long Shih Rome: Now the euro is hovering close to parity. What is the prospect for the euro in 2000?

LaRouche: No one knows; no one could possibly know. The entire world system is in a terminal boundary layer of self-accelerating, leveraged turbulence. We have reached the point, that political decisions, rather than so-called market trends, will determine everything even during the short term.

Long Shih Rome: If the euro does crash next year, what are the implications for exporters in Malaysia who sell to Europe? For importers here who buy from Europe?

LaRouche: We are not dealing with a marketing problem, but a purely political one. The market trends are for a total collapse of the world financial system during even the short term. Unless continental Europe accelerates the defiance of London already shown recently by both France and Germany, and turns to the kinds of measures which Prime Minister Dr. Mahathir has chosen so successfully for Malaysia, we are faced with highly probable trade-collapse in these market relations.

It is encouraging that the continental Europeans are increasingly sensitive to developments in their Russia and East and South Asia long-term trading relations. Politically, their instinct will be to fight to defend the continuation and improvement of those trade relations, even against increasingly intense Anglo-American pressures to the contrary.

Long Shih Rome: Does the current weakness or future weakness of the euro suggest that it is undervalued, given that some European economies are recovering?

LaRouche: No. Every economy in Europe, except the City of London's financial traffic, is currently operating below real-economic break-even, and collapsing at a currently accelerating rate. Without a radical shift back to the kinds of "dirigist" and "statist" measures remembered from the 1950s and early 1960s Europe, there is no possibility that the present trend of deepening economic collapse could be reversed, or even halted. The collapse is not cyclical, but systemic. Only systemic measures, overturning present political arrangements, could halt the presently ongoing collapse.

Long Shih Rome: What is your assessment of the outlook of the European economies? Are prospects better in 2000 than in 1999 and, if so, why?

LaRouche: Without the kinds of radical changes I have prescribed, the worst results are inevitable.

Long Shih Rome: What is your answer to the growing view that the euro is set to fail because of the stringent conditions of the Maastricht Treaty? Weaker EU members will find it hard to grow as they privatize and denationalize their economies.

LaRouche: Maastricht dooms continental Europe. Without its repeal, the situation is a hopeless one. Renationalization of the economies, and a reversal of the swindle called "privatization," are among the leading, indispensable preconditions for a recovery.

Long Shih Rome: Will there be a weaker case for other regions to adopt a common currency bloc?

LaRouche: No. Common currency blocs should be viewed as likely included features of any workable economic recovery efforts.

International Intelligence

Khmer Rouge defense may call Kissinger, Thatcher

Cambodian defense lawyer Benson Samay held a press conference on Dec. 27, where he said that he will call on former world leaders to testify, if his client, former Khmer Rouge military leader Ta Mok (“The Butcher”), is charged with genocide. According to wire reports, Samay named Margaret Thatcher, Henry Kissinger, former Presidents Jimmy Carter, Ronald Reagan, George H.W. Bush, Mikhail Gorbachov, and former UN Secretaries General Javier Pérez de Cuellar and Boutros Boutros-Ghali, as people whom he might subpoena. Reports from Cambodia quote Samay as topping the list with U.S. Secretary of State Madeleine Albright. The most glaring omission, however, is her mentor, Zbigniew Brzezinski.

Leading governments and the UN continued to recognize the Khmer Rouge as a legitimate participant in Cambodia’s political life up to the first UN-sponsored national election in 1993, when the Khmer Rouge chose to renew the war. Prime Minister Hun Sen has repeatedly made the point that neither the UN nor leading governments recognized Cambodia’s prosecution of Khmer Rouge leaders in 1979, nor was the word “genocide” allowed to appear in the Paris Peace agreement of 1991.

On Dec. 15, CBS News “60 Minutes” ran a segment on possible trials of Khmer Rouge leaders, for which correspondent Bob Simon interviewed both Prime Minister Hun Sen and U.S. State Department Ambassador at Large for War Crimes David John Scheffer, asking them both whether former U.S. officials should testify. Speaking to Scheffer, Simon repeated what Prime Minister Hun Sen had told him: “If we talk about the crime committed in Cambodia, so anyone who is involved in it, it would also include then, Nixon and Kissinger, too.” Scheffer retorted: “Well, that’s not really for him to determine. The actions that we took at that time [the illegal bombing, which killed up to 500,000 Cambodians] had some military necessity associated with them. . . . I think it’s honorable and it’s right

for the United States to still seek justice for what occurred to more than 1.5 million Cambodian victims during the late 1970s. And if we do so being subjected to criticism of hypocrisy, or what have you, frankly, at the end of the day, I personally don’t care, because what we are doing is the right thing at this time.”

Iran’s Khatami sends New Year message to Pope

Iranian President Mohammed Sayyed Khatami sent a New Year’s message to Pope John Paul II, to herald the year 2000, which the Holy Father has designated a Jubilee Year. “Humanity at the threshold of the 21st century is more than ever in need of peace, freedom, justice, and security. Overcoming of bloody and sad events of the 20th century is only possible through fundamental changes in thinking and political foundations, and changing the framework of existing international relations and replacing them with new concepts such as dialogue among civilizations and, cultures. I hope by adherence to the principles of co-existence, mutual respect, dialogue among civilizations, cultures and religions, we will witness strengthening of principles of peace, based on justice, friendship, and mutual respect for all human beings.”

Venezuelans furious at Chávez over disaster

The opposition in Venezuela continues to slam President Hugo Chávez for his mishandling of the flooding and mudslides that claimed as many as 50,000 lives over Dec. 15-16. *Siete Dias*, the Sunday edition to the Caracas daily *El Nacional*, ran a two-part article on Jan. 2-3 by Jorge Olavarria, who had originally backed Chávez’s drive to create a National Assembly and write a new Constitution. Olavarria has since broken with Chávez. He writes that “the vacuum created by the egoism and stupidity of those who should have put up an opposition, was filled by those who had the preconceived in-

attention of . . . installing a Constitutional model with democratic appearances and totalitarian realities.” Creating new opposition parties, he concludes, “belongs to a regime of freedom, justice, and law. Resistance is what is appropriate” when such a regime no longer exists.

Olavarria raises the question now raging throughout Venezuela: Where was Chávez on the night of Dec. 15? There is strong evidence that he was at a resort island, celebrating his triumph in the referendum for a Jacobin rewrite of the Constitution (see last week’s *EIR*). He only showed up in Caracas late on Dec. 16, to address the nation at 11 p.m. about the emergency, claiming that there were only 100 dead in the mudslides, when, in fact, tens of thousands had died.

French political class hit by ‘Clean Hands’

The entire French political elite is being destabilized by “corruption” scandals, similar to the “Clean Hands” operation run by Britain against Italy’s political parties in 1992-93. Although most of the legal cases have been simmering for several years, they are all striking at a time when France has ceased toeing the British line in Europe. Similar ice-box scandals are being revved up in Germany (see article, p. 52, and last week’s issue, p. 38). Numerous figures are facing trial or sentencing, by judges who have run amok, launching investigations on the basis of anonymous allegations.

Communist Party head Robert Hue is being tried on charges of embezzlement and fake invoicing; the entire leadership of the small Christian Democratic centrist party faces sentencing for fraud and concealing money in Switzerland; the Socialist Party of Prime Minister Lionel Jospin is being hit by two major investigations: the alleged use, in the 1970s, of the students’ social security fund MNEF, as a slush fund, and the Destrade case in southern France. In the Gaullist party (RPR) of President Jacques Chirac, several National Assembly deputies have been given jail terms. There are investigations, as well, into the fraud-ridden adminis-

ALBERTO FUJIMORI, the two-term President of Peru, announced on Dec. 27 that he would run for a third term in April's elections. Fujimori's popular backing stems from his unrelenting war against narco-terrorism, although his weak point is adherence to neo-liberal economics.

ISRAELI Industry and Trade Minister Ran Cohen welcomed the destruction of the shrine to Baruch Goldstein, the terrorist follower of Rabbi Meir Kahane who killed some 50 Muslims in a Hebron mosque in February 1994. Cohen, who sponsored a bill in the Knesset (Parliament) in 1998 to remove the shrine, said, "This is a very important day in the struggle over the moral image of Israeli society. . . . This monument symbolized everything that is anti-Jewish, anti-Israeli, and anti-human."

TURKMEN PRESIDENT Saparmurat Niyazov was granted unlimited powers, by a session of the Turkmen People's Forum on Dec. 27. One day earlier, the Majlis (Parliament) had declared Niyazov President for life. The parliamentarians, and members of his Turkmen Democratic Party, announced that no other political parties would be allowed until 2010.

MAHATHIR BIN MOHAMAD, Malaysia's Prime Minister, and his Deputy Prime Minister Abdullah Ahmad Badawi, were confirmed as the president and vice president of the UMNO party, by its Supreme Council on Jan. 4. The latter position had been empty since the ouster of then-Deputy Prime Minister Anwar Ibrahim in 1998.

