

EIR

Executive Intelligence Review

June 16, 2000 Vol. 27 No. 24

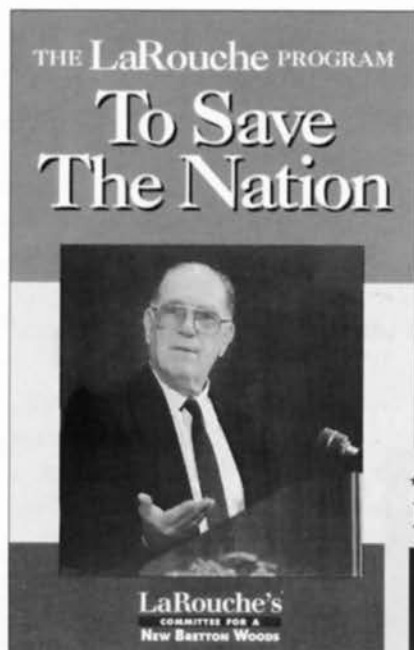
\$10.00

Regional Organization under a New Bretton Woods
Gore's Theft of LaRouche's Vote Provokes Backlash
London and Wall Street Map Next Assault on Peru

**Look to FDR and LaRouche,
To Rebuild the World Economy**



LA ROUCHE *for* President



Suggested contribution \$10.

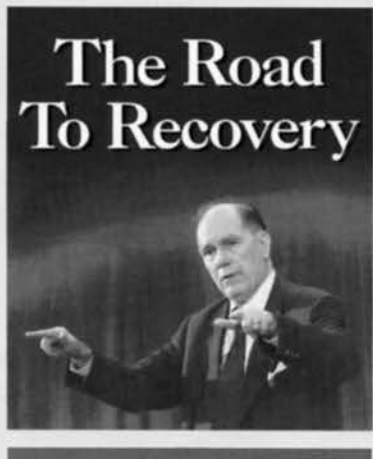
Read
These Books!

Abraham Lincoln warned you:

“You can fool some of the people all of the time,
and all of the people some of the time;
but you cannot fool all of the people all the time.”

Don't be fooled again;
this time, vote LaRouche.

Lyndon H. LaRouche, Jr.



LaRouche's
COMMITTEE FOR A
NEW BRETTON WOODS

Suggested contribution \$15.

- Become a campaign volunteer!
- Give money!
- On the Web
www.larouchecampaign.org
- Call toll-free 1-800-929-7566
- Write LaRouche's Committee for a New Bretton Woods,
P.O. Box 89,
Leesburg, VA 20178



LaRouche's
COMMITTEE FOR A
NEW BRETTON WOODS

For more information, call:
Toll-free 1-800-929-7566

Leesburg, VA 703-777-9451
Northern Virginia 703-779-2150
Washington, D.C. 202-544-7087

Philadelphia, PA 610-734-7080
Pittsburgh, PA 412-884-3590
Baltimore, MD 410-247-4200
Norfolk, VA 757-531-2295
Houston, TX 713-541-2907
Chicago, IL 312-335-6100

Flint, MI 810-232-2449
Minneapolis, MN 612-591-9329
Lincoln, NE 402-946-3981
Mt. Vernon, SD 605-996-7022
Phoenix AZ 602-992-3276
Los Angeles, CA 323-259-1860

San Leandro, CA 510-352-3970
Seattle, WA 206-362-9091
Ridgefield Park, NJ 201-641-8858
Boston, MA 781-380-4000
Buffalo, NY 716-873-0651
Montreal, Canada 514-855-1699

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editorial Board: *Lyndon H. LaRouche, Jr., Muriel Mirak-Weissbach, Antony Papert, Gerald Rose, Dennis Small, Edward Spannaus, Nancy Spannaus, Jeffrey Steinberg, William Wertz*

Associate Editors: *Ronald Kokinda, Susan Welsh*

Managing Editor: *John Stigerson*

Science Editor: *Marjorie Mazel Hecht*

Special Projects: *Mark Burdman*

Book Editor: *Katherine Notley*

Photo Editor: *Stuart Lewis*

Circulation Manager: *Stanley Ezrol*

INTELLIGENCE DIRECTORS:

Asia and Africa: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg,*

Paul Goldstein

Economics: *Marcia Merry Baker,*
William Engdahl

History: *Anton Chaitkin*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:

Rachel Douglas, Konstantin George

United States: *Debra Freeman, Suzanne Rose*

INTERNATIONAL BUREAUS:

Bogotá: *José Restrepo*

Bonn: *George Gregory, Rainer Apel*

Buenos Aires: *Gerardo Terán*

Caracas: *David Ramonet*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Robert Barwick*

Mexico City: *Hugo López Ochoa*

Milan: *Leonardo Servadio*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Stockholm: *Michael Ericson*

United Nations, N.Y.C.: *Leni Rubinstein*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

EIR (ISSN 0273-6314) is published weekly (51 issues) except for the second week of July and the last week of December, by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451, or toll-free, 888-EIR-3258.

*World Wide Web site: <http://www.larouchepub.com>
e-mail: eirns@larouchepub.com*

European Headquarters: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205,
Wiesbaden, Federal Republic of Germany
Tel: 49-611-73650. Homepage: <http://www.eirna.com>
E-mail: eirna@eirna.com Executive Directors: Anno
Hellenbroich, Michael Liebig

In Denmark: EIR, Post Box 2613, 2100 Copenhagen ØE,
Tel. 35-43 60 40

In Mexico: EIR, Río Tiber No. 87, 5o piso, Colonia
Cuauhtémoc, México, DF, CP 06500. Tel: 208-3016 y 533-
26-43.

Japan subscription sales: O.T.O. Research Corporation,
Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo
160. Tel: (03) 3208-7821.

Copyright © 2000 EIR News Service. All rights reserved.
Reproduction in whole or in part without permission strictly
prohibited. Periodicals postage paid at Washington D.C.,
and at an additional mailing offices.

Domestic subscriptions: 3 months—\$125, 6 months—\$225,
1 year—\$396, Single issue—\$10

Postmaster: Send all address changes to *EIR*, P.O. Box
17390, Washington, D.C. 20041-0390.

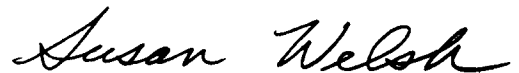
From the Associate Editor

It's astonishing, but true. The Bank for International Settlements, the central bankers' central bank, issued a report warning that the U.S. financial bubble is going to pop, and that the economy may not be in for the "soft landing" that some people are hoping for—and this was almost completely blacked out in the U.S. press! A spokeswoman for the BIS commented to *EIR* that, while the *Wall Street Journal's* international edition and the *International Herald Tribune* covered the story (as did all the major European press), those same newspapers' U.S. counterparts did not. It shows how far Wall Street is willing to go, to try to save the bubble.

Once again, American readers have to rely on *EIR* to know what is going on. Our *Economics* section provides a full report on this, and related developments with respect to the global financial crisis. First, is Lyndon LaRouche's article on the importance of regional initiatives toward achieving a New Bretton Woods financial system. This represents a shift in LaRouche's evaluation, taking into account the fact that President Clinton is apparently suicidally committed to do nothing before the November elections that would rock Al Gore's (sinking) boat. See also John Hoefle's incisive analysis of why Wall Street's hopes for a "soft landing" are doomed to fail.

What are governments to do, in the face of the crisis that is now upon us? Look to the example of Franklin D. Roosevelt, who provided leadership to the world in the Great Depression—and join with LaRouche, who provides leadership today. Our continuing coverage of the historic Bad Schwalbach conference of the Schiller Institute and International Caucus of Labor Committees shows the way (see *Feature*). Next week's issue will feature the ground-breaking conference panels on Bach, Kepler, and the concept of non-linearity—vital conceptual tools for those seeking to replace the current bankrupt system with a new, just world economic order.

As LaRouche told Peru's *Gente* magazine, in an interview reprinted in this issue, these are perilous times. The financial crisis is going to produce revolutionary changes in politics. "And I think that, in a time like this, one must take a good strong position, do the right thing, have firm nerves, and stick it out."



EIR Contents

Interviews

- 63 Dr. Simbi V. Mubako**
Dr. Mubako, the Zimbabwe Ambassador to the United States, discusses the history and current status of the controversy over land ownership.
- 75 Dr. Emerita T. Gueson**
Dr. Gueson, a Philadelphia gynecologist, is a fervent advocate of patients' rights. She is presently on the medical staff of Holy Redeemer and Nazareth Hospitals.

Book Reviews

- 80 'Starr's Stenographers' and the Conspiracy To Destroy the President**
Truth at Any Cost: Ken Starr and the Unmaking of Bill Clinton, by Susan Schmidt and Michael Weisskopf; *The Hunting of the President: The Ten-Year Campaign to Destroy Bill and Hillary Clinton*, by Joe Conason and Gene Lyons.

Departments

- 71 Australia Dossier**
Land Rights Threaten Sovereignty.
- 88 Editorial**
When the Blind Lead the Blind.

Economics

- 4 Regional Organization under a New Bretton Woods**
Lyndon H. LaRouche, Jr. reviews current prospects for world monetary reform.
- 10 BIS Warns of Stock Market Crash**
Those who are familiar with the traditionally sober evaluations of the BIS, will be astonished at the clarity with which the sources of danger for the world financial system are called by their real names.
- 11 BIS Alarm Bells: Big News in Europe, Blackout in U.S.**
- 13 The BIS Issues a Warning, But It Doesn't Have the Solution**
The crisis is far bigger than the BIS so far admits.
- 17 Time Is Running Out for the Russian Economy**
Russian economist Sergei Glazyev warns that, contrary to some people's euphoric claims about an "economic miracle," national production is falling.
- 17 LaRouche's Ideas Taken Up at Russian Academy Seminar**
- 18 Europe Is Entering Post-Maastricht Era**
- 20 Armenian Infrastructure Fire-Sale Is Blocked**
- 22 Business Briefs**

Feature



President Franklin Delano Roosevelt, touring the United States in October 1933, is shown here talking with West Virginia miners.

- 24 The World on the Brink of the Great Financial Crash**
Proceedings of the historical Schiller Institute-ICLC international conference in Bad Schwalbach, Germany.
- 25 'Now Is the Best Time To Be Alive'**
Muriel Mirak-Weissbach, an Executive Committee member of the International Caucus of Labor Committees, opened the conference.
- 27 U.S. Civil Rights: The Fight Goes On**
Amelia Boynton Robinson, the heroine of the American civil rights movement, recounts the battle for the Voting Rights Act, and how that battle shapes up today.
- 34 The Terminal Phase of the Financial Crisis**
Michael Liebig, an Executive Committee member of the International Caucus of Labor Committees, introduced the conference panel on Franklin D. Roosevelt, Jean Monnet, and the precursors of LaRouche's New Bretton Woods reconstruction program.

36 FDR's 'New Deal': An Example of American System Economics

By Harmut Cramer. "Contrary to all lies about Franklin Delano Roosevelt's 'New Deal' — and there are many of these flying around, especially here in Europe—it was a very good, though by no means perfect, example of the American System of economics."

44 FDR and Jean Monnet: The Battle vs. British Imperial Methods Can Be Won

By Jacques Cheminade. "This is the history of the 'Victory Program,' and of a small man, who was one of the great men of the past century, Jean Monnet."

Photo and graphic credits: Cover, pages 37, 38, FDR Library. Pages 5-7, 14-16, EIRNS. Page 26, EIRNS/Christopher Lewis. Pages 29, 81 (Starr, Jones), EIRNS/Stuart Lewis. Page 31, SNCC/Danny Lyons. Pages 41, 42, TVA. Page 46, Fondation Jean Monnet pour l'Europe. Page 50, Library of Congress. Page 53, DaD/Bundesbildstelle. Page 63, Courtesy of Ambassador Mubako. Page 64, UNICEF/026/83/Zimbabwe. Page 67, United Nations. Page 77, U.S. Navy. Page 79, White House News Photo/David Scull. Page 84, White House photo.

International

56 Desperate London, Wall Street Plan Next Stage in Peru Assault

Those London and Wall Street interests which want Peruvian President Alberto Fujimori out of power, to move forward with their strategy to make Peru a "narco-republic," are in trouble.

58 LaRouche Urges Peru: 'Take a Firm Position and Stick It Out'

Lyndon LaRouche was interviewed by Peru's *Gente* magazine, and the interview was published under the headline "Lyndon LaRouche Warns of a Major Financial Crisis in the U.S., and Asserts that 'Assassinations Are Not Impossible.'"

61 The 'Iran-Contra' Crew behind Gustavo Gorriti

63 Zimbabwe Acts To Resolve the Issue of Land Ownership

An interview with Zimbabwe Ambassador Dr. Simbi V. Mubako.

69 Sino-Indian Relations Get a Big Boost

A look at Indian President K.R. Narayanan's recent visit to China.

National

72 Gore's Theft of LaRouche Vote Provokes a Backlash

The Arkansas case is only one illustration of Gore's desperate behavior, which has turned the U.S. election into a fascist exercise, and which has international voices and loyal Democrats expressing their disgust with the unelectable Gore.

74 Dr. Emerita Gueson: Stop the 'Holocaust' of Managed Care

In an interview and in excerpts from her books, Dr. Gueson documents that HMOs are killing people.

77 U.S. Ambassador to China Assesses Situation in Wake of Trade Vote

78 The Clinton-Putin Summit: Another Missed Opportunity

86 U.S. Supreme Court Slaps Down Starr in Hubbell Indictment

87 National News

WORLD MONETARY REFORM

Regional Organization under a New Bretton Woods

by Lyndon H. LaRouche, Jr.

June 3, 2000

Despite the hysterical efforts of the U.S. President's Working Group on Financial Markets ("the Plunge Protection Team"), the world's present financial system is already in the last phase of a terminal collapse. Only lunatics, and other desperate fools, such as U.S. Treasury Secretary Larry Summers, are still hoping to keep that system from collapse. All of the world's intelligent and well-informed government officials, leading bankers, and economists, are preparing for the kind of world which will come into existence, very soon, after the present IMF system has been wiped out.

As I have warned, repeatedly, no one can predict the exact hour of the day the present system's bankruptcy will be made official. Since the fateful blunders of the October 1998 Washington monetary conference, the system as a whole has entered fully into its terminal phase of collapse. Exactly how it will collapse—whether by deflationary chain-reaction, by hyperinflationary explosion, or by being placed in bankruptcy-reorganization by governments—is a "Utah death-sentence" style of choice, still to be made by relevant governments;¹ but the collapse is now inevitable, and will occur soon—very soon, perhaps before November, perhaps before the August U.S. Democratic Party nominating con-

1. Formerly, under a famous, then-standing Utah law, a convict condemned to execution, was permitted to choose the method by which he would be killed.

vention. Really intelligent people, around the world, are treating that oncoming collapse virtually as if it had already occurred. This is the time for all intelligent monetary systems to dictate their bequests to their prospective heirs. What remains chiefly in doubt, is whether or not the post-crash governments will be able, or willing, to honor such a last will and testament of what is presently the already doomed system.

As of September 1998, it would have still been possible, although admittedly difficult, for U.S. President William Clinton to have brought about a comprehensive reorganization of the existing International Monetary Fund. In the aftermath of the October 1998 Washington conference, especially after decisions on the Brazil crisis of February 1999, that approach to monetary reform had been virtually destroyed, by the Clinton Administration itself. Now, the establishment of the urgently needed, new international monetary system, were more likely to be built up from a combination of regional groupings, such as the proposed ASEAN-Plus-Three association aired at a recent Chiang Mai, Thailand meeting, or not at all.

In the situation defined by the presently inevitable early disintegration of the current international financial system, the imperative of even simply national economic survival, requires cooperation among the relatively most interdependent regional trading blocs. The maintenance of even the barest essentials of trade-cooperation, requires treaty-facili-

ties of a sort needed to provide for short- to medium-term trade of some essential portions of hard-commodity traffic. The ASEAN-Plus-Three meeting, typifies the lines of cooperation which are urgently wanted in various regions of the world.

The case of the Chiang Mai meeting, and its revived deliberation on the 1997 proposal for an Asian Monetary Fund, reflects the specific form of political hysteria caused by the desperate actions of the U.S. “Plunge Protection Committee.” In the effort to postpone the inevitable global financial crash until after the U.S. general election of November 2000, at least until the Democratic Party Convention of August, the U.S. launched predatory actions against both Japan and the continental European currency-bloc, the Euro. The points of vulnerability focussed upon by the Plunge Protection Committee, were the respective “Yen carry-trade” and “Euro carry-trade.”

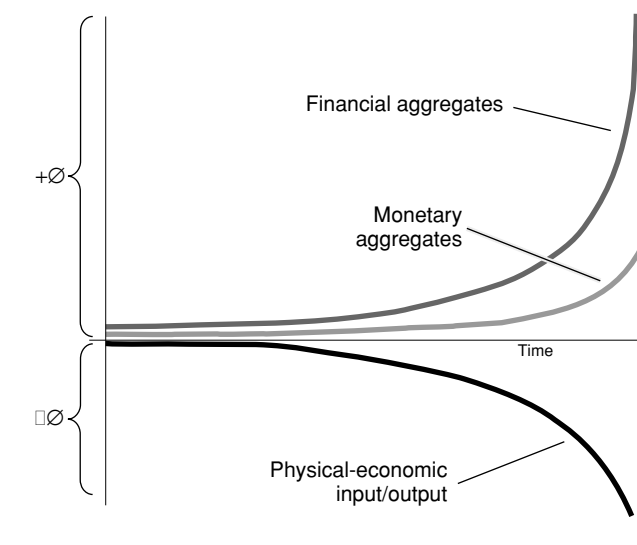
Thus, the hysteria of the Gore-campaign-dominated Clinton Administration, came very close to breaking the quarter-century-long “Trilateral” arrangement of 1975, among Wall Street, Tokyo, and continental European finance. This Gore-prompted savagery against Wall Street’s crucial Tokyo and European monetary partners, represented a threat of an irreparable break among the leading elements of the present world monetary system. Although neither China nor Japan was then prepared to risk an open break with the U.S., the question was posed. The mood at the Chiang Mai meeting, is to be regarded as a relatively mild warning-shock, a warning of a likely, oncoming political form of the major monetary earthquake, a warning of the threatened break-up of the existing IMF-dominated system.

The Rope in the House . . .

The most dangerous implication of the onrushing world financial collapse, is the continued unwillingness of the U.S. government to face this reality of the situation. In Washington, D.C., it appears to be the rule, that “one does not mention the rope in the house of the hanged.” The President apparently hopes, against all evidence of past performance, that a President Al Gore would honor a commitment to defend an ex-President Clinton from the murderous Bush machine. However, even if Gore were the honorable man he is not, there is virtually no chance that an Al Gore could be elected President after a pre-November 2000 global financial collapse, nor that the U.S. could survive for long under a President George W. Bush. So, when Gore enters the room, the band strikes up the Nashville, Tennessee ditty, “Born to Lose,” whereas the President were appropriately greeted by a ditty entitled, “Tell Me It Isn’t So.”

Among people who desperately need to convince themselves that they are behaving rationally, purely arbitrary blind faith in a delusion, is not sufficiently reassuring. To make their delusions appear credible, they require a rationale or

FIGURE 1
A typical collapse function



two. Since President Clinton, unlike his Vice-President, is an intelligent, rational person, his clinging to his current officially proclaimed delusion about the world economy, demands the typically Baby-Boomer style in pseudo-rational doctrines, the “Third Way” and “New Economy.” It also demands a third sort of reassurance, the belief that the majority of popular opinion still shares his delusion. The best way to avoid thinking about the rope, is to accept the delusion that it does not exist. If customary fools, popular opinion, share that delusion, so much happier the wishful thinker will be — for at least a moment or two longer.

Start from the reality of the present world financial situation. Then, pin-point the delusion which prevents a President Clinton — and many others — from seeing the reality they desperately wish to deny. Start with the reality of the Triple Curve, and also the reality of the fact that the world financial system is, at this moment, in the midst of a hyperinflationary spiral like that of Germany 1923. Then, examine President Clinton’s expressed belief in the delusion of a “new economy;” look at this delusion in light of the global financial reality which the President has refused to face — since no later than October 1998.

Look at two versions of the Triple Curve. The first, is the general version which I first presented in graphic form in the setting of a Vatican conference of Autumn 1995 (Figure 1). Then zoom in on a close-up of the area of the same curve at a critical point, the point at which the rate of monetary expansion rises more rapidly than the rate of financial expansion (Figure 2). The latter is the condition into which Germany had entered over the interval March-October 1923. The latter is the phase at which the rate of

FIGURE 2A

The Collapse Reaches a Critical Point of Instability

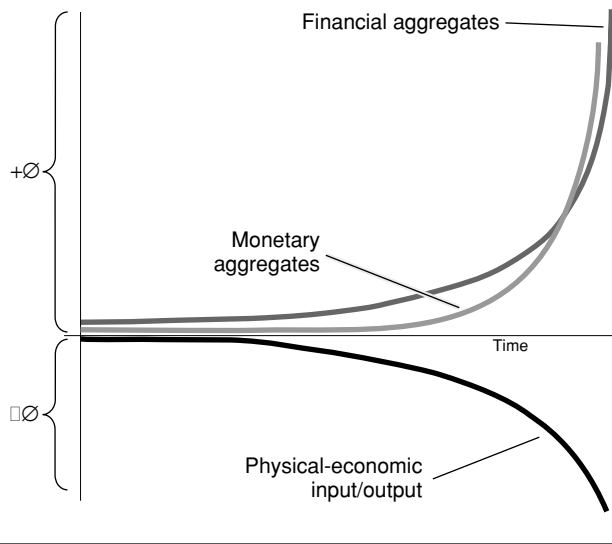
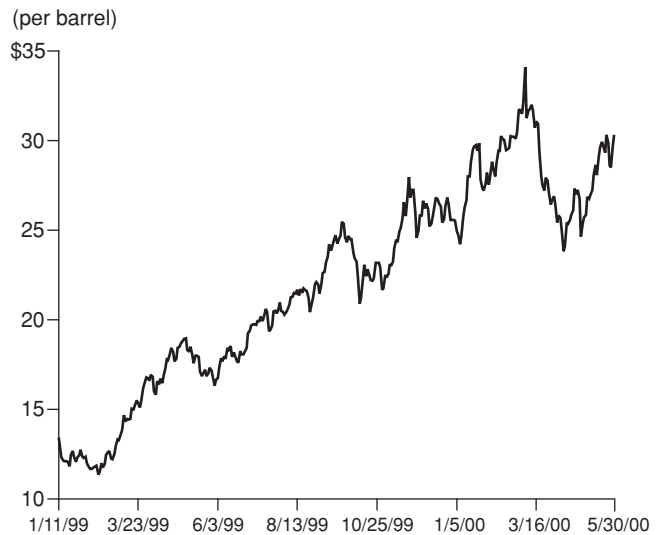


FIGURE 2B

Crude Oil Price, West Texas Intermediate, 1999 to Present



Source: Wall Street Journal.

The steep rise in the price of a barrel of oil reflects the trend indicated by Figure 2a. The inflation of the financial assets, through junk-bond-style mergers and acquisitions, creates an aggrandized financial asset per barrel of oil. This financial asset now requires an increased apparent financial profit-margin-yield per barrel of oil. Since that increase requires a corresponding added margin of financial asset appreciation, the growth of required debt-service payments (e.g., nominal profit) per barrel of oil now zooms geometrically, according to the price-earnings ratio needed to maintain that skyrocketing per-barrel financial-asset price on the market.

hyperinflationary spiral of financial assets, itself fed by wild-eyed monetary expansion, erupts as an accelerating form of hyperinflation of commodity prices. The latter is the point recently reached, a point comparable to Germany of March-April 1923 (Figure 3).

This situation is comparable, in the domain of mathematical physics, to the Riemann shock-wave “front” which Riemann defined in his “The Propagation of Plane Air Waves of Finite Magnitude” (Figure 4).² The transition from the general pattern shown in Figure 1, to the local condition shown in Figure 2, is analogous to that shown by the Riemann shock-front of Figure 4. The March-October 1923 development in Germany, as depicted by Figure 3, is comparable.

Look at this in terms of the price of a barrel of petroleum.

To understand this comparison, make a distinction between the physical costs of production and distribution, including the direct costs of administration of the processes of production and physical distribution, and the additional costs added to prices by inflation of the financial-capital nominally invested in title to ownership of that entity. Typical are the current financial charges incurred by mergers and acquisitions of entities producing, processing, and distributing petroleum and petroleum products. Then, examine the rising portion of total price per barrel represented by the purely financial charges which mergers and acquisitions add

per barrel produced and distributed.

Look at similar patterns of financially-driven inflation in areas such as real estate, and primary materials generally.

In such cases of combined “privatization” and mergers and acquisitions generally, one must recognize the fact that a hyperinflationary expansion of total financial accumulations, leads, by a significant factor of delay, toward a self-feeding inflation in the amount of tax which mergers and acquisitions superimpose on each barrel of oil, etc. At the point, this factor of increase of gross price greatly exceeds the underlying, physically-incurred costs of production, distribution, and management, a hyperinflationary expansion of gross financial capital, explodes as an emerging and generalized commodity-price inflation.

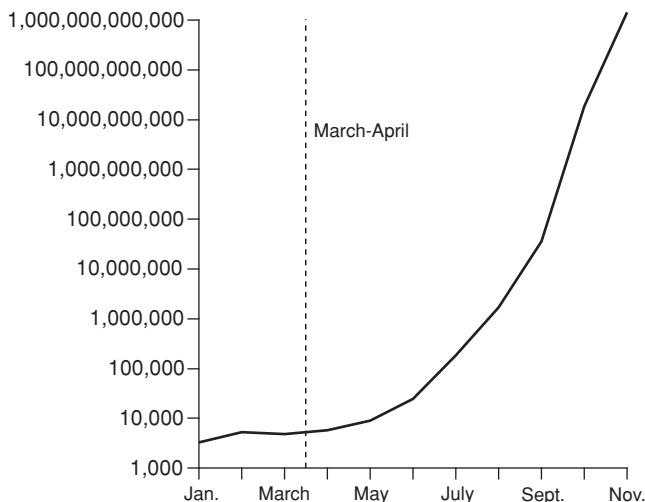
Thus, during 1997-1998, the world financial system entered the terminal phase of its existence. As of October 1998, this assumed the form of a general hyperinflationary growth in monetary expansion. Approximately the close of 1999, the general hyperinflationary trend began to assume the form of a self-feeding trend toward the eruption of commodity-price

2. *Über die Fortpflanzung ebener Luftwellen von endlicher Schwingungswerte*, “On The Propagation of Plane Air Waves of Finite Magnitude,” *Bernhard Riemanns gesammelte Mathematische Werke*, H. Weber, ed. (New York: Dover Publications reprint, 1953).

FIGURE 3

Weimar Hyperinflation, Wholesale Price Index (1913 = 1), March-November 1923

Logarithmic scale



inflation. While we can not, presently, determine the way in which the March-October 1923 Weimar Germany process compares, in scale, to the presently emerging global hyperinflationary trend in key commodity prices, the fact that a comparison is to be made, is already sufficient evidence on which

to base the most crucial observation; the world is entering the shock-front phase of a general post-1997-1998 global hyperinflation in nominal valuations of financial assets.

The present financial system as a whole is hopelessly bankrupt. There is no way in which present financial obligations outstanding could be paid. Over-the-counter derivatives must be the first to go, followed immediately by other forms of derivatives and junk-bond indebtedness. In addition, long-term debt generally, must be frozen and rescheduled at nearly zero-interest rates. Other financial assets, such as personal saving accounts and pensions, must be maintained as currently liquid, but only as is required to optimize social stability of family households and employers.

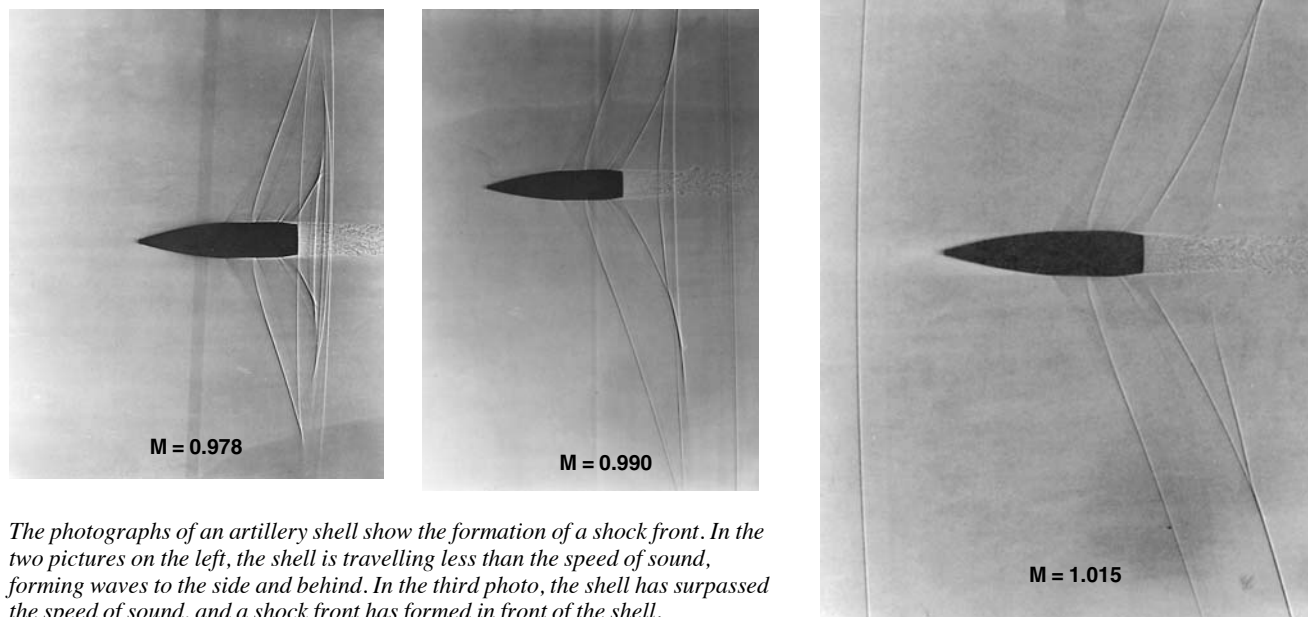
The world requires a new monetary and financial system, rebuilt from the ground-level of expanded present levels of physical output measured in quantities of employment and output in production of physical goods of newly produced infrastructure, agriculture, and manufacturing. A sudden and sweeping cancellation of all changes in monetary, financial, and economic policies since August 1971, is mandatory.

President Clinton's Delusion

The delusion which President Clinton has shared publicly with his unfortunate choice of Vice-President, Al Gore (and many others of the Baby-Boomer class), is the interchangeable notion of what is called either "the new economy" or an "information society." The political-cultural connections underlying that delusion, are multifarious. The common root

FIGURE 4

The Formation of a Shock Wave



The photographs of an artillery shell show the formation of a shock front. In the two pictures on the left, the shell is travelling less than the speed of sound, forming waves to the side and behind. In the third photo, the shell has surpassed the speed of sound, and a shock front has formed in front of the shell.

Source for artillery shell photos: A.C. Charters in T. von Kármán, 1947, *J. Aeronaut. Sci.*, 14:373-402.

is an utopian delusion, typified by the collaboration of H.G. Wells and Bertrand Russell, a delusion associated with Russell's public endorsement of Wells' *The Open Conspiracy*.³ As current U.S. Secretary of State Madeleine Albright bragged, in her Oct. 14, 1999 New York address, she has been an active follower of the ideology of Wells' *The Open Conspiracy*, in her entire career, including her official Cabinet roles as UNO Ambassador and Secretary of State. The principal delusions shared between Mrs. Albright and Al Gore, have their proximate origin in that "Open Conspiracy," as defined by Wells and Russell.

The principal categories to be considered are: "globalization," as defined by the practices of Clinton, Gore, Albright, and London's Tony Blair—with some equivocations by Clinton; "information theory," a concoction of Russell's devotees Norbert Wiener and John von Neumann; and the Wellsian doctrine of post-Morloch ("post-industrial") society, as advocated by Gore, under the rubric of "ecology,"⁴ and by both Clinton and Gore, under the rubric of opposition to "dual use" forms of alleged "weapons of mass destruction." All of this, of course, is consistent with the neo-Confederacy Romanticism of Robert Penn Warren's and William Yandell Elliot's Nashville Agrarian hatred against the American Whig legacy of President Abraham Lincoln. Henry Kissinger's and Zbigniew Brzezinski's character as protégés of Nashville Agrarian Elliot coincides with Vice-President Gore's expressed ideological bent on such accounts.

From the founding of the U.S. republic, the American System of political-economy, and its sundry European and other admirers and imitators, have been, like Alexander Hamilton, Abraham Lincoln, Franklin Roosevelt, at al., followers of the science of physical economy as defined by Gottfried Leibniz. Indeed, the related notions of France's King Louis XI and England's Henry VII, in founding the modern nation-state economy on the principle of the general welfare, or commonwealth, reflect the same commitment of all modern rational political-economy, to the principle that the general welfare requires a constant increase of mankind's power in and over nature, as measurable, physically, in per-capita and per-square-kilometer terms. This increase has always depended upon those improvements in applied technology which are derived from validatable discoveries of universal principle.

The notion of "information," as defined axiomatically, mathematically, by Russell devotees Norbert Wiener and John von Neumann, excludes the existence of discoverable universal physical principles, just as their master Russell did. "Information theory" reduces society, axiomatically, to the

administration of man by man, or, in other words, the reduction of society to the management of a mass of virtual cattle by an oligarchical minority and its attending lackeys. The mentality is that of those shipmasters who improved the unsinkable and doomed *Titanic*, by reducing the number of lifeboats far below the quantity needed to accommodate the ship's passengers and crew—a fact which is, indeed, something to remember.

Thus, the notion of economy in the mind of Al Gore, and implicitly the doctrine adopted by President Clinton, is something out of Tolkien's Baby-Boomer's fantasy, *The Lord of the Rings*. For that doctrine, real economy does not exist, only rearrangements of the seating-arrangements at the dining table (as long as seats are still available), thus, as by current U.S. health policies, following Adolf Hitler's health and welfare policies, of shortening lives deemed "unworthy to be lived." Such are the implications of the Vice-President's statements and practices on education and health policy—as, ostensibly, endorsed by the President, policies which have contributed to a state of affairs under which approximately half our current eighth-graders are virtual Yahoos, illiterates. Today, under such influences, a majority of maturing adolescents would not be employable at family-income-level wages, in the industries and related workplaces of the 1960s!

Granted, there are various hints that President Clinton does not believe such nonsense—at least, not privately. However, publicly, especially since mid-1996, the President has acted as if he believed he were obliged to pretend to believe such Gore-y nonsense, that as a precondition for outliving both his incumbency and retirement as President.

There is a simple political correlative to this delusion. Of the upper twenty percent of today's family-income brackets, representing more than half the total national income, at least half, probably more, are virtually economic parasites, living off the back of the eighty percentile of the lower income-brackets. Such types from the so-called "new suburban" class, are the principal voter-support for the candidacies of both George W. Bush and Al Gore. This same upper-twenty-percentile stratum, is also the hard core of what Gore and his ally Dick Morris, like England's Tony Blair, have defined as the "middle," those who are depended upon as likely to vote in state-wide and national elections. This upper twenty-percentile thus represents the stratum of "public opinion" perceived by the pollsters, and by most of the mass entertainment and news media.

In effect, whatever the President's actual views, he has locked himself into a public posture of basing the conclusion of his Presidency, and his personal survival thereafter, on the prospect of benefits from the election of sure-loser Al Gore. He has sought to secure his long-term position in history, by a shallow, pragmatic reliance upon short-term, largely illusory estimates of momentarily popular delusions.

3. H.G. Wells, *The Open Conspiracy: Blueprints For A World Revolution* (London: Victor Gollancz, 1928).

4. Albert Gore, Jr., *Earth in the Balance: Ecology and the Human Spirit*, 2nd edition (New York: Houghton Mifflin, 2000).

Last days of Pompeii, anyone?

Once we take into account, that the existence of nations, and most of their populations, depend upon the continuation and growth of such physical output as infrastructure, food, and manufactured items, the failure to base assessments of the performance of economies upon anything but the rate of physical consumption and output, per capita and per square kilometer, is effectively lunacy, a wild-eyed delusion.

The Day Money Vanishes

If we except the third alternative — my alternative, a New Bretton Woods system, then we must see the U.S.A., in particular, as headed toward the early day, when money has ceased to exist, as in 1923 Germany, or in which only a tiny fraction of current levels has survived a crushing deflationary depression, worse than 1929-1931. What do you do then, Little Man? Where are all those popular opinions you expressed so lavishly until now?

What do you need, then, Little Man?

You need basic economic infrastructure: transportation, power, water management, sanitation, and also schools, medical facilities, and kindred public facilities and services. You need food, which must be produced and delivered. You need manufactured items, physically distributed to where they are needed. You need places of employment, especially in the production and maintenance of basic economic infrastructure, agriculture, and manufacturing. If you do not have these things, then, of what use is money?

If, however, we can secure the production of such required materials and conditions, and if the physical cost of that production and maintenance is less than what is delivered, can we not issue sufficient currency, and lend it through banking channels, to ensure the continuation and growth of such physical output? In other words, even if money were wiped out by a hyperinflationary explosion, we can survive quite nicely, if the physical conditions of infrastructure, agriculture, manufacturing, and related employment are available. If those conditions of growth — as measured in physical terms — can be met, then government can generate and supply the state credit, as in the form of issues of lendable governmental currency-notes, to sustain those physical preconditions of continued economic growth.

In light of the nature of the present global division of labor in the production of these physical conditions of economy, it should be obvious, that agreements on trade among nations are an essential feature of any successful recovery effort. It should also be clear, that regional cooperation has pre-eminent importance. Then, those facts taken into account, the crucial added requirement, is cooperation among nations which are leading exporters of capital forms of improved production technology, and sections of the world which are naturally the principal medium- to long-term importers of such technology.

To that end, we require a system of stable, relatively fixed exchange-rates among currencies: otherwise, medium- to long-term loans are too costly. We require, also, a system of protectionist agreements, by means of which national industries are protected against cheap imports, and also against the state of pauperdom to which “free trade” condemns exporting nations.

The net result is, that the optimal form for a new global monetary system is one modelled on the best features of the 1945-1958 Bretton Woods relations between North America, Europe, Japan, Australia, et al. A fixed-exchange-rate, protectionist system. A more or less global monetary facility should coordinate among regional and cross-regional partnerships, as the case for an Asian Monetary Fund typifies such lines of partnership.

Optimal would be a system including the following keystone elements. A continental European partnership. A trans-Eurasian system of cooperation including Russia, China, India, Japan, and the ASEAN group. An Ibero-American group. A Middle-East/North Africa group. A Sub-Sahara development association. A general system of collaboration among the U.S.A., continental Europe, a trans-Eurasia group, et al.

The sovereign member-states of the new global system would be parties to their regional associations, and also represented in the global system through these regional associations. That political-economic structure, echoing the post-war intentions of President Franklin Roosevelt, should take over the bankrupt remains of presently existing international monetary and related institutions, and conduct both the processes of bankruptcy-reorganization of the present world system, and the launching and direction of the new one.

The problem to be emphasized, is the following.

When three powers of the four-power authority occupying Germany — Thatcher’s Britain, Mitterrand’s France, and George Bush’s U.S.A. — acted, during 1989-1992, to impose, upon both Germany and the world, a caricature of the Roman Empire, as a ruling, Anglo-American imperium upon the world at large, a situation developed, over the course of the recent decade, in which the world had wasted the great opportunity represented by the events of 1989. The good will which might have been mustered, among former “Cold War” adversaries, the NATO powers, and the developing sector generally, has been greatly dissipated over the course of the recent decade. The most recent folly of the U.S. government, in pitting itself against the vital existential interests of both Japan and continental Europe, for sake of that worthless enterprise known as the Al Gore Presidential precandidacy, leaves the world no likely option, but reliance upon developing cooperation among regional blocs as the means for bankrupting and replacing the existing world monetary and financial systems.

BIS Warns of Stock Market Crash

by Lothar Komp

On the evening of May 29, something monstrous happened in the old Elysée Palace in Paris. The top managers of the largest European, Asian, and American banks were gathered together at the French Presidential mansion, with the most powerful central bankers in the world, to celebrate the anniversary of the Banque de France. It was, of course, the role of French President Jacques Chirac to open the ceremonies. But there was a problem: Chirac was not there. The assembled bankers had to bide their time for an hour until the President finally arrived.

As it later turned out, there was a prior meeting between Chirac and the heads of the Group of Seven central banks, where there was such a heated argument between Chirac and U.S. Federal Reserve Chairman Alan Greenspan, that the timing of the whole affair was thrown off track.

Chirac had characterized the speculative bubble on the U.S. stock market, as well as its exploding current account deficit, as a danger for the world financial system. Greenspan responded with a laudatory on the economic and financial situation in the United States.

The episode underscores once more, that the Trilateral consensus among the members of the three large currency blocs is falling apart. The situation resembles the last hours on the *Titanic*, as the ship was forging full-speed ahead toward the iceberg. In Europe and Asia, some of the decision-makers have recognized that they have to get into some lifeboat as soon as possible, or steer clear from the site of the impending disaster. U.S. Treasury Secretary Lawrence Summers and Fed chief Greenspan are desperately trying to keep everyone on board in a good mood, with heavy dosages of liquidity or other concoctions until the last party on the *Titanic* finally comes to an end, i.e., until either Al Gore or George W. Bush have been crowned the new President of the United States.

But, amid the high spirits on the financial markets, which had been sustained to the end of May—which had everyone believing that the figures on the performance of the American economy guaranteed a “soft landing,” and that a “summer rally” would soon take hold on the stock markets—the central bank of central banks raised its voice with unmistakable warnings.

Those who are familiar with the traditionally cautious

evaluations of the Bank for International Settlements (BIS) in Basel, Switzerland, will be astonished at the clarity with which the sources of danger for the world financial system and economy are called by their real names.

The Worst Case Could Happen

When the BIS presented its annual report on June 5, its president, Urban Bäckström, said that there are two things which worry him: “external imbalances and asset prices.” He added: “We have witnessed too many crises in the last decade not to know that market confidence can shift suddenly. A soft landing is by no means assured. If there were problems on the stock markets, the whole pyramid of debt would be endangered.”

Bäckström pointed in this connection to the fact that “loans to finance equity purchases have risen sharply in a few major countries.” He said, “Ensuring that investors are not sheltered from the consequences of their sometimes misguided investments is important for maintaining prudent lending standards. Investors should not expect that monetary policy will underwrite any particular valuation of equity markets. A second and related risk is that high asset prices might lead to complacency about debt levels. Household and corporate balance sheets may look healthy when asset prices are stable or increasing, but what will they look like if prices fall?”

Just as there are “rising levels of household and corporate indebtedness in the United States and some other industrial countries,” the “rising levels of external indebtedness in a number of emerging market economies are based on expectations of continued strong growth in income and production.” Bäckström warned: “Volatility is intrinsic to financial markets. Recent turmoil in stock markets as well as earlier crises in emerging markets demonstrate the risks of basing decisions on one central scenario, rather than allowing too for a range of possible—including worst case—scenarios.”

The annual report that Bäckström presented, devotes a separate chapter with the economic and financial situation in the United States. The BIS draws an interesting comparison between the United States today and Japan at the end of the 1980s, just before the speculative bubble on the stock and real estate markets there burst, and the entire banking system became dependent on government rescue packages. The objection might be made, the report says, that stock prices rose in the United States in the 1990s, but real estate prices did not rise as dramatically, as they did in Japan. “However, unlike Japan before, the United States is an external debtor with a large current account deficit. Thus, the balance of risks remains difficult to assess.”

‘Without Advanced Warning’?

Prices on all of the stock markets in the world, not only in the United States, are moving at record high levels relative to the fundamental parameters of the respective firms. The price-

earnings ratio on the stock markets today have “exceeded the levels seen before the stock market break of October 1987.” The BIS report notes: “The historically high valuations of major stock markets clearly pose risks of a sharp market-wide correction. The high-technology sector would appear to be particularly vulnerable. Yet the non-technology sector also displays valuations that are high by historical standards. While for most of the first quarter of 2000 investors alternately favored one sector over the other, a shift in sentiment that favored high-technology stocks could well have repercussions for non-technology stocks as well. Such a shift in investor sentiment often requires very little to precipitate it. Large sell orders can come without warning and cause further selling as other investors infer adverse information, whether or not the initial trades were actually informative. Historically this has often led to a general loss of confidence as prices fell unexpectedly.”

And once the downward trend starts, then, thanks to the changes in the world financial system in the past decades, we have considerably worse cards than before. As the BIS emphasizes, not only is a worldwide rise in “rapid credit expansion” and a “growing willingness on the part of creditors to take risks” observable, but also the degree of concentration in the financial markets has increased. That means “not only that the global economy may have become more exposed to macroeconomic shocks, but also that the dynamic response of markets to such shocks may be harder to predict than in the more regulated past.” More pointedly put, “A combination of continuing deregulation, heightened competition, technological change and increased concern for shareholder value may have encouraged behavior and cross-sector relationships which will prove to have been imprudent only when the next downturn comes.” And if the leaders of financial institutions do not lay greater weight on limiting the risks of their trading departments, “the relentless pursuit of shareholder value, without this crucial adjustment, could prove a very dangerous strategy.”

No Solution

The Basel bankers’ sober assessments are a welcome contrast to the manic-euphoric mood spread by most of the financial media. It is remarkable that the most recent BIS warnings have been mentioned only in the European press, while so far most of the U.S. media have ignored them completely. Yet, the BIS’s analyses and warnings contain nothing which has not been addressed by Lyndon LaRouche, and covered by media sympathetic to him, in past years. More importantly, the BIS presents no solution. The BIS bankers who are gathered for the last party on board the *Titanic*, refuse to drink alcohol, and instead speak about the approaching icebergs, but they seem little worried about the fact that hardly anyone pays attention to them. The inevitable question is: Where is the captain who can swing the rudder in the other direction?

BIS Alarm Bells: Big News in Europe, Blackout in U.S.

This year’s annual report of the Bank for International Settlements was released on June 5, and its 200 pages were made available in full on the Internet. On the day of release, international wire services — Associated Press, Bloomberg, Reuters, and others — duly carried notices and accounts of the content. In Europe, the significant warnings by the BIS of prospects for a financial crash, were covered prominently and widely within 24 hours, followed in succeeding days by commentary and analysis. In the United States, next to nothing appeared.

The major U.S. press did not even send their European financial correspondents to the June 5 BIS press conference in Basel. The wire stories were killed or buried alive. This degree of coordinated suppression reveals intervention by Wall Street and the White House both. The reasons are covered in the accompanying articles.

The BIS itself confirmed that its report was blacked out in the United States. A spokesman for the Bank told *EIR* that to their knowledge, no news outlets in the United States had covered the story. Curiously, the BIS spokesman, Margaret Critchlow, noted to *EIR*, that the *international edition* of the *Wall Street Journal* covered the BIS report in two separate articles, but the *Journal* did not cover it in its U.S. edition. Also, the *International Herald Tribune*, run by the *Washington Post* and the *New York Times*, covered the story, but the *Times* and the *Post* blacked it out at home! An attendee at the BIS press conference told *EIR* that it was “surprising and puzzling” not to see the *Washington Post* reporter at the June 5 Basel press conference, given that the reporter had previously attended such releases.

Among the very few sightings of coverage in the U.S. media, was CBS Market Watch, and an item in the June 7 *Seattle Times*. The *Times* Business Section, page 1, the third topic in the “Newsletter” column covering world trade and Pacific news, ran the BIS story. The buried item gave a short, accurate rendering — imagine the impact of it as front-page news across the United States. Columnist Stephen Dunphy wrote, “The Bank for International Settlements in Manila [sic] has released its annual report on the world economy, and it is a sober one.

“The bank, the international organization of central banks, warned that a hard landing of the global economy is possible, given growth rates in the U.S. and Europe, the level of the dollar, inflation, and the high value of stock markets.

“The bank said the ‘current rate of expansion of domestic demand in the U.S. is unsustainable and potentially inflationary.’ The biggest policy challenge may be coping with a sudden reversal in the fortunes of the dollar, the bank said.”

Institut der Notenbanken warnt vor Aktienblase an US-Börse

BIZ fordert Zinserhöhung in den USA und hält Kapitalmarktkontrollen für ratsam

Auffällige Parallelen
Wirtschaftsdaten USA (seit 1990) und Japan (1985 bis 1995) im Vergleich

Wachstum in den USA
Wachstumsraten des BIP in %

US-Produktivitätsindex
Veränderungsraten in %

Wachstum Japan in %

Produktivität Japan in %

129

WIRTSCHAFT

Bank für internationalen Zahlungsausgleich

Notenbanken warnen vor Sorglosigkeit

Außenwirtschaftliche Ungleichgewichte und hohe Aktienkurse bergen Gefahren

Basel (AP/Wire) — Trotz unruhmreicher Überwindung der Finanzkrise und den besten Konjunkturprognosen seit 20 Jahren haben Notenbanken vor Exporten und Sorglosigkeit gewarnt. Auf dem einmal abrupt umschlagen, warnte die Zentralbank in Genéve die zunehmende Verschärfung der privaten Haushalte und Unternehmen in den USA und einigen anderen Industrieländern sowie die steigende Auslandsverschuldung.

BANK FOR INTERNATIONAL SETTLEMENTS SAYS US EXPANSION UNSUSTAINABLE AND POTENTIALLY INFLATIONARY

Warning of global hard landing

By Alan Beattie in Basel

The global economy faces the risk of a hard landing with US stock markets and the dollar dropping sharply in tandem, the Bank for International Settlements warned yesterday.

Recent volatility in currencies and equities, and the lack of liquidity in some financial markets, meant the market reaction to the BIS comment

“The rate of expansion of domestic demand in the United States is unsustainable and potentially inflationary, and a similar if less extreme state of affairs prevails in some of the other English-speaking countries,” the BIS said.

In a warning about the risks of

“The Federal Reserve’s rate cuts in late 1998, needed to stabilize fixed income markets, may have encouraged the stock market to rally at the same time,” the BIS said.

It warned that, if the inflationary threat in the US remained, the Federal Reserve should keep raising interest rates even if stock markets slumped — so avoiding any suspicion that it was bailing out investors who

“The market-making activities of some institutions and the liquidity of many markets are not as good as before,” he said.

“The ability to absorb changes in supply and demand in the markets is not there.”

The drying-up of government

banking systems, and who were loosening monetary policy by intervening to stop their currencies rising.

“There is a risk of re-establishing the fixed exchange rate mentality which contributed to the Asian financial crisis,” said William White, the BIS’s economic adviser.

The annual report said the Japanese government should maintain its fiscal stimulus to the economy.

European newspapers cover the BIS report which was almost completely blacked out of the U.S. press.

The following are two items typical of the widespread coverage in Europe of the BIS report.

The German business daily *Handelsblatt*, June 6.

“Dangerous Dynamic on Financial Markets,” was the headline of the lead commentary, the day after the release of the BIS report. International correspondent Klaus Engelen made the point that the BIS warnings of the past were ignored, but this time they must be heeded. He wrote that the International Monetary Fund, the World Bank, and the Organization for Economic Cooperation and Development all have a proven record of never recognizing a large financial crisis in advance. However, he pointed out, the Basel economists of the BIS are a different case. They predicted the outbreak of the financial disasters in Mexico and Asia, pointing to the instability of “emerging markets” due to underdeveloped banking systems and the deregulation and globalization of financial markets. But “all such earlier warnings from Basel had been ignored by euphoric markets.” And still, not much attention is being given by market participants to the ever more “emphatic warnings of the BIS concerning ever higher financial asset prices and the unsustainable foreign trade imbalances, in particular the U.S. current account deficit which is running out of control.”

But the “alarm bells” of the BIS were never ringing as loudly as today, says Engelen. BIS chief Urban Bäckström is urging the public to finally take notice of the fact “that the world financial system—due to deregulation, globalization, and technological revolutions—has become much more susceptible to new shocks. The dynamic of deregulated markets, which are directing huge private capital flows over the border of nations, have become completely incalculable.” Therefore, it’s no longer the question of how big are the chances of a “soft landing,” but whether governments and central bankers “have any chance to prevent a hard landing.”

***Financial Times* of London, June 6.**

“Warning of Global Hard Landing” is the title of a front-page article, by Alan Beattie in Basel. “The global economy faces the risk of a hard landing with U.S. stock markets and the dollar dropping sharply in tandem, the Bank for International

Settlements warned yesterday,” he writes. “Recent volatility in currencies and equities, and the lack of liquidity in some financial markets, meant the market reaction to such a downturn posed a further risk, the BIS said in its annual report.

“Emphasizing the uncertainties of the current global situation, the BIS . . . said the imbalance between rapid growth in the U.S. and slower growth elsewhere would have to be corrected, and that large movements in exchange rates were likely to follow,” says the *Financial Times*, continuing that, “the BIS compared the U.S. to Japan in the late 1980s, when a combination of high-productivity growth, low inflation, and soaring asset markets ended in a collapse in asset markets and a prolonged recession. Present stock market valuations were unlikely to be sustainable in the long term, it said.”

Later, the *Financial Times* reports, the BIS “warned that, if the inflationary threat in the U.S. remained, the Federal Reserve should keep raising interest rates even if stock markets slumped—so avoiding any suspicion that it was bailing out investors who had caught out.” The BIS report is quoted, saying, “‘Were monetary policy to back off at the first signs of declining equity prices, the risks of moral hazard would be great.’”

Andrew Crockett, BIS general manager, is quoted saying that the volatility is likely to continue.

In its Lex column, the *Financial Times* refers to the BIS as a kind of Cassandra, and says, it’s no wonder, therefore, that it should issue a gloomy report. It adds, “But the BIS’s attempt to stiffen the spine of the U.S. Federal Reserve is striking in its tone: It explicitly urges the Fed not to back away from the necessary monetary tightening just because equity prices start to weaken.” The *Financial Times* notes that asset prices have come down somewhat since the March period, on which the BIS based its report, “but it should make those investors who believe interest rates are nearing the top of the cycle think again. If there is one thing central bankers hate as much as rising inflation, it is the perception that they are bound to rig up a safety net if the markets look like crashing—but they will have to inflict considerably more pain before that message gets through.”

The BIS Issues a Warning, But It Doesn't Have the Solution

by John Hoefle

The Bank for International Settlements (BIS), in a report issued on June 5, and in a major international press conference accompanying the release of the report at its headquarters in Basel, Switzerland the same day, confirmed what Democratic Presidential candidate Lyndon LaRouche has been warning about for years: that a global financial crash is right around the corner. While that assessment has been given banner headlines throughout Europe, the warning has been blacked out of the U.S. press.

“One point on which virtually everyone would agree is that the current rate of expansion of domestic demand in the United States is unsustainable and potentially inflationary,” the BIS stated in its 70th Annual Report. The report goes on to say that “it could be argued that the sooner the bubble deflates, the better.”

In remarks at the BIS Annual Meeting the same day, BIS President Urban Bäckström threw cold water on the assertions by the U.S. President's Working Group on Financial Markets (a.k.a. the Plunge Protection Group) that the U.S. economy was headed for a “soft landing.”

“We have witnessed too many crises in the last decade not to know that market confidence can shift suddenly,” Bäckström said. “A soft landing is by no means assured.”

He also warned of the rising levels of household and corporate debt in the United States, and the growing dependence of the United States upon foreign goods and money-flows. “Household and corporate balance sheets may look healthy when asset prices are stable or increasing, but what will they look like if prices fall?” he asked.

To underscore the BIS's warnings, the German economic daily *Handelsblatt*, in a commentary by Klaus Engelen on June 6 entitled “Dangerous Dynamic on Financial Markets,” noted that while the International Monetary Fund, the World Bank, and the Organization for Economic Cooperation and Development had proven records of not seeing financial crises in advance, the BIS had warned of instability in the emerging markets before the Mexican and Asian crises erupted. However, Engelen said, “all such earlier warnings from Basel had been ignored by euphoric markets.” Market participants are still not paying sufficient attention to the “emphatic warnings of the BIS concerning ever higher financial asset prices and the unsustainable foreign trade imbalances, in particular the U.S. current account deficit which is running out of control.” Engelen said that the issue was not one of how big the chances

were of a soft landing, but rather whether there is any chance at all to prevent a hard landing.

The blunt warnings reflect the realization by the BIS that the current global financial and monetary system is unsustainable, and that major changes are required to keep the system together. Such warnings, as far as they go, are valid, and represent a better understanding of the state of the world than anything flowing out of official Washington, but they still fall far short of reality.

Hard Landing, or Mid-Air Explosion?

The whole debate about “soft landing” versus “hard landing” is a fraud. The idea behind the soft landing is that the U.S. economy is growing so fast, that the pace of growth is unsustainable and might trigger inflation. Therefore, to slow the pace of growth and head off potential inflation, Federal Reserve Chairman Alan Greenspan has been raising interest rates. By gently putting the brakes on the economy, to use the aircraft metaphor, the Fed hopes to bring the economy down from its lofty heights to a safe and soft landing. The hard-landing crowd likewise assumes that the plane will land, but perhaps with significant damage. What is absent from this controlled discussion is a third possibility, that of a mid-air explosion.

In citing “the record U.S. current account deficit,” the BIS pointed squarely to the fact that the U.S. economy is being subsidized by the rest of the world. The current account balance (**Figure 1**), which hit a record \$100 billion deficit for the fourth quarter of 1999, represents the extent to which the U.S. economy is dependent upon foreign goods and investments. The deficit reflects both the inadequacy of U.S. goods-production to meet the needs of the nation's population, and the extent to which foreign funds have flooded into the country to participate in the U.S. market bubble and purchase other U.S. assets. Were this inflow to be interrupted or reversed, by a stock market crash or a sharp decline in the value of the dollar, the “soaring” U.S. economy would be lucky to make it to the ground in one piece.

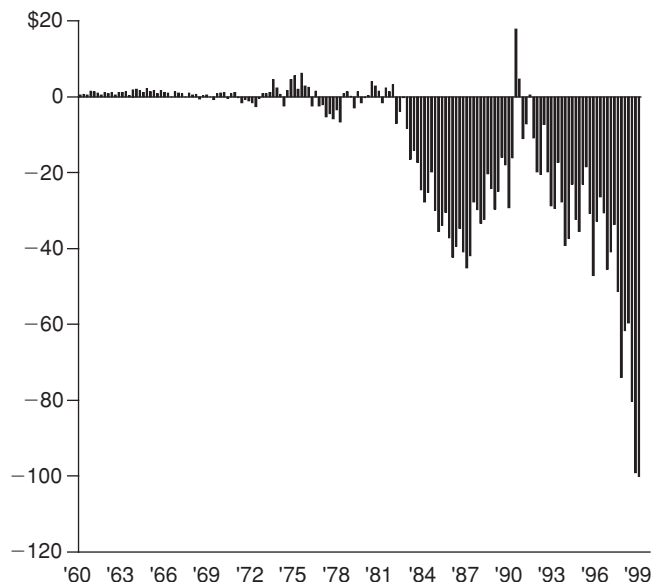
Controlled Burn

One aspect of the effort to bring the U.S. economy in for a soft landing, is the attempt to deflate the overblown U.S. stock market without triggering an investor panic. Make the change gradually enough, and the public will stay in the mar-

FIGURE 1

The United States Is Living Off the Rest of the World: Current Account Balance, 1960-99

(billions \$)



Source: U.S. Department of Commerce.

ket even as it declines, a variation of the frog-in-the-pot theory. (It is said—I’ve certainly never tested it—that one can put a frog in a pot of water on a stove, and that if one heats the water slowly enough, the frog will stay in the pot until it boils.)

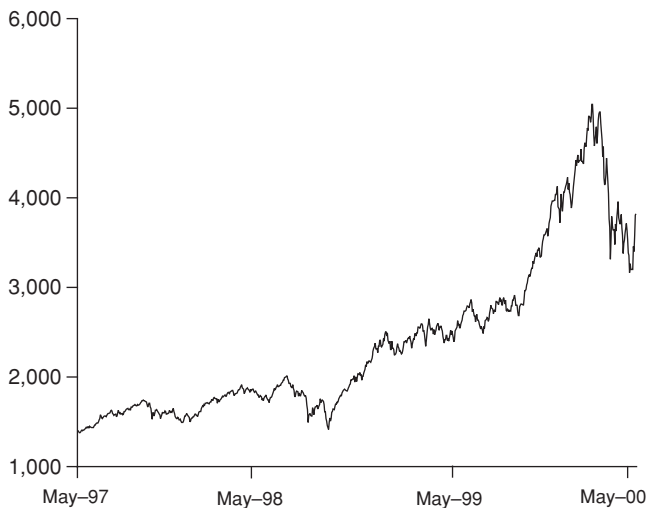
But a controlled and limited deflation of a bubble is a tricky operation, one which can easily get out of hand and trigger the very panic one is trying to prevent.

An analogy for the danger is the fire set by the U.S. National Park Service on May 4 in the Bandelier National Monument in New Mexico. The fire, intentionally set as a “controlled burn” to burn brush and dried timber on 1,000 acres in order to reduce the danger of a wildfire, rapidly went completely out of control, triggering the very wildfire it was designed to prevent. The result was the immolation of some 48,000 acres, the destruction of more than 200 homes and apartment buildings in the nearby town of Los Alamos, and the destruction of parts of the Los Alamos National Laboratory.

The 33% drop in the Nasdaq from mid-March to mid-April, including a 25% drop in just the week of April 10, shows all the hallmarks of a controlled burn (Figure 2). The drop was preceded by an international media propaganda campaign, beginning in Europe and then spreading to the United States, about the unsustainable nature of the “Internet bubble” and the necessity of a “correction.” One key aspect of the propaganda campaign was to prepare the public psycho-

FIGURE 2

Nasdaq Composite Index, 1997-2000



Source: Nasdaq.

logically for the sharp drop, to keep “investors” from panicking and fleeing the market. That aspect of the campaign was successful, as no panic occurred; the market stabilized, at least in the short-term, at a lower level, without an immediate collapse.

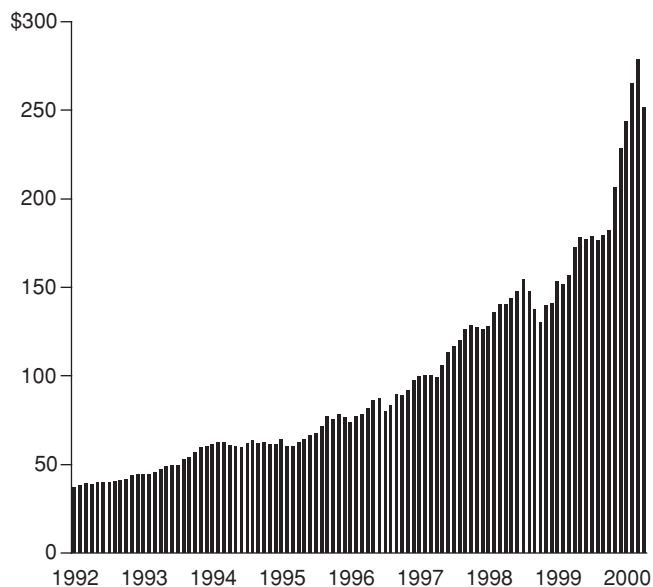
That does not mean, however, that no damage was done. The sharp drop in tech stocks generated serious losses for many investors, those not warned of the central bankers’ plans. Hardest hit were those who had hitched their futures to the Internet, and those playing with borrowed money. Some \$2.2 trillion in value (albeit virtual, rather than real) evaporated between March 10, when the value of all stocks traded on the Nasdaq peaked at \$6.7 trillion, and April 14, when it dropped to \$4.5 trillion. Many of the investors who got wiped out were playing with borrowed money, as indicated by the sharp drop in margin debt outstanding, by clients of the brokers which belong to the New York Stock Exchange. After rising 55% to \$279 billion from September 1999 through March 2000, margin debt fell by \$27 billion—nearly 10%—during April, ending the month at \$252 billion (Figure 3). Most of that reduction was due to investors getting hit with margin calls, and having to sell stock—and their most valuable stock at that—in order to pay their debts.