AMPHETAMINE SEIZURES in the East Asia "Golden Triangle" heroin center have increased 50%, with 22 million amphetamine tablets seized in 1999. In December, 736,000 tablets were seized in Lashio, the heart of the Golden Triangle. Opium-trafficking separatist movements in Myanmar have diversified into amphetamines, which are easier to produce, and more profitable to smuggle.

tration in Paris, during Chirac's long tenure as mayor.

Both Jospin and Chirac are still riding a crest of popularity, but only because of a fictitious economic upswing, due to the selling of major French firms, mainly pension funds, to foreign—especially British and American—interests.

Bashir: Sudan needs peace at home, abroad

In his Dec. 31 speech to the nation on the eve of the anniversary of Sudan's independence, President Omar al-Bashir emphasized the importance of reconciliation and peace, both at home, and with the Arab world, Asia, Europe, and the United States. He stressed the significance of Egypt's role in mediating improved domestic relations, in the wake of his declaration of a state of emergency on Dec. 12.

Referring to the state of emergency, Bashir said that his decisions had "resulted in regional, international, and local transformations which all positively favor the country." He also listed measures that he was undertaking: "1. Strict implementation of the decisions of the Council of Ministers to alleviate tax burdens on agriculture. 2. The halting of illegal taxation collected by ministries or federal or state institutions from exports and goods in transit. 3. Strict measures at all levels of the federal government to ensure the immediate paying of wages, salaries, and pensions on time, and federal support should be used to ensure this. 4. Dealing justly with tax arrears and fees of those in the diaspora. 5. Strict measures to ensure immediate support for casualty departments of hospitals and delicate surgical operations. 6. The provision of a federal contribution to support and supply school books. 7. High priority in the new budget to social support in the areas of health, education, and drinking water in the states. 8. Coordination between relevant legal organs so as to achieve a balance between individual freedom and the achievement of a virtuous society."

The first three measures, in particular, had been the subject of controversy between

the President and then-Speaker of the Parliament Dr. Hasan al-Turabi. The two leaders were expected to formalize an agreement to set aside differences, under a reconciliation mediated by Qatar, according to a statement by Dr. Turabi printed in the *Al Rai al Yawm* newspaper on Jan. 3.

Australia's Fraser blasts NATO war

Former Australian Prime Minister Malcolm Fraser tore apart all the phony justifications for NATO's war in Kosovo, in a feature in Melbourne's *The Age* on Dec. 24. He called the Yugoslav war a "failure" and a "mistake," charging that NATO's actions were illegal, and were in fact in contravention of the very principles it pretended to enforce.

Fraser attacked the claim that the NATO action was a humanitarian war, and British Prime Minister Tony Blair's statement that it would set the pattern for NATO's actions for the next century. If that is the case, wrote Fraser, the humanitarian crisis should have diminished by the end of the war. "On that test, NATO's actions against Yugoslavia failed," he said, citing the refugee numbers (which climbed from 80,000 at the beginning of the war to over 1 million by the end), and that he personally witnessed the bombing of Serbian civilian factories, homes, hospitals, even refugee centers.

"Should NATO's condemnation of Serbia now be turned upon itself? And if that is so, who is to punish NATO? . . . Can war ever be fought for humanitarian purposes? War represents a failure of diplomacy and of reason, it encourages the basest instincts in the human race, and truth becomes the first casualty."

This denunciation comes from a very high-level figure in the Commonwealth: Fraser was Australian Prime Minister (1975-83), is a member of the Privy Council, and a Lloyd's of London Name. He is the chairman of the CARE Australia, three of whose employees—two Australians and one Serbian national—were imprisoned in Serbia during the NATO bombing.

LaRouche campaign set for breakout, as primaries near

by Debra Hanania-Freeman

As the first Presidential primaries draw closer, Lyndon LaRouche's drive for the Democratic Presidential nomination is poised for a political breakout, despite the intensification of attempts by LaRouche's enemies to contain his candidacy.

As we go to press, LaRouche's ballot status has been certified in 11 states' Democratic primaries. In addition, nominating petitions for the candidate, signed by tens of thousands of Democratic voters, were filed in early January in New York, Maryland, Massachusetts, Mississippi, and Washington State. LaRouche delegates have also caucused in all 19 of Ohio's congressional districts, and filings in at least another dozen states will occur before the Feb. 1 New Hampshire primary.

In most cases, LaRouche's ballot status has been achieved because of his ability to marshal significant support from a growing army of volunteers. In New York, volunteers gathered more than 65,000 signatures in less than one month's time. In Maryland, less than five days after the Secretary of State—who is empowered to place any candidate who has been certified to receive Federal matching funds (which LaRouche has) and is generally recognized as a Presidential candidate (which LaRouche is)—declined a request to place LaRouche's name on the state's March 7 primary ballot, LaRouche's Maryland organization filed almost three times the number of signatures required to nominate him.

Debra Hanania-Freeman, LaRouche's national spokeswoman, attributed Maryland Secretary of State John Willis's failure to place LaRouche on the ballot automatically, despite the fact that he clearly met the criteria spelled out by Maryland law, to "a criminal conspiracy by a certain racist cabal inside the Democratic National Committee (DNC) to urge state party officials to break state laws, and deny both Lyndon LaRouche, and Democrats who seek to run as LaRouche dele-

gates to the National Convention, access to the ballot." She said that the problem in Maryland was probably exacerbated by the fact that Willis serves as an "At Large" member of the DNC.

Defend the Voting Rights Act

At issue is an ongoing legal action, dating from 1996, in which LaRouche, and a group of Democratic voters, filed suit against former DNC Chair Don Fowler and others, for violations of the 1965 Voting Rights Act. The case took a particularly ugly turn in August 1999, when attorney John Keeney, Jr., representing the DNC, argued before a Federal District Court panel in Washington, D.C., that the Voting Rights Act should be nullified, rather than be applied to LaRouche's Democratic supporters.

When members of the DNC and related circles were informed of Keeney's overtly racist action, many expressed shock, saying they had not been consulted or informed that this had occurred. The Hon. Theo W. Mitchell, a former State Senator from South Carolina and a founder of the National Black Caucus of State Legislators, who was also the Democratic Party nominee for Governor in 1990, issued an open letter to the current Democratic Party leadership, former Philadelphia Mayor Ed Rendell and Joe Andrew, demanding that they publicly repudiate this racism. To date, some 500 prominent Democrats have co-signed the letter, which has appeared as a paid advertisement in African-American and Hispanic newspapers across the country.

Initially, it seemed that the current Democratic Party leadership, indeed, recognized the necessity of disassociating itself from the shameful behavior of Keeney and Fowler. But, to date, the DNC has not only done nothing to repudiate the actions, but its top bureaucracy in Washington has sought to defend its racist actions with more lies.



Lyndon H. LaRouche, Jr. is combatting a racist cabal within the Democratic National Committee, in his bid for the Presidential nomination.

Even worse, some DNC operatives, including DNC General Counsel Joseph E. Sandler, have been caught urging state party officials to break state laws, and deny both Lyndon LaRouche, and Democrats who seek to run as LaRouche delegates to the August convention, access to the ballot. So far, Democratic Party officials in Utah, South Carolina, Michigan, and Arizona, who have attempted to obstruct LaRouche's access to their respective states' primary ballots, have admitted that they are acting on instructions from Sandler.

Sources close to the DNC report that many Democratic officials, some at the highest level of the party apparatus, have been persuaded to tolerate racist actions against LaRouche and his supporters, even though they find those actions reprehensible, for "the good of the Democratic Party."

Apparently, the argument is as follows: "Last year, everything was clear. We were all united behind Al Gore's candidacy. Then, LaRouche launched an assault against Gore and his policies. Now, Gore and Bradley are running neck and neck in the polls, and nobody knows who the Democratic nominee will be." The argument gets worse. "By March 7, Super Tuesday, either Gore or Bradley *must* have a sufficient number of delegates to win the nomination on the first ballot. Right now, the race between them is so close, that if LaRouche is allowed to run, even if he only wins a small number of delegates, it could be enough to tie things up and force an open convention. If that happens, we're dead. The Republicans will take it all."

These arguments, ultimately, descend to the ugliest kind of racism. They say, "We can *never* allow what happened with Jesse Jackson in 1988 to happen again. It was a disaster for the party. Michael Dukakis led George Bush by double-digit margins in May and June 1998. But after the Democratic Convention in July [when Jesse Jackson was allowed to make a major address on national TV], George Bush was leading by double digits in almost every poll. And LaRouche won't

be as easy to dismiss as Jesse was."