The impact of such market declines goes well beyond the markets themselves. Many people working in the tech sector have taken stock options in lieu of higher salaries, betting that the money made from rising stock prices will more than offset the lower wages. While this gamble has made many millionaires in a rising market, it will have the reverse effect in a declining one. Many would-be stock-option millionaires are under water, the option prices on their stock higher than the

FIGURE 3

Stock Market Margin Debt, 1992-2000

(billions \$)



Source: New York Stock Exchange.

current market prices, rendering their options worthless. Some of these have borrowed heavily against that planned stock-option money; in California's Santa Clara County, the home of Silicon Valley, for example, the median price of a single-family home was \$577,820 in April, up 45% in one year; nationally, the median price for a single-family home was \$136,700, suggesting hard times ahead for the Silicon Valley real estate market, as well as for other high-tech centers such as Northern Virginia and Austin, Texas. The commercial real estate market will also suffer from the shakeout on the tech sector, since all the new Internet companies required lots of office space, the demand sharply increasing rents in many areas.

The danger is also great in New York City which, according to a study by the New York Fed, is more dependent than ever upon Wall Street. The July 1999 study by the bank's Jason Bram and James Orr, shows that the securities sector generated 19% of the city's earnings in 1998, nearly double its contribution in 1987 and more than four times higher than in 1969. The securities sector itself employed 4.5% of the city's workforce in 1998, and given the U.S. Department of Commerce's estimate that each job on Wall Street generates two additional jobs in other sectors, Wall Street is directly or indirectly responsible for roughly 14% of the total employment in New York City.

In fact, according to economist James Parrott, Wall Street workers accounted for an astonishing 97% of the increase in the city's payrolls between 1990 and 1997.

There is an unexpected bright spot in the city's economy, according to the Fed study, and that is manufacturing, or rather the lack thereof. The manufacturing sector accounted for nearly half of the city's job losses and more than two-thirds of the decline in real earnings during the city's slump in the early 1970s, and was "a severe drag" on the local economy during the 1989-92 recession, as well. Today, manufacturing accounts for just 6% of local earnings, compared to 20% in 1969. "Because its importance to the city's economy has diminished significantly, another decline in the manufacturing sector would likely put far less pressure on the local economy than was true in previous downturns," bubbleheads Bram and Orr concluded, showing that the Fed doesn't have a clue when it comes to physical economy.

Reorganization and Manipulation

Coincident with the newly emerging bear market is a reorganization of certain financial warfare operations, particularly the large hedge funds. Julian Robertson's Tiger Management group of hedge funds, which once had \$23 billion under management and controlled many times that through leverage, has closed down, said to be a victim of Robertson's bet that the Old Economy would prevail over the New. The impression is given that Robertson was an old-style investor who just didn't understand the new era, when in fact Robertson was one of the bloodiest speculators on the planet. Stanley Shokorn, the man who, as head trader at Salomon Brothers, is credited with doing much to prevent the Black Monday Crash of 1987 from melting down the financial system, and is now an investment guru with the \$10 billion Moore Capital hedge fund group, is taking a sabbatical this summer to cruise the Mediterranean.

Then there's the case of drug-legalizer George Soros and his Soros Fund Management, at one time worth \$22 billion. After the March-April slide of the Nasdaq, Soros announced he was downsizing his operation into a more conservative style of investing. With the change came the resignations of his two top fund managers, Stanley Druckenmiller and Nicholas Roditi, and the departures of chief financial officer Peter Streinger and chief executive Duncan Hennes.

Nominally, the reorganization at Soros Fund Management comes as a result of sharp losses on the tech stocks in the wake of the April-May Nasdaq slide, but there are indications that the truth runs deeper. Last autumn, with his funds down slightly for the year, Soros made a sharp push into technology stocks, buying enough to end the year up 35%. Between mid-October and mid-March the Nasdaq Composite Index nearly doubled, rising an unprecedented 88%. Some Wall Street observers have attributed a significant portion of that rise to Soros's heavy buying.

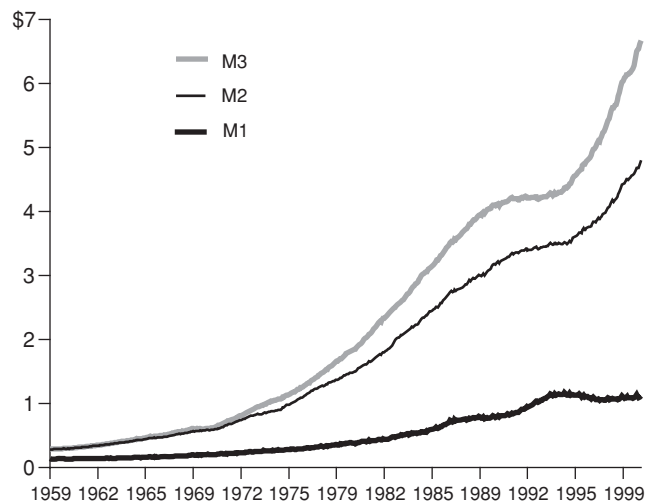
The timing between the controlled burn of the Nasdaq and the announcement of the reorganization of the Soros funds, suggests the possibility that Soros also played a role in setting that particular fire.

The idea of an orchestrated run-up and take-down in this

FIGURE 4

Monetary Inflation Feeds the Bubble: U.S. Money Supply Grows, 1959-99

(trillions \$)



Source: Federal Reserve.

highly manipulated environment is nothing new. By running up the Nasdaq at the end of the year, large profits could be gained to offset losses — particularly hidden losses — from the spring and summer turmoil. Once in the new year, the insiders could sell off into a rising market, taking one last profit fling while sticking the suckers with the looming losses. Even investors in the Soros funds, which were down 22% for the year as of the end of April, could have covered their losses with offsetting bets.

Hyperinflation

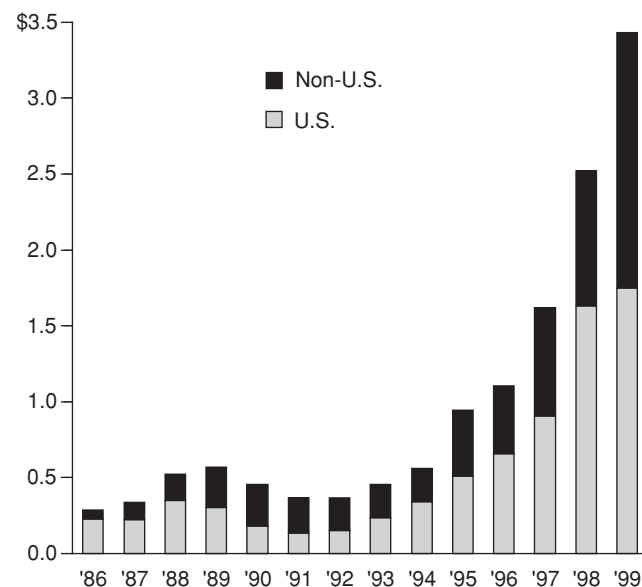
Beginning with the global financial crisis which broke out in Asia in the summer of 1997, and continuing through the subsequent “Russian,” “Long Term Capital Management,” “Brazilian,” “Tiger,” and other, better-hidden events, the central bankers have responded to each crisis with what Soros himself called “a wall of money.” Throwing money at problems is nothing new for the bankers, as the sharp growth in the U.S. money supply since 1992 indicates (Figure 4). But as the money flows in, the instability grows and the crises come ever faster and larger. That is because the increased money for the bubble comes by further cannibalizing the physical economy, heaping ever more financial claims on an economy whose ability to pay those claims is shrinking.

The result is a self-accelerating, leveraged turbulence which, according to LaRouche, has reached the point where the monetary aggregates are now growing faster than the financial aggregates. In such a period, the money will begin to lose value faster than it can plug the holes, leading to a Wei-

FIGURE 5

Global Cartelization Escalates: The Value of Announced Mergers, 1986-99

(trillions \$)



Source: Thomson Financial Securities Data.

mar-style hyperinflation, where the value of money itself goes into a free-fall.

Another aspect of this nascent hyperinflation is the surge in commodity prices in the recent period, typified by the rise in the price of oil. One of the factors in this is the accelerating level of mergers in the economy (Figure 5). Due to the extraordinary levels of debt taken on in these mergers, the companies are forced to raise prices in order to show a profit. Thus, the attempt to outpace the collapse via consolidation, actually brings closer the demise.

While the warnings issued by the BIS have some validity, the solutions it puts forward do not. The BIS does not wish to kill this global financial parasite—which would be tantamount to suicide—but merely to exert tighter control over its growth, to avoid killing its host. The BIS is, as its report shows, in favor of the continued deregulation and globalization of financial markets, taking ever more control out of the hands of nation-states and giving it to the oligarchic forces which control the financial system and the BIS itself. It is not the process, but the perceived excess, which the BIS deplors.

Thus, the BIS, like the speculators it is trying to curb, is doomed by its inability to break free of its own failed axioms. They are all actors on a stage, not controlling the action, but being controlled by it, in a tragedy of historic proportion. Only by stepping out of their roles and joining LaRouche, can they survive.

Time Is Running Out for the Russian Economy

by Jonathan Tennenbaum

In an interview published in the Russian weekly magazine *Sobesednik* on May 23, and widely commented upon in the Russian media, the head of the State Duma's (lower House of Parliament) Economic Policy Committee, Sergei Glazyev, warned that Russia is headed for a new disaster, unless a radical correction is made in the economic policies which have prevailed since the removal of Yevgeni Primakov's government in May of last year. Otherwise, within a maximum of a year and a half to two years, the physical basis for rebuilding Russia's devastated economy would be gone. "It's time for people to understand, that without a mobilization of production, without an aggressive and rapid introduction of new technologies, we will never move off the dead point," Glazyev said. In the meantime, he warned, Russia is about to repeat the disastrous pattern of 1994-98, when an inflow of speculative capital created the GKO (government bonds) bubble, which burst in the Summer of 1998, wiping out countless businesses and banks. "The crisis we are on the threshold of now, will be much worse than in August 1998," he declared. "It will be connected with the total wearing out of all plant and equipment."

Glazyev's interview came shortly before Andrei Illarionov, just moved from his post as Economic Adviser to the Russian President to become Presidential Envoy to the G-7 countries, arrived in Washington to present a glowing picture of an alleged "economic miracle" in Russia. After claiming a miraculous budget surplus, growing hard currency reserves, foreign investment of \$9 billion already this year, and a promised GDP growth rate of 5%, Illarionov called for setting up a currency board for Russian on the model of Chile. Although Illarionov's claims are exceptionally extravagant, and not in agreement with the more sober statements of Prime Minister Mikhail Kasyanov, the story of an alleged "economic miracle" going on in recent months has circulated widely in the press, both inside and outside Russia.

Glazyev, one of the most respected young economists in Russia, had a very simple rejoinder: "What growth?" he asked. "We are experiencing an economic shrinkage." Glazyev explained that there had indeed been a certain real growth in industrial production after the August 1998 collapse of the Russian financial system, up to December of last year. "As is well known, this growth was connected with the sharp increase in the competitiveness of domestic goods and import-substitution, caused by the devaluation of the currency by a factor of three," he said. "The inertia of this growth, while weakening continuously, continued until December." After a slight spurt connected with the fact, that the population temporarily had more money to spend, the crucial indicators turned negative. "We are experiencing contraction, not growth, and it is impossible to make a medium-term prediction under present conditions," Glazyev said. The problem, he stated, is that the government after the fall of Primakov, has stopped intervening into the economy. "Judging from the

LaRouche's Ideas Taken Up at Russian Academy Seminar

"Globalization and Its Consequences," was the title of a 90-minute lecture, delivered on June 5 by Prof. Taras Muranivsky at the longest-standing regular seminar at the Russian Academy of Sciences (RAS), the RAS Institute of Physics (FIAN) methodological seminar conducted by Prof. L.A. Shelepin. This session was held jointly with the seminar on economic modelling, established by Professors G.G. Pirogov and D.S. Chernavsky. Approximately 100 specialists took part, including representatives from the RAS Institute of Economics, the RAS Institute for Management Problems, the RAS Institute of General Physics, the Lomonosov Moscow State University, and other institutions.

Professor Muranivsky, who is president of the Schiller Institute for Science and Culture (Moscow), devoted his report chiefly to the questions discussed at the international conference of the Schiller Institute, held on May 26-28 in Bad Schwalbach, Germany (see *Feature* in this issue). There was especially great interest in the evaluations of the current economic, financial, and political situations, given in Lyndon LaRouche's report, "On the Subject of Strategic Method." Professor Muranivsky developed, in particular, LaRouche's methods of forecasting, the seven structural changes in the form of the modern nation-state, identified by LaRouche, the necessity of a New Bretton Woods system, and questions of culture and of physical economy. Fifteen of the participants in the seminar took part in the discussion of Muranivsky's report, the majority of whom focussed on the need to use LaRouche's ideas for solving Russia's economic problems.

first months of 2000, the present government does not differ in any way from that of [former Prime Minister Viktor] Chernomyrdin.”

Why Economic Growth Was Reversed

Glazyev identified three factors behind the recent reversal of the post-August 1998 economic growth.

“First, the pressure of the monopolists, especially in the areas of metallurgy, chemical industry, and gas and oil processing. After May [1999] the structure of prices drastically changed, and the prices of construction materials and chemical raw materials rose to world levels. . . . The inflationary increase due to the increase in raw materials and fuels amounted to 5% *per month* during the second half of 1999. This means that the costs of production of all products of manufacturing industries have grown by nearly one-and-a-half times in the course of half a year.” Glazyev explained that the Primakov government had kept to a “strict policy of stopping any increase in the prices of fuel.” Industry responded with a rapid upswing, which stopped beginning May 1999, as a result of the increase in prices of raw materials and oil. The government withdrew its financial support of the producers and went over to supporting the monopolists, as has been usual in recent years. That means the oligarchs.”

The second cause of the present shrinkage, according to Glazyev, is a “sharp and significant increase in the cost of credit.”

“The third reason, why there has been no Russian economic miracle, is particularly obvious: The control over the flow of capital out of the country has weakened considerably. . . . According to my estimates,” said Glazyev, “last year 40% of all investable capital accumulation left the country.”

When asked about Western promises to invest in Russia, Glazyev replied that, indeed, the Russian financial market had once again become attractive to speculators. But, as in the first half of the 1990s, the speculative money coming into Russia “will not reach the productive sector, but will circulate in financial pyramids.” The expectation that Russian enterprises would become profitable, under a continuation of present policies, Glazyev denounced as “a myth. . . . At current fuel prices, the production of gold is already unprofitable.”

Glazyev denounced the recently completed economic program of German Gref — another adviser to Russian President Vladimir Putin, recently elevated to a ministerial chair — as “re-chewed neo-liberal doctrine,” and asked why the government was not listening to the Russian Academy of Sciences, which had put forward real solutions for the country’s economic problems. “Above all, we need an elastic monetary policy, oriented to the requirements of production. The channeling of financial flows into the productive sphere and the refinancing of enterprises.” Otherwise, Russia’s decline into the status of just a raw materials exporter will soon become irreversible.

Europe Is Entering Post-Maastricht Era

by Rainer Apel

The entire construct of the “Maastricht Europe,” named after the Dutch city of Maastricht where the treaties on the final phase of the European Monetary Union (EMU) and its single currency, the euro, were signed in February 1992, has been unstable from the start. *EIR* has said so, over the years, and numerous independent economic experts in Europe have said so as well. But, despite the many early warnings, the final go-ahead for the euro was signed by the 15 European Union (EU) members in April 1998, and the EMU currency was introduced, in the first phase as an accounting unit between banks, on Jan. 1, 1999. Since then, the euro has lost 25% of its initial value against the dollar, and although most citizens of the euro zone do not know that the European Central Bank allowed the currency to fall that far in order to prop up the dollar and Wall Street, they have rapidly joined those citizens who have opposed the monetary union experiment from the start. Now, the EU members have been forced to react to this erosion of popular support for the EMU and the Maastricht Accords, and France and Germany in particular have initiated discussions for modifying the EMU structures, in order to build resistance against the ongoing Anglo-American pressure on the euro. The road chosen for that by Paris and Berlin, is to strengthen coordination among the 11 EMU members, and to give it a specific structure, which they call the “Euro-11 Secretariat.”

This proposal has upset Britain, because it is not a member of the EMU, but only an influential member of the conference of the 15 EU finance ministers, the “Ecofin.” It has been through this institution, and through its membership in the European Commission (EC), that Britain’s diplomacy exerts considerable control over EU affairs. The Franco-German Euro-11 Secretariat, which would also play the role of a political watchdog against the European Central Bank, is challenging the exclusive British game of being able to co-determine and shape economic and monetary policies for all of the EU, while at the same time not being bound by those policies itself.

The British are enraged at the French and Germans, but they are probably more enraged at themselves, because they all knew that something might emerge around France’s half-year EU presidency, which begins in July, but the Tony Blair government did not take it seriously. So, when the French and German finance ministers sat down at the end of May to discuss giving the Euro-11 more weight against the European Central Bank, London was taken by surprise. Apparently, the

Blair government was so over-confident about its leverage over EU affairs, that it never expected the French and Germans to, as British media commentators put it, “leave Britain in the dark.”

Prodi: EMU Membership ‘Revocable’

There were warning signs long before that, however, that should have sounded the alarm in London. Already on May 8, French Finance Minister Laurent Fabius spoke of the need to enhance the Euro-11, and to act against the euro speculators—at the expense of the Ecofin, which Britain is a member of. And at the end of May, EC President Romano Prodi, to the surprise of the interviewer from the British journal the *Spectator*, touched upon another European policy taboo, when he said that membership in the EMU was revocable. Prodi’s remarks were an overture from the British, telling them that they could have a full-status EMU membership without giving up their right to quit the Union some day, under “exceptional circumstances.” Prodi said that each EMU member had the right to quit and reintroduce its national currency.

Not least because of London’s traditional control of the neo-liberal media of continental Europe, the prevailing policy line on the EMU had been, since 1992, that the Maastricht Accords were “irrevocable.” The explosive implications of Prodi’s remarks were promptly recognized by the British *Sunday Telegraph*, which commented in its May 28 “Economic Agenda” column: “Prodi’s *faux pas* has a wider resonance than just in Britain. . . . For if Britain were free to leave, the same freedom would surely apply to all others—Germany and Ireland spring quickly to mind. But a walkout by any country would trigger a spectacular crisis and almost certainly kill the entire experiment.”

Apparently, Prodi’s remarks reflected a debate in the EC, over alternatives to the Maastricht EMU construct. Also apparently, he had leaked something to the British, which the French and Germans did not want to be made public at that particular moment. On May 30, EU members, meeting behind closed doors at the Brussels headquarters, pressured Prodi, who had his spokesman reassure the EU that Prodi had been misquoted by the *Spectator*, and so on. But, French and German finance ministers were already in discussions about the Euro-11 Secretariat project, and when that was leaked to the media on June 1, alarm bells were sounded in the British press, coupled with attacks on the Blair government. On June 3, the *Independent* attacked Prime Minister Blair, saying, “The tragedy of Mr. Blair is that he has not moved Britain more quickly towards the heart of the debate that will culminate in the French [EU] presidency. If, as a result, Britain misses the chance to influence the outcome in the direction of free markets, transparency, and liberal social values, he will not easily be forgiven.”

British Handed a Set-Back

When, on June 5, at the Luxembourg meeting of the 15 EU finance ministers, the French and Germans rallied the

support of the other nine finance ministers of the euro zone behind their project, the *Daily Telegraph* wrote the day after: “Britain suffered a major setback in its efforts to stop the formation of a European economic government, yesterday, when all 11 members of the euro-bloc agreed to develop a joint body to prop up the single currency. The 11 EU states unanimously backed Franco-German proposals to give their informal Euro-11 committee—from which Britain is excluded—a powerful new role as political counterweight to the European Central Bank. . . . The idea was outlined last week by the French and German finance ministers, Laurent Fabius and Hans Eichel, in a surprise initiative that caught London off-guard. The British government has fought against the proposals, fearing that it would reduce Britain to a marginal part-time player on EU economic policy.”

The article addressed the fact that “Paris is sounding out other euro-bloc capitals to see whether there is support for a revision of the Maastricht Treaty, to give new authority to the Euro-11 so that it could operate as a fully constituted economic government.”

“Any such treaty change, which Britain could veto, would make it much harder for Britain to continue being half-in and half-out of the EU project,” the *Telegraph* stated. Naturally, Britain would insist on the Euro-15, the institution of the 15 EU finance ministers, as the main policymaking body, because it would always create “an opportunity for Britain’s team to fend off threatening initiatives,” the article said.

Naturally, Britain could use its veto—but what would be the implications? If Britain insisted on the E-15, vetoing a revision of the Maastricht Treaty, while the French and Germans kept pushing for the E-11, an untenable situation would develop, with the Maastricht Accords remaining formally in place, but being increasingly gutted by the Franco-German drive. The situation would become untenable for Britain as well.

If Paris and Berlin were well advised, they would go for a full break with the Maastricht straitjacket at the earliest date possible. Paris and Berlin, joined by the other continental European members of the euro zone, could claim “exceptional circumstances” and quit the EMU—which would promptly collapse. For a transition period, the European Monetary System, which existed up until the start of the euro experiment in January 1999, could be restored, with all its structures of coordination and consultation among the EU governments. If a clear line were then drawn against currency speculation, for example, using capital controls and a mutual agreement on fixed currency exchange rates, the EMS could serve as one of the pillars of a New Bretton Woods System, and help restore stability and calculability to the financial markets. The door to such an overhaul of monetary policies has been opened by the Franco-German initiative, but the governments of France and Germany must now take the next logical step, and leave the failed Maastricht experiment behind.

Armenian Infrastructure Fire-Sale Is Blocked

by Vigen Hagobian

Editor's note: On April 25, the Armenian Parliament voted to suspend the tender for the privatization of four electric power companies, which would come under the control of foreign investors. The World Bank continues to demand the privatization, as a precondition for disbursement of a previously negotiated \$45 million Structural Adjustment Credit to cover half of Armenia's 2000 budget deficit. The following report on the arguments around the planned privatization, is adapted from a recent article in the Armenian newspaper Iravunk, titled "Shall We Learn From the Mistakes of Others?" Iravunk is published by the Union for Constitutional Rights, whose members in Parliament were among the leaders of opposition to privatizing the electricity grid.

The recent discussions within various Armenian institutions, particularly the Parliament, on the privatization of four national power distribution systems, were not only scandalous but also very natural. The matter arose as a question of economic policy, but it subsumes social and political problems, as well as even geopolitical nuances.

The geopolitical element is introduced by the identity of the two main competitors for this takeover. They are AES Silk Road, a branch of AES Corp. (U.S.A.), and Itera, a Russian-American subsidiary of the Russian natural gas giant, Gazprom, which has recently formed a consortium with the company Rosatomenergo. The arguments of each side were presented some time ago: The American side threatened to postpone credits from the World Bank, while the Russian side made a point, from time to time, about Armenia's huge debts to Itera, threatening to stop supplying natural gas to Armenia.

Recent pronouncements by Minister of Energy David Zadoyan, however, to the effect that Itera would soon be out of the game, indicated that the higher-ups were prepared to decide in favor of the American company. At the same time, sources report that representatives of the two main competitors are negotiating for a peaceable resolution, a mutually beneficial solution, which suggests that AES and Itera will try to divide up spheres of control over the Armenian energy market.

Before discussing the privatization of the national power distribution systems, it might be worth it to analyze previously privatized enterprises, which are now considered unsuccessful. (The ruination of ArmenTel and our major cognac plant come to mind.) In this case, it is also vital to study the privati-

zation of facilities in other countries, previously carried out with the participation of AES. The data cited below come from AES Corp.'s official reports and press releases, made available to the public in open documents.

The Experience of AES Corporation

The company now attempting to enter the Armenian electric power market, is one of the biggest such firms, the owner of over 44 gigawatts of generating capacity, worldwide. It has gained control, including through privatization, of 940,000 kilometers of power transmission lines. AES supplies 11,000 gigawatt-hours of electricity to its 15 million-some customers. Active in power production, distribution, and retail, AES has become a major owner in the United States, Argentina, Australia, Bangladesh, Brazil, Canada, China, El Salvador, Georgia, Hungary, Mexico, Pakistan, Panama, and Great Britain. Its home office is in Arlington, Virginia. Its scope and ramified structure is shown in the names of its regional subdivisions: AES Americas, AES Americas South, AES Pacific, AES Central US Group, AES Orient, and so forth. For operations in the post-Soviet energy market, AES Silk Road was formed, and it now intends to become the owner of at least one of the two pairs of electricity systems of Armenia.

After the collapse of the U.S.S.R., AES made its move into the former Soviet Republics. In 1993-94, the company began to focus on one of the biggest power systems in the region, namely, Kazakstan's. The process of privatization was preceded by propaganda from the international creditor organizations. In 1995, the results of the international financial organizations' offers (or, rather, conditionalities), were the following: In Kazakstan, AES privatized some of the biggest systems in Central Asia—the Ust-Kamenogorsk Thermal Power Station, with a capacity of 4 GW; the Ust-Kamenogorsk Hydroelectric Power Station, 332 MW; the Shulbim Hydroelectric Power Station, 702 MW; the Leninogorsk Thermal Power Station, 50 MW; the Sogrinisky Thermal Power Station, 50 MW; the Semipalatinsk Thermal Power Station; the Ust-Kamenogorsk power distribution system; and others.

Naturally, privatization was going to solve all problems of supply and, naturally, there were great hopes connected with the investment projects and obligations assumed by AES, but the Ust-Kamenogorsk Thermal Power Station was closed immediately after privatization. Since major enterprises and factories were concentrated in this area of Kazakstan, it is not difficult to imagine the dramatic results of such a privatization process. All these plants and factories were depreciated in value, only then to be privatized by big American and European concerns at very low prices. After these sales, the power plant was cranked up again, at its previous capacity.

The question had to be asked: What were the real goals of this American firm in Kazakstan? Was it working only for its own economic goals?

The Fortunes of AES in Georgia

In 1996-98, the people of Georgia received electricity only a few hours per day. During the winter months, power was supplied in the capital city, Tbilisi, for only seven to nine hours each day. People were desperate.

The same scenario was played out, as in Kazakstan. First, the international financial organizations worked to create a similar atmosphere around the privatization of the Tbilisi power system. As the only way out, the idea of privatizing the Telasi distribution system was put forward, and welcomed by the exhausted population. AES Silk Road came on the scene, as the only available savior for Tbilisi's power grid. Seventy-five percent of the utility's shares were sold for \$25.5 million, creating AES Telasi, which enjoyed major post-privatization concessions, such as low purchase tariffs, the right to have a monopoly, and others. The new American owners promised to supply electricity round-the-clock very soon, to upgrade the equipment, and to stabilize the fees. These promises have remained unfulfilled. More than a year had passed since privatization, but if we compare this past winter's energy supply with the previous years, it becomes clear that the situation worsened. International creditor organizations proposed more structural changes to ease the situation, and then finally began to argue that all the misfortunes were the result of problems at the power plants, and that it was necessary to begin the second stage of privatization.

In Georgia, just as in Armenia, it was initially declared, on the eve of privatization, that only the Tbilisi distribution system would be privatized, not the power-producing stations or the high-voltage networks. In 1999, however, in this "second stage of privatization," AES privatized the Tbil Thermal Power Station (acquiring 80% of its shares), with its two 300 MW units, while the electricity distribution system in Rustavi and the hydroelectric power stations Khrami 1 and Khrami 2 were given to AES for 25 years. According to the Georgian government, these enterprises needed serious investments, without which the system would be destroyed. (Members of the Armenian government have repeated the arguments of their Georgian colleagues, word for word.) When the deal was done, the American side had to pay only \$11 million for its acquisitions around Tbilisi. The president of AES Silk Road, Garry Levesley, noted, "We are very glad to have this deal, as Tbil HPS is in excellent shape and is one of the main stations in the region." The happiness of the American representative is clear, because about \$100 million was invested in this power station alone, in recent years, while almost \$40 million was put into Khrami 2 by the Japanese government.

There was one more element to make Levesley happy. AES Silk Road has acquired the right to supply electricity from Georgia to Turkey, which means entry into another big market.

Compare data on the enterprises privatized by AES in

Georgia, with other countries. In 1999, for example, AES paid \$3 billion for the Drax Thermal Power Station in Great Britain, with a capacity of 3,960 MW. The same year, it acquired the 826 MW San Nicolas Hydroelectric Power Station, near Buenos Aires, for \$448 million. In May 1999, another British power plant cost AES \$195 million. Thus, it is clear, that the value of the Georgian station was understated at sale approximately by a factor of 60!

Let us turn to another interesting fact, which bears directly on the future privatization process in Armenia. During the first stage of privatization in Georgia, AES obtained from the World Bank and the European Bank for Reconstruction and Development about \$60 million, of which \$11 million was used for its purchases in Georgia, and the remainder would presumably be used to purchase the Armenian distribution systems. The Armenian government would sell a controlling packet of shares in the four power systems, for \$50-60 million. Evidently the World Bank is interested not just in privatization, as such, but in becoming co-owner of the Armenian electricity grid.

The arguments of the Armenian government and the creditor organizations about privatization as the only way to save the system, are more than suspicious. This can be demonstrated by the examples of Kazakstan and Georgia. But, will this experience be taken into consideration during the privatization process in Armenia? And why do those responsible for this process hide the real picture? It is clear that AES is very much interested in the privatization of the Armenian power systems. It has proven quite profitable, to privatize any unit of strategic importance, at a very low price. The Armenian nuclear power plant would become dependent on AES. The company would be poised to get the right to export electricity to Turkey, a factor fraught with serious economic and political consequences, which would also reshape the electricity market of the whole region.

The Armenian government understands all that. But, there is every indication from current processes, that the danger to Armenian economic interests is real. It has become clear, that upper echelons of the government do intend to hand over a controlling interest in the electricity grid to the foreign investors. The hope remains, that the scenarios, played out in Georgia and Kazakstan, will not be repeated in Armenia. The methods of the creditor organizations are obviously the same.

Was it really only by chance, that during the discussions about privatization, the level of payments for electricity in Armenia was reduced from 80% to 60-61%? Or, was it to show the inefficiency of a state-run power system? One would think we had learned nothing, from the lessons of the past. It will come as no surprise, if a year from now Armenia has the same sad picture as in Georgia.

As this article went to press, in late May, it was learned from a member of the privatization committee, that Itera is out of the running.

Business Briefs

Raw Materials

Global Cartel Unites To Push Down Supply Costs

The Who's Who of the global raw materials cartel have united in an "online procurement joint venture" to purchase more than \$300 billion worth of supplies cheaply over the Internet, the daily *Australian* reported on May 15. The venture includes Australia's big three mining companies, Rio Tinto, BHP, and WMC, as well as Alcan Aluminum, Alcoa, Anglo American, Barrick Gold Group, De Beers Consolidated Mines, Newmont Mining, Noranda, Phelps Dodge, and South America's Codelco and CVRD. Collectively, they represent 60% of global miners by market capitalization, and last year spent a collective \$340 billion on procurement.

The new virtual marketplace will give the companies, with their collective buying power, huge cost savings. BHP alone is expected to save \$850 million per year. "It is anticipated that the expansive, open, neutral platform will transform the procurement practices of the mining and metals industry," a joint statement released by the companies involved said. "It will bring significant benefits to both suppliers and buyers through standardization, transparency, streamlined transaction processes, and improved inventory management."

Mining

DeBeers Frets over Control of Diamonds

"An unusual arrangement" is in the works, whereby the national governments of Zimbabwe and the Congo are jointly planning to exploit a diamond-mining concession potentially worth \$1 billion, instead of leaving the field to London-run cartels, the May 30 *Wall Street Journal* reported, with evident alarm.

A new company, Oryx Diamonds Ltd., will offer its shares to the public on June 13. Oryx is a partnership of Zimbabwe's military and defense officials with Laurent Kabila's Congo government, which are allied

against the British-backed invasion from Uganda and Rwanda. The new venture will be used to help pay for the defense of the Congo.

"If diamonds in general are seen to be fuelling conflict, it has a terrible impact on the whole industry," said James McLuskie, manager of international operations for De Beers, which until last year had considered exploring the Congo property.

But a spokesman for Oryx "rejects the notion that Oryx will fuel the civil war [sic], insisting that serious mining will provide the jobs, money, and stability Congo needs."

Meanwhile, DeBeers Consolidated Mines Ltd. of South Africa has proposed a wholly owned subsidiary to be set up, with 100% foreign direct investment of over \$30 million, to conduct large-scale diamond prospecting and mining operations in India. In another proposal, DeBeers Centenary Mauritius Ltd. has sought to acquire up to 50% equity in the government-owned Hindustan Diamond Company Ltd. Backed by the South African Department of Mines, DeBeers has also sought to set up DeBeers India Exploration Private Ltd.

Central Asia

West-Backed Oil, Gas Pipelines Advance

There are various Anglo-American moves afoot to speed up development of pipelines and other "east-west energy corridor" projects to transport Caspian Sea oil and gas, that would circumvent Iran as a transshipment point, the London *Financial Times* reports. However, other reports indicate that there are serious snags regarding some of these projects.

In late May, John Wolf, President Clinton's special adviser on Caspian energy diplomacy, was in London. According to the *Financial Times*, he has insisted that, whatever the outcome of the Presidential elections in November, Washington is likely to stand firm on its Caspian energy policy, and that the United States will continue to promote an east-west energy corridor, linking the Caspian to Turkey, rather than sanctioning oil exports to Iran.

The two main projects being pushed, are a \$2.4 billion oil pipeline linking Baku, Azerbaijan; Tbilisi, Georgia; and Ceyhan, Turkey; and a Trans-Caspian gas pipeline linking Turkmenistan, Azerbaijan, Georgia, and Turkey. The United States continues to oppose any investment in Iran's oil and gas sector.

On May 31, the Georgian Parliament joined the Azeris, ratifying three accords which clear the way for construction of the Baku-Tbilisi-Ceyhan pipeline. Turkey is expected to do the same shortly. On May 29, the first meeting of 43 potential investors took place in Baku, to establish the main export pipeline company.

However, John Upperton, a spokesman for Royal Dutch Shell and the consortium of U.S.-based General Electric and Bechtel Corp., told Radio Free Europe/Radio Liberty on May 24, that Turkmenistan has failed to respond to his group's latest offer, and therefore the group plans to reduce spending and staff. According to *Platt's Oilgram*, an industry newsletter, the group has stopped all spending on the project until Turkmenistan renews its mandate. Unnamed Turkish officials were also quoted, saying that the project to pipe gas to Turkey with a 2,000 kilometer line is "all but dead."

Energy

Malaysia's Mahathir Challenges Oil Multis

Malaysian Prime Minister Dr. Mahathir bin Mohamad urged oil and gas multinational firms to put people above profits, and challenged them to develop new energy sources, in a speech to the Asia Oil and Gas Conference 2000, in the capital, Kuala Lumpur, on May 29. Oil is "the most powerful political weapon in the world. Simply by producing more or producing less, political objectives can be achieved. Preventing an oil-rich country from producing is equal to laying siege to a city," he said.

Dr. Mahathir reviewed trends in the industry, which are leading to the emergence of new oligopolies, noting that the "story of the oil industry is the story of attempts at monopolizing the industry," not improvement

SUB-SAHARAN Africa faces conditions today worse than they were in the 1960s, the World Bank admits in a new report. Africa is unique among all regions of the world, in failing to achieve any economic progress during the 1990s. Disease, civil strife, and infrastructure collapse have created a hellish situation for all but a small number of African nations, the report said.

SOUTH AFRICA and Iran signed a science and technology partnership agreement on May 30, the first of its kind. An Iranian official urged the two nations to initiate joint projects and exchange scientific and industrial know-how.

TOYOTA'S automobile manufacturing venture with a Chinese firm, to produce low-cost automobiles inside China for the Chinese market, has been approved by the Beijing government.

MOHAMED AL-FAYED'S Harrods Energy is developing Cambodia's oil. Al-Fayed visited Cambodia in March, when he met with Prime Minister Hun Sen and agreed to carry out the exploratory work in western Cambodia, where two basins are expected to produce either oil or gas.

RUSSIAN agencies reported on June 1 that the number of children in Russia has declined 15.7% since 1991, and that their health is worsening. According to Interfax, only 20% of all children born in Russia can be considered healthy, while 10-12% of primary school children are healthy. Since 1991, the incidence of functional disorders and chronic illnesses has increased almost 20%.

ROMANIA'S banking crisis, including rumors of an imminent default of Romanian Commerce Bank, which is slated to be privatized, has put the default of the nation back on the agenda. Prime Minister Mugur Isarescu said in early June that the panic was created in connection with the application for new loans to the International Monetary Fund.

in the general welfare. He reviewed the break-up of John D. Rockefeller's control in the United States, which produced the spin-offs that became the Seven Sisters, which are now re-consolidating to maintain their monopoly over exploration, production, refining, marketing, and the technology associated with all of these phases. The governments that stand behind the oil multinationals "regard oil as a legitimate weapon of foreign policy. . . . Human rights? Human rights is for people who have leaders willing to submit to the will of the powerful," he said.

Government-backed national oil companies, which predominate in Southeast Asia, cannot compete with these multinationals; they will become irrelevant, and will be supplanted by these emerging newly consolidated multinationals, Mahathir said.

As for new sources of energy, Dr. Mahathir reviewed objections to hydropower, nuclear, and solar energy, concluding that the discovery of new oil reserves keeps postponing the needed investment in new sources; he suggested that perhaps governments should step in. He asked his audience to "spare a thought for ordinary people whose needs are really what make your industry tick. Without them, oil would be worthless. When the great hedge-fund traders manipulate currencies, they see only figures on the screen. . . . that a 0.1% drop in value can kill hundreds of people, starve them, is of no interest to these traders."

Myanmar

Lack of Foreign Investment Hasn't Halted Infrastructure

Although foreign investment in Myanmar has nearly dried up, internal infrastructure projects are booming, according to the Singapore *Straits Times* on May 4.

Except for France's Total and the United States' Unocal, which have refused to buckle to pressure to pull out of their massive oil development and pipeline project, most other major investors have pulled out. Nonetheless, the paper reports, "this cash-strapped government has built 101 major bridges, 104 dams, 43 hospitals, 350 primary schools, and 3,700 miles of road," and a new,

modern airport terminal. In response, the World Bank is demanding "radical structural reforms," including privatization, ending currency controls, and cutting defense spending.

Finance

India Backs Monetary Fund for Asia

Indian Foreign Minister Jaswant Singh, speaking on security cooperation between India and the Association of Southeast Asian Nations (ASEAN) in Singapore, said he strongly favors an Asian Monetary Fund (AMF), a concept initiated by Japan during the recent financial crisis in the region, to protect their economies from attack by speculators, the *Asian Age* reported on June 1. "We must look at it much more closely," Jaswant Singh said.

On June 1, International Monetary Fund Managing Director Horst Köhler, who was to be in India on June 5, said he was open to the idea of an Asian fund, but that such a body would need to complement, and not compete with, IMF operations. On June 1, in Bangkok, Thailand, at the start of a week-long tour of several Asian-Pacific countries, Köhler said that discussion about capital controls must not be taboo, because they may potentially serve as a last resort against speculative attacks on a national currency. Apparently with a reference to the case of Malaysia, where controls have been successful, Köhler added that capital controls only work, however, if the respective government pursues a reasonable management of the national economy.

Originally, India did not endorse the AMF concept. One reason was that India was not included in the discussions. However, some overtures since have been made by ASEAN nations and Japan toward India, which have been noted in New Delhi. Jaswant Singh is by far the most powerful member of the Vajpayee government. His interest in the AMF, which is linked to his concept of enhancing security in India's vicinity, indicates that New Delhi is interested in playing a role in the near future on this issue.

PROCEEDINGS OF THE HISTORIC BAD SCHWALBACH INTERNATIONAL CONFERENCE

The World on the Brink of the Great Financial Crash

The fundamental secret to politics, is culture. It is underlying axioms, or cultural mind-set, of a nation, as of an individual, which shapes what decisions will be taken in times of crisis, in the political or economic realm. To meet the requirements for political leadership today, it is this fundamental cultural issue which must be grasped.

Thus, the conference of the International Caucus of Labor Committees and the Schiller Institute, which took place May 26-28, in Bad Schwalbach, Germany, was one of the most significant gatherings of recent years, as it focussed intensively on precisely this crucial point, and presented groundbreaking studies on its various facets.

The three-day conference elaborated on the thesis, presented by Lyndon H. LaRouche, Jr. in his keynote speech, on twentieth-century history as a whole (published in *EIR*, June 2). LaRouche pinpointed the “fundamental strategic shift” which occurred, with the 1901 assassination of U.S. President McKinley, as the key to understanding the paradigm shift in culture, characterizing the entire twentieth century. It was a shift away from the anti-British, patriotic worldview that had prevailed up to that point, “to a U.S. becoming, for most decades of the just-concluded century, little more than a dumb giant with a head of clay, a virtual Golem, a virtual appendage of British-influenced ‘free trade’ and related kinds of policy-paradigms.”

This shift, for U.S. policy and for the world, was considered within the broader context of a 2,500-year sweep of history, which, LaRouche showed, has been characterized by the conflict between “two opposing cultural forces: the Classical tradition of Greece, versus the echoes of the ancient

Mesopotamian oligarchical model, known as the legacy passed down to the ancient pagan Rome.” It is in this 2,500-year span, said LaRouche, “that we are able to discover the underlying, axiomatic forces at play in shaping the, increasingly, Anglo-American-dominated world history of the recent hundred years.”

Such “underlying axiomatic forces,” were explored in a second keynote speech, delivered by Helga Zepp-LaRouche, who contrasted the Classical versus the Romantic world-views, in a devastating critique of the ideology and art of Romanticism, as the precursor of twentieth-century fascism (see *EIR*, June 9). Examining the axioms of the German Romantic movement made it possible to understand, how a civilization commits suicide. As Zepp-LaRouche detailed, it was this Romantic movement of the late-eighteenth to early-nineteenth century, deliberately oriented as an attack on the Classical German culture of Friedrich Schiller and others, which undermined the cultural health of Germany, rendering it vulnerable to a Nazi power, which it had underestimated. Similar brainwashing is occurring today, in the so-called advanced-sector nations, she said, with the widespread culture of pessimism, and the new violence, engulfing a youth population which is mentally manipulated by video games and television. The solution lies in a return to Classical culture: “Only if the majority of the population very quickly learns how to think Classically, can catastrophe be avoided,” she concluded.

In the course of the twentieth century, otherwise dominated by the anti-Classical paradigm, there were individual political leaders, figures, who succeeded in reversing this trend, at least temporarily. As LaRouche stated, “It was the

election of President Franklin Roosevelt, which brought the patriotic currents of the U.S.A. back, temporarily, into positions of power after three intervening decades.” And, it was the destruction of that legacy, which has paved the way for the forces of the new fascism today.

Thus, a deep understanding of the personality, historical background and cultural outlook of Franklin Delano Roosevelt, and his interlocutors on the European continent, is necessary, to appreciate the potential today, for reawakening that tradition. In this, the third installment of the “Proceedings of the Historical Bad Schwalbach International Conference: The World on the Brink of the Great Financial Crash,” *EIR* presents the speeches from a panel dedicated to the era of FDR, which demonstrate the unity of the Classical principle, in politics and art. These are preceded by opening remarks to the conference, and speeches by civil rights leader Amelia Boynton Robinson, who contributed to one of the brightest moments of twentieth-century American history. Next week, we shall publish the fourth and final group of speeches, on science, music, and the concept of non-linearity.

Muriel Mirak-Weissbach

‘Now Is the Best Time To Be Alive’

Mrs. Mirak-Weissbach, an Executive Committee member of the International Caucus of Labor Committees, opened the conference on May 26.

Good afternoon, members and friends of the Schiller Institute, distinguished guests, and delegations from 42 countries:

I would like to welcome you to this, our annual conference, “On the Subject of Strategic Method.”

This conference takes place in a moment, in which we can all truly say, “Now is the best time to be alive.” The best of all possible times, because, we are witnessing the end of an epoch, the final collapse of an entire system. As the old order dies, there is, to be sure, the danger that chaos, conflicts, and wars may break out. We see the spectre of war stretching across the African continent day by day, as the predators of the dying order struggle to seize control over raw materials riches on the continent. The same threatens in Central Asia and the Caucasus; turmoil is already spreading across the Indian subcontinent and in East Asia. The Middle East teeters on the brink of explosion.

Yet, grave though the danger of chaos may be, still, it is the demise of the old, decaying order, which offers us the

unique, historic opportunity, to bring into being, at long last, a new, just world economic order, worthy of the dignity of the human being. What we are living, is a revolutionary moment in history, and that means, we require revolutionaries — not gun-toting, sloganeering anarchists — but revolutionaries, who have mastered the subject of strategic method.

Thus, the purpose and subject of this conference.

The crisis has reached such depths, in terms of wildly gyrating stock market indices, eliminations of entire currencies, and plummeting living standards for populations throughout the globe—including emphatically the United States—that more and more people are rallying to the ideas of Lyndon LaRouche, for a global reform of the world monetary and financial structures. LaRouche’s call for a New Bretton Woods system, first issued in 1996, has since materialized in the form of an Ad Hoc Committee, joined by leading political figures worldwide. Initiatives have taken hold in the Italian Senate, city councils, and in the European Parliament, for the New Bretton Woods. In the United States, the initiative has been introduced and approved in the state legislature of Alabama, and presented in Michigan.

There is no doubt in my mind, that the Ad Hoc Committee for a New Bretton Woods, will become the institutional vehicle for forcing through this urgently needed reform. Lyndon LaRouche himself will present to us, the deeper strategic implications of the global crisis, which his New Bretton Woods initiative is designed to address. Later, in our conference, we will hear about the historical background to this concept, in the United States, under Franklin Delano Roosevelt, and in Europe, in the work of Jean Monnet.

A Fight Between Two Worldviews

The battle for the New Bretton Woods, is no academic matter. It is not a matter of proposing a valid idea, and debating the merits of it. As we have seen, increasingly, since the beginning of the primary elections in the United States, this is a fight to the death, between two political factions, worldwide, two philosophical worldviews, two opposing concepts of man: between those financial oligarchical interests, committed to preserving their power, in the crash, even at the cost of the survival of the human race; and those determined to replace the old, rotting order, with a morally ordered universe.

Nowhere has this confrontation been more violent, than in America, where forces associated with the financial oligarchy of Wall Street, have gone to unprecedented measures to suffocate the voice of Lyndon LaRouche, in the vain attempt to prevent the American population from thrashing out these vitally important ideas. What has been done by the Democratic National Committee, in an attempt to stop LaRouche’s campaign for the Presidential nomination, in the Democratic Party, is unprecedented in American history. And yet, as the recent 22% victory for LaRouche in the primary election in President Clinton’s home state of Arkansas, shows, their attempt is indeed in vain. It will not work. Those who are trying



Lyndon H. LaRouche, Jr. addresses the Bad Schwalbach conference "On the Subject of Strategic Method."

to fix the elections, have lost control.

The Wall Street faction, behind both George W. Bush in the Republican Party, and Al Gore in the Democratic Party, has torn up the U.S. Constitution, and trampled on the Voting Rights Act—the historic legislation passed in 1965, as the crowning achievement of the American civil rights movement. It is our rare privilege, here today, to welcome Amelia Boynton Robinson, who led the fight for the right of every American citizen to vote, and to have that vote protected. It was Mrs. Boynton Robinson, who for decades organized African-Americans in the South, one by one, to register to vote, and who invited Dr. Martin Luther King in 1965, to travel to Selma, Alabama [where he set up the headquarters of the Southern Christian Leadership Conference, the SCLC, at her home and office]. Together they organized the march on Montgomery, Alabama, on March 21, 1965, which led to the passage of the Voting Rights Act. Amelia Boynton Robinson, having dedicated her life to this cause, is now in the forefront of the fight to defeat those evil forces, heirs to the racists and Confederates, who have torn up the Voting Rights Act. Mrs. Robinson has just returned from an extremely successful tour, which took her to Germany’s capital Berlin, to Warsaw, Poland, and to Rome, Italy—in defense of the Voting Rights Act and democracy in America.

The fact that such events could occur in the United States in the twenty-first century, is cause for alarm, not only because such brutal violations of law, portend the coming of tyranny—a new fascism in the world’s leading superpower—but also because they betray the level of cultural and moral degenera-

tion and decadence that America, and the world, has sunk to. In fact, the economic crisis which has condemned millions of human beings to misery, is not an economic crisis; it is a cultural crisis, the result of a collapse in culture, worldwide, over the past century.

A Conceptual Revolution

Thus, to respond to this breakdown crisis, requires more than a new program for world recovery. What is required, is a fundamental change, a revolution in the way people think.

This, Lyndon LaRouche will present to us, in his keynote, “On the Subject of Strategic Method: the Global Crisis and Its Strategic Implications,” which will constitute the starting point for our discussions; after which, we will turn to a crucial theme, “Cognition versus Information,” or Classical thinking versus Romanticism, in science and in art, specifically music.

Some of you may ask, what does Bernhard Riemann, the nineteenth-century German scientist, have to do with strategic thinking? What does Johann Sebastian Bach, who died 250 years ago, have to do with strategic method? What kind of a “revolution” did Riemann and Bach make, such that we can learn from them, today?

As you will see, Riemann and Bach, among others, were revolutionaries in the true sense of the word, who changed the shape of world history. They were thinkers, whose works also had a profound influence on LaRouche’s own development. In fact, when we explore their works, under the rubric of cognition versus information, we will be retracing the path that Lyndon LaRouche took back in 1948-52, which led to

his fundamental breakthrough in economic science. As LaRouche recounts in his autobiography, *The Power of Reason*, after he had read a book called *Cybernetics*, by Norbert Wiener, in 1948, on “information theory,” he recognized it as utterly wrong, and fraudulent. LaRouche refuted Wiener’s ideas, “from the standpoint of the economic effect of the discovery of new physical principles,” and, in so doing, came to articulate precisely what constitutes the difference between a computer, and the human mind: What is cognition, creative thinking? As LaRouche was to demonstrate, it is this unique capacity of the human mind, the capacity for cognition, which sets man apart from and above the beasts. It is also this capacity, which is ultimately the source of all wealth in society: for, through the application of man’s creative breakthroughs in science, new, universal principles are discovered; and new technologies are brought into being, which revolutionize the economy, leading to negentropic economic development. This, LaRouche has demonstrated, can be measured rigorously, in terms of the relative potential population density of a given society.

LaRouche recounts in his autobiography, that at the same time he made this breakthrough, refuting the theories of Wiener et al., he was deeply immersed in the music of Beethoven, and in poetry, exploring the way in which poetry communicates ideas, through metaphor. Among others, LaRouche delved into the writings of the English poet — and revolutionary — Percy Bysshe Shelley. In his essay, “A Defence of Poetry,” Shelley developed the concept, that poetry in the broadest sense — poetry, music, art, and drama — is the driving force behind every progressive process in history; from the times of the Greek epic poet Homer, to the epoch of drama in Athens, as later, with the Italian national poet Dante Alighieri, and the Italian Renaissance, it was poetry which led the way.

Stimulated by Shelley’s happy insight into the effect of poetry on the moral improvement of man, LaRouche dedicated years to working through the way in which poetry, and great art, accomplish this. How does the poet communicate profound ideas? How does the creative process work, in the poet? How is this process of artistic discovery, in the poet, or the composer, coherent with the process of scientific discovery, of the scientist? How is it that “Classical artistic principles” are “complementary to the discovery of validated universal physical principles”? LaRouche recognized, through his intense work with poetry, music, and Riemann’s physics, that “the relations between man and nature are conditioned not only by discoveries of universal physical principles, but also by the Classical form of artistic principles.”

These are the profound questions which we choose to deal with in this conference, and we are fully confident that at this critical juncture in history, your minds are stimulated to thrashing out great, necessary ideas. As Shelley wrote, referring to revolutionary times such as ours, “The most un-failing herald, companion, and follower of the awakening of a great people to work a beneficial change in opinion or

institution is poetry. At such periods there is an accumulation of the power of communicating and receiving intense and impassioned conceptions respecting man and nature.”

And, Shelley concluded, “Poets are the unacknowledged legislators of the world.” I would like to introduce now, one such legislator, Mrs. Amelia Boynton Robinson, a revolutionary, and a poetess.

Amelia Boynton Robinson

U.S. Civil Rights: The Fight Goes On

Mrs. Robinson, the vice-chairman of the Schiller Institute in the United States, is a life-long fighter for civil rights, and was a close associate of Dr. Martin Luther King, Jr., who invited Dr. King to her home in Selma, Alabama for the mobilization for voting rights for African-Americans. In 1990, she was awarded the Martin Luther King, Jr. Foundation Medal of Freedom for “courage, conviction, and outstanding services to state and nation during the turbulent decade of the 1960s.”

The following are two speeches that she gave to the Schiller Institute-ICLC conference, introducing each of the keynote speakers, Lyndon LaRouche (May 26) and Helga Zepp-LaRouche (May 27). The keynote speeches were published in the last two issues of EIR. Together, Mrs. Robinson’s two presentations give an eloquent picture of the battle for civil rights in the United States—historically, and at the present time. Subheads and footnotes have been added.

Introducing Lyndon H. LaRouche, Jr.

To this great audience of dedicated people, dedicated people of many countries, my friends, my extended family, the Schiller Institute, and certainly my daughter and my son, who are my own, and that is Helga and Lyndon LaRouche: Nothing can be any greater than to stand before you on this European soil, and say, “I am happy to be here.” Happy, because my mission has been like putting a dent in a very, very hard piece of steel. Why? Because of the fact that there are problems, great problems, problems that have muddied the water, and problems that all of us have, and there have been problems for many years. No country can say, that “we are free,” and squeaky clean, because all of us have fallen short in the glory

of God. And we are all guilty of some discrimination, separation, and/or segregation. Countries are all guilty. Those who are not guilty of that, have stood by the wayside, and have seen the destruction of many other countries. They have stood by the wayside, yet they are not helpless. They have noticed that there are diseases, poverty, unemployment, lack of education, lack of proper medical conditions, lack of material for the progress of a country, lack of infrastructure; they have seen slavery conditions, drugs, or what have you, and they have stood on the sideline and said and done nothing. That is why God gives us leaders.

In the United States, God gave us Abraham Lincoln, Franklin Delano Roosevelt, John and Bob Kennedy, Lyndon LaRouche, Lyndon Baines Johnson—and one who is now with us, as you know.

The Voting Rights Act, of course, came about because of the fact that Martin Luther King gave his life, and presently, the man whose name I called, Lyndon H. LaRouche, is a man now that is taking the place of a combination of all of these people whose name I called. These men, of course, were ordained by God to be leaders. They accepted the challenge, and they have gone on before us. We are going to accept the challenge that we have now with Lyndon LaRouche. He is our world leader, not only of the United States of America, not only of the South, but of the entire world. He will stand on his ground. One beautiful thing about him: He cannot be bought by any means, and will not stand by and see the economic destruction of the whole world.

Yes, we need your help in everything. In the United States it's almost like saying, come into Macedonia and help us. We need the economic program that Lyndon LaRouche has. We need you, because of the fact that we are far from being perfect, and what has happened to the United States Voting Rights Act has shown that we are far from being perfect.

The Disenfranchisement of African-Americans

I'd like to give you a few reasons why we are fighting, and why we are not being respected as American citizens. The struggle has gone on for many, many years. The example that I would like to give you is what happened, and why the oligarchies and the sinful folk of the United States of America have gotten together, in order that they may not be disturbed—you know the corrupt do not like to be disturbed, because they are satisfied in feathering their own nests.

During the time of slavery, African-Americans—or Africans, as they were called in those days—were not permitted to read, nor to write. It was a sin, it was a crime, and they were severely punished. When Emancipation was declared, though they kept them from reading and writing, many of them learned themselves, behind closed doors; they came out, and they knew that they had the opportunity to run for office. Consequently, there were governors, lieutenant governors, there were people who were in every segment of the political life, including mayors, people who were running the country,

people who were in the Senate, people who were in Congress, and for years, they held these political positions, because they had to run for election, and they held them until the oligarchies and the people who did not like to see African-Americans be on their same level, decided, “We’re going to stop this.” And by 1910, they disenfranchised these people.

They decided, “We are going to do something about this voting business,” so they said, “We know what to do. We will have stuffed ballot boxes.” And I talked with a statistician who told me, “I’ll tell you how we did it. We had the slot, and it was paper ballot at that time, and in the slot, the Negroes would come and they would vote for whom they wanted, because many of their people held positions, locally as well as nationally, and after they voted, we exchanged the ballots, and put what we had put in the other box, which was a stuffed ballot box. And we just switched the box, and the stuffed ballot box came out with the people who we wanted to be officials, or to hold positions. Consequently, your people lost.”

That was before 1910. From that time on, they decided that they would not give African-Americans the opportunity to become registered voters.

The Voter Registration Drive

In 1930, when I went to Alabama, to work for the United States Department of Agriculture as a home demonstration agent, we found these people, many of them living in the same house that they’d lived in, from the time they were born, that their forefathers had lived in, houses that were just like they were, when they first brought them from Africa as a slave. They only knew what went on in that community, or that plantation. So, we decided, these people are living in slavery. The first thing we need to do, is to get them off the place, and get them a place of their own, and let them realize that they are not a first-class citizen, until they cast a vote, for or against, whomever they would like to. So, this was the job: to teach the people how to read, how to write, how to fill out the applications, and how to go down to the courthouse, and demand that they become a registered voter. And that is where they [the white supremacists] got up in arms and said, “We will not allow it.”

The corrupt system lasted for a short while, but we are breaking it down. The destruction of the right to vote, which we got in 1965, from 1930 to 1965, I fought. I was beaten, I was left for dead on the bridge when we tried to march from Selma to Montgomery in 1965. But, in spite of that, it gave me more courage to stand up for what I thought was right. And the fight, and the struggle that we had, brought forth the Voting Rights Act, which was signed by Lyndon Johnson. So, you see the importance of fighting and not stopping.

The inception of the Voting Rights Act was one that we knew freed many people. But the oligarchy, and the corrupt system decided that they were going underground, to fight this voting bill. “We can not attack it at the top. So we will



Amelia Boynton Robinson, heroine of the civil rights movement. “The Schiller Institute, Lyn and Helga, are in the forefront of fighting against evil,” she told the conference. “And they can’t fight by themselves, however; they need my help, they need your help, they need the help of everybody who is a human being, to fight evil and to foster in people’s minds and hearts, love and understanding and care for each other.”

burn the midnight oil, and we will attack it.” The venom of a dead man, George C. Wallace, the former Governor of Alabama, who was a man that hated people of color—the venom that he left when he died, has gone throughout the country. Like a vein, it has gone out into every segment of our historic department that runs the country. Yes, they were corrupt. Because this man stood in the door of the University of Alabama, and declared, “Segregation now, segregation yesterday, and segregation forever!” That was the evil that is now perpetrated throughout the United States. This two-edged sword, that the corrupt people, the corrupt system is using, has been dipped into the venom of George Wallace, including the hate, and is being used against the Voting Rights Act, and it’s being used against Lyndon LaRouche. And we are not going to stand by, and let them succeed by destroying Lyndon LaRouche’s program, destroying him, because of the fact that Lyndon LaRouche is embedded in the will of God. He has love for humanity. He has a charge to feed God’s children.

Maybe you have heard, I’m sure you have, of the passage in the Bible, where Christ said to Peter, “Peter, do you love me?” He said, “Yes, Lord, I love you.” “Feed My lambs.” He said again, “Peter, do you love me?” “Yes, Lord, I love you.” “Feed My sheep.” That was a charge that Christ gave to Peter. That’s the charge that God has given to Lyndon LaRouche. “Feed My people.” Give them the knowledge, give them the understanding. Don’t back down, regardless of what comes, but feed My people the knowledge that they need. And this is what we are doing. With the cooperation of the dissatisfied, and with my extended family, the Schiller Institute, friends of the people, friends of the nation, the nation of all creeds, all colors, all denominations, we will conquer the evil.

And we are going to conquer the evil, because we are

going to work together. And because we have it in many forms: the destruction of the world, the destruction of children, the destruction of community, the corruption of the evil programs that we are having now. Pollution, wars, low incomes, the destruction of schools, and the system of drugs, of unemployment, the lack of transportation in some countries, health infrastructure, sanitation, and the wheeling and dealing of the International Monetary Fund and the World Bank. These are the things that Lyndon LaRouche is pinpointing. These are the things that he is trying to deal with, to lift up every county and put them on the same keel. That they may be able to carry on, according to their constitution.

Who would not support a leader like that? I introduce to you, and present to others, the man who has the ability. An economist, a scientist, a musician, an educator, and more than all that, a Christian gentleman, who loves people, and will stand by them, regardless of what you do: Lyndon H. LaRouche.

Introducing Helga Zepp-LaRouche

I am very happy to be here with you again, and I hope you can draw within your mind a picture of what is happening in my state, the United States of America. Naturally, I have been there all of my life and I love America. When she is right, I fight for her; when she is wrong, I will fight against the wrong that she is doing.

I am deeply disturbed—however, I am not discouraged at all, having lived and worked for many years with people of color—when the real ballot boxes were replaced by stuffed ballot boxes. This happened during the time that Afro-Ameri-

cans were working to be able to get political positions, throughout the United States of America. One of the ways that they discouraged African-Americans — with the expectation of taking away their votes — was to have them work on the road. They had to work three days on the road to pay the poll taxes. However, they were still not registered voters. They also were told, that you will have to know and recite the Constitution of the United States, in order to be allowed to vote. And you will have to have two whites vouch for you, vouch for your character.

I escaped all of these, but white supremacy still had a symbol. When you would go to the polls to vote, they would give you your ballot, but they would have on it a large, beautiful rooster, and the rooster had a piece of ribbon right across its chest, and on that ribbon was written “white supremacy.” So, I had to vote under white supremacy.

And because of that, I felt that it was very important that we do something about it, do something about these people who could not vote, although they were taxpayers. So, in 1940, my husband and I decided that we would go to Washington and we would see our Congressman and ask him to take out of the hopper the Voting Rights Bill. And this is something that had been happening for many, many years, before we got the Voting Rights Act. And he said to me: “What can you do for me? If I were to take the bill out of the hopper and put it on the floor for voting, what could you do for me? You can’t do anything for me, because of the fact that your people are not registered voters.”

And there was nothing that I could say, because this was not only true about Alabama, it was true about the entire South and perhaps some people of the North and the Native Americans, who are known as Indians. None of them had any right to vote.