The argument is an absurd one in all respects but one. It *is* true that LaRouche will not relinquish his responsibility to his constituency, and cut the kind of deal that Jesse Jackson did in 1988. Indeed, Americans saw Lyndon LaRouche go to prison for five long years because he would not sell them out! Otherwise, the truth of the matter is that in 1988, the reason that Michael Dukakis's poll numbers collapsed after the July convention had nothing to do with Jackson. Dukakis was, just as Vice President Al Gore is today, simply unelectable. Whatever edge he held in the polls prior to the convention, he held because people didn't know him. That was no longer true once he captured the Democratic nomination and enjoyed broad national exposure.

As for the current situation, a growing number of Democrats recognize that LaRouche really is the only candidate who is morally and intellectually qualified to provide the kind of leadership the current financial, economic, and strategic crises demand. But, even among those honest Democrats who have not yet come to that conclusion, there is broad agreement that it is only LaRouche's active role in the 2000 election cycle that holds the promise of mobilizing that 80% of the electorate who would otherwise remain outside the political process. And, unless those people can be mobilized, can be brought in, the Democratic Party, and more importantly, the United States, is doomed.

Indeed, a preliminary investigation seems to indicate that General Counsel Sandler played a pivotal role in reshaping the Democratic Party's rules, especially the rules governing delegate selection and credentials, to ensure that no "outsider" could ever repeat what Jesse Jackson did in 1988, when he won Democratic primaries in five states.

Break Wall Street's hold

No wonder LaRouche's campaign is driving the Fowler-Keeney-Gore cabal mad! Not only has LaRouche completely disrupted the scenario in which the unelectable Gore would carry the Democratic banner in a race against George W. Bush—a scenario that LaRouche has likened to a race between two Detroit auto crash-test dummies—but, from the outset, LaRouche has vowed to break the domination of the 20% of the American electorate whose interests are represented by Wall Street, by mobilizing the vast majority of Democratic constituents, what he has called "the 80%," who are not represented by the candidacies of Al Gore or Bill Bradley, and making apparent to those constituencies that "I am their spokesman."

To that end, LaRouche has revolutionized the use of the Internet to successfully outflank all attempts by the media and the Wall Street establishment to black out his campaign. He has repeatedly conducted live webcast dialogues on crucial policy issues with Democratic elected officials, with labor leaders, with civil rights leaders, with the diplomatic corps. He has conducted two live press conferences on the Internet,

which have given what remains of America's independent print and media outlets, especially in the African-American and Hispanic communities, unprecedented access to a Presidential candidate. In another first, dozens of international press representatives, from every continent, have also been allowed to participate, resulting in prominent international coverage of LaRouche's candidacy, especially his fight for a New Bretton Woods approach to transforming the financial and monetary system, and his opposition to the International Monetary Fund.

A heavy campaign schedule

On Jan. 6, LaRouche conducted a national webcast with health-care providers and state and local elected officials. On Jan. 22, he will continue the dialogue with a webcast of a town meeting on health care in New York City. On Jan. 23, he will speak live, via the Internet, with all his delegates in California, during the Democratic caucuses there.

But before then, LaRouche will make several public appearances in New England, and will escalate his use of the Internet, adding live video broadcasts to what have, up to now, been audio broadcasts. And, unlike the other candidates, who limit their Spanish-language webpages to "hot button" issues they deem "of interest" to Hispanic voters, all of LaRouche's webcasts are simultaneously broadcast in Spanish on the candidate's Spanish-language page.

And, LaRouche has instructed his political campaign organization to escalate the fight over the Voting Rights Act. At the same time that it prepares to appeal the legal challenge to the Voting Rights Act, Debra Hanania-Freeman has sent a letter, accompanied by a statement authored by LaRouche, entitled "Lying and Racism by a Cabal Inside the Democratic National Committee: the Implications" (see *EIR*, Dec. 17, 1999 and www.larouchecampaign.org), to about 12,000 prominent Democrats. In her letter, Dr. Freeman states:

"That the DNC's actions are racist and dishonest is undeniable. Sections of the relevant court files are included in Mr. LaRouche's attached statement, and they speak for themselves. But, what must also be understood, is that if this cabal is allowed to continue, if these racist and lying actions are not corrected, we Democrats will not only suffer a general rout in the coming November general elections, but even before then, our nation will be placed in grave danger during the worst financial and strategic crisis in its history.

"We cannot allow a racist cabal to run the DNC. And, the simple fact is that anyone who supports these racists in their actions to disenfranchise LaRouche Democrats, even if that support is merely by default, is equally guilty. One of the actions we are forced to consider, if the DNC continues to attempt to coerce and compel state Democratic Party organizations to violate the law by excluding LaRouche and Democrats who support him from the primary process, is a Federal civil RICO suit against the entire DNC. This conspiracy to violate the Voting Rights Act simply cannot be tolerated."

Hyde-bound racism and the Constitution

by Lyndon H. LaRouche, Jr.

Whether or not the evidence claiming Rep. Henry Hyde's (R-Ill.) long record of alleged adultery, proves true, or not, that same Henry Hyde is to be fairly described as "an immoral bastard" in much larger matters, including the matter of law as such.

Our nation has come into an immoral, concupiscent time, when the Nero-like editorial policy of *Playboy's* Hugh Hefner and the debate over the morality, or immorality, of degenerates such as Newt Gingrich, Henry Hyde, and Al Gore, does not reach beyond the province of the bedroom. In wider areas, beyond those domains of relatively petty, proven or merely alleged bedroom offenses, all sorts of major offenses, by even the same self-righteous perpetrators, against both man and God, were tolerated by Hyde, and that with a great show of cheerful indifference. The same spirit has been shown, even among putative leaders of the Democratic National Committee, by racist creatures of sundry patronages. One would suspect, from popular toleration for Representative Hyde's antics against President William J. Clinton, that a wild-eyed lynchmob of rabid pornographers had taken over the nation.

All of the relevant developments were paraded before the nation's mass-media in the matter of the attempted impeachment of a U.S. President, all in the name of events and allegedly democratic decisions occurring within the tiniest microcosms of personal discretion. Notably, the sordid conduct of Representative Hyde and his factitious accomplices in this affair, was premised upon their passionately avowed wish to effect a British parliamentary coup d'état, not only against a sitting U.S. President, but against the Constitution of our beloved United States.

Take in evidence the implicit racism of Henry Hyde. Hyde, addressing the Senate, in the case of H.R.H. Prince Philip, and Philip's conspiratorial and subversive organization Transparency International, vs. President Clinton, made much ado about "the rule of law." Hyde's expressed opinion on that occasion, was, and remains closely related, axiomatically, to the racist philosophy of the misbegotten Confederate States of America. In this matter, Hyde laid great emphasis upon the precedent of the so-called Magna Carta. That emphasis is a rope fit to effect the political hanging of Henry Hyde, on the grounds of grievous offenses against the most elementary principles of Christian morality considered in the large.

On this account, please recognize that the argument of the Democratic Party's current National Committee bureaucracy,

and of both attorney John Keeney and Federal Judge Sentelle, that the National Democratic Committee is “a private club,” is not only proven to have been a pre-1965 tradition of the rabidly racist, Woodrow Wilson current within the Texas, and certain other parts of the national Democratic Party. Indeed, the Voting Rights Act of 1965, was established as enforceable law, with the clearly expressed intent of President Lyndon Johnson and the U.S. Congress, to repudiate the odiousness of that racist tradition of treating state and national political parties as private clubs for the purpose of conduct of voters’ selection of candidates for office.

The “private club” doctrine, is, beyond reasonable dispute, an integral part of the tradition of racism in America. It is also, as Representative Hyde insisted before the U.S. Senate, an expression, then and now, of the purely heathen racism inhering in the tradition of the English Magna Carta, the tradition invoked by alleged adulterer Henry Hyde for the failed attempt at impeachment, on Hyde’s allegations of adultery, foisted upon the Congress of the U.S.A., against President Clinton. Put to one side the morbid Romanticism of mythologist Sir Walter Scott; look at the Magna Carta for the bestialist offense against man and God which it represented, in the time of England’s King John, and now.

In A.D. 1066, the Norman predators, bearing the tradition of imperial Roman law, invaded, conquered, and ravished the Christian population of Anglo-Saxon-Celtic England. These Normans, whose occupation savaged France, up till the Fifteenth-Century accession of France’s King Louis XI, brought many evils upon Europe as a whole, including the conquest and looting of Sicily, the so-called Hundred Years War, and the so-called Wars of the Roses in England itself. From the time of the great reformers, the Waibling (Hohenstaufen) Emperors of Europe, from the time of the Norman predator class’s imposition of the evil Magna Carta on England, the Romantic tyranny of the Norman barons and their like, was the greatest curse internal to European civilization as a whole. Indeed, the Wars of the Roses, were the inevitable outcome of the imposition and perpetuation of the system of baronial jungle law imposed upon the British Isles and Norman-dominated France combined.