When Lyndon B. Johnson signed the Voting Rights Act, the pen that he used had in it the blood of those people who died, both black and white, in order that we would struggle, march, demonstrate to get the right to vote. The pen, the paper, that the Voting Rights Act was signed with, represented the bones that were broken, of people who were marching and demonstrating, and they were attacked by the state troopers, and I might say that I wear one those scars to this day, and that is when my vocal chords had been seared by the pumping of gas, when we were going across the [Edmund Pettus]

bridge. I will take it to my grave.

Not only that, but many people were arrested and many of them still wear scars or have broken bones, as I have. During that time, the people who were haters, the people who were against the Constitution of the United States, decided, because of the fact that there was now a Voting Rights Act, that they would start working and burning the midnight oil, to see how they could circumvent the Voting Rights Act.

Civil Rights Today: The LaRouche Case

When Lyndon LaRouche came into the picture, they said, “Aha! We can have a two-edged sword, and we can cut him down *and* cut out the Voting Rights Act.” And that was a man by the name of Keeney, who was a lawyer for the national Democratic Party. We took it to court. And there was Keeney, whose father fought against the civil rights bill, and he said that the Voting Rights Act is now invalid.¹ And of course, we took it further than that; we took it to the United States Supreme Court, which is the highest court in the land, and we were told that the Voting Rights Act is unconstitutional! And you know, it is hard to think, that we have such discrimination, that the court does not care anything for the masses of people, the 80% of the people in the United States.

Now, we are in another millennium, and we still have to fight and struggle. In the year 2000, the campaign is now for the new millennium, and Al Gore, Bill Bradley, and Lyndon LaRouche all have been qualified as Democratic candidates for the Presidency of the United States. This was done at the beginning of the year.

I was an observer in the elections in three of the states. In Detroit, Michigan, the primary was ignored, because Lyndon LaRouche won 12,000 votes, and so they decided, “We are going to just disregard the primary and we are going to have what are known as caucuses,” where each district has to go down and vote again. The Democratic National Committee, they had rules and regulations, and one of them was: Observers may watch the election.

But I went to one of the caucuses, and found that this was not true. We had international observers — from Austria, Africa, China, Germany, and, of course, the United States. But some observers were thrown out and were told, “You can not come in here.” We were told, in the place where I was,

1. Jack Keeney, Jr., attorney for the Democratic National Committee, defendants in a suit filed by LaRouche and some of his supporters, argued in Federal court on Aug. 16, 1999 that the Voting Rights Act should be thrown out as unconstitutional, rather than be applied to LaRouche. The lawsuit, filed in 1996, charged that Donald Fowler, then chairman of the DNC, violated the Voting Rights Act, when he ordered state Democratic parties to disregard votes for LaRouche in the 1996 Presidential primaries. The court ruled in favor of the DNC, and — as Keeney had anticipated — the ruling was upheld by the U.S. Supreme Court. Keeney’s father, Chief Deputy Assistant Attorney General Jack Keeney, is a longtime member of the Justice Department’s “permanent bureaucracy,” who played a major role in the political frame-up of LaRouche.

To reach us on the Web:
www.larouchepub.com



Sheriff Jim Clark moves in to address African-Americans attempting to register to vote in Selma, Alabama during the 1960s. Amelia Boynton, with her husband S.W. Boynton, had led the fight for voter registration, and invited Dr. Martin Luther King to Selma.

that “we don’t need you.” And some of you might remember [ICLC National Committee member] Sheila Jones — we were together — and Sheila said, “We are supposed to be able to come in here; according to your own constitution, observers are supposed to come in here.” And in the course of the conversation she said, “And I am representing Lyndon LaRouche.” “There, you’ve done it now! Get out of here!” they said. And that was the way, that they treated American citizens.

And I said: “Why do we have to get out of here?” “Because you have to pay \$10, it takes \$10.” And immediately I began to open my pocketbook and give them the \$10. I said, “Well here is the \$10.” They said, “No, I will not take any \$10 from you.” I wanted them to take it, so that I could immediately take it to court, knowing that it was illegal.

And in going into the first room, Al Gore’s leaflets were plastered on the desk, on the chairs, and all around. But they would not permit us to have Lyndon LaRouche’s literature anywhere. They even tore one of the placards, that one of the fellows had, they tore it off him and they said, “This is for just Al Gore and Bill Bradley.” Bill Bradley had stepped down and decided that he was not going to run any longer, yet they included his name. And they said, “If anybody votes for Lyndon LaRouche, those votes will be thrown out.” Because on the ballot they listed only Bill Bradley and Al Gore. But they also had others. And who were the “others”? And they were not going to respect the votes of Lyndon LaRouche. They expected to throw them out. There were thousands of people who were registered voters in that district, yet less than

a hundred people came in to cast votes.

We tried to go into the place where the votes were cast, but they would not let us in. But I understand, that they told the folk: “If you don’t vote for Al Gore, we are not going to respect the votes that you do cast.”

We could not go into that section, but when they got ready to count the ballot, we demanded that we go in. And we told them, “If you don’t let us go in, we are going to sue you.” So they let us go in, and then we told them that we wanted to see the ballots when they take them out of the box. And I said, “When you take each ballot out of the box, give it to me after you call the name.” And then I handed it to Sheila, and that is the way we found out what happened. We didn’t want them to take the ballot and put the wrong name on it, or to say that it belonged to Al Gore, when it didn’t. We asked the question, “Why was it, that Lyndon LaRouche’s name was not on the ballot, and yet you have a person there who is out of the race?” And they said, “But he is not a bona fide Democrat.” “Well, he qualified just like everybody else who is running for office, why wasn’t he on the ballot?” They said, “Well, we don’t know, this came from the national office and we have to do according to what the national office says.”

The poll was open at 11. And the people came in and wanted to know, “Why do I have to come back and vote, when I already voted in the primary?” They didn’t know, they were disturbed. So, they went in, and, at 1, the polls closed.

Now, that reminded me very much of Selma, Alabama, or the state of Mississippi, Louisiana, Georgia, South Carolina, North Carolina, Virginia. But in the state of Alabama, in the

city and county of Dallas, Selma, Alabama, we found that there was only one place that you could go to vote, and that was at the county courthouse. And when you get to the county courthouse, you find one man, who is a registrar. The registration office was open on the second and fourth Tuesdays of each month. And the registrar would come in around 10 in the morning and would stay until about 12. He would go to lunch and come back about 2, and the office was closed at 4. And he would not take anybody in. In eight years, only five people were registered, and they did not intend for particularly African-Americans to vote in large numbers.

This is because of the fact that when African-Americans were freed, who had not been permitted to read or write, they were able to have positions in all political fields. And they [the white supremacists] were afraid. So, illegally, they decided that they would not even allow the African-Americans to register to vote. The objective of this was states rights; and today they are trying to go back to states rights. And states rights simply means, that the state can do whatever it wants to do. And I worked under state rights, except when the right to vote bill and the civil rights bill were passed. And that was no different from slavery, because of the fact that if a man felt he hated a man of color, he could kill him, and he would go out to the courthouse and say, "I killed John, because he looked like he wanted to kill me." "Okay there will be no trial, that is justifiable homicide." And this is what they want to return to.

Shame on America!

They want to return to a situation in which they can take people's property away from them, which they did in large numbers. In 1910, African-Americans owned 16 million acres of land in the United States; today they own less than 5 million. Their property was taken away from them, and I have seen vast areas where African-Americans once had not only their property, but also they had businesses, they had farms, and these were taken away from them, and they could do nothing about it. Because, when they went to the court or to the attorney, they would not take the case, so therefore the person lost what he had. Intimidation was exhibited—that is the shame. However, they did not know how to feel shame, not at all. They were not embarrassed—but I am embarrassed for America. I am embarrassed, because people look to America as being the land of the free, the home of the free; but it is not free. And our system, our voting system of free elections, and including the Justice Department and the entire democratic system, is something that makes me hang my head in shame, because if they are not ashamed, I am.

Some of the international observers who attended the elections in Michigan and other states, said, "Shame on you, America!" They said that that were stunned, shocked, and admitted that the election was a mockery of free and secret elections. Rather than having Lyn's name on the ballot, which I observed in Texas, in Virginia, as well as in Michigan, Lyn's

name was *not* on the ballot. I realized that they fear that Lyn could come in and disturb their corruption and their way of life.

In Virginia, we had the same thing. They permitted us to come in, but only because we put up a fight. And after we demanded that we get a chance to go into the voting place, they said, "All right, you can go." And then, later on, it was discussed, that they would not count Lyndon LaRouche's votes and might give them away.

And then, this month, the Arkansas Democratic Party decided, "We are going to take all of the votes that were cast for LaRouche, 22%, and give them to Al Gore," and at least ten delegates that Lyn received, "we will give those also to Gore."

Now this is downright ridiculous. And the National Democratic Committee just feels it is all right. So, they say, "We will destroy the entire national Democratic Party rather than see one man be given justice."

It reminds me of what happened in Selma, Alabama. When Martin Luther King came to Selma, he decided he wanted to rest. And there was a beautiful hotel, that was built almost 200 years before. This hotel was built in the Grecian style, in the form of the letter A, the Greek letter A. Everybody was proud of the hotel, and when people came there from different places, they would take them and show them this beautiful hotel. When Dr. King went there to register for a room, naturally they would not accept him, and two weeks afterwards, the entire hotel was torn down, because one black man wanted to go into the hotel. One man wants to be respected according to the Constitution of the United States, and they are going to destroy the national Democratic Party. Shame on America!

The Democratic National Committee would rather show how much strength they have and how much ability they have to destroy. But the world is disturbed, because it has looked to America to guide them in the democratic way, and I am wondering whether the rest of the world isn't right.

A Movement for Justice

I find that so many Americans are disturbed now, because of what has happened. And they are beginning to look forward to becoming associated with the Schiller Institute. They realize, that this is an organization that is fighting for justice and for liberty. The Schiller Institute, Lyn and Helga, are in the forefront of fighting against evil. And they can't fight by themselves, however; they need my help, they need your help, they need the help of everybody who is a human being, to fight evil and to foster in people's minds and hearts, love and understanding and care for each other. This, of course, is what went on, and I have been pleased to know, that I can give myself. Because the only way I can serve, is by serving man. And I realized that no man is an island, that each man is my brother, and I will struggle and fight to see that justice is done, whether we are in Europe, in Africa, in

America, or what not. So, I left home on May 26 to give of myself, in any way I possibly could. And I have been able to tour Europe, a great portion of Europe, and hopefully some day I will be able to tour Africa.

Mrs. Robinson summarizes the results of her many meetings in France, Poland, and Italy, in which she discussed the disenfranchisement of LaRouche's voters. She met with journalists, parliamentarians, and government officials, as well as with officials of the Organization for Security and Cooperation in Europe (OSCE). LaRouche's Committee for a New Bretton Woods has filed a complaint before the OSCE, on the violation of civil rights in the U.S. elections.—ed.

So, on and on, we have people who decided to work with us, because they had looked up to America as being a model for them. They did not know what was happening on the inside. And we want you to realize that we are trying our best to keep the phenomenon that is being spread in the United States from spreading to other countries—like Pokémon, like drugs, like rock music, such things that come from America. We don't like it, because we don't want to see any other portions of the world polluted by what we are doing in our country. What I am so glad to know in contacting these people, is that there were many women who were appalled, who were

stunned, and who were even ashamed of what we were telling them.

But do you know what? Of all of the women that I admire, we have one of the greatest ones right here with us. She is a woman who has given herself, from the time that she was in college; a woman who not only gives herself, but gives all that she has: her mind, her personal gifts, anything that she can possibly do. And I think of what a wonderful job God did, when he gave men, women.

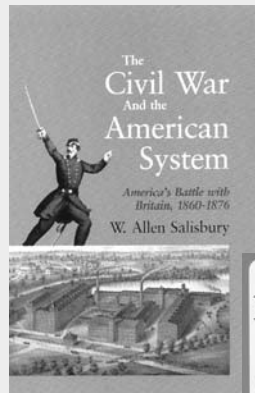
God made women. God did not take a bone from the head of a man, and he did not take it from the foot of a man; he took a rib from the side of Adam, and made Eve, because he wanted a woman to walk side by side with her mate, her husband. And there is no better way that you will see an example of what can be accomplished, than when you look at Lyn and Helga. Helga is a model, she is a fighter for freedom, she burns the midnight oil, planning and programming with her husband what is the next best step, that we should take. She is very caring, and she is sharing. She is like a beacon light that shines in the dark, and guides people to a better shore. And I think that we are lucky, because we have with us one who is concerned and who loves. She loves everybody, whether it is a child or whether it is an 80-year-old man. She is our own. And more than just being our own, she is *my* own, because she is my daughter: Helga Zepp-LaRouche.

KNOW YOUR HISTORY!

America's Battle with Britain Continues Today

The Civil War and the American System: America's Battle with Britain, 1860-1876

ed. by
W. Allen Salisbury
\$15.00



ORDER TODAY!

TREASON IN AMERICA

FROM AARON BURR TO AVERELL HARRIMAN

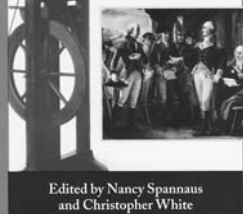


ANTON CHAITKIN

Treason in America, From Aaron Burr to Averell Harriman

Anton Chaitkin
\$20.00

The Political Economy of the American Revolution



Edited by Nancy Spannaus and Christopher White

The Political Economy of the American Revolution

Nancy Spannaus and Christopher White, eds.
\$15.00

Ben Franklin Booksellers

P.O. Box 1707 Leesburg VA 20177

Order toll free: 1-800-453-4108

Fax: (703) 777-8287

Shipping and handling: \$4.00 for first book, \$.50 each additional book.

The Terminal Phase of the Financial Crisis

Mr. Liebig is an Executive Committee member of the International Caucus of Labor Committees. He introduced the final conference panel, on May 28, on Franklin D. Roosevelt, Jean Monnet, and the precursors of LaRouche's New Bretton Woods reconstruction program.

We are now, in this concluding panel, addressing in a direct way, the very same themes that Lyndon LaRouche addressed in the opening panel: the global financial crisis and the way out of it, toward a New Bretton Woods. And when you leave here tonight, and go back home, then you are going to face a reality which may have started in Tokyo already, a reality of a world financial crisis, which LaRouche characterized as being in its terminal, cannibalistic phase. This description, "cannibalistic," is more than a metaphor. In order keep the bubble, the bubble of financial aggregates, in respect to real economic substance, the Third World was plundered to keep this bubble going, then the ex-communist countries were plundered to support this bubble, and we have now reached—and that was cannibalism as well—a condition, in recent months, where the traditional pragmatic arrangements among the G-7 monetary financial blocs are no longer functioning.

The financial bubble in the United States, as the center of the global financial bubble, can only continue, or the illusory hope to continue it for a while, can only exist, on the basis that in Europe and in Asia, in Japan, in particular, economic and financial monetary substance is being destroyed and extracted into this U.S. bubble, in a way which has no precedence in postwar financial history.

The fact is a very simple one. It's \$1-2 billion which every day has to flow out of Europe, and out of Asia, Japan primarily, into the U.S. bubble, to prevent it from immediately bursting apart. We have been seeing the utilization of every instrument of political, financial, and intelligence warfare in order to facilitate the continuous flow of \$1-2 billion per day. We have seen leading political and financial monetary figures, both in Europe and in Asia, being scandalized, destabilized, governments being destabilized, in this frantic, hysterical effort to keep the bubble going until the U.S. Democratic national convention, or the illusory hope to keep it going until the Presidential elections—and the names are all very familiar to you.

We had a scandal around [former Chancellor] Helmut

Kohl in Germany; we had a former Finance Minister, LaFontaine, suddenly disappearing; we had a French Finance Minister, Strauss-Kahn, disappearing; then, we had a head of the Banque de France, who suddenly becomes the subject of criminal investigation, at the very moment that the euro is collapsing. Within a few days of the Chiang Mai Initiative in Asia, the Japanese Finance Minister becomes the subject of a corruption investigation, and the South Korean Prime Minister has to resign for the very same reasons. So, that illustrates the condition of hyper-tension, and hyper-fragility. If you simply look at what happened last week, in terms of volatility on international financial markets on any given day, once again, there is no precedence in known financial history for such intra-day market volatility. Which is yet another characteristic of this terminal cannibalistic phase of the global financial system.

And lastly, and that was the central theme that Lyndon LaRouche went through, there is the fundamental inflation/deflation paradox which characterizes the current terminal phase of the world financial system. In simple words, the very means by which time has been bought, since 1990-95, to keep that system, that bloated system, going, the very means—systematic central bank liquidity pumping—has become the detonator for blowing it apart. That's the great paradox of the past five years of global financial history. The time that was bought since 1995, has led to an increase of the bubble. Just keep in mind that U.S. Federal Reserve Chairman Alan Greenspan, in 1996, talked about "irrational exuberance," four years ago, and compare the condition of the world financial system then, in 1996—in the early phase of this liquidity-pumping, time-buying, crisis-management policy—with the condition it is in right now.

The New Bretton Woods Alternative

But what is important, is that enormous progress has been made in putting together the alternative. And this is no exaggeration; this is a very sober assessment of what, centered on the activities of this organization and LaRouche personally, has been happening in the last years.

Again, let's take the period since June 1990-94, which is the first time that LaRouche publicly characterized the condition of the global financial system as such: that pragmatic crisis-management could not function, that only a radical structural reorganization of that system was possible any longer.

So, look at the various initiatives since, in particular early 1997, when we had the first call upon Bill Clinton for convening a New Bretton Woods conference. Today, we don't appeal to Bill Clinton any longer for convening such a conference. If he does, fine, but I would say that the man has had his chance, and our approach was right. As Lyn reported, Clinton managed to get himself pretty close in the direction we indicated, in the late summer-early autumn of 1998, when he and Treasury Secretary Robert Rubin did say some rather remarkable things, in terms of characterizing

the situation as a world financial crisis and going for calling for a new global financial architecture. But this stand very soon collapsed.

We have since had a number of initiatives on the New Bretton Woods, with a lot of remarkable echo around the globe: in Latin America, the endorsement by former Mexican President José López Portillo, in China, in Russia, in various Third World countries. And our latest initiative, in terms of the Ad Hoc Committee for a New Bretton Woods, speaking very soberly, this is moving ahead. I'm actually honored, that one of the first signators from western Europe, is here this afternoon among us, Dr. Bernard Zamaron, from the Robert Schuman Center, who signed it before others in western Europe dared to do so.

In the past days, we have had a number of important personalities who have also backed this initiative. And I think that it's a sign of the time, in the sense that people are beginning, in a way I have not seen, not just to realize, but to articulate themselves, mostly privately, still, that indeed, a New Bretton Woods is the alternative. And you can also see it, not necessarily so visibly, in the enormous counterpressure that is being developed against that initiative.

In my personal experience, this reminds me in a way of the situation in 1982 and 1983 on the question of the Strategic Defense Initiative, or in 1989 to 1991 on the question of what economic policy would be adopted in respect to the former Communist countries.

The Coming Test

So, that all means that we need to get mentally, intellectually prepared in the next couple of months for a test, a test for each and every one in this room. And this panel is designed to contribute, in helping to develop among each of you, an attitude based on a political and intellectual self-confidence in dealing with what at first might appear as some catastrophic, really historical shakeup, where from one day to the next, or one week to the next, or one month to the next, you have really dramatic eruptions and changes and disruptions, which probably will shake everyone in this room, in his or her bones. It will require this quality, this intellectual, mental quality of character, in being able to deal with the qualitatively new situation, where the so-called experts of today are going to run around like headless chickens—which was a lyrical expression of the *Neue Zürcher Zeitung*, at the height of the Long Term Capital Management (LTCM) crisis two years ago, but I still find it appropriate.

So, this is what we have to be prepared for: things like the financial crisis in Germany during the summer of 1931, this sequence of one trauma, one catastrophe after the next, beginning with the collapse of the Vienna Kreditanstalt, and the Darmstadt Nationalbank, and then the de facto insolvency and massive capital flight; or the situation which Hartmut Cramer will go through in his speech, in the first quarter of 1933 in the United States, just before and after the inauguration of President Roosevelt; or a taste of which we all were

able to get in 1995, when Barings collapsed; in October 1997, at the high point of the so-called Asia crisis; in October 1998, with the Russian default combined with the LTCM near-meltdown of the global system; or the events of the past weeks in particular, and what they promise for this summer and autumn.

So, in dealing with Franklin Delano Roosevelt this afternoon, and also with Jean Monnet, who may not be so generally known, this should not be a matter of academic review of economic political historiography, but these presentations should help us by establishing an historic reference to the period in 1933, and the period of the devastation of World War II, and the reconstruction after World War II—a reference point for us to be able to refer to, to give us intellectual self-confidence in dealing with the big test to come in the months ahead of us.

With this, I want to introduce our two presentations, first by Hartmut Cramer, describing the development of Roosevelt, the process of self-transformation, and his dealing with the situation in the first quarter of 1933; and second, by Jacques Cheminade, who will go through the broad global strategic approach that characterized his approach to the world economy and the world financial system—and let's not forget that the first Bretton Woods was one result of this—and then he will emphasize the work of Monnet in the postwar reconstruction of Europe.

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.



Order number EIE-99-010.
\$30 postpaid.
EIR News Service
P.O. Box 17390
Washington, D.C. 20041-0390
To order, call
1-888-EIR-3258 (toll-free).
We accept Visa and MasterCard.

FDR's 'New Deal': An Example of American System Economics

The following speech was delivered to the conference of the Schiller Institute and International Caucus of Labor Committees in Bad Schwalbach, Germany on May 28. Subheads and footnotes have been added.

The core of what I am going to say is, that contrary to all lies about Franklin Delano Roosevelt's "New Deal"—and there are many of these flying around, especially here in Europe—it was a very good, though by no means perfect, example of the American System of economics. That may seem to be a quite unusual statement about a member of one of the leading patrician U.S. families, especially since this family had produced a President—Theodore Roosevelt, FDR's cousin—who was an outright disaster, betraying the United States to the British Empire, against which the Founding Fathers had fought—and won—a bitter war, because the colonial British system of looting and the humanist American system of nation-building cannot coexist. Not on one continent, not on the same planet, and ultimately not in the same universe.

What I will present to you here in a brief, but I think convincing manner, is that, because of a profound personal crisis, the gifted, but primarily pro-British, young Franklin Roosevelt developed his personality in such an extraordinary way, that he was emotionally strong and courageous enough to lead his nation out of a deep crisis—a crisis, bordering even on complete disintegration of the country. This he accomplished by using dirigist methods, with which he launched great infrastructure projects to reconstruct the economy and build the nation: proven methods, which go back to the early days of the American Revolution.

This is the real New Deal of FDR, which in principle was nothing new. In preparing this report, I could rely very much on the groundbreaking research our organization has done on Franklin Roosevelt: Apart from Lyndon LaRouche's writings and speeches on this subject, I refer to the work of Lonnie Wolfe and Marsha Freeman, but especially the detailed work of Richard Freeman on FDR's economic policy—most of it unpublished so far, which, I hope, will change very soon.

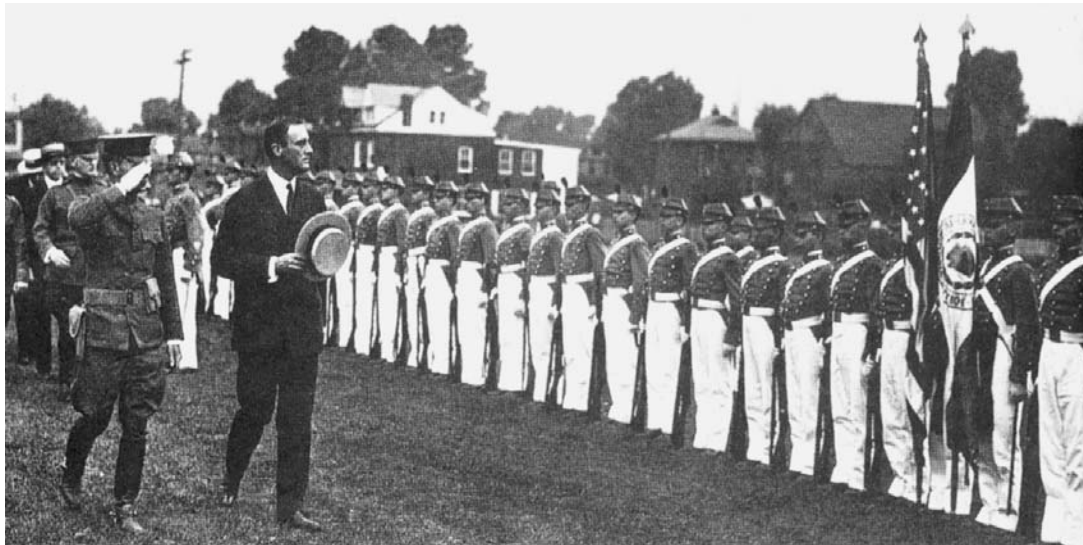
One preliminary note: As we have discussed here so much about the importance of music and the principles of Classical composition, please keep in the back of your mind—while I am speaking about how President Roosevelt led the U.S. out

of the Depression—LaRouche's present policies, as sort of "thorough-bass line." This exercise in "political counterpoint" will help you to understand more about FDR and his fight—and its significance for us today—than I could express in words.

In the first four decades of his life, everything went "normally" for Roosevelt. Being part of one of the top U.S. families, he largely fulfilled the expectations of his pro-British "class": top education, sports, frequent travels to Europe. Although some unusual points do emerge: the fact that he greatly admired his great-great-grandfather, "Isaac the Patriot," who had fought for the American Revolution with the Founding Fathers and who was very close to Alexander Hamilton; the fact that FDR was proud that his ancestors had been Revolutionaries, and that his father, an owner of a railway company, had been active in the nation-building circles of Lincoln; and that he wrote his Harvard paper on Hamilton, in which he showed that he understood the significance of a dirigist economic policy for building a nation.

But at the time he went into politics, the "Roosevelt Clan" had nothing to fear. FDR, who greatly admired his cousin Teddy, was on a clear pro-British line, and Teddy personally saw to it, that it remained so during Franklin's two terms as Assistant Secretary of the Navy. Nevertheless, during this time—the time of World War I—FDR got a good lesson on the significance of physical economy, in the form of his country's mobilization for war. But otherwise he was an "awfully mean cuss"—as he was to recall later—an arrogant young aristocrat, who at the outbreak of war, in a letter to his wife Eleanor, ridiculed the fact, that his boss, Secretary of the Navy Daniels, was feeling "very sad that his faith in human nature and civilization and similar idealistic nonsense was receiving such a rude shock." He exhibited some of this behavior to the outside world, as a cold-blooded lawyer, a stiff politician, and a mean and arrogant Assistant Secretary of the Navy. No wonder, the "Roosevelt Clan" considered him one of "their class." That he would become President and work in their favor, was a given; it was just a question of time, manipulation—and money.¹

1. An unpublished manuscript by Richard Freeman, based on extensive study of Roosevelt's papers at the FDR Library in Hyde Park, New York, shows



Roosevelt reviews the troops as Assistant Secretary of the Navy.

The Polio Years: A Time for Reflection

But then, disaster struck: In August 1921, Franklin Roosevelt, at the age of 39, was stricken with poliomyelitis. Overnight he had become a poor, crippled man, with almost no expectation to recover and lead a normal life, let alone become President. But, what at first seemed a catastrophe, turned out to be, according to Eleanor, a “blessing in disguise.” FDR used this deep personal crisis, and the healthy distance it placed him from day-to-day politics, in the most constructive way. With enormous willpower, he not only fought to restore his health, and to learn to walk again, but he also thought things through. He re-studied the history of the American Revolution and wrote papers: one on U.S. history, in which he treated America as an extended part of the development of European civilization, singling out as one crucial aspect, for instance, “Louis XI of France, who put down the power of the great feudal lords.”

The personality emerging after this years-long battle for physical — and mental — survival, was quite different than the “mean cuss.” Roosevelt is still a patrician, but one, who is proud having just learned again how to stand up, humbly accepting the help of his doctor and that of his black servant; a politician heartily laughing while walking on crutches; a New York Governor honestly listening to the proverbial “forgotten man”; a feisty Democratic candidate campaigning even in heavy rain; a dedicated U.S. President, strongly attacking the “economic royalists” of Wall Street.

To grasp the very nature of this change — and it was a big change, a non-linear development — just think about what the crucial passage of the Declaration of Independence on the “inalienable rights” of man, among them “life, liberty, and

that FDR identified more strongly with the family lineage of “Isaac the Patriot,” rather than with his anglophile forebears, than has previously been appreciated.

the pursuit of happiness,” as well as the General Welfare clause of the U.S. Constitution meant for the arrogant patrician — just a big persona — and how different this mature man, who, after having to fight through an existential crisis, had become a real person, a personality, thought — and especially felt — about the same concepts.

After that experience, Roosevelt was emotionally capable of thinking through what was needed to successfully confront an existential crisis of the nation. And such a crisis was clearly looming just over the horizon, toward the end of the 1920s. No wonder, that FDR during this time came in contact with politicians, who fought to solve the economic crisis with policies in the tradition of the American System and Lincoln’s famous program for “internal improvements,” the catchword for the nation’s infrastructural development. To these people, who later played a big role in the New Deal, belonged: George Norris, who had fought for the TVA and rural electrification for a decade; William Lemke, an energetic fighter for Hamiltonian credit policies; and Robert Wagner, who fought for the development of labor power.

It is also no wonder, that FDR around that time openly broke with the imperialist policies of his class. In a July 1928 article in *Foreign Affairs* on future U.S. foreign policy, Roosevelt proposed a “Good Neighbor” policy, i.e., respect for the sovereignty of other countries — a clear blow to the British. The shape of FDR’s future policy became visible: As a U.S. patrician, Roosevelt knew all the “rules of the game” very well from the inside. Being intellectually brilliant, it was clear to him, that no other big power, not even the British Empire, could match America, if the U.S. developed its economy, including its military; as a patriot, he saw no reason that the U.S. should act as the dumb “brawn to British brains,” once the power of Wall Street was broken by a strong President; and his political instinct — greatly sharpened by the development of his character — told him, that the broad support,

which such a President needed, could only come from mobilizing and educating the majority of the American people, especially the skilled workers and farmers, the small businessmen, the millions of unemployed and their family members — the proverbial “forgotten man.”

That FDR was prepared to seize the right moment — a big crisis — and capture his Democratic Party, which at the top was controlled by the “money-changers” of Wall Street, he wrote in a letter to a friend after his inauguration as Governor of New York early in 1929, long before “Black Friday” (and a comparison to the present is not only permitted, but welcome). Roosevelt: “You are right that the business community is not much interested in good government and it wants the present Republican control to continue just so long as the stock market soars and the new combinations of capital are left undisturbed. The trouble before Republican leaders is that prevailing conditions are bound to come to an end some time. When that time comes, I want to see the Democratic Party sanely radical enough to have most of the disgruntled ones turn to it to put us in power again.”

The Promise of a ‘New Deal’

On July 2, 1932, on accepting the nomination as Democratic Presidential candidate, FDR made his famous promise of a “New Deal” for the American people. And what a dramatic shift this policy was intended to be becomes clear, when we hear FDR himself. Again: Think about the counterpoint of the “LaRouchean thorough-bass” singing in the back of your head:

“Let us . . . highly resolve to resume the country’s interrupted march along the path of real progress, of real justice, of real equality for all of our citizens, great and small. . . . There are two ways of viewing the government’s duty in matters affecting economic and social life. The first sees to it that a favored few are helped, and hopes that some of their prosperity will leak through . . . to labor, to the farmer, to the small businessman. That theory belongs to the party of Toryism. . . . But it is not, and never will be the theory of the Democratic Party.

“The people of this country want a genuine choice this year; not a choice between two names for the same reactionary doctrine. . . . What do the people of America want more than anything else? Two things: Work; work, with all the moral and spiritual values that go with work. And with work, a reasonable measure of security — security for themselves, and for their wives and children. Work and security . . . are the spiritual values, the true goal toward which our efforts of reconstruction should lead. Throughout the nation, men and women, forgotten in the political philosophy of the government of the last years, look to us here for guidance and for more equitable opportunity to share in the distribution of national wealth. . . . Those millions cannot and shall not hope in vain. I pledge to you, I pledge to myself, to a *New Deal* for



FDR, shown in 1921, with his doctor (right), and an assistant, unable to walk after being stricken with polio.

the American people. This is more than a political campaign, it is a call to arms. Give me your help, not to win votes alone, but to win in this crusade to restore America to its own people” (emphasis added).

No wonder, that the breathtaking development of the first months after FDR had taken office in March 1933, was widely called the “Roosevelt Revolution”; in fact, it was one: a new phase of the American Revolution. (As the President told the Daughters of the American Revolution in 1938: “Remember, remember always, that all of us — and you and I especially — are descended from immigrants and revolutionists.”)

This theme, that he would seize the moment of crisis to take away power from Wall Street, Roosevelt hammered home during his entire election campaign of 1932: “I believe, that our industrial and economic system is made for individual men and women, and not individual men and women for the benefit of the system,” FDR said in August in Ohio, and continued: “I believe, that the individual should have full liberty of action to make the most of himself; but I do not believe, that in the name of that sacred word, a few powerful interests should be permitted to make industrial

cannon fodder of the lives of half of the population of the United States.”

At the end of September 1932, as the economic and financial crisis deepened and even more banks failed, with many citizens losing their savings, FDR said: “Every man has a right to his own property, which means a right to be assured, to the fullest extent attainable, in the safety of his savings. . . . If, in accord with this principle, we must restrict the operations of the speculator, the manipulator, even the financier, I believe we must accept the restriction as needful, not to hamper individualism, but to protect it.”

This he repeated throughout his campaign: to labor and farmers, the unemployed and homeless, small businessmen and industrialists, and also to America’s blacks, whom he congratulated for the “truly remarkable things” they had accomplished, “their progress in agriculture and industry, their achievement in the field of education, their contributions to the arts and sciences.” He told America’s students, “Human resources are above physical resources,” and that “knowledge—that is, education in its true sense—is our best protection against unreasoning, prejudice, and panic-making fear, whether engendered by special interests, illiberal minorities, or panic-stricken leaders.” This latter remark, issued in Boston at the end of October, was a clear reference to the panic which meanwhile had gripped Wall Street, since it was clear, that Franklin Roosevelt had won over the majority of the U.S. population to his program of reconstruction, and was to carry the November elections; which he did—by a landslide.

‘Nothing To Fear But Fear Itself’

The panic on Wall Street and especially in London now reached a fever pitch, since in continental Europe the oligarchs had to stage a fascist coup to kill the “German New Deal”—the “Lautenbach Plan”—by hastily bringing Hitler to power; in the U.S. these forces sent a clear message to Roosevelt on Feb. 15, 1933—in the form of bullets.² Since the frontal attack on Roosevelt did not succeed, Wall Street and London organized a run on the dollar and gold reserves of the U.S. In the four months following FDR’s election, the country was almost bankrupted, mainly because the Depression and financial crisis took its toll, but also because the international financial oligarchy destabilized the U.S. to “get FDR back in line.”

When Franklin D. Roosevelt was finally inaugurated on Saturday, March 4, 1933, the country was ruined. Almost

2. On the evening of Feb. 15, 1933, Roosevelt arrived in Miami, just weeks before his first inauguration. As FDR, speaking from the seat of an open car, concluded brief remarks, several shots rang out. Five people on or near the bandstand directly behind the President-elect were hit, although FDR, miraculously, was not. No competent investigation of the assassination attempt has ever been carried out. (See L. Wolfe, “The Morgan-British Fascist Coup Against FDR,” *New Federalist*, Feb. 4, 1999.)

all banking activities had ceased; the financial system was disintegrating; industrial production had collapsed; agriculture barely existed any more; many of the 12.8 million unemployed (this figure was not only in absolute numbers, but also relative—officially it stood at 25%—much higher than in Germany then) were wandering around homeless, hungry, even starving. A mood of utter despair had gripped the country.

Roosevelt, in less than one hour, turned the mood in the country around, with his inaugural address: “This is preeminently the time to speak the truth, the whole truth, frankly and boldly. Nor need we shrink from honestly facing conditions in our country today. This great Nation will endure as it has endured, will revive and will prosper. So, first let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance.”

After that powerful introduction, Roosevelt went on to establish truth, by asking the population to “support my leadership in these critical days,” and then painting with rough, but clear strokes the reality of the country’s deep crisis. Then FDR exposed the real culprits, the oligarchical financial interests: “Practices of the unscrupulous money-changers stand indicted in the court of public opinion, rejected by the hearts and minds of men. . . . Faced by failure of credit they have proposed only the lending of more money. . . . They know only the rules of a generation of self-seekers. They have no vision, and when there is no vision, the people perish. The money-changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profits.”

After this ruthless attack, FDR reminded the American people of one of the most important philosophical concepts of the U.S. Declaration of Independence—the pursuit of *happiness*—and elaborated it in the true Leibnizian sense of *Glückseligkeit*. For Leibniz *Glück* (luck) and *Glückseligkeit* (happiness) are the same concept: that elevated state of mind where the soul is striving for perfection and reason, i.e., creativity. Thus Roosevelt said: “Happiness lies not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort. The joy and moral stimulation of work no longer must be forgotten in the mad chase of evanescent profits.”

Acknowledging that “changes in ethics alone” are not enough, he said: “This Nation asks for action, and action now. Our greatest primary task is to put people to work. This is no unsolvable problem. . . . It can be accomplished in part by direct recruiting by the Government itself, treating the task as we would treat the emergency of a war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize the use of our natural re-



FDR signs the Social Security Act in 1935. The establishment of Social Security was the crowning achievement among the New Deal's "soft infrastructure" projects.

sources." He then announced measures to improve the situation in agriculture and industry, debt relief for farms and private houses, as well as relief efforts for the needy. And he promised measures for "national planning" — Roosevelt's word for dirigism; another one he often used was "planned action" — "for and supervision of all forms of transportation and of communications and other utilities [like electricity] which have a definitely public character."

Coming to the heart of the New Deal, FDR announced "strict supervision of all banking and credits and investments" and "an end to speculation with other people's money." Now his language gets even tougher: "These are the lines of attack. I shall presently urge upon a new Congress in special session detailed measures for their fulfillment. . . . With this pledge taken, I assume unhesitatingly the leadership of this great army of our people dedicated to a disciplined attack upon our common problems."

The war on Wall Street was declared, but FDR wouldn't stop here. "I am prepared under my constitutional duty to recommend the measures that a stricken nation in the midst of a stricken world may require," he said, adding: "But in the event . . . that the national emergency is still critical, I shall not evade the clear course of duty that will then confront me. I shall ask the Congress for the one remaining instrument to meet the crisis — broad Executive power to wage a war against the emergency, as great as the power that would be given to me if we were in fact invaded by a foreign foe."

FDR's 'First 100 Days'

With that speech, the "war against the Depression" was officially launched. And Roosevelt escalated it: Returning from his inauguration — and taking a leaf from Machiavelli's *Prince* — that in a fundamental crisis the most difficult political decisions have to be executed at once — he rapidly fired one shot after the other. This momentum was characteristic especially of his "First 100 Days," during which he pushed through 13 important legislative measures.

Over the weekend, FDR drafted emergency legislation to deal with the financial crisis. On Monday he announced a four-day "banking holiday" and the issuance of his Emergency Banking Act of 1933, which put the entire U.S. banking system through an orderly bankruptcy reorganization. On Thursday, March 9, this bill was voted up in both chambers of Congress and signed into law by the President. The American people experienced that Washington could deal effectively with a deep crisis in a single day! (Again, think about the "LaRouchean counterpoint.") Apart from opening up banks successively in the next days — relative to the gravity of their problems — and putting them for some time under government control, this bill established, that the hopelessly bankrupt banks remained closed forever.

Roosevelt expanded this emergency legislation: Commercial banks were strictly separated from investment houses, so by law they could not "speculate with other people's money." This effort culminated in the famous Glass-

Steagall Act of June 1933, which not only established sound banking practices, but also greatly weakened Wall Street's grip over U.S. financial policy. Then FDR reorganized the Federal Reserve system by having its governors appointed by the U.S. President. The result of this financial reorganization was not the establishment of a U.S. National Bank — FDR apparently considered it to be politically too hot at that time — but that government could issue credit to finance public works and large-scale infrastructure projects.

Even if limited, these measures weakened the Wall Street interests considerably. How was Roosevelt able to do this? By launching a critical flanking attack. One of his political allies, Ferdinand Pecora, in early 1933, became counsel to special hearings of the Senate Banking Committee. And in these hearings held in the next months, he aggressively exposed the Morgan interests as having been the center of a “secret” government of the U.S. — a small group of Wall Street interests which effectively controlled the country's politics. Due to Pecora's grilling of J.P. Morgan personally, Wall Street's dirty machinations of bribing the entire political class of the U.S. became known in detail! Pecora's revelations were a political sensation during FDR's “First 100 Days.” Morgan and Wall Street were put on the defensive, exactly at the time when FDR was reorganizing the U.S. banking system.

With these bold measures, Roosevelt had worked himself and the nation out of almost-hopeless financial chaos and had pinned down Wall Street to such an extent, that he could issue credits for his reconstruction program. These he channelled mainly through the Reconstruction Finance Corporation, which had been established in early 1932 by a panicked President Herbert Hoover to bail out a bankrupt banking system. Roosevelt instead used the RFC for productive purposes: to channel money into projects with a “multiplier effect” on the nation's entire physical economy. In effect, FDR made the RFC into a model for the Kreditanstalt für Wiederaufbau [the Reconstruction Credit Bank, established in Germany at the end of World War II, to finance the rebuilding of the war-torn country].

Franklin Roosevelt initiated numerous measures for national reconstruction. Overall, the various institutions he created built about 50,000 infrastructure projects — small, medium, big, and very big ones — and he was very conscious about what he was doing: “We are definitely in an era of building, the best kind of building — the building of great projects for the benefit of the public and with the definite objective of building human happiness,” he said in a radio address in August 1934: “We know more and more that the . . . Nation must and shall be considered as a whole.”

FIGURE 1
TVA service area



Concretely, Roosevelt attacked the problem on two levels: First, emergency measures, such as social relief programs and make-work programs of all kinds, urgently needed to prevent millions of Americans from literally starving, and give them work — any work. Secondly, on a strategic level, were those measures to reconstruct and develop the country's totally ruined infrastructure.

Great Infrastructure Projects

In terms of large-scale planning and realization of big “hard” infrastructure projects being carried out under the New Deal, the best examples are the results of the Public Works Administration (PWA), and the almost legendary Tennessee Valley Authority (TVA), both of which, President Roosevelt ran, more or less directly. The PWA, run by FDR's close ally Harold Ickes, became, with its “multiplier-effect” and first two-year budget of \$3.3 billion — then an enormous sum — the driving force of America's biggest construction effort up to that date. For every worker on a PWA project, almost two additional workers were employed elsewhere — productively. The PWA carried out the electrification of rural America, the building of canals, tunnels, bridges, highways, streets, sewage systems, and housing areas, as well as hospitals, schools, and



Less than three months after the TVA was signed, construction began on the agency's first multi-purpose hydroelectric dam on the Clinch River.

universities. To give you an idea of the “multiplier-effect” of the PWA: Every year it used up roughly half of the concrete and one-third of the steel of the entire nation!

The development of the huge Tennessee River basin in the South by the TVA was a model for what a modern nation can accomplish. The plans for the infrastructural development of this poor, malaria-stricken region—potentially a very rich area because of its minerals and water, plus its labor power—went back to the time of the American Revolution. By stopping the yearly floods of the Tennessee River and making it navigable, an entire area of almost the size of England, could be opened up for development. All plans had failed, mainly because Wall Street’s big monopolies didn’t want to develop the area.

Franklin Delano Roosevelt was the first President who attacked this problem from a higher level. He proposed to place the development of the entire region, which includes portions of seven states, under one single authority, whose director—the engineer David Lilienthal—reported directly to the President. FDR’s plan foresaw “multi-purpose dams” which provided flood control, river navigation, and hydroelectricity at the same time, plus production of fertilizer. In addition, Roosevelt wanted the electricity to be produced—and sold—at low cost; thereby undercutting the monopolies—a policy whose efficiency he had already proven as Governor of New York.

Signalling that this project was one of the priorities of his New Deal, FDR, with his friend Senator Norris, the “Father

of the TVA,” visited the Tennessee area two months before taking office. After inauguration, things went very quickly: In April, he sent the TVA bill to Congress, which passed it in May. This project—a sort of “pilot-project” for the entire New Deal—became a huge success. Not only did the TVA in a few years construct 20 multi-purpose dams, erect power plants and fertilizer factories, produce cheap and abundant electricity, but it completely—physically—transformed an entire region and its 3 million people: no more floods, a navigable river, malaria wiped out. The entire area was electrified—both literally and metaphorically: Farming improved; factories were built; industries developed; schools, hospitals, libraries were built; wages increased, the young people of the area remained there, because they found a place to work or study. The people sensuously felt what “increasing the standard of living” meant.

In short: Almost overnight, the “poor-house” of the nation became one of its most productive areas. And electricity produc-

tion in the Tennessee Valley didn’t stop with water power: As soon as the possibility of nuclear power became visible, plans were made to use it to secure the region’s—and nation’s—future. America’s first “nuclear city” of Oak Ridge in the Tennessee Valley is one example; the nuclear power plants built here are another. Roosevelt had regarded the TVA only as the beginning; he had similar plans for the entire U.S.A.! In addition, FDR offered the TVA model to other countries all over the world.

The projects to develop the “hard” infrastructure of the country were flanked by measures to improve its “soft” counterpart: important social measures, which for the first time in U.S. history, established the concept of a minimum wage, created insurance for the unemployed, sick and old, established decent health care, and abolished child labor. The crowning achievement of these measures was the Social Security Act of 1935, which alone, secured FDR a place in history; as well as his support for labor. The much contested “Article 7a” gave American labor the right to organize itself. This law was overturned by the Supreme Court, so that Roosevelt had to pass it in another form—the Wagner Act of 1935, the “Bill of Rights” of American labor. (You see, the U.S. Supreme Court at that time was no better than it is today!)

‘A Rendezvous with Destiny’

To sum it up: With his New Deal, President Roosevelt demonstrated firstly, that a strong government working for the common good and promoting the general welfare, fully

exploiting the U.S. Constitution and making dirigistic interventions based on the principles of the American System, could stop the Depression—FDR reduced unemployment by over 5 million in his first term—and reconstruct the country by physically changing its economy. Secondly, that by so doing, he developed and enlarged his social base, forging a “Harmony of Interest” among workers, farmers, and entrepreneurs. With that, FDR got an increasing part of the American people—the “minorities”—actively engaged in the task of national reconstruction and nation-building. The huge popular support for the “Roosevelt coalition” showed itself in the next Presidential elections, where Roosevelt increased his popular votes from 22.8 million to 27.7 million, winning all states except Vermont and Maine.

The success of the New Deal had made it impossible for the international financial oligarchy to impose fascism on America in the midst of the Depression—as they unfortunately were able to do, first in Italy, then in Germany, and also in other countries, including Britain, which just had a less violent variety, with Ramsay MacDonald’s corporatist fascism. Not that London and Wall Street didn’t try in the U.S.—they did try in 1933-34, as was documented in the U.S. Senate, where Gen. Smedley Butler detailed a fascist plot, financed by the Morgans, to force Roosevelt to change his policies. But they could not, because FDR had effectively outflanked them [see footnote 2].

Among the many proofs that FDR was a conscious proponent of the “American System,” is the speech he gave accepting the nomination as Presidential candidate for a second time in June 1936. These words, with which I want to conclude, are as important today as they were then—and by listening to them, again have in mind the “LaRouchean thorough-bass line.”

Attacking Wall Street’s “economic tyranny,” which had established “new dynasties,” Roosevelt said: “They created a new despotism and wrapped it in the robes of legal sanction. . . . The economic royalists complain that we seek to overthrow the institutions of America. What they really complain about is that we seek to take away their power. Our allegiance to American institutions requires the overthrow of this kind of power. . . . The only effective guide for the safety of this most worldly of worlds, the greatest guide of all, is moral principle. We do not see faith, hope, and charity as unattainable ideas, but we use them as the stout supports of a nation fighting for freedom in a modern civilization.”

And especially the way FDR deals with the concept of charity—you notice, he was quoting Paul’s famous Epistle to the Corinthians—shows how profoundly the mature Roosevelt understood this fundamental Christian principle, the basis of any great idea and political action. Said Roosevelt: “Charity—in the true spirit of that grand old word. For charity, literally translated from the original, means love, the love that understands, that does not merely share the wealth of the giver, but in true sympathy and wisdom helps men to help

themselves. We seek not to make Government a mechanical implement, but to give it the vibrant personal character that is the very embodiment of human charity. We are poor indeed if this Nation cannot afford to lift from every recess of American life the dread fear of the unemployed that they are not needed in this world. We cannot afford to accumulate a deficit in the books of human fortitude. . . .”

Concluding his speech, he said: “Governments can err, Presidents can make mistakes, but the immortal Dante tells us, that Divine justice weighs the sins of the cold-blooded and the sins of the warm-hearted in different scales. Better the occasional faults of a government that lives in the spirit of charity than the consistent omissions of a government frozen in the ice of its own indifference. There is a mysterious cycle to human events. To some generations, much is given. Of other generations, much is expected. This generation of Americans has a rendezvous with destiny.”

And so do we today—all of us assembled here, together with our many members, supporters, and sympathizers all over the world—have a rendezvous with mankind’s destiny. A destiny, which is even a bigger one: to make sure, that the power of LaRouche’s ideas, the power of reason, in the immediate period ahead actually rules not just politics in the U.S., but civilization worldwide. And this rendezvous, we must not miss.

DO YOU KNOW

- that the American Revolution was fought *against* British “free trade” economics?
- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?

READ

The Political Economy of the American Revolution

edited by
Nancy Spannaus and
Christopher White



Order from:
**Ben Franklin
Booksellers**
P.O. Box 1707
Leesburg, Va 20177
Toll-Free: 1-800-453-4108

\$15.00 plus
\$4 shipping and handling

We accept MasterCard, VISA, American Express and Discover.

FDR and Jean Monnet: The Battle vs. British Imperial Methods Can Be Won

The author is the chairman of the French Solidarity and Progress party. He wishes to acknowledge the invaluable contribution by Lonnie Wolfe and Richard Freeman in preparing the research that went into this speech.

After his 1936 Presidential campaign, Franklin Delano Roosevelt, reelected President of the United States in a landslide, had won his battle against the “money changers.” He declared, on June 26, 1936, that he was a defender of the General Welfare, as defined by the U.S. Constitution, and championed “the organic power of the state to defend the American citizen against the economic tyranny of some.” In his nomination speech, he had attacked the “economic royalists,” “the privileged princes of new economic dynasties who reached out for control over government itself.”

FDR saw his task as both domestic and foreign, because he fully understood that the United States had become a world power, and was therefore endowed with a mission to fulfill.

On foreign policy, in his Oct. 7, 1937 Chicago “Quarantine Speech,” he suggested quarantining law-breaking nations, just as one would quarantine sick patients, “in order to protect the health of the community against the spread of the disease.” Summoning the disillusioned America which, after World War I, had taken refuge in a policy of isolationism, Roosevelt told the country that “Americans must take a stand,” and “for the sake of their own future give thought to the rest of the world.” The President’s enemies called him a warmonger, with the *Wall Street Journal* running headlines such as: “Stop Foreign Meddling.” In clear words, the voice of the oligarchy was saying, “Stop attacking Mussolini, Hitler, and the Japanese feudalists.”

Domestically, Roosevelt knew that to continue his task of just social change, and to carry out the economic mobilization needed to deal with foreign dangers, he had to clean up the mess in his own party. As the 1938 Congressional election approached, he decided to eliminate the conservative Democrats, who were not only obstructing his reforms, but “deliberately repudiating the very principles of progress which they had espoused in order to be elected.” It was his job, said Roosevelt, to see to it that “the Democratic Party and the Republican Party should not be merely Tweedledum and Tweedledee to each other.” Electorally, that “purge” was a relative failure, but it drew the line within the party, getting

rid of the forces that could have meant defeat in 1940 and 1944, two other Presidential elections that Roosevelt later won. Such a principled, far-reaching approach, encompassing domestic and foreign policies as a “one,” is in absolute contrast to the petty arrangements of present-day politicians.

Before I go into what followed, three preliminary points have to be raised, all key to be understood by a European audience. None of them is self-evident, and all are crucial to meet the challenge which is facing each of us today.

U.S. Manifest Destiny

The first point is that the United States is not a coherent mass, for good or evil, but the field for a decisive fight on a world scale. Yesterday, Roosevelt represented the American System, that of Alexander Hamilton and Abraham Lincoln, against the Anglo-American oligarchy. Today, Lyndon LaRouche, a Presidential candidate in the Democratic Party, resumes American history at the point where the death of Roosevelt left it on April 12, 1945. Therefore, there is no point for us Europeans to be anti-American or pro-American as such, which are the two sides of the same impotence. Our challenge is to support both within and outside the United States the proponents of the American System, who are the inheritors of the European Renaissance. Our duty is to understand the issue of the fight, and to be interventionists when America’s official policy betrays America’s manifest destiny. This is the meaning of LaRouche’s candidacy today, for us all.

The second point is that, without Franklin Roosevelt and his key associates, we as representatives of our European nation-states would not even exist today. Without Roosevelt’s American mobilization and interventionism, the victory against Nazism would never have been possible, and Europe would have become a rubble-field. In turn, that American mobilization would never have taken place without the victory of Roosevelt over the Wall Street bankers [see accompanying speech by Hartmut Cramer]. And without the support of the American trade unionists and farmers, support that Roosevelt had gained through his policies—for example, the Wagner Act, parity prices, and infrastructure development—such a mobilization could never have been organized. This is the point at which a great design uplifts a population, to meet the challenge of a great historical moment.

My third preliminary point defines our task today. Right

now, the enemies of Roosevelt are back in power in the United States, and, like the Morgans or the Mellons of the 1930s, they are trying to make us believe that there is no other possible policy than a dictatorship of their financial profit. These forces are at work to turn the clock of history back to before the New Deal, and to enforce what they did not manage to accomplish in 1933-35: a Mussolini-style coup, as exposed by Maj. Gen. Smedley Darlington Butler. On our side, by contrast, what Roosevelt achieved should be an immediate inspiration, as it was for Europe, and in particular for France and Germany, after 1945. This puts in their historical perspective — as vital thought-objects and not mere schemes, as political weapons and not mere technical arrangements — LaRouche's Eurasian Land-Bridge and New Bretton Woods proposals. These are the levers to change history, beyond what Roosevelt himself was able to do, but coming from a similar reference point, as an enrichment to an historical fabric.

The Last Three FDR Administrations

Let's now go back to the three last Roosevelt Administrations, from 1937 to 1945. Having won a tactical victory against the oligarchy and its New York banks, Roosevelt had the leeway to organize a dirigistic war mobilization, and to plan a better and more just postwar order for the world. The dynamics of the mobilization, in turn, cornered the bankers who, after 1938-39, were no longer able to attack Roosevelt's policies frontally, which would have been tantamount to national treason.

Roosevelt, as a reader of Hamilton, resorted to all the means of state-oriented policies to defend the general welfare of the people. Against the British tradition in the United States, represented, among others, by Martin van Buren, Roosevelt was a staunch dirigist. Where a van Buren would say, during the 1837 panic, that "the less government interferes with private pursuits, the better for the general prosperity," Roosevelt said the following: As Governor of New York, speaking in 1931 to an extraordinary session of the state legislature, convened to respond to the Great Depression, he asked, "What is the State? It is the duly constituted representative of an organized society of human beings, created by them for their mutual protection and well being. 'The State' or 'The Government' is but the machinery through which such mutual aid and protection are achieved. The cave man fought for existence unaided or even opposed by his fellow man, but today the humblest citizen of our state stands protected by all the power and strength of his government. Our government is not the master but the creature of the people. The duty of the State toward the citizens is the duty of the servant to its master. The people have created it; the people, by common consent, permit its continual existence. One of these duties of the State is that of caring for those of its citizens who find themselves the victims of such adverse circumstance as makes them unable to obtain even the necessities for mere existence without the aid of the others. That responsibility is

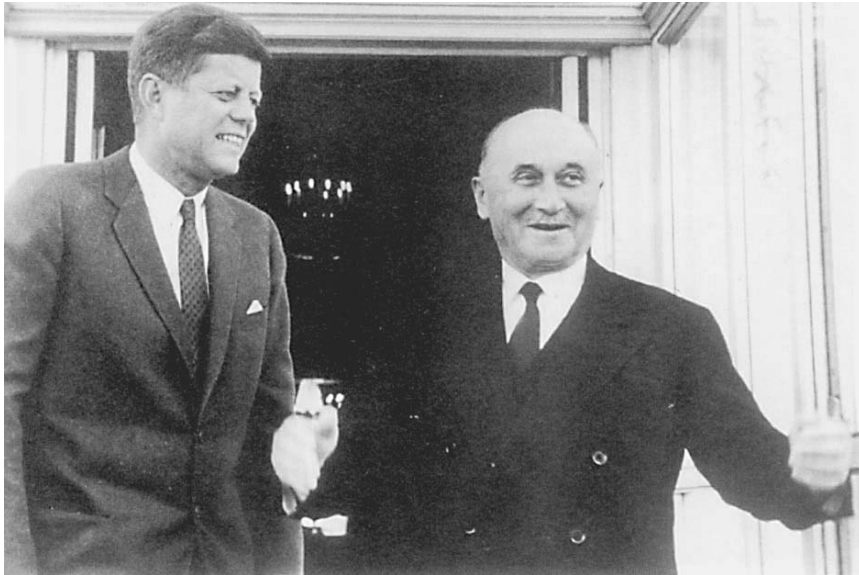
recognized by every civilized nation."

Roosevelt, understanding how dangerous the international situation was becoming, extended this notion of a "just State" to world affairs. In January 1940, he warned of the dangers of short-sighted isolationism, and he asked Congress to levy "sufficient additional taxes to meet the emergency spending for national defense." On May 16, 1940, informed of the fall of France, he told the nation that the war in Europe was spreading out of control, and asked Congress to "appropriate a large sum of money for tanks, guns, ships and 50,000 airplanes." He decided to run for a third term when he saw that nobody else in the country was fit for the challenge: The population was scared, and the industrialists and state bureaucracy, not to mention the bankers, thought that Roosevelt was insane to demand such levels of military production. When he won his request, on Dec. 29, 1940, he urged the nation, in one of his famous "fireside chats," to help the democracies, whatever their weaknesses, in their life-and-death struggle against fascism. "There can be no appeasement with ruthlessness," he said, asking for more ships, more guns, more planes, more of everything, so that the United States could become the "Arsenal of Democracy." On March 11, 1941, FDR was finally able to overcome the opposition of Congress and to sign the Lend-Lease Bill. It gave him unprecedented powers, and launched a supply program which kept the Allied cause fighting on the battlefronts until the U.S. entry turned the tide. On Dec. 7, 1941, the Japanese attack on Pearl Harbor, and the paradigm-shift in the American population that LaRouche so often refers to, occurred.

By 1942, the 50,000 planes requested in May 1940 had been produced, and then Roosevelt demanded that military production be stepped up considerably: 60,000 airplanes, 45,000 tanks, and 6 million tons of merchant ships. The industrialists said only: "Aye, aye, Sir." The President promised: "The militarists of Berlin and Tokyo started this war. But the massed angered forces of common humanity will finish it." And so it happened. But why and how?

Jean Monnet: A Pro-Industrialist Banker

This is the history of the "Victory Program," and of a small man, who was one of the great men of the past century, Jean Monnet. Monnet was, first, about the only Frenchman who understood something about American affairs, and second, about the only European banker who was pro-industrialist in his worldview. He liked and admired the "physical power of American industry," and the relative absence of social prejudice in the American lifestyle. He had a very good sense of the difference between the United States and England, and immediately understood, in 1940, that the fate of Europe depended upon American policies. [In exile after France's occupation by the Nazis,] he jumped, through his various connections, into the middle of American and British government circles, calling for some other policy than just extrapolating from the usual schemes. FDR immediately understood the role that Monnet could play, and used him as an



Jean Monnet (right) with U.S. President John F. Kennedy at the White House.

“inspirer,” a rabble-rouser in the American state bureaucracies. Roosevelt and Monnet both clearly understood that in exceptional periods, men who operate according to business-as-usual, are a terrible problem, and that problems must be short-circuited, and things organized to make the machine work.

Monnet, in one of his first memos to the American Presidency, reports in 1940 that the Cash-and-Carry system of American-British relations was meaningless, and that the American war mobilization was inadequate and suffered from lack of a centralized authority. Monnet writes in his *Mémoires*: “We [he and his close group of friends] decided to reverse the logic of the financiers, who accommodate needs to existing resources, absurd logic when the needs are those of the survival of the free world: for such an undertaking, one always manages to find the resources.” He put the target for American military production as whatever was needed for the United States to win the war *alone* against Germany, Italy, and Japan, because he viewed Great Britain as only an element in the American scheme. On Nov. 30, 1940, he said that the present U.S. program was not enough for that goal, and therefore should be changed.

There you have this small man, intervening audaciously and provocatively on the most important issues of war and peace! Roosevelt apparently enjoyed it, because Monnet went directly against the accountants’ and financiers’ views. Monnet writes in his *Mémoires*: “Mustering all my strength, I contributed to the coming into being of this unstoppable war machine. Its motive was simple: The stubborn will of a small group of men, united around the bearer of an unprecedented power and responsibility, himself supported by a the vast majority of the public.”

At the time, George Ball expressed his surprise: “Jean

was by then a legend in Washington. . . . I was quite surprised, he was different from us all, he was really *sui generis*.”¹ He never ceased putting pressure on Roosevelt’s entourage. During the Spring of 1941, indeed, he was probably the key factor in pushing for the American war mobilization before Pearl Harbor. The usually sober John Maynard Keynes tells French banker Emmanuel Monick: “When the United States was at war, Roosevelt was presented with a plan to build airplanes that every American technician found to be miraculous or far too much. Monnet was the only one who dared to think it was not enough. The President rallied to his views. He then imposed on the American nation an effort which, at first, seemed impossible, but which was, in the end, completely accomplished. This key decision has probably shortened the

duration of the war by a year.”²

Keynes’s judgment is confirmed by Robert Nathan, deputy chief of Roosevelt’s Office of War Mobilization, who says, “In retrospect, I find that Monnet’s contribution was of vital importance. It was the untiring and efficient efforts of Jean Monnet to meet goals that were so great, which led the highest spheres of our government to become conscious that the demands on the U.S. for a war mobilization could not be met under its present mode of operation. In the crucial decisions of May-June 1941, his role, in my view, was immense.”³ It is also Monnet who convinced Roosevelt to drop what we call today “consensus methods,” and to “delegate the Presidential authority to a person whose function should always be to have a general view of the situation, checking constantly on the execution of all the programs which should fall on the diverse agencies in charge of the day-to-day decisions. He should speak in the name of the President and clarify doubts with the respective administrations.”⁴ On Jan. 13, 1942, Roosevelt created the Office of War Production, headed by Donald Nelson. Monnet, as an adviser to the British Supply Council in Washington, reports Lord Roll, “told us one day with his heavy French accent: ‘Would you like to hear the President say: “We will not build 2,000 planes. We will build 10,000 planes. We will not build 2,000 tanks. We will build 10,000 tanks.”’ I can’t vouch for the exact numbers, but what

1. George Ball, interview with Eric Rousell in *Jean Monnet*, by Eric Roussell (Paris: Fayard, 1996). All quotes from Roussell have been translated by the author from the French.