That brutish, irrationalist, Norman tradition, is what Representative Hyde, praised, with his bare face hanging out, before the Senate’s impeachment trial against President Clinton.

Today, the tradition of the Norman predatory barons is faithfully served still, by those forces within the U.S. political parties, the Congress, and the Federal Court, who have massacred the U.S. Constitution in their avowed devotion to that legacy of baronial outlawry termed “shareholder value.” This was also the reading of John Locke, on which London’s puppet, the Confederate States of America, premised its alleged constitution. This perverted notion of law, under which all sorts of crimes are licensed, in and out of the bedroom, is not only the mother of racism in the U.S.A.; it is the whore which

breeds all varieties of evil genetically kindred to racism.

Such matters of law, should be seen clearly, so that we may be rid of evils of the like of Henry Hyde’s out-of-bedroom immoralities.

LaRouche Webcast

What is government’s role in health policy?

Presidential pre-candidate Lyndon LaRouche, Jr. conducted an 80-minute webcast dialogue on Jan. 6 with 18 medical professionals. The audio was broadcast live on his campaign website, www.larouchecampaign.org. Here is an excerpt from his opening statement, in which he outlined five essential points.

... First of all, let’s consider the health-care crisis, a crisis which has been created largely, in the United States, in particular, by the spread of a dogma which is sometimes called “shareholder value.” That is, the former General Welfare policy, which is one of the fundamental laws of our Constitution, as set forth in the Preamble, and all Federal judges and members of Congress and Executive members should consider themselves *obliged to adhere to the Constitutional principle of the obligation to promote the General Welfare for all persons and their posterity*. That’s the mandate.

Shareholder value, which is kind of a perversion of Lockean values, has been introduced to undermine and *sabotage* the implementation of the policy of the General Welfare. That is a heritage of the Confederacy; it has no place in the Federal United States. But it is one of the major reasons we have the present health-care crisis. So this is, first of all, not just a health-care crisis; it’s a health-care crisis caused by an abomination introduced into the practice and philosophy of law of our government and private sector.

Secondly, unlike others who are talking about health-care insurance, my focus is upon the Hill-Burton method, where the Federal government, through Hill-Burton, intervenes to assist state and local and private institutions in combination in providing private health care, as needed, through institutional means. That is, on the assumption that physicians usually work with hospitals and clinics, and therefore, if we have in the hospitals and clinics adequate facilities to meet the health-care requirements of the general population, we then have the basis for bringing the physician into the picture to ensure the delivery of health care, as required, wherever it’s needed.

So, the Hill-Burton law, as amended by the enactment of

Civil Rights legislation during the 1960s, is the standpoint to which I propose we return for a cornerstone, for a reversal of the present downward trend in health-care policy.

The third thing we have to consider, is, what is the role of the Federal government in health care? What should the Federal government do, and not do, relative to the state governments, to other public institutions, and to private institutions? What's the division of labor and how should that function?

[Fourthly,] we should consider the global nature of the health crises involved in this. What's the actual health crisis, in terms of delivering the kind of medical care and related hygienic sanitation, which is needed to deal with the spread, for example, of new and old types of epidemic diseases and pandemics, as well? The so-called AIDS, or HIV crisis, especially in Africa, typifies the spread of diseases, including many, such as tuberculosis, and so forth, which had been coming under control, which are now spreading again in forms for which populations lack immunological potential.

So, we're plunged into a global crisis of death, like that which hit Europe during the 14th century, unless we stop this. So, it's not just a matter of getting health care to people, not just no longer killing people who are senior citizens, or otherwise urgently in need of care, but it's a matter of a general problem of sanitation, epidemic disease, and so forth. And the health-care system is one of the major weapons, together with sanitation, for defeating these pandemic and epidemic problems.

And, finally, we have to consider the question of what are true medical costs. Now, the general pattern today is, in terms of medical insurance, that what a physician gets in payment for providing a form of care, is much less than the same physician would have received for the same degree of care, quality of care, 10 to 20 years ago. So therefore, when people say that medical costs are rising, they are not exactly truthful. What's happened is, there's been a great inflation, general price inflation, in things which affect medical care, such as real estate costs, and other costs, an inflation which has been concealed, especially since 1983, by a fraudulent method used by the Federal Reserve System, and also the U.S. government, including what's called the Quality Adjustment Index, so that when the government says, or the Federal Reserve says, that inflation is at a certain price, they're probably 30-40% out of line.

And therefore, in reality, in terms of delivered effect, people today are much worse off than they were many years ago. That the present inflation rate, recent inflation rate over the past 30 years, has been greatly understated, and that's one of the reasons why—it's not that medical costs have been climbing, in real terms; they have not been climbing. In real terms, physicians and institutions are receiving less in payment, per patient treated, than they were 20 and 30 years ago. The difference is largely a result of price inflation of various kinds. . . .

Endorsements

The world looks to LaRouche for leadership

Europe

Italy—Rosario Alessandrello *has communicated a statement of support for the Presidential candidacy of Lyndon H. LaRouche, Jr. Alessandrello is the chairman, Tecnimont Corp.; chairman of the Italy-Russia Chamber of Trade; board member, Mediocredito Centrale; board member, Italian Confederation of Industry (Confindustria).*

He backs LaRouche "not only because he is the man who more than anyone else has helped to conceptualize the perspective of a New Bretton Woods and a Marshall Plan to rebuild the world economy, a plan today known as 'The New Silk Road,' but above all because his Presidential campaign aims to rebuild and reorganize, around the idea of General Welfare and mutual advantage among social classes and sovereign nations, the consensus from the overwhelming majority of the American population, those 80% of the citizens who, with passive resignation, share 40% of the national income. In my view, this is the only workable answer to the gravity of the crisis."

Alessandrello stresses the coherence between LaRouche's policies, and the "Stavropol Project" for eastern Europe, in which Alessandrello had played a major role in 1988 as a manager of the Ferruzzi-Montedison group. The projects were shut down when Raul Gardini, chairman of the group, was "suicided" in the context of the "Clean Hands" operation to destabilize Italy. Here are excerpts from the lengthy statement.

Between 1988 and 1991, thanks to the support of the Italian government and thanks to an initiative by the late Raul Gardini's Ferruzzi-Montedison group, Italy was ready to make its contribution to ensure that, within a few years, Russia and Ukraine could take decisive steps to achieve food self-sufficiency.

On Oct. 19, 1988, we signed an agreement with the Soviet government to start a pilot project that aimed at building a giant integrated agro-industrial complex. . . .

The plan, called "Project Stavropol," aimed to agro-industrially develop an area of more than 500,000 hectares (equal to the combined Italian regions of Lombardy and Veneto), stretching between the Caspian and Black Seas, in the Caucasus region of Stavropol, near the territories today martyred by the Chechnya war. . . .

Starting from the collapse of the Berlin Wall, if the "Food

for Peace” plan proposed by U.S. Presidential candidate Lyndon LaRouche in his press conference at the Berlin Kempinski Hotel, Oct. 12, 1988, had been adopted, together with the projects for the industrial development of East Germany and for the agro-industrial development of Poland, Hungary, and Czechoslovakia proposed in 1989 by the late Deutsche Bank chairman Alfred Herrhausen, the Ferruzzi-Montedison “Project Stavropol” (shut down in 1992 with Gardini’s suicide) would have helped in a decisive way to implement a revolutionary transformation of the economies of the former Soviet bloc; it would have helped to implement a change of historic dimensions, incompatible with the policies and the outlooks of the IMF, tragically imposed on Russia and the eastern European countries through the infamous “shock therapy” . . .

The hopes of those who realize how serious the situation is . . . cannot but rely on the Presidential campaign of Democratic candidate Lyndon LaRouche. . . .

Poland—Stanislaw

Kalemba, Deputy of the Polish Parliament (*Sejm*) for the Peasant Party (PSL):

We observe with great concern the ongoing disintegration of the global financial system—and we are worried particularly about the effects of this crisis on the productive economy.

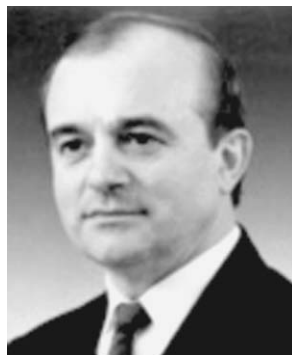
Ten years after the collapse of communism, the situation for the real economy has worsened, because Poland was not given a chance by the West. Instead of a “Marshall Plan,” we were put under the IMF shock therapy. The only politician in the West who opposed this approach was Lyndon LaRouche, who called for a development policy for eastern Europe already in 1989!

Now we are at a very critical point: Not only in Poland is the social peace in danger, but we are encircled by the economic and military crisis in Russia, as well as the global financial crisis. In such a situation, we are looking for true leadership in the West, especially in the U.S.A., in order to reverse the current dangerous path of world affairs.