2. Emmanuel Monick, *Emmanuel Monick pour Mémoires*.

3. op. cit., Robert Nathan to Eric Roussell.

4. Jean Monnet, Dec. 15, 1941.

he was announcing to us, was the Victory Program.”⁵ Monnet’s message to the British was clear: I am FDR’s man, and you’d better listen to me.

This key role of Monnet will become all the more significant after Roosevelt’s death, as a messenger of the New Deal conceptions in postwar France and Europe.

As for American war production, it was indeed a miracle. The 1941 Victory Program provided for \$150 billion for the creation in two years of 216 divisions, of which 61 were armored, together with the production of ships and airplanes in the amounts that I have just identified. The results were soon impressive. For example, in 1942, at first, it took six months to produce the famous “Liberty Ships,” the merchant ships of British design, on American assembly lines; but, by 1943, production time was reduced to 15 days! The armaments industry organized assembly-line mass production on a scale and with a speed never before seen. The Balfour cannon, for example, was assembled in less than ten hours, initially with untrained labor. As for the airplanes, the auto-makers pooled their resources to produce the engines, and between Pearl Harbor and D-Day in Normandy, 171,000 were built, at an average pace of about 6,000 per month!

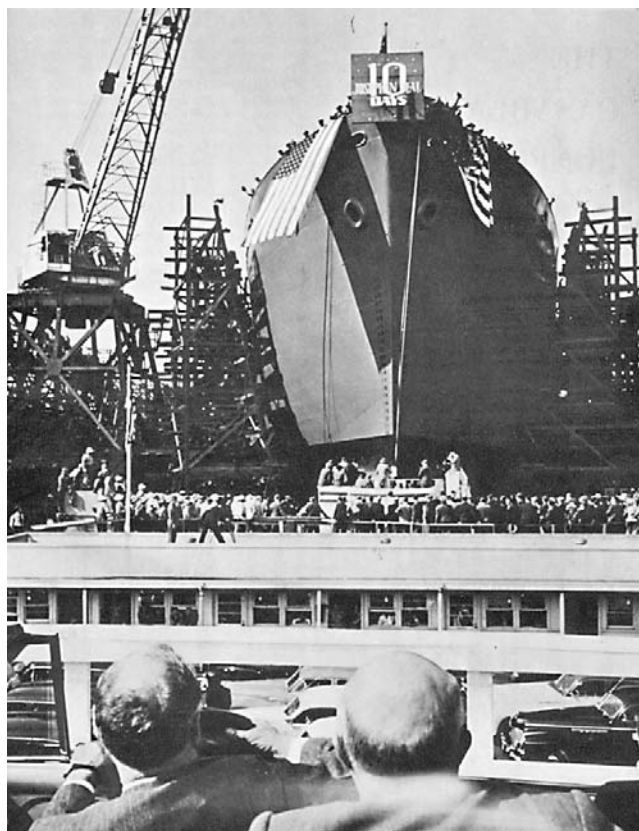
Grand Design for Postwar Reconstruction

As early as 1943, it was clear that with such a war machine, and the massive fight being carried out by the Red Army, ultimate victory was secured. It was only a question of months. So, Roosevelt began immediately to think in terms of how to maintain the war mobilization, but to reinvest it in a policy of peace through mutual development among the former belligerents and, beyond, for a massive world investment policy to achieve the take-off of the developing countries, freed from colonial rule. On Aug. 10, 1941, Roosevelt had already told Churchill: “I can’t believe that we can fight a war against fascist slavery, and at the same time not work to free people all over the world from a backward colonial policy.” With that in mind, he conceived the original scheme for the United Nations Organization, as a forum for all the peoples of the world, and a new financial and monetary order, which was going to become the Bretton Woods system associated with the Marshall Plan.

In January 1945, in his annual budget message to Congress, FDR spelled out detailed plans for a \$100 billion postwar infrastructure program, to transform and expand the war industry into postwar civilian industry, and to make education, quality health care, and decent housing available to all Americans, beginning with the returning GIs.

On Feb. 12, 1945, he delivered another message to Congress, urging the ratification of the Bretton Woods Accords and outlining his conception of the World Bank and the International Monetary Fund. It was not at all his intention to promote a tool to interfere in the national sovereignty of states,

5. op. cit., Lord Roll to Eric Roussell, March 12, 1992.



FDR (in the foreground) on a tour inspecting the nation’s war production, during the fall of 1942. Here he is visiting the Kaiser Shipyard in Vancouver, Washington, where a merchant ship was launched every ten days.

but, on the contrary, to secure an economic take-off, creating the material conditions for such sovereignty. The system was, of course, not a perfect one, because it implied a privileged dollar, but it was entirely oriented toward the effort of America to construct and reconstruct the world, not to organize the takeover of the Anglo-American oligarchy over nations and people, as was later the case after the financial drift of the 1960s and the deregulation that followed the Aug. 15, 1971 decoupling of the dollar from gold.

Roosevelt’s great postwar design was to put an end to the British, French, Dutch, and Portuguese colonial empires, to make of the victory over Nazism an instrument for general liberation, and to organize a world community of interest based on infrastructural, long-term development, through issuance of long-term, low-interest credits, a sort of “deferred payments” system, in which the completion of projects would in the future allow the deferred, step-by-step reimbursement of the amount of credit advanced.

Roosevelt’s sudden death, on April 12, 1945, prevented this grand design from being carried out. Only the Marshall Plan was left, in the framework of the Bretton Woods system, but limited to Western Europe, whereas Roosevelt had wanted it for the benefit of the whole world. Worse, where Roosevelt



The Normandy landing on D-Day, June 6, 1944. Because of the determination of Jean Monnet and Franklin Roosevelt, between Pearl Harbor in 1941 and D-Day in 1944, U.S. auto-makers had re-tooled their assembly lines, producing 171,000 aircraft engines, at a rate of 6,000 a month.

intended to rally Russia to his postwar new, just order, through the advantages of common development, the Marshall Plan was soon embroiled in the logic of the Cold War. The European leaders of today, who blame the naiveté of Roosevelt and admire the “realism” later shown by Churchill and Truman, understand nothing about what was at stake back then. Roosevelt’s vision, as we have described it, led him to respect the national sovereignty of states, and to uphold social justice for all men, while Churchill’s, imperial and financial, was nothing more than that of the Anglo-American cabal, based on looting and globalist one-world rule, which Roosevelt had fought and temporarily won out over within the United States.

Much is said of the great quarrel that pitted Roosevelt against Charles de Gaulle, which was real and violent, but became less traumatic after de Gaulle discovered the United States for himself in 1944, and the disagreement was finally resolved in a legitimate alliance for the development of all peoples, when de Gaulle supported Kennedy, the disciple of Roosevelt. That “Gaullism” and “Rooseveltism,” despite the legitimate opposition of interests due to the national peculiarities of France and the United States, could converge upon a design of mutual economic development of the people of the world, and a rejection of the Anglo-American model, was ironically understood by Monnet, who, despite his own disagreements with de Gaulle, supported his return to power in 1958, because he was the only man capable of solving the French colonial mess in Algeria. The confirmation of what I have just said, was given, as a proof given by vice to virtue, by the assassins of the Kennedy brothers and Martin Luther

King, who were the same people who tried to murder de Gaulle, for the same oligarchical reasons.

Roosevelt Confronts Churchill

Two key points remain now to be stressed, as lessons for us today. The first is the much-less-commented upon, but far more fundamental quarrel that pitted Roosevelt and Churchill against each other throughout the war, and lets us understand the difference between the two major forces that are fighting each other today, the American System forces and the Anglo-American, British-American-Commonwealth forces. This should be clear to all Europeans, but it is unfortunately not so. The second point, even less well known, including in our own movement, is the legacy of Roosevelt’s New Deal in Europe, through the explicit postwar contributions of Monnet to the economic recovery of Europe and the political conceptions of Konrad Adenauer, Robert Schuman, and even de Gaulle himself. A few ghosts may not forgive me for saying all that, but it is absolutely true, and represents one of the most beautiful ironies of contemporary history through our common transatlantic universe, in which the emergence of Lyndon LaRouche in the United States is the most recent and lawful element.

To better understand our first point, let us evoke a rather dirty but revealing image. It is that of Henry Kissinger, on May 10, 1982, mounting the podium at Chatham House, the London home of the Royal Institute of International Affairs, to deliver the keynote address for the bicentennial celebration of Jeremy Bentham’s Foreign Office. Kissinger prided him-

self on his loyalty to the British Foreign Office on all crucial matters of postwar policies in any dispute between the United States and Britain. The crux of his disagreement with the United States, he told his audience, was the essential opposition in policy and philosophy between Franklin Roosevelt and Winston Churchill. Roosevelt, Kissinger said, had condemned Churchill for being “needlessly obsessed with power politics, too rigidly anti-Soviet, too colonialist in his attitude, and too little interested in building the fundamentally new international order towards which American idealism has always tended.”

Kissinger concluded, saying that Churchill was right, and Roosevelt, wrong. So much for the mass of lies and half-truths about the so-called “special relationship” between Britain and the United States. The historical evidence shows that Roosevelt entered into the military alliance with Britain with only one purpose in mind: the defeat of fascism and Nazism. But also, that Roosevelt was fully committed to dismantling the British Empire. Historian Arthur Schlesinger, Jr., a close collaborator of Kennedy, goes so far as to state that, according to the evidence given by FDR’s son Elliott in *As He Saw It*, Roosevelt saw Great Britain and its imperial system as a far greater adversary to the United States than Soviet Russia.

In any case, the wartime opposition between Roosevelt and Churchill was fierce, and defines present-day history. Roosevelt, as early as in papers published before 1930, and most notably his 1928 article in the journal *Foreign Affairs*, stated that moral principles must govern foreign policy, and that imperialist looting and gunboat diplomacy are contrary to documents that he regarded as sacred, the Declaration of Independence and the U.S. Constitution. In 1936, Roosevelt further elaborated his conceptions, stating, “We seek not merely to make Government a mechanical implement, but to give it a vibrant personal character that is very much the embodiment of human charity.” Churchill cynically commented a few years later: “Roosevelt was a man of dangerous moral sentiments.”

The first serious clash between Roosevelt and Churchill, as reported by Elliott Roosevelt, took place in Argentia, Newfoundland, on Aug. 13 and 14, 1941, at the discussions of the famous Atlantic Charter, an eight-point declaration on democratic principles. Let’s quote Elliott: “‘The British Trade arrangements,’ he [Churchill] began heavily, ‘are . . .’ Father broke in. ‘Yes. Those Empire trade agreements are a case in point. It’s because of them that the people of India and Africa, of all the colonial Near East and Far East, are still as backward as they are.’

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

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

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

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

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

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

“‘Yes. I can’t believe that we can fight a war against fascist slavery, and at the same time not work to free people all over the world from a backward colonial policy’ ” (emphasis in original).

So, this quite brutal exchange speaks for itself. FDR had commented to his son earlier: “We’ve got to make clear to the British from the very outset that we don’t intend to be simply a good-time Charlie who can be used to help the British Empire out of a tight spot, and then be forgotten forever.”

Finally, Churchill had to bend. A clause of the Atlantic Charter states: “That they [the signatories] respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them.” Churchill insisted that this only applied to occupied nations. Roosevelt, however, demanded the inclusion of the term “all,” meaning that its applicability was universal—it included all colonial peoples, and to start with, those of the British Empire.

Writing in 1950, Churchill, otherwise a hypocrite, let down his guard about his true feelings about Roosevelt: “The President’s mind was back in the American War of Independence and he thought of the Indian problem in terms of 13 colonies fighting George III at the end of the eighteenth century.”

Indeed, in July 1942, FDR sanctioned a world tour by former Republican Presidential candidate Wendell Wilkie, whom he had recruited into a tactical alliance against British imperialism. On his return to the United States, Wilkie delivered a nationwide radio broadcast on his findings. He declared: “In Africa, in the Middle East, throughout the Arab world, as well as in China, and the whole Far East, freedom means the orderly but scheduled abolition of the colonial system. . . . When I say that in order to have peace this world must be free, I am only reporting that a great process has started which no man—certainly not Hitler—can stop. . . . After centuries of ignorant and dull compliance, hundreds of million of peoples in Eastern Europe and Asia have opened the books. Old fears no longer frighten them. . . . They are resolved, as they must be, that there is no more place for imperialism within their own society than in the society of

nations. The big house on the hill surrounded by the mud huts has lost its awesome charm.”

The next day, Roosevelt was asked at a press conference for his comment about the last section of the Wilkie speech. He answered that Wilkie had only restated a well-accepted point, that “the Atlantic Charter applied to all humanity.”

When Churchill could not contain himself and declared before the British Parliament, on Nov. 10, 1942, “I have not become the King’s First Minister in order to preside over the liquidation of the British Empire,” FDR wrote in a letter to an aide: “We are going to have worse trouble with Britain [after the war] than we do with Nazi Germany now.”

Roosevelt was well aware that his conceptions were strongly rejected by his own State Department. No matter how many times he lectured its agents on the need to avoid postwar regional security arrangements or an over-reaching world government, they kept trying to create a new and bigger Versailles system, with a new and bigger League of Nations. This was absolutely not Roosevelt’s conception of the future United Nations Organization: He did not want, he frequently said, to walk down the failed path of the Anglo-American Woodrow Wilson. His comments to his son Elliott, notably in December 1943, make the point clear: “ ‘You know,’ Father was saying, ‘any number of times the men in the State Department have tried to conceal messages to me, delay me, hold them up somehow, just because some of those career diplomats aren’t in accord with what they know I think. They should be working for Winston. As a matter of fact, a lot of the time, they *are*. Stop to think of ’em: any number of ’em are convinced that the way for America to conduct its foreign policy is to find out what the British are doing, and then copy that. . . .

“ ‘I was told,’ Father said, ‘six years ago, to clean out that State Department. It’s like the British Foreign Office’ ” (emphasis in original). At another point, he commented, “I’ll take care of these matters myself. I am the only person I can trust.”

The LaRouche Heirs of a ‘Global New Deal’

Roosevelt’s postwar grand design was that of a “Global New Deal,” to achieve at the level of world politics what he had undertaken within the United States. Two things have to be immediately stressed. First, it is only Lyndon LaRouche



President Roosevelt with British Prime Minister Winston Churchill at Casablanca, January 1943. On another occasion, when the two were discussing the future of Britain’s colonies, Roosevelt said, “You see, it is along in here somewhere that there is likely to be disagreement between you, Winston, and me.”

and his co-thinkers who today are the heirs of this Roosevelt of the last years. As I am going to mention Roosevelt’s projects, it will be easy for you to understand why. Second, Roosevelt’s programs were undoubtedly inspired by a concept of physical economy, gained both through his reading and re-reading of Hamilton, and the experience of the dirigistic war mobilization, as conceived with Monnet.

Roosevelt’s postwar “Global New Deal” was, in fact, a Marshall Plan concept extended to the whole world, in a much more coherent way, and the emphasis, as opposed to the later Marshall Plan, was put on human colonization programs to develop the areas of the world then underpopulated or underdeveloped. Roosevelt’s view was that war refugees, and the more miserable men of the world as well, should be given a mission similar to the design of those who colonized the New World. Everything that had been thought about these matters by others, Roosevelt understood, had been wrong, because they were thought out on a too-small scale, and without the sense of linking science and technological development—the American System—to the project.

Roosevelt proposed that there be surveys done of Asia, Africa, Australia, and North and South America, to determine areas of millions of square kilometers for resettlement. Plans would then be drawn up to develop infrastructure, irrigation systems, cities, farming. He wanted to build a number of superports at key locations on several continents, to help

speed a just world trade. He proposed the construction of several major rail lines, including in China, and a link through China to Russia. He also proposed to build a rail line across Africa, from East to West, the old trans-Sahara project of France's Gabriel Hanotaux, and a rail line from the new Gulf superport, through Iran, into Russia, and then going east and west. He called for construction of canals and waterways in Asia and Ibero-America, and for water-management projects in Asia, including the Ganges-Brahmaputra River system of India, and in Europe linked to the development of hydroelectric power. He also proposed massive irrigation plans for the Sahara; water, said Roosevelt, could be pumped from underground and aboveground rivers and streams for use in gigantic reforestation projects, oil resources being developed not only for export, but mainly as a part of these larger projects.

This sounds familiar to all of us. And yes, the Global New Deal is the direct forerunner of LaRouche's grand design today, more so even than you may think. Let me give two anecdotes to show what I mean.

First, when Roosevelt, after Yalta, on February 1945, visited the Middle East, he told his friend and Labor Secretary Frances Perkins: "Why is the Mideast so unstable? Because people here are so poor. They have almost nothing to eat. They have nothing to be normally busy about. They need supplies, and they need to find them in their very land. Only this would diminish the risks of a big explosion in these regions. See what the Jews have been doing in Palestine. They constantly invent new ways to cultivate the desert." He stopped to think a bit, and then went on: "When I am going to be no longer President, and this bloody war is at last going to be finished, I think that we may head to the Mideast with Eleanor, to see if we could set up some firm, such as the Tennessee Valley Authority, and do something for these countries." Well, he could not think of nuclear energy in those days, but the concept of a common purpose, of peace through common development, is fully there.

Second anecdote: Perkins reports the following dialogue between FDR and a pretentious journalist of those days:

"Are you a communist, Mr. President?"

"No."

"Are you then in favor of capitalism?"

"No."

"Are you a socialist?"

"No."

The young man, who had his notes in his lap, continued: "But then, what is your philosophy?"

"My philosophy," said Roosevelt. "I am a Christian and a democrat, and I prove it through my acts, that's all."

After Roosevelt was reelected for a fourth term, in 1944, and used the election campaign to educate Americans about their special responsibility in the creation of the postwar world, the British and the Wall Street bankers did not like it at all. Republican candidate Thomas Dewey, who was controlled by John Foster Dulles, whose personal characteristics were even worse than those of his brother Allen, claimed that

Roosevelt and the New Deal apparatus responsible for his economic proposals were communists. The British sent emissaries to check whether the situation were really as bad as they thought. That is, as good British oligarchical financiers, they wanted to debrief FDR on his plans to finance his projects.

At the Pacific War Council, in Washington, FDR said that he wanted to create low-interest credits for projects and programs, and wanted to work toward a coordinated plan to eliminate the interest-rate problem completely. He proposed that steps be taken by governments to bring this about: It was his conception of a Bretton Woods system. Lord Halifax, the British Ambassador to Washington, already made apoplectic with a plan to bring several million Chinese into underpopulated Australia, then sensed that something bigger was at stake. He questioned Roosevelt about how such a broad plan could be only for the Pacific. The President, he warned, was proposing major changes that would have a major impact on the rest of the financial world, including his own country, Britain. "So be it," Roosevelt replied soberly.

Then, Halifax asked what serious economic experts thought of such radical ideas. Roosevelt said politely that he welcomed the ideas of everyone, including the people at that table. He then continued, that "cooperative allies did not need to be, or need, experts to make their plans work." When Halifax silently expressed his dislike for such poor taste, Roosevelt added: "I realize that the experts would probably attack this proposition [about debt and interest] with enthusiasm, however, I have come to realize that nearly everything taught me in college by 'the experts' has been proven wrong!"

The Aftermath of FDR's Death

But Roosevelt, overworked and overtired, died of a massive cerebral hemorrhage on April 12, 1945. During his last days, he was working on a plan which he had preliminarily dubbed "Food for Peace," which involved the unleashing of American agriculture to feed the world, while deploying American technology to make hungry nations food self-sufficient. On the day he died, one Chicago banker sighed with relief: "Thank God, that's over." But the way the majority of the American population felt was expressed by a young soldier, who stood before the White House, repeating: "I felt as though I knew him."

Churchill did know that Roosevelt's health was deteriorating, through reports of his own personal physician. It is certainly the case that Churchill deliberately caused strain and helped to wear down Roosevelt by personally insisting on two summits in Canada during the height of the 1944 Presidential campaign, and though his delay of the proposed summit with Stalin until it required a difficult, 12,000 mile mid-winter trip to Yalta.

In any case, as soon as Roosevelt was buried, the British oligarchs and the Wall Street establishment did everything to throw out his plans and programs. The United Nations was soon taken over by a pack of British agents; Stalin's paranoia

was worked upon and the conditions for the Cold War established; Truman was induced to drop two atomic bombs on Japan, to scare any opponents of the new world order; the doctrine of Mutually Assured Destruction was imposed on fearful populations; and the British, French, Dutch, and Portuguese colonies were not freed. The British imperial flag rose again. The Marshall Plan was reduced to a scheme to reconstruct Western Europe as a buffer against Soviet Russia, and not extended to the nations of the South. Worst of all, the legend of a weak Roosevelt, who at Yalta had “sold Poland, Hungary, Romania, and China down the river, with no respect for the nation-states,” was spread by the British themselves, helped by the Harrimans and the Dulles brothers, when, in fact, it was Churchill who had cynically started a two-empires game with Stalin, to protect his own!

The Torch Is Passed

It is only today that we have a clear chance to reverse that disaster, and go back to what Roosevelt intended. It is the old idea of peace through mutual development, in Europe and on a world scale. It was first the attempt of Count Sergei Witte, Emil Rathenau, and Gabriel Hanotaux at the end of the nineteenth century, and second, that of Albert Thomas and Walther Rathenau at the end of World War I, the idea to mobilize the means of a dirigistic economy set up for war in order to secure postwar peace through great civilian projects. Third, it was Roosevelt, and now it is up to us to succeed at the point where those predecessors left history. Lyndon LaRouche is the man carrying the torch, with our strategy to make of the financial crash a lever and an eye-opener to go, politically, beyond our predecessors. It is, this time, the frontal and decisive fight against British imperial methods, with no compromise possible, inside and outside the United States.

For we western Europeans, in particular, it is a very precise challenge, whose meaning can only be understood if we go back to the Europe of 1945. Because it is then, that what was left of the Roosevelt drive came back to us, endowing us with a unique responsibility whose hour of truth is coming today. We had the chance, in particular we French and Germans, to receive the best of the inheritance, and our historical duty is to bring it back to the whole world, as a gift for its and our future. We French and Germans have not yet grasped a real understanding of what it means, so, if you have been moved by the fight that Roosevelt led until his death, you have to consider the key point I am going to make now.

If we managed to build our modern states from the rubble of World War II, it is thanks to the Rooseveltian drive; not because of the American protection against the Reds, but because of the ideas of the American System that were applied in the Europe of those dark days. It is here that the name of Jean Monnet reemerges, at the core of a crucial challenge.

Monnet and ‘Indicative Planning’ in France

Monnet was probably the only man who understood, in economic terms, that only Roosevelt’s ideas could save Eu-

rope, while men like Adenauer, Robert Schuman, De Gasperi, and de Gaulle were conscious of the need to create the political conditions for such dirigistic policies. It is the combination of these two things that saved us from chaos and collapse.

Monnet, as soon as he arrived in France, in 1944, stressed the need for “indicative planning,” to break with the routine, promote pioneering technologies, and create a national drive to achieve at the same time reconstruction, modernization, and an increase in the living standards of all. He conceived, following the Roosevelt model, a team of about 30 people to propel the French administration, and to organize a collective effort around modernization committees, composed of representatives of the administration, experts, employers, trade unionists, and executives, to muster all the forces of the nation around a “one.” He proposed to de Gaulle to take full responsibility for this Commissariat au Plan, on the condition that he be directly connected to the then-president of the Council, the head of the French executive. At the end of Monnet’s presentation, de Gaulle asked him: “You are certainly right. But do you really want to try?” Monnet answered: “I don’t know if I am going to succeed, but I am convinced that there is no other way.”

When de Gaulle left office, in January 1946, Monnet imposed his full powers on all the weak French politicians, and centralized the state economic policies around him. The three first French plans were a total success, and the basis of the French economy was reestablished. A key point, is that to finance the investments in the plan without discontinuity or inflation, a fund for national modernization and equipment was created, to which Monnet managed to give full responsibility for the management of the equivalent in francs of the Marshall Plan funds, as industrial leverage. In other words, the French authorities would get American basic products as grants or with long-term loans; they were re-sold inside France for francs, the equivalent of the dollar prices; and with those francs, the fund would lend to industrialists or invest in equipment for projects, with a leverage effect, a multiplier economic impact, anti-inflationary by its very nature. In other words, the fund was set up as a central reconstruction engine, collecting the repayments in francs and channeling them into further investment projects, in accordance with the needs of the nation as defined by the plan.

It was in France and Germany, through the French Fond National de Modernization et d’Équipement [National Fund for Modernization and Equipment] and the German Kreditanstalt für Wiederaufbau [Reconstruction Credit Bank], that the Marshall Plan funds played the role that Roosevelt would have wanted. Monnet’s comment was that, in Great Britain, the Marshall aid credits, instead of being used to restore or to modernize industry, as was the rule in France and in Germany, were used with the perspective to restore British financial power, according to the perverse system of foreign investments. The weakness and backwardness of British industry were caused by just that, and they kept accumulating over time.



French President Charles de Gaulle (left) with German Chancellor Konrad Adenauer, Bonn 1961.

In France, the concept of indicative planning, as conceived by Monnet and de Gaulle, was developed by a small team of people instructed to bypass the bureaucracy through the organized pressure of the trade unions and the employers' associations, the Roosevelt-Monnet method. Philippe Lamour, the creator of the *Compagnie du Bas-Rhône-Languedoc*, which modernized southeastern France, and then of the *Société du Canal de Provence*, the Corsican Somivac, and the *Société pour l'Aménagement des Coteaux de Gascogne*, all gigantic projects on the scale of the economy of France in those days, reports the following, according to Libert Bou:

"David Lilienthal [who had first headed the Tennessee Valley Authority for FDR] inspired us. Monnet had given me his book, *Adventurer in Planning*, to read, and I was enthusiastic. There had happened at the same time water management, agricultural development, land development, and the construction of the first atomic energy plant. When Lilienthal came to Paris, Monnet introduced me to him, and then told him: 'Please, tell this young man what you have done in Tennessee. Tennessee, it was no better than Auvergne! It was made up of badly kept, old farms, and now it is a land of plenty.' Lilienthal laid out the notion of land development—*aménagement du territoire*—and so we started to do it in France. In *Build for the People*, Lilienthal indeed specified that what was done in the United States could be done in Europe, in the Po and Rhône valleys, for example, or in Asia and Africa, in the Ganges and Nile valleys. It was a dynamic concept which completely changed my ideas on agricultural

investment. I could not convince anybody in the Agriculture Ministry, but we did it, because thank God it coincided with the Marshall Plan. It is then that the agricultural revolution started in Europe."⁶

It is therefore clear that it was with the American methods of the New Deal system, that Europe was salvaged from the rubble of World War II and the backwardness of most of its elites.

Even more interestingly, Monnet thought that if French industrialists were to proceed by the old methods, disaster would soon loom. So, he told his team: "Let's send them to the United States." And he had his friends organize the famous "productivity missions," through which hundreds of French industrialists came to America to learn how the Americans worked.

Let's hear Monnet's close collaborator, Jean Fourastié, comment: "The *missions de productivité* were Monnet's baby, and originally linked to the Marshall Plan. I organized them with Bob Silberman, sent to France by the U.S. Office of Labor. We put together 400 of such missions, assembling in the same boat industrialists, engineers, specialists and workers." (You have to understand that, in 1946 France, such an idea, with industrialists who had just cooperated with Nazi Germany, and workers who were, in great numbers, Communist affiliated, was in itself quite an undertaking.) "There was a unanimous judgment when they came back: They had been

6. op. cit., Libert Bou to Eric Roussel, Rungis, June 27, 1992.

given the recipe for a take-off.”

Here comes the most interesting part. Fourastié continues: “The idea was very well received, quickly and everywhere. We all noticed that there was something paradoxical that our European treatises on economic science would ignore the concepts of productivity and technological progress. Economic science, as it was taught in France—but the situation was the same in all Europe—ignored such notions.” Later, he commented, “We owe it to Monnet and America.”⁷

The European Coal and Steel Union

At that point, Monnet understood that both economically and politically, continental Europe could not do without an active and independent Germany. He was convinced of it when he met his British friend Edwin Plowden, who was to become the first president of the British Atomic Energy Authority, in 1954. Plowden, otherwise a very clever and well-informed man, exhibited an absolute lack of interest in European continental development. He was only concerned, deplored Monnet, with the value of the pound, the British Empire, and the “special relationship” with the United States. Monnet thus realized that nothing good could be done with Great Britain. Then he looked at the American leaders, and, comparing them to those of the Roosevelt times, concluded that not much could be accomplished with them either. Hence, his idea of a “federal Europe,” as a long-term political reference.

He was well aware that it is not through abstract schemes that you can change reality; therefore, he decided to start with a precise physical project, then the much-needed physical base for Europe: coal and steel production. He saw in it three things: the first step toward peace through development in Europe, the possibility of concretely integrating Germany as a full-fledged independent partner in European development, and, for France, the only grand design that would force the break with its economic backwardness and its catastrophic colonial delusions. Later, in 1956, his second step for the economic integration of Europe was also physical: It was the Euratom, the atomic energy production agency, and not the Common Market, which he only endorsed when there was no other choice. Europe, he would keep repeating, is “a federal power plus the peaceful use of nuclear energy.”

As soon as Monnet had the idea of a European Coal and Steel Agency, with a Franco-German core but open to all European countries wishing to join, he started testing it with his close network of friends. On the basis of such discussions, he wrote a short and precise note for then-president of the French Council of Ministers Georges Bidault. Let me quote its main points: “The accumulated obstacles prevent the immediate realization of this close association of the peoples of Europe that the French government considers as its goal. The

way to overcome such obstacles is to immediately engage the action on a limited but decisive point: The joint production of coal and steel would immediately ensure the creation of a common basis for economic development, a first step toward European federation, and would change the destiny of those regions of the world, for so long involved in the production of weapons of which they have been most often the main victims. . . . In opposition to an international cartel which has the tendency to share and exploit national markets for restrictive practices and to maintain high profits, our planned organization would secure the fusion of the markets, the expansion of production, and the adjustment from above of the living standards of the workers.”⁸

Bidault was not enthusiastic, but fortunately, Foreign Affairs Minister Robert Schuman’s right-hand man, Bernard Clappier, gave the Monnet note to his minister. Schuman, on April 29, 1950, was going for a weekend to his house in Lorraine. He used all his time there to read and reflect upon the paper, and when he came back to the Gare de l’Est train station in Paris, he told Clappier (he was not a great speaker): “Well, I have read the Monnet paper; it is a revolution. My answer is yes.”

Monnet was in a hurry, because there was a Franco-British meeting in London scheduled for May 10, to discuss an American project on dismantling of the Ruhr Authority. Monnet knew that he had to take the Anglo-Americans by surprise. As soon as Clappier informed him of Schuman’s support, he rushed to meet his friend Alexandre Parodi, General Secretary of the Foreign Affairs Ministry, to tell him not to inform his administration, because “to succeed, we had to leave aside all the ambassadors and the usual diplomatic impediments.” Schuman then sent a messenger to their friend Konrad Adenauer, caught during a cabinet meeting on May 9, which the French envoy asked to interrupt. Adenauer, not very happy about it, was overwhelmed with joy when he learned what all this was about. “It was exactly my conception of harmonizing the key European industries, and I sent my full approval to Schuman.”