Lyndon LaRouche has shown this kind of true leadership which the world needs right now. He had the courage to attack the IMF and neo-liberal shock therapy, he designed a policy of economic development and national sovereignty for each nation. Our hopes for a change in U.S. politics toward Poland, Russia, and Europe rest upon his person—and therefore we support his candidacy for office of the President of the U.S.A.

Poland—Prof. Dr. Alexander H. Krzyminski, vice minister of foreign affairs of the Polish Republic (1990-92).

I share the insight of German theologian Joseph Cardinal Höffner, that humanity can only act as a community of law,



if it is organized as a community of peoples. Experience shows, that efficient organization must have an ethical foundation. . . .

The multinational organization of the world has taken many forms in the past centuries. Almost all of them showed and continue to show indications of crises (the Holy Alliance, 1815; League of Nations, 1920-46; United Nations Organization, with many economic and financial institutions).

Responsibilities, which could be recognized in the different structures, were almost all—essentially—egoistically exploited in the interest of the powerful.

In his book *Whither Do We Go?* Carl Friedrich von Weizsäcker shows four fields of tasks for world politics. I regard them also as vocation for personalities as statesmen. These are: war and peace, poverty and wealth, man and nature, democracy, freedom, responsibility. . . .

Small peoples at the boundaries of world history long for personalities with authority and vision at the top of the superpower U.S.A.

To lift man (like Abraham Lincoln did!) and to develop forces in man, which shape the world community, and to discover fair chances for all and awaken powers for renewal—these are my personal expectations for the new U.S. President.

After reading the book *The Road to Recovery* and other publications, I regard Mr. Lyndon H. LaRouche, Jr., as my candidate for U.S. President for a time of crisis.

Ibero-America

Mexico—José Neme Salum López, Chief of National Correspondents and the *Excelsior* Press Agency.

In his famous “Letters to a Prince” (*On the Aesthetic Education of Man*), Friedrich Schiller establishes that, in order for a human being to be worthy, “to respect him as a rational being, I have to first be convinced that he will act justly, firmly, and impartially, even if these virtues did not have for him the attractiveness that they really have, and if their practice would cost him as much self-motivation as they now provide him pleasure.”

I, my family, and my circle of friends—but it is also the view of many Mexicans who have expressed to me the admiration they feel for him—are people who are convinced by that rational human being, Lyndon H. LaRouche, Jr., whom we respect because, as the German genius for all of humanity Schiller also noted, he has for decades given us “the best present,” the “greatest thing which man can give man”: truth.

And, because of the enthusiasm which only truth has the right to awaken, the hope is kindled that, in November 2000, the people of the United States will decide to act “justly, firmly, and impartially” in favor of themselves, to recover the humanity and freedom which they were bequeathed by the Founding Fathers of that nation, with the election of Lyndon H. LaRouche, Jr. as their next President.

In that way, they will recover for their country the respect

which they once enjoyed in the world, by giving the rest of the nations and their people the opportunity to recover their freedom, giving humanity the joy of initiating a true New Age, the only one for which it has awaited so long: the Age of Reason.

Today, the people of the United States have within the reach of their vote, that man.

West Indies

Barbados—Gladstone Holder, *educator and dean of journalists.*

I have never met Mr. Lyndon LaRouche in person, but I've been reading his publication, *EIR*, since 1985. It is unusual in the news it publishes, which others, taking a narrow, partisan viewpoint, spike. It is unique in its vital backgrounding and in the depth of its analysis. It even succeeds in its forecasting, which is built on a profound knowledge of history. It is also rich in a wide range of innovative ideas.



But perhaps the surest measure of my judgment of *EIR* is that I have shelved them as carefully as my most precious books, to be consulted in time of need and savoured in moments of nostalgic admiration.

I believe that, in an even deeper sense than Wordsworth meant, the child, *EIR*, is father of the man Lyndon LaRouche and I assure you I'm not putting the cart before the horse.

EIR has proved itself to be independent almost to the point of martyrdom. Lyndon LaRouche, as President of the United States, would be in no-one's hip pocket.

Asia

Malaysia—Tan Sri Ramon V. Navaratnam and Dr. Kassim Ahmad sent a joint endorsement. *Tan Sri Ramon V. Navaratnam is business adviser to the Sungei Way group. He has had a distinguished career as former Alternate Executive Director, World Bank; former Deputy Secretary General, Treasury Ministry of Malaysia; former Permanent Secretary, Ministry of Transport of Malaysia. Dr. Kassim Ahmad is a poet and author.*

I believe that most people all over the world, except the very rich and the highly privileged, would strongly welcome the nomination of Mr. Lyndon LaRouche in the forthcoming Presidential elections in the United States of America.

As I understand, Mr. LaRouche will bring to the knowledge and leadership of the U.S. citizens, the reality of the dangers of world conflict that the world faces in the 21st century. He will also lead in overcoming these grave risks to world war in the 21st century.

These conflicts have been brought about largely by the misguided and narrow selfish national policies that have been pursued by the very rich and powerful vested interests and groups of oligarchists. They have successfully influenced and pressured powerful leaders in the industrial countries, who have been dependent on their financial support to get into positions of power and national leadership.

Lyndon LaRouche and Mrs. Helga Zepp-LaRouche have struggled long and hard over many years to persuade these leaders from the North to change their policies to bring about greater equity and compassion, and to give a human face to socio-economic development world wide—and not only to the rich and powerful countries.

It is only right and proper that U.S. citizens, who have the privilege to elect their new President, should choose Lyndon LaRouche as their President. He has the great understanding, wisdom, and integrity, to provide honest and sincere leadership in the U.S. This will enable the U.S. and its citizens to lead the world towards a more fair, just, harmonious and peaceful 21st century. Thus we would all be able to build a new foundation for a much better world in the next millennium.

I hope our American brothers and sisters, as U.S. citizens (who are fortunately in a position to do so), will seize this great opportunity to choose Lyndon LaRouche to be their leader, in the interests of peace and prosperity, for the U.S. and the whole world, in the future.

May God bless America, and may God bless the world!

Middle East

Tunisia—Dr. Ahmad Al-Kedidi, *currently a professor at the University of Qatar. A lengthy, three-part article by him, on LaRouche, was published in the London-based Arabic daily Al Quds al-Arabi starting on Dec. 17, and in the Qatari daily Al Watan on Nov. 25, Dec. 7, and Dec. 9. The headline in the first publication was "The American Presidential Candidate Lyndon LaRouche As I Have Known Him: The Theorist of Star Wars, Fighter against the Policies of the IMF, and a Friend of the Arabs"; and in the second, "The American Presidential Election's Candidate Lyndon LaRouche, As I Have Known Him—A Friend of the Arabs Who Is Not Known by the Arabs." Brief excerpts follow.*



The celebrated American economist Lyndon LaRouche has previously run for the post of the Presidency of the United States against President Ronald Reagan and President George Bush, but he received only a humble number of votes. But, this does not mean that he has little chance this

time, when he is facing two younger, less powerful rivals, i.e., Vice-President Al Gore and the son of former President George Bush.

I, personally, do not believe that history repeats itself, and I do not believe that candidate Lyndon LaRouche will be defeated before the election campaign starts. . . .

I met with LaRouche [in 1984], and we had long discussions on the most important issues which he presented. He listened to my views, from the standpoint of understanding the Arab-Islamic view of these same issues. He was full of eagerness and willingness to see how Arab-Islamic civilization dealt with the same problems he is dealing with. I found out that LaRouche had already read Abdul Rahman bin Khaldoun, whom he considers the father of historiography, sociology, and many modern political sciences. . . .

I remember when LaRouche—in 1982—presented his idea of what he calls “The New Silk Road,” some of the “serious” newspapers in the U.S., Britain, and France accused LaRouche of being a raving dreamer. But we have lived long to witness in the year 1992, i.e., after ten years, a real beginning for the implementation of the project “the New Silk Road,” or what is also called the Eurasian Land-Bridge. It is an economic, technological, and industrial project, linking Asia, Europe, and parts of Africa through networks of advanced transport infrastructures such as railways, high-speed roads, and water canals. It also includes the construction of areas—or corridors, as LaRouche calls them—for intensified, rapid development. This project, which LaRouche was accused of having dreamed up, and being detached from reality, has started today to manifest itself through a tangible agreement between the governments of China, Russia, India, Iran, and the Central Asian states that have started connecting their railway networks and laid pipelines to transport oil and gas. LaRouche believes that if Europe abstains from joining this New Silk Road project, it would end up with an ailing economy in the early 21st century. When LaRouche was telling me about this project in November 1984, when I visited him in his “ranch” in Pennsylvania, he expressed his ideas by placing his mighty hands on the world map which was placed in the living room. When his wife Helga LaRouche was serving us the coffee, LaRouche’s confident voice was flowing with extreme enthusiasm and optimism. However, he told me with a slight tone of pessimism: “The only two obstacles in the way of my project are the imperialist policies of the IMF and the ignorance of European leaders in economics as a science and as a method of forecasting the future.”

For my part, I can definitely assert—16 years after LaRouche’s statement—that he was right. He had a piercing political vision. On the one hand, he was right concerning the policies of the IMF, because most of the causes of the collapse in the economies of Southeast Asia, the famine in Africa, and the social crises in eastern Europe are generated by the IMF. . . .

Book Review

Get the computers out of the schools

by Susan Welsh

High Tech Heretic: Why Computers Don't Belong in the Classroom and Other Reflections by a Computer Contrarian

by Clifford Stoll

New York: Doubleday, 1999

221 pages, hardbound, \$24.95

As a person who has been called a “political extremist,” by people who don’t know anything, for the past 25 years, I loved this book. Clifford Stoll, an astronomer at the University of California at Berkeley who was one of the pioneers of the Internet, argues with wit and incisiveness that there should be *no computers* in the schools—*absolutely none*. (And no calculators, either.)

Isn’t that a rather *extreme* position, I wondered, when I began the book. Well, he convinced me—which wasn’t all that hard, in my case. A lot of people are going to really hate what he has to say, because they’ve invested zillions of dollars and hours in doing exactly what he says is pointless and even detrimental to do. I hope that they, and you, will read his book, and think twice. I’ll give you just a few tidbits, to whet your appetite.

Computers are supposed to save the schools money, right? They don’t. You have to replace them every couple of years, and hire people to make sure they keep running. But it gets worse: By using computers to teach science, you also get rid of the science. Take the case of the Science Magnet School in Buffalo, New York, which has dozens of computers. Stoll quotes physics teacher Dr. Reichert, who is from the State University of New York at Buffalo: “I volunteered to teach physics there. But this science magnet school has no physics lab. No air table to teach mechanics, no hands-on experiments. All they have is computers. . . . It fries me that we can get cash for computers but we can’t buy an optics workbench or a set of voltmeters, or a collection of tuning forks. At a physics teachers meeting, I met a guy who wouldn’t pay two thousand dollars for hands-on apparatus to teach magnetic fields and angular momentum. The same guy happily spent

twenty times that much on a roomful of computers.'

"For the cost of two dozen computers," Stoll continues, "you can equip a terrific high school physics lab. Ten years from now, when those computers are in the trash heap, a set of tuning forks could still teach resonance, a voltmeter could still demonstrate Ohm's law, and students might still learn about angular momentum using that apparatus."

They're even putting computers in pre-schools and kindergartens. Knowledge Adventure Company says that nine-month-old infants can benefit from their software, because it will "give them a comfort level with computers." A comfort level? Well, maybe that's a little much. But why not elementary school children?

Stoll shoots back: "Computers aren't compatible with the clay, dirt, and cookie dust of a five-year-old's life. Kids mustn't pour sand into the keyboard or smear peanut butter on the monitor—tough rules to enforce in a kindergarten. I met a second-grade teacher who discarded the magnets from her classroom because she feared they would erase the floppy disks. Her students now learn about magnetism from some multimedia program."

Okay, okay, but what about the older grades? Don't they need to develop "computer literacy" in order to function in the modern world?

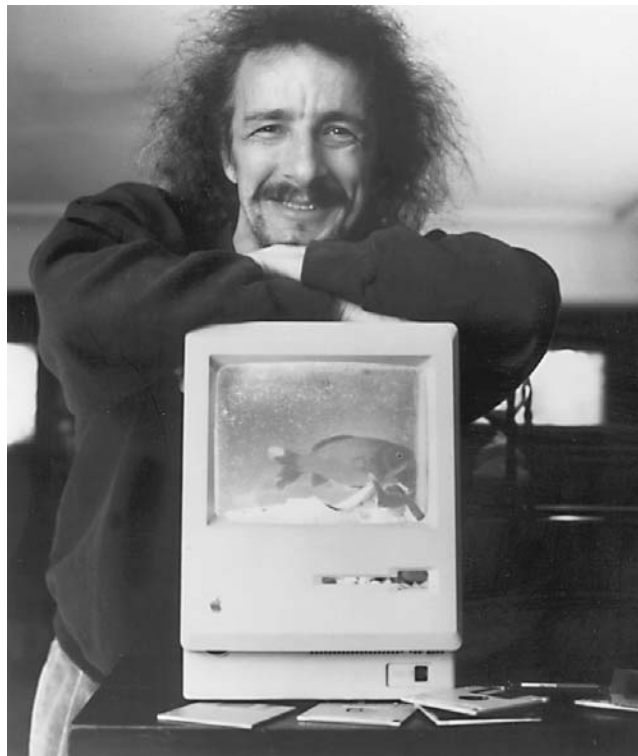
Sure, we use computers in the workplace, Stoll argues—and they are invaluable tools. We also drive cars. But we don't construct our school curricula around cars. People who need to use computers on the job will learn what they need to do quickly. Children, in particular, have no trouble learning to use computers. What they *do* need help with, is math, science, literature, history, foreign languages.

It goes deeper. Stoll: "The very skills taught by television are reinforced by educational software. Sit, watch, and be entertained. More than anything else, computers teach children that the world is a preprogrammed place, a virtual universe where solving a problem means clicking on the right icon."

In the name of "interaction," what is eliminated is the most important interaction of all: the Socratic dialogue between human beings, teacher and student.

Now, the case of calculators. Stoll gives devastating examples of how they cripple the thought process of young students: "The circumference of a circle isn't 3.14159 times its diameter, but rather π times the diameter. And how do you grade a student who says that two-thirds times three is 1.999999?"

The issue here is an epistemologically crucial one, which Lyndon LaRouche and *EIR* have written about often, and which gets to the core of what is wrong with science and mathematics today: *incommensurables*. Cardinal Nicolaus of Cusa proved in the 15th century that no circle can ever be formed by an aggregation of very thin triangles around a center point. Circularity and linearity are incommensurable concepts. If you don't understand that, you can't do science.



Author Clifford Stoll. That's no screen-saver on the monitor of his Macintosh; it's a real fish. He made his computer into an aquarium.

'No more teachers, no more books . . .'

One result of the "computer revolution," is that we are replacing the books in our libraries with computers, and the librarians with computer technicians. The University of California, Stoll reports, opened a brand-new library, with a beautiful spiral staircase and four ethernet ports at every table (so that people can link up to the Internet with their laptops). Some study carrels have 8 computer ports and 16 power outlets; every work space has a high-speed link to the Internet.

But where are the books? To make room for the staircase and the computers, half of them were shipped ten miles off campus, to a warehouse, which you can get to by bus. Any book that has not been checked out in a year gets warehoused.

"And don't think that you can go to the warehouse to read. You'll discover that you can't browse the shelves—books aren't filed by subject, title, or author. They're warehoused by size. Perfect for a computer call system. Impossible for the researcher."

It reminds me of a certain prison in the Commonwealth of Virginia, at which the illiterate inmate who works in the prison library organizes the books in what seems to her the most sensible way: by size. Very tidy.

In an insane asylum, is the only sane person a "political extremist"?

What is behind terror scare in U.S.?

by Edward Spannaus

Over the Christmas and New Year's period, the United States was shaken by a series of arrests of Algerian nationals and others, which began when an Algerian exile living in Canada, Ahmed Ressam, was arrested on Dec. 14 in a remote corner of Washington State, while crossing the Canadian-U.S. border with powerful explosives and other bomb-making components in his vehicle.

U.S. officials have come to believe that at least three other Algerians were to meet Ressam in Seattle. According to court documents and other reports, Ressam was supposed to leave his vehicle with the explosives in a parking lot in Seattle, and then travel to Chicago, engage in unspecified "fundraising" activities, and then fly on to London.

The second incident which led U.S. officials to suspect a broader plot, was when a Canadian woman married to an Algerian, Lucia Garofalo, was arrested, along with another Algerian national, at a Vermont border crossing on Dec. 19. Prosecutors soon linked her to the Montreal group of which Ressam was a part, which had come to Canada from France following a series of bloody crimes and terrorist incidents in Paris and Lille in 1995-96. In particular, Federal prosecutors described various dealings Garofalo had with Karim Said Atmani, who was trained in Afghanistan, and who was a roommate of Ressam in Montreal and was later deported to Bosnia. French authorities want to question Ressam about a Paris subway bombing in 1995.

A third individual identified as part of the Lille-Montreal group, is Fateh Kamel, who was extradited from Jordan to France last year.

The network involved has been identified by law enforcement agencies of various countries as part of the Armed Islamic Group (GIA), a terrorist group responsible for much bloodshed in Algeria and for terrorist incidents in France—but many questions are being raised about this assertion.

Following the Ressam arrest on Dec. 14, a broad sweep took place in the United States and abroad, with an unprecedented number of arrests and detentions in the Middle East and Europe of suspects linked to networks who could be planning attacks on Americans. Jordanian police arrested more than a dozen suspects on Dec. 15. On Dec. 19, Pakistan officials announced that they had arrested more than 200 people, mostly Afghan nationals. In the United States, there were reportedly as many as 15 arrests, some of which have still not been made public. In addition, on Dec. 30, FBI agents went

knocking on the doors of about 50 people around the country. "We're interviewing people across the country, dozens of people," an FBI official said. "They all have some connection with Ressam." The official said that the FBI had no information about specific threats or targets, so that people shouldn't get overly concerned. "But we're going to lock up all the people who were involved with Ressam," he added.

While many commentators were quick to assert that either the GIA, or the ubiquitous Osama bin Laden, were behind the Algerian network, U.S. law enforcement officials were more cautious, and have not yet accused the GIA of targeting the United States.

French authorities believe that the network of Algerians arrested in the United States are former GIA members who are no longer part of that organization, a well-informed French source told *EIR*. Of those under arrest in the United States, only Ressam is known to French authorities, the source said; two men identified as former associates of Ressam in Montreal, Fateh Kemal and Said Atmani, are also well-known to French officials as former GIA members involved in terrorist activities. The others under arrest in the United States are not known to be associated with the GIA, and they may not all be even linked to Ressam.

The French official also ridiculed the idea that all terrorism is linked to Osama bin Laden, and he does not believe that those arrested in the U.S. are tied to bin Laden. "There are lots of crazy people who believe *jihad* is a good thing, and who want to make some money at the same time," the source said—suggesting that money may be a primary motive for some of those involved.

A Brit admits it

The common denominator of almost every terrorist group operating in the world today is London, and most have grown out of the Afghanistan "freedom fighters" of the 1980s who were sponsored by British and U.S. intelligence. When the Soviets withdrew from Afghanistan in the late 1980s, this international band of "freedom fighters" emerged as a pool of trained terrorists—a sort of hiring hall—which the British and other Western powers can tap into and activate at will.

London is a primary center for such groups, and it appears that Canada is as well. Indeed, a Montreal police official was recently quoted as calling Canada a "Club Med for terrorists," because of its lax laws and enforcement.

"The fact is, that London has been the center of terrorist groups," a stalwart of the British establishment recently told *EIR*. He said that "much of the theory and planning for international terrorism is done in London," and that the top people of bin Laden "operate here quite openly." He added that "there is a great deal of hypocrisy on this whole matter of terrorism. The private thinking of governments, and not only the British government, is that tolerating terrorist groups gives a certain type of immunity from being attacked directly, so we turn a blind eye to what is going on."

Independent Counsel attacks Clinton

Kenneth Starr's replacement as Independent Counsel, Robert Ray, accused President Clinton of attempting to undermine Ray's ongoing investigation, according to a press release issued by Ray's office on Dec. 24.

The previous week, in a CNN interview with Larry King, Clinton denied the story put out by the *Washington Post* on Dec. 18, which had said that he was considering applying to have his legal fees reimbursed for the Whitewater and Lewinsky investigations. The President said the story was not true, and that he had never considered asking for payment of his fees. When he was asked where the story came from, Clinton responded that he thought "it was leaked from the Independent Counsel's Office. That's the way the story read to me."

The next day, Ray responded with a statement saying, "That claim is false." Putting on his best Kenneth Starr imitation, Ray's statement continued: "This is yet another attempt, in an ongoing effort by the White House, to impugn the integrity of a duly constituted law enforcement investigation through false accusations."

Clinton praises FDR's anti-colonialist policy

In an interview on the NBC "Today Show" broadcast on Dec. 29, President Clinton named Franklin D. Roosevelt and the civil rights movement as the 20th century's most important person and social movement, singling out Roosevelt's efforts to end colonialism after World War II. While the President did not say so, FDR's policy was in bitter opposition to that of Britain's Sir Winston Churchill, as *EIR* has frequently pointed out.

Asked to pick the single most influential person of the century, Clinton said it was Roosevelt, "because after Pearl Harbor, he came into the war, and after [that] it was no longer a real question of whether the allies would win the war, but when."

But, Clinton emphasized that his choice

was not only because of the wartime victory, but because of economics, both during the depression and after the war:

"Roosevelt . . . was the most influential person because he led us through a Great Depression, then he led us to victory in World War II, and before he died, he had already begun thinking about the postwar world, including the importance of ending colonialism of poor countries by rich countries building the United Nations. So those are massive, important transitions that he led us through. And he was influential, too, because he had a fabulous personality. And I don't mean he was pleasant, I mean he had, I think, a heroic personality because of the way he refused to be defeated by his polio."

Clinton stressed the importance of Americans learning more about their own history:

"Most of the retrospectives [have] focused on the last 100 years, not trying to imagine the sweep of the last 1,000 years. . . . I think that Americans do well when they know a little more history and when they have a sense of where we are in the flow of history . . . , the more you know about history . . . the better able you are to imagine the future."

Asked about the most important social movement, Clinton said, "I think the civil rights movement, . . . because of the role that race has played in our own history, and because of the role that racial, ethnic, and religious difference continues to play in the history of the world. . . . The fact that the United States went through this civil rights movement, tried to come to terms with its whole history and take affirmative steps, not only to end discrimination, but to build a society where people could live together as united citizens, I think that was very important. It's still ongoing, it's a work in progress, but it's a very big deal."

Woman revives from coma after 16 years

On Christmas Day, a woman who had been in a semi-conscious state for 16 years, woke up and began talking to her nurse. In 1983, Patt White Bull of Albuquerque, New Mex-

ico, lost consciousness during childbirth. For the next 16 years, while Americans were being brainwashed to believe that people who were in a coma or semi-conscious state were "vegetables," using up costly resources and better off starved to death, Bull was provided "total care" in a New Mexico nursing home.

Within two days after awaking, Bull was dressing herself, writing a letter to her mother, and making a trip to a shopping mall.

Most semi-conscious patients, after being merely given tube-feedings (if they are allowed to live at all), awake with considerable physical and mental disabilities. In this case, Bull showed remarkable mobility, which her doctors credit completely to the staff at the Las Palomas Nursing Home who cared for her, constantly exercising her legs. It is believed that some sort of stem blockage kept stimulation from getting to her brain, causing her to be unresponsive.

Russian-American paper interviews LaRouche

The Russian-American weekly *Express* features an interview with Lyndon H. LaRouche, Jr. in its last issue (#52) for 1999. *Express* is produced in Russian, in New York and in Israel. It is the largest Russian-American newspaper, with a circulation of 15-20,000. The interview was conducted by D. Klimentov, and published under the headline, "Lyndon LaRouche: A Man Not Heeded."

"In his 77 years," the editors write, "he has earned a firm reputation as a politician, who always swims against the current. He has criticized everyone, from Truman to Bush, and criticized them without compromise, and in a conclusive and consistent manner. The incumbent President, amidst the avalanche of criticism directed at him, received unexpected support from this man, which was the more weighty, in that it came out at the peak of Monicagate."

"Without notes or any prompting, he will tell you—without the usual mistakes of someone his age, and without the superficial lapses of the introverted American system

of education — what happened, say, in Germany in 1933. With ease, he will share his vision of the problem of Chechnya today. Or, he will present his prescription for curing the world financial system. His views may be controversial or, at the least, seem so. At the same time, it is precisely out of the ordinary viewpoints, which differ from what is generally accepted, that make it possible to think about the following: What, really, is the norm, and to what extent is that norm logical, well-grounded, and adequate to the realities of the day? Does that norm have a right to exist?

“Six times, he has sought the Democratic Party nomination for the Presidency. Without success. The Presidential campaign of 2000 is no exception; again, he is a candidate.

“This man’s name is Lyndon LaRouche. On the eve of the new millennium, he was kind enough to answer questions from *Express*.”

In the interview, which is approximately 1,000 words long, LaRouche deals with the period from the death of the Bretton Woods system in 1971 to the present, with a focus on the pernicious influence of the policies of McGeorge Bundy and Zbigniew Brzezinski. He explicates the relationship between the Anglo-Brzezinskiite war in the Balkans and Central Asia today, and the global financial crisis. He shows, once again, that “LaRouche was right,” since the 1950s.

NAACP sues to restore voting rights to felons

The Philadelphia NAACP filed a lawsuit on Dec. 27 against the State of Pennsylvania to restore voting rights to ex-prisoners. The suit calls an amendment to the state’s 1995 “motor-voter” bill a violation of civil rights, because it bars former felons from registering to vote for five years after their release. J. Whyatt Mondesire, president of the Philadelphia NAACP, called the amendment discriminatory, because of the disproportionate number of African-Americans who have been or are currently incarcerated.

In Pennsylvania, African-Americans make up 12% of the general population, while they represent 70% of the prison popu-

lation. Over 30,000 former felons are affected by the Pennsylvania amendment. According to the Washington, D.C.-based The Sentencing Project, an estimated 3.9 million Americans, or 1 in 50 adults, have currently or permanently lost their voting rights as a result of a felony conviction. Of these, 1.4 million African-American men, or 13% of black men, are disenfranchised, a rate seven times the national average. In seven states that deny the vote to ex-offenders, one in four black men is permanently disenfranchised.

DOJ hides identities of Waco witnesses

The Federal government has refused to let lawyers for the Branch Davidians who survived the April 19, 1993 conflagration in Waco, Texas, know the identities of some of the witnesses from whom they are taking depositions, the *St. Louis Post-Dispatch* reported on Dec. 29. In recent depositions in Washington, government witnesses were hidden from lawyers by a screen.

Members of the U.S. Army’s Delta Force are getting super-secret treatment, according to the article. Many documents are also being kept secret. The *Post-Dispatch* and the *Dallas Morning News* are asking the court to open the records which are now being kept secret.

Michael Caddell, the lawyer for the Davidians, is barred by court order from disclosing information from the depositions. Caddell was able to say that no one has yet offered a credible explanation of the flashes on the infrared film taken on the day of the FBI assault, flashes which some experts believe came from gunfire.

Caddell also said that the depositions have made him much more interested in the activities of the Delta Force at Waco. He says he now believes that it’s possible that some of the Delta Force operatives played an active role in the assault, well beyond the “observer” role which has so far been ascribed to them. “I would say that fewer than a dozen people really knew what was going to happen, or what did happen, that day,” Caddell said.

VIRGINIA GOVERNOR Jim Gilmore announced, on the fifth anniversary of the abolition of parole on Dec. 30, that he had reduced the rate to 7% for 1999. He compared this to what he said was a 40% parole rate the year before parole was abolished. Gilmore also claimed that the reduction in violent crime in Virginia is due to the abolition of parole. There is actually no causal relationship, as states which have not abolished parole have also seen a reduction in violent crime.

PRESIDENT CLINTON suggested that he might run for Congress, in an interview with the NBC “Today Show” on Dec. 31. He said that he is “very grateful to John Quincy Adams for going back to Congress. He’s one of my heroes for an ex-President. He is reported to have said that there is nothing as pathetic in life as an ex-President, John Quincy Adams. But he turned out to be wrong about himself. He served eight terms in Congress.” Clinton joked that he might get to see his wife more if he were in the Congress, since she might be serving in the Senate.

POOR CHILDREN are getting poorer, according to a study released on Dec. 23 by the Center on Budget and Policy Priorities. While the Earned Income Tax Credit has helped lift 3.6 million children out of poverty since 1993, those who remain poor fell below the poverty line by an average of \$1,604 in 1998, \$133 worse than in 1995, and the most since this data collection began in 1979. The main reason for this drop, the study found, is the loss of welfare-related benefits since the 1996 “reform” of welfare in the United States.

AL GORE, who claims to have been the “inventor of the Internet,” was bitten by the Y2K bug. One of the relatively small number of computer glitches reported during the rollover to the year 2000, was a posting on Gore’s campaign website, which reported that we are in the year 19100.

Making sense of the health-care crisis

It's no accident that health care is among the number-one issues at this stage of the U.S. Presidential election contest. Who does not know that the quality and availability of medical care for Americans has plummeted ever more rapidly over recent years, except perhaps for a tiny minority of the super-rich? Over the same period, virtually every American has experienced a total reversal in the orientation of medicine. During American medicine's period of world leadership, from the twenties and thirties until recent years, health care was imbued by the sacred personal calling to save lives and to heal, identified with the Hippocratic Oath, despite many deviations from that standard. But today, American medicine is controlled by Wall Street sharks, not by physicians. It dangles the bare possibility that you might, perhaps, be cared for when you are ill, and it only dangles that possibility in order to milk the maximum out of your income now, while you are working. When you do become seriously ill, you will likely be denied timely and appropriate treatment anyway, under the excuse that you are either too old, or too poor, or too expensive to treat, or just too sick.

Every Presidential candidate has been forced to address this crisis. But what do the "front-runners" have to say about it? As Lyndon LaRouche said last week, "Bush says, well, I can't get the money for health care, because I need it for the stockbrokers on Wall Street, or something, and Al [Gore] says, well, I'm trying to cut down the world's population, and therefore I'm not for increasing health care, but I rather want to *cut* some of these costs of health care, which means cutting health care. . . . On the other hand, you have the problem of Bradley. Bradley says he would like to increase health care, increase the funding of it, but he doesn't know how he's going to get the means to do so adequately. And that's the other side of the problem."

On Jan. 6, Democratic Presidential pre-candidate Lyndon LaRouche conducted an 80-minute live web-cast seminar on this question with about 20 health-care professionals from different parts of the country. LaRouche had come to approach the problems of health care primarily as a physical economist and a humanist

philosopher-statesman. What was most striking, was that this was the first time that any politician had actually addressed the real concerns of these dedicated doctors, nurses, and others. In fact, much of what he said to them, was what they themselves had been saying for years — but no one listened.

It was also remarkable how LaRouche raised the level of discussion of what seems at first a personal problem, or at most a domestic policy concern. At one point, for instance, he said:

"So, therefore, we must realize that, when using pharamceuticals, we have to think about using weapons in war. It's a weapon against disease, particularly against epidemic diseases, and particularly in areas where there's hunger, where there's pollution, where there's filth. And we have to treat these as weapons of war against the epidemic, and pandemic, diseases, which might tend to kill us all. And if we take that point of view, then we will deliver the medication to the place that it's needed, medically, and [then] worry about covering the price of producing it. . . ."

LaRouche's opening five-point summary of his approach, is included elsewhere in this issue. The most fundamental question he addresses, is that of the very purpose of government. On the one side, is the outlook now called "shareholder value." Under a new name, this is the age-old theory that the state and its members are the personal property of the ruling stratum. The subjects, the ruled, may be men and women in appearance, but they were created only to be sheared like sheep, or milked like cows for the benefit of their owners, or even slaughtered like the 111 men and one woman, who have been put to death by the state of Texas since George W. Bush became governor there.

The opposing side is that which led, over centuries, to the American Declaration of Independence and the U.S. Constitution, especially its "general welfare" clause. It is the content of Lincoln's Gettysburg Address, and it was reaffirmed for our century by Franklin Roosevelt, and, as a tendency, by John Kennedy. It holds that the purpose of government is the general welfare of the present generation and its posterity.

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Sun., Jan. 23: 9 a.m.
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NORTH CAROLINA

- MECKLENBURG COUNTY
Time Warner Ch.
Saturdays—12:30 p.m.

NORTH DAKOTA

- BISMARCK—Ch. 12
Thursdays—6 p.m.

OHIO

- COLUMBUS—Ch. 21
Sundays—6 p.m.
- OSHERLIN—Ch. 9
Tuesdays—7 p.m.

OREGON

- CORVALLIS/ALBANY
AT&T Ch. 99
Tuesdays—1 p.m.
- PORTLAND—AT&T
Tuesdays—6 p.m. (Ch. 27)
Thursdays—3 p.m. (Ch. 33)

RHODE ISLAND

- E. PROVIDENCE—Cox Ch. 18
Sundays—7 p.m.
- STATEWIDE—Ch. B (14/50)
Rhode Island Interconnect
Tue., Wed., Fri.—2 p.m.
Dec. 21 thru Jan. 12

TEXAS

- EL PASO—Paragon Ch. 15
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UTAH

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Mondays—6 p.m.
- ROANOKE COUNTY—Cox Ch. 9
Thursdays—2 p.m.
- SALEM—Adelphia Ch. 13
Thursdays—2 p.m.

WASHINGTON

- KING COUNTY
AT&T Ch. 29/77
Thursdays—3 p.m.
- SPOKANE COUNTY
AT&T Ch. 25
Wednesdays—6 p.m.
- TRI-CITIES
Falcon Cable Ch. 13
Mon.—12 Noon; Wed.—6 pm
Thursdays—8:30 p.m.
- WHATCOM COUNTY
AT&T Ch. 10
Wednesdays—11 p.m.
- YAKIMA—Falcon Ch. 9
Sundays—4 p.m.

WISCONSIN

- KENOSHA COUNTY
Time Warner Ch. 21
Mondays—1:30 p.m.
- MADISON—WYOU Ch. 4
Tue.—2 pm; Wed.—8 am
MARATHON COUNTY
Charter Ch. 10
Thursdays—9:30 p.m.;
Fridays—12 Noon
- OSHKOSH—Ch. 10
Fridays—11:00 p.m.

WYOMING

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