Two steps remained to be taken: First, to convince the French government to approve it, also on May 9, and to announce the project in the afternoon, through a Schuman declaration at the Foreign Ministry, the Quai d’Orsay, in the presence of Monnet and his team! The press and the ambassadors fell off their chairs in surprise. The second step was to neutralize Dean Acheson, the American Secretary of State, who had the bad idea to stop over in Paris before going to London. Monnet masterfully did the job, and “the limited imagination of my friend Acheson,” writes Monnet, may have prevented him from seeing all the implications of the project.

On May 10, in London, British Foreign Secretary Ernest Bevin had a fit of rage: “Britain has been humiliated! This is the policy of *le fait accompli*. We can’t accept that.” French

7. Testimonial of Jean Fourastié, Jean Monnet Fund, Lausanne, Switzerland.

8. op. cit., Jean Monnet letter to Georges Bidault, April 28, 1950.

Ambassador to London René Massigli supported Bevin, and Schuman presented his deep apologies, but modestly tilting his head, he added: “But it is now done.”

Monnet was not at all surprised. Lord Plowden comments: “Since my conversation with him in the Spring of 1949, Jean Monnet, I believe, had renounced the idea of building Europe with Great Britain.”⁹

Our Task Today

Now let’s come back to Europe at the end of May 2000. We have a clear task. And our standards are the Schuman-Monnet-Adenauer initiative of 1950, together with the Franco-German friendship treaty of 1963, the de Gaulle-Adenauer treaty. Well, the formalistic bureaucrats would say, “But Mr. Cheminade, you are putting together two things that can’t be: on one side, Monnet’s federal conceptions—which German Foreign Minister Joschka Fischer claims to reflect—and on the other side, de Gaulle’s absolute attachment to national sovereignty. These do not work together.” Well, I am happy to say, they do. Not in a formal way, but as a matter of content.

This is the lesson of Roosevelt. Put the content first: to win the sacred cause of the nation-state means first to defeat the British imperial methods, and their Anglo-American upsurge. This can only be done through associations on the basis of common principles and common causes, with a precise backing of great projects, to shift the economic conditions and change the thinking of the peoples. For such great projects, if they exist, and as they proceed, delegations of sovereignty to a higher authority are possible, not to stifle or crush the nation-state, but, on the contrary, to give it a higher purpose. No institutions built on quicksand, out of ideological prejudices, but coming into being out of a common purpose, common actions on the physical reality. Physical economy first!

In that sense, Monnet and de Gaulle worked, at the crucial moments, in the same direction, and, in a way, Adenauer and Roosevelt were their common denominators. In Germany, it is the track of Friedrich List, and in France that of Carnot. The key point here, is that both French and German original contributions first created the American System, and that after World War II, thanks to Roosevelt, such ideas came back to Europe to inspire the German system of “Rhineland industrialism,” and the French “indicative planning.” What I presented to you today, is the irrefutable evidence of this.

Ah, but this is not an abstract matter, food for bureaucrats, historians, or a passive audience. It is history, here and now. It gives us—Frenchmen, Germans, and continental Europeans—a special responsibility toward ourselves, the United States, and the world. We have to pick up the torch that our leaders have left lying on the ground, and build Europe in the only way it could be meaningful, with a great design for itself,

9. op. cit., Lord Plowden to Eric Roussell.

and beyond itself. This means the spirit of Monnet, Adenauer, Schuman, and de Gaulle, of De Gasperi and Mattei, of which the New Bretton Woods and the Eurasian Land-Bridge are the expressions. They belong not to Europe or to the United States, but to our common future as an alliance of sovereign nation-states, as living gifts for our future, enriched by our common contributions.

Retrospectively, we can say this or that, and grumble about such-and-such shortcomings. Maybe Roosevelt didn’t have the best understanding of German and French history, and he certainly should have kicked his Treasury Secretary Henry Morgenthau in the ass, for his insane plans to destroy Germany forever and to turn France into pastureland. Maybe Monnet was too much of an Anglo-Saxon, and his federalism was not compatible with the nation-state principle, at least in the long run. Maybe de Gaulle, in 1945, still had his own imperial delusions, and his dreams of l’Union Française were dangerous, as proven by the Setif massacres of May 8, 1948, by the colonial French troops in Algeria.

But, the real problem comes, when our grumbings prevent us from acting today. Because we have no excuse, if we look at it from the standpoint of the future, and not of the past. A leadership cadre has been developed around our movement, around the ideas of LaRouche and his co-thinkers, and we have developed, or should have developed, a mastery of the questions of human cognition that our predecessors had not. All our conference has been about that. Now you are in a condition to compare, and you have nothing left to hide. We know better who we are.

Therefore, as for us Europeans, we have an additional duty. It is to revive and bring back to the United States what is left in our hands of the treasure that was sent to us from America in the postwar reconstruction. This means to support LaRouche, and, yes, to intervene in that sense in American domestic affairs, through the support of the only present-day representative of the historical American System, our American System.

Let me end with two quotes, one from Franklin Delano Roosevelt, the other from Robert Schuman. Not two of these nice quotes which make you look literate, but of the type that are aimed at changing the meaning of one’s life, and which are both of absolute relevance to our present identity as patriots and world citizens.

Roosevelt, at the Democratic Convention of 1936: “To some generations much is given. Of other generations, much is expected. This generation of Americans has a rendezvous with destiny.”

Schuman: “What we do is not only done for our nations, we do it while looking far beyond our borders, thinking of what all humanity expects from us.”

Indeed, we have today a rendezvous with destiny. Our predecessors are looking upon us, and humanity expects us to move, always beyond the borders of our cognition, always thinking and doing more, to win the decisive battle and defeat the oligarchical principle once and for all.

Desperate London, Wall Street Plan Next Stage in Peru Assault

by Cynthia R. Rush

Those London and Wall Street interests which want Peruvian President Alberto Fujimori out of power, to move forward with their strategy to make Peru a “narco-republic,” are in trouble. They had wanted to come away from the June 4-6 meeting of the General Assembly of the Organization of American States (OAS), held in Windsor, Ontario, with a continental mandate for invoking the OAS’s “democracy clause”—Resolution 1080—which would have authorized collective action against the Peruvian government on grounds that it had overturned the “democratic order” in the May 28 elections.

The charge was that the elections by which Fujimori won a third term in office were “invalid,” and the equivalent of a “coup” against “the rule of law.” Madeleine Albright’s State Department, in league with the British Crown colony of Canada, intended to impose sanctions and isolate Peru, and thus force Fujimori to back down from his defense of national sovereignty, and agree to leave office or call new elections that might place stooge Alejandro Toledo, in power. Most of the advisers surrounding Toledo advocate drug legalization.

But things didn’t go as planned. Four days before the Windsor summit began, during the special session of the OAS’s Permanent Council held on May 31 in Washington, D.C., Ibero-American governments stated firmly that they wanted no part of collective action against Peru. Foreign minister after foreign minister stood up to say that Peru’s elections are an issue of national sovereignty, and cannot justify foreign intervention. As Uruguay’s Foreign Minister Didier Operti succinctly put it, “There is no norm which empowers the international community to annul a national election.”

Even more categorical were the remarks of Brazilian President Fernando Henrique Cardoso, who, speaking June 2 from Berlin where he was attending a conference, stated that “there was no coup” in Peru. “There was an election . . . a President

was elected.” Cardoso made these statements after consulting with Argentine President Fernando de la Rúa and Chilean President Ricardo Lagos, who were attending the same conference.

Such was the environment going into Windsor. This rebellion among Ibero-American nations forced the United States and Canada to shift gears. Instead of the “democracy clause,” Canadian Foreign Minister Lloyd Axworthy, president of this year’s OAS General Assembly, came up with a resolution that would send an OAS mission, consisting of himself and Secretary General César Gaviria, to Peru for the purpose of “exploring, with the government of Peru and other sectors of the political community, options and recommendations aimed at further strengthening democracy in that country.”

As Lyndon LaRouche explained in his latest interview with the Peruvian magazine *Gente* (see p. 58), this mission is nothing but “a strategic operation” by the U.S. and British governments—the latter represented by Canada—“to try to break Peru, because Peru is key to Mexico and Brazil. . . . This is a test of will, as to whether they can use this to break Peru’s will. The next target, of course, . . . will be Mexico and Brazil.” The mission will travel to Lima before Fujimori’s inauguration on July 28—which it will try to prevent—and report back to OAS foreign ministers in Washington.

Debate on the Canadian resolution was lengthy and acrimonious. The Peruvian delegation, led by Foreign Minister Fernando de Trazegnies, rejected the resolution’s wording, and, firmly backed by Mexico, attacked “the pernicious environment whose clear intention is to promote a new election in which candidate Fujimori would not participate.” But the United States and Canada, with support from Costa Rica and Argentina, and a few others, managed to ram through the resolution, with only minor changes.

As Lyndon LaRouche told *Gente*, “the fight is on,” and

“it’s a very serious fight.” No one should underestimate London’s and Wall Street’s intention of smashing Peru, or the other nations which defended its sovereignty. However, these international financial interests are in a real, and dangerous, predicament.

What To Do Next?

What they’ve tried so far has failed. An international oligarchy hysterical over the crumbling of the world financial system, could drive forward in its offensive against Peru; but to do so risks causing a backlash far greater than anything seen in the debate of recent weeks. It could lead governments to seriously consider the policy initiatives proposed by Lyndon LaRouche, for the creation of a New Bretton Woods System, committed to protecting and developing sovereign nation-states. That potential is seen in the fact that some Peruvian patriots have chosen to play “the LaRouche card” in the current crisis, granting the U.S. Presidential pre-candidate prominent coverage in both the printed and electronic media. The George Soros-run drug lobby had to dredge up such lowlife as narco-terrorist sympathizer Gustavo Gorriti to smear LaRouche with the worn slanders of “neo-Nazi conspiracy theorist” in an attempt to discredit him (see accompanying article).

Will the financial oligarchs go out on a limb to try to overthrow the Peruvian President?

The election at Windsor of Luigi Einaudi as the OAS’s Deputy Secretary General is a sign of what London and Wall Street plan for the next stage of the fight. Brought into the State Department in the early 1970s by Henry Kissinger, “Peru specialist” Einaudi—he has spent three decades profiling Peru’s key institutions, especially its Armed Forces—is the embodiment of the enemy Lyndon LaRouche has been battling for thirty years. Like Kissinger, he is a rabid Malthusian, who rants against “population overflow” and the “appalling destructive power” of protectionism (otherwise known as the American System of political economy, in opposition to British free trade).

A longtime *éminence grise* of State Department policy for the Americas, Einaudi has been the driving force behind the proposal to transform the OAS into a regional instrument for supranational government, something he fought for while serving as President George Bush’s Ambassador to the OAS. Removed by the Clinton Administration in 1993, Einaudi returned to the State Department, where he has remained until now.

From his new post at the OAS, and with co-thinker Arturo Valenzuela serving as U.S. National Security Director for Inter-American Affairs, Einaudi will now try to push acceptance of his “preventive diplomacy” initiative, which is intimately linked to the Peruvian situation. This insane concept would allow OAS action against nations which *might*, at some future point, pose a threat to “the rule of law” or the global world order (see “Behind the War on Peru: Wall Street’s Drive for Limited Sovereignty,” *EIR*, June 9, 2000).

Narco Twins

Any doubts about the purpose of the OAS mission to Peru are dispelled by examining the pedigrees of the Gaviria-Axworthy duo that is preparing to lecture President Fujimori on “democracy.” Someone forgot to add the “narco” to “democracy.”

Who are these guys kidding? This mission is intended only to advance London’s and Wall Street’s agenda for turning the entire Andean region into several squabbling narco-republics—legalizing drugs, handing Colombia over to the FARC narco-terrorists, and overthrowing the one President who defeated narco-terrorism, Alberto Fujimori.

Gaviria and Axworthy are two of the most notorious proponents in the hemisphere, of negotiating a strategic deal with drug-runners and narco-terrorists. As President of Colombia from 1990 to 1994, Gaviria handed his country over to the drug cartels. He oversaw the rewriting of the Colombian Constitution, by a Constituent Assembly whose members had been openly bought and paid for by the drug cartels. Gaviria had been given videotaped documentation of Medellín Cartel agents paying off Assembly members, and he chose to do nothing.

As for Axworthy, three elements of Canadian policy reveal his relationship to the drug trade and narco-terrorists:

1. When the narco-terrorists of the Tupac Amaru Revolutionary Movement (MRTA) took over the Japanese Embassy residence in Lima in December 1996, it was Axworthy who flew to Lima to personally threaten Fujimori to capitulate and make a deal with these murderers.

2. Axworthy’s Foreign Ministry appears to have a long-standing special arrangement with Colombia’s FARC, when it comes to paying ransom. When 12 Canadians were kidnapped by terrorists in Ecuador in September 1999, Canada’s Secretary of State for Latin America, David Kilgour, then on tour in the region, told reporters that the “best hope is that they have been taken by the FARC.” Why? The “chances of getting them out are excellent,” he explained, because “we have a 1,000% batting average” in ransoming Canadians kidnapped by the FARC!

3. Drug legalization is part of Axworthy’s so-called “human security agenda,” which was a key agenda item at the Windsor meeting. The key role here is played by the Canadian Foundation for the Americas (FOCAL), an agency funded almost entirely by the Canadian government. In 1997, FOCAL called for governments to get out of the business of stopping drugs, and into that of assuring that addicts and other drug users get “the highest quality product possible”! FOCAL’s report, *Hemispheric Addiction: Canada and Drug Trafficking in the Americas*, argued that the time has come for “the legalization of the drug trade . . . to transform the drug problem from a moral issue, to a strictly medical question.” The same FOCAL report defended “narco-guerrillas” as “motivated by political convictions. . . . They want to overthrow the system in place; their aspiration generally is to redistribute the state revenues more equitably.”

LaRouche Urges Peru: ‘Take a Firm Position and Stick It Out’

U.S. Democratic Presidential pre-candidate Lyndon LaRouche granted the following telephone interview on June 6 to Gente magazine, Peru’s second-largest circulation weekly, which was published in a slightly edited form in their June 8 issue under the headline “Lyndon LaRouche Warns of a Major Financial Crisis in the U.S., and Asserts that ‘Assassinations Are Not Impossible.’” The interview was accompanied by a box reporting that the Bank for International Settlements’ warning of an imminent financial crisis (see Economics section in this issue) was being “suspiciously” blacked out by the United States media, “mocking freedom of expression.” Gente preceded the interview with the following introductory note.

According to the Democratic Party Presidential candidate [LaRouche], “there are people in Washington who feel a real hatred toward President [Alberto] Fujimori, and want to destroy him. These people are mad right now, and the worst is that they are unpredictable.” The recent nomination of U.S. diplomat Luigi Einaudi as Assistant Secretary General to the OAS [Organization of American States] is sort of like putting “the fox to guard the hen house,” keeping in mind the serious accusations made against him by dissident Democratic Party leader Lyndon LaRouche, in our previous edition No. 1327. [See *EIR*, June 9, p. 34]. There, he said that Einaudi is “a new mercenary to attack Peru again,” and points out that “we can detect the work of Einaudi against Peru before [OAS electoral observer mission chief] Ambassador [Eduardo] Stein even got out of diapers.” LaRouche reminds us that Kissinger “ran—together with people like Einaudi—the Pinochet coup in Chile. And Luigi Einaudi was, of course, the key man behind the so-called Second War of the Pacific scenario, in which they were trying to destroy Peru earlier.” Now, he warns that the international lobbies are trying to prevent the release inside the United States, of news of their eventual collapse in a financial crash of enormous proportions and terrible consequences that will also affect Peru, a country which has prepared itself these past ten years to survive these attacks.” On Fujimori, he said that “there are people in Washington, including Mrs. [U.S. Secretary of State Madeleine] Albright, who would try to push this as far as they can. Assassinations cannot be ruled out,” he said angrily. At the same time, he indicated that the Clinton government is very upset with his policy orientation toward Peru. Referring to the press

adviser to [Alejandro Toledo’s organization] Peru Posible, Gustavo Gorriti, who, in a program on *El Comercio*’s television channel, called LaRouche a paranoid and a neo-fascist, LaRouche said, “These fellows are cheaply bought, and they run around all over the world.”

Q: Mr. LaRouche, our first question has to do with this news we have just received from the OAS, that they have decided to send a mission here to Peru. We would like to know what the truth behind this decision is? What does this mean?

LaRouche: Well, when you’ve got this Toledo situation, you have to recognize what’s behind it. Toledo is a trainee of [University of Chicago professor Arnold] Harberger, who is the actual key figure in the Pinochet coup some years back under Kissinger. So you’re not dealing with the problem of Toledo, but who is behind Toledo. And you’re dealing at the moment with, principally, the U.S. and British governments. And the British government, of course, is represented through Canada. And what is involved is a strategic operation to try to break Peru, because Peru is key to Mexico and Brazil. And remember that Kissinger is also involved in this.

At this point, Kissinger has the backing of a group around the President of the United States, which is the strength behind the current deployments of Mrs. Albright. So, this is a test of will, as to whether they can use this to break Peru’s will. The next target, of course, if Peru is broken, will be Mexico and Brazil. This is a worse situation, in some respects, than when Kissinger ran—together with people like Einaudi—the Pinochet coup in Chile. And Luigi Einaudi was, of course, the key man behind the so-called Second War of the Pacific scenario, in which they were trying to destroy Peru earlier.

The only way in which this thing could have gone through at Windsor, with the OAS, was with tremendous pressure from the U.S. government and from Canada. So, I would say the fight is on. It’s a very serious fight.

Q: We understand that it’s not only against Brazil and Mexico, but also against the Venezuelan government.

LaRouche: Yes, everything, but especially, they want to crack Brazil and Mexico. Those are the two chief targets.

Q: Do you believe, then, that they are going to achieve this objective? What is their thinking?

LaRouche: Well, it’s dangerous, but it’s also complicated.



Peruvian President Alberto Fujimori. LaRouche told Gente, with respect to the assault against Fujimori, "there are people in Washington, including Mrs. Albright, who would try to push this as far as they can. Assassinations cannot be ruled out."

I don't know what you've got in terms of the news there in Peru today, but the Bank for International Settlements [BIS] has published a study, which contains a forecast, which is an accurate one. It essentially says that the United States is going to go under in a major financial crash. There will not be a soft landing for the United States. And, while there should be no illusions about the Bush crowd—the Bush crowd is as dangerous as the crowd around Al Gore, the Vice-President of the United States—nonetheless, presently, Al Gore is absolutely hysterical, because it's apparent to people in the government that he is not electable. And the President of the United States has made a great commitment to the Gore candidacy, which I think is foolish. And although I'm somewhat friendly to the Clinton Administration, I'm even getting a certain amount of hysteria against me because of this. And they're very unhappy with my policy on Peru, among other things.

So, I think there is no simple strategic assessment of the situation. It's a very serious situation. The United States is likely to make some great mistakes at this point—the present government. My estimation is that Peru will survive this situation. I think there will be a great effort to cause it to capitulate, but I also think, that with the financial crisis coming on rapidly—

Let me interpolate something here. Look, the report of the BIS forecast is all over Europe. But so far, not a single leading news agency in the United States has reported on the existence of that BIS report. The only condition under which that report would have been suppressed, is an absolutely hysterical pressure on the part of the United States government to get every

news agency to suppress—for the time being—the existence of that report. But I know that the break-up of the system is inevitable, it's coming on rapidly. And one would hope that in the process of conducting this fight to defend the integrity of Peru, that they will come to their senses in Washington. But in the meantime, they will tend to be very hysterical and very threatening. So, it's a tough situation, as I think the people in Peru sense, but the point is that Peru has no choice, because if it capitulates, it goes down, it will be dissolved, it will be broken as a nation.

I would say that one should look at that from the standpoint that that is the nature of this period of history—that is the kind of world we are living in. We will have to see how the United States reacts to, what is probably very soon, a financial collapse of the dollar. Beyond that, I can't say definitely what I think is going to happen. I know how these people will react. What will happen, I'm not sure of, but I know how they'll react to this kind of situation.

Q: I would like to ask you, if it is possible to obtain a copy of this report you're referring to, the one that they are covering up in the United States, as we would like to publish this in our publication.

LaRouche: Okay, fine. What we are doing is, we are studying this report, that they've got here in Europe, and we'll be issuing today, from our Wiesbaden office in Europe, our preliminary news report about the fact of the BIS report. And I'm sure that a copy of the report that we will issue, should reach you sometime today.

We will be doing a follow-on study of that report, and we

can transmit that to you as soon as we have it done. So that should be coming to you right away, and as we get our job done, we'll get copies to you. Because of the time of day, we'll relay it from the Leesburg [Virginia] office, because they will have the up-to-date reports that we'll be making over the course of the day. But, we can get you some preliminary information immediately. That's already in process.

Q: I'd like to ask you about Mr. Gustavo Gorriti, a Peruvian journalist who has been hired by Peru Posible as a sort of official press spokesman. He was interviewed recently by Channel 8 and Channel N in Lima, which belong to the chain that owns the newspaper *El Comercio*, and during that interview, he was asked about [*EIR* Ibero-American editor] Dennis Small and about Lyndon LaRouche. During that interview, he called you a neo-fascist and a paranoid.

LaRouche: Well, he's probably jealous. He probably thinks that if I'm a fascist, I might compete with him. Before you treat him seriously, you have to laugh first, so you don't get upset and treat him too seriously. These fellows are cheaply bought, and they run around all over the world. I don't pay too much attention to them.

Q: We don't know much about him, so we'd like to ask you a few things. We understand that, first of all, he escaped so-called "political persecution" here in Peru, and then he fled to Panama, where we understand he also had some problems. We want to know if you have something to say about this.

LaRouche: We know the Panama end of this thing that he was tied to. He is a dirty operation. Our knowledge of him goes to the George Bush/Iran-Contra drug-running operation. He was tied to that politically.

Look, Bush got into a quarrel with [Gen. Manuel] Noriega of Panama, and some of Noriega's special forces were used as part of the aid to the Contras in Nicaragua. Then, Bush sacrificed those Panamanian troops, and made some demands on Noriega which Noriega refused. And when you know Bush the way I know him, from a great deal of experience, he's the kind of person who will kill someone he doesn't like. As a matter of fact, most of the things that happened to Noriega in that connection, were a result of Bush's personal animosity against him. Once Bush had the U.S. military under his control, he launched a war against Panama, and tried to kill Noriega. That's the kind of person he is.

Since I'm in Europe at the moment, I don't have access to all of my old files on that, but I'm sure that [*EIR* correspondents] Carlos Wesley or Gretchen Small can get you the dossier we have on Gorriti. For me, he's a collateral part of that operation. We know a lot about it, but I don't have the details at hand. We can get to you what we have on this. The general point is that Bush was working with one of the Colombian cartels, and the Bush people got drugs from one of the cartels, and Bush would have been in trouble if he had not been exonerated by the President of the United States. So, this is just

more of the reason why Bush happens to hate Noriega. We have the facts on that, but I don't have them at hand here. [See box below.]

Q: I have a question about Toledo, and also [Toledo adviser Diego] García Sayan. According to the information we have here, both Toledo and García Sayan are connected to international drug-trafficking networks. In this regard, what would be the connection of Mr. Gustavo Gorriti?

LaRouche: Look, the problem here is that you've got people who work as part of a political network. They may be working for drug people. Whether they themselves are personally involved in drugs, may be another question. It's like the case of George Soros. Soros is very openly a supporter of the international drug trade. And it's impossible that he is not involved in some laundered drug money, through his large-scale operation. But as to whether George is actually taking drug money personally, I don't know.

From my standpoint, when somebody is involved in those networks, and they know what goes on in finance, they know they're involved as an ally of the drug pushers, and, as far as I am concerned, they're morally the same as drug pushers.

But, in my position, I'm very careful about making those distinctions, so that nobody exaggerates what I'm saying.

The Science of Christian Economy

And other prison writings by Lyndon H. LaRouche, Jr.

Includes *In Defense of Common Sense*, *Project A*, and *The Science of Christian Economy*

three ground-breaking essays written by LaRouche after he became a political prisoner of the Bush administration on Jan. 27, 1989.

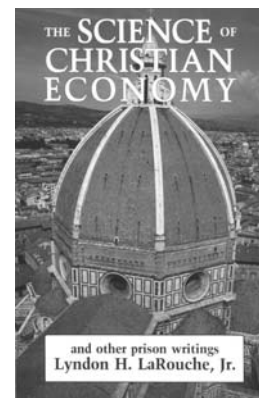
Order from:

Ben Franklin Booksellers, Inc.

P.O. Box 1707 Leesburg, VA 20177

Toll free (800) 453-4108 (703) 777-3661 fax (703) 777-3661

Shipping and handling: Add \$4 for the first book and \$.50 for each additional book in the order. Virginia residents add 4.5% sales tax. We accept MasterCard, Visa, American Express, and Discover.



\$15

Q: Finally, regarding the case of Peru. What do you think we can expect vis-à-vis this OAS resolution to intervene in Peru?

LaRouche: There are people in Washington, including the people tied to Mrs. Albright, who would try to push this as far as they can. They would actually—I mean, assassinations are not impossible in a situation like this. Knowing the state of mind of these people, as I know it, they are in a state of real hatred against President Fujimori. And they are out to destroy him.

My appreciation of Mr. Fujimori is that he is a courageous person, more courageous than many other people who have had to deal with these fellows. He seems to be highly respected by his countrymen, which is all very good in this situation. But, as someone who is experienced with this kind of thing, I would say to be prepared for tough times ahead. I'm optimistic about the situation, but it's not going to be easy for the moment. These fellows are in a very mad fit, and are somewhat unpredictable.

Q: Are you saying, then, that the life of President Fujimori is directly in danger, as of now?

LaRouche: Well, I don't know. What I do know is the temperament of these people. They have been my opponents for a long time, and I think I probably understand them about as well as anyone. I certainly would not take any chances with the life of Mr. Fujimori. But I do know the mental state of Al Gore and the people around him. I also know the mental state of the Prime Minister of Great Britain, which is also dangerous. Mr. Blair is in a rather desperate political situation at the moment, and Blair is a very close ally of Mr. Gore. So, anyone who is tied to Gore and Blair, I would say they're very dangerous. But I think that Peruvian security officials and the President of Peru are sane, very capable people, and I think if anyone has the chance of surviving, they are the kind of people who would tend to survive a situation like this.

Remember, that when President Fujimori dealt with the Japanese Embassy incident, and also cleaned up some of the other terrorist problems in Peru, he made a serious enemy of those in Canada and elsewhere, who want him to capitulate. So, their hatred is partly opportunistic, because Peru is very important for all of the Americas right now. And for this pro-drug crowd around George Soros and the Inter-American Dialogue—these guys are all pro-drugs—and for Al Gore and for Madeleine Albright, there's a very special hatred against the government of Peru right now. I think that, under better circumstances, President Clinton would be, shall we say, much more reasonable. But at the moment, I think that the [U.S.] President is in a bad mode.

In the meantime, I think that the onrushing international financial crisis is going to produce some very quick and fundamental changes in global politics. And I think that, in a time like this, one must take a good strong position, do the right thing, have firm nerves, and stick it out. That's my view.

The 'Iran-Contra' Crew behind Gustavo Gorriti

by Carlos Wesley

Gustavo Gorriti Ellenbogen, a Peruvian national, is a member of the political apparatus that gained notoriety in the mid-1980s as George Bush's "Iran-Contra" arms-for-drugs trafficking operation.

It is through this apparatus that Gorriti is linked to former U.S. Assistant Secretary of State Elliott Abrams, and his successor Bernard Aronson; with Samuel P. Huntington and Luigi Einaudi, the intellectual authors of a plan to do away with the institutions of the nation-state; with Panamanian banker Roberto "Bobby" Eisenmann, implicated in various drug money-laundering operations; and with others who, like Gorriti, are openly dedicated to the defense of such narco-terrorist groups as Shining Path, the MRTA, and the FARC.

1. *The Soros connection:* Gorriti serves today as a press spokesman for the defeated Peruvian Presidential candidate Alejandro Toledo. Like Toledo's top adviser Diego García Sayán, Gorriti is tied to George Soros, the billionaire speculator who leads the drug legalization apparatus globally.

Gorriti is one of only 21 members from the Americas, of an organization called the International Consortium of Investigative Journalists (ICIJ), headquartered at the Center for Public Integrity in Washington, D.C. The ICIJ is financed by George Soros's Open Society Institute, along with the Carnegie Corporation, Ford Foundation, and Rockefeller Financial Services.

In addition to Gorriti, other Ibero-American members of the ICIJ include Peru's Angel Páez and Fernando Rospigliosi, Colombia's María Jimena Duzán Sáenz, and Brazil's Amaury Ribeiro Jr. (who most recently consulted the FARC's Raul Reyes as his reliable "source" for a campaign against the Brazilian Army for supposed "human rights violations"), and Argentina's Horacio Verbitsky, who ran intelligence for the terrorist Montoneros in the 1970s.

2. *The connection with money launderer Roberto Eisenmann:* Until he joined Toledo's campaign, Gustavo Gorriti was assistant director of the Panamanian newspaper *La Prensa*, owned by his old friend and collaborator Roberto "Bobby" Eisenmann. Gorriti's relationship with Eisenmann goes back to at least the mid-1980s, when both were students at Harvard University. Eisenmann was at Harvard on a Neimann Foundation scholarship to study journalism, and Gor-

riti was there, thanks to a scholarship from the Guggenheim Foundation, to write a book about Shining Path.

It is during that period that Eisenmann dictated articles to Gorriti attacking Panamanian Gen. Manuel Noriega (whom George Bush wanted to get rid of), the which Gorriti then published in the Peruvian magazine *Caretas*. The same articles were then published in Eisenmann's *La Prensa*, citing *Caretas* as the source. With this "laundering" maneuver, they were able to evade Panama's strict laws against libel and slander.

Dadeland Bank

It was during this time frame, that a scandal broke over drug money laundering at the Dadeland Bank, a Florida bank co-owned by Eisenmann. As *EIR* documented in its 1986 *Special Report, Who is Trying to Destabilize Panama, and Why?*, Dadeland Bank's ties with the drug-trafficking ring of Antonio Fernández came to light during the 1986 trial of the Fernández gang in U.S. Federal court. Fernández not only laundered his drug money through Dadeland, but was a stockholder in the bank! In effect, he was Eisenmann's partner.

The Fernández smuggling operation, which introduced more than 700 kilos of marijuana into the United States between 1977 and 1984, was aided by Winston Robles, then-director of Eisenmann's *La Prensa*.

Other relatives of Robles were also implicated in the operation, including his brother Iván, who also worked for Eisenmann at Dadeland Bank, his sister Alma Robles de Samos, and his brother-in-law Stephen Samos.

Samos, still another stockholder of Eisenmann's Dadeland Bank, was a key member of Bush's Iran-Contra team. Samos, whose specialty was setting up shell companies—his own company, Interseco, created and sold more than 2,000 such shell companies—established various companies used by Elliott Abrams's Iran-Contra operations.

When what Eisenmann himself dubbed "the Samos affair" was exposed, Eisenmann wrote an article defending "my friend" Iván Robles and his brother Winston, *La Prensa's* director, whom he described as a man of "inflexible integrity." Similarly, Eisenmann praised his own former partner, in an interview with the *Wall Street Journal*, saying that his former partner, money launderer Samos, was a "highly successful" man.

The "Samos affair" was by no means the only money-laundering case in which Eisenmann's name has come up. Eisenmann was also director of Panama's Banco Continental when the Rodríguez Orejuela brothers—top honchos of Colombia's Cali cocaine cartel—used it to launder some \$40 million, which was uncovered in 1985.

Today, Eisenmann is president of the Panamanian branch of Transparency International, the non-governmental organization created by the World Bank, with the direct participation of Great Britain's Prince Philip. Transparency International—which has used Elliott Abrams as one of its agents

in the Americas—has become one of the main instruments deployed to destroy national sovereignty around the world, under the fig-leaf pretext of "fighting against corruption."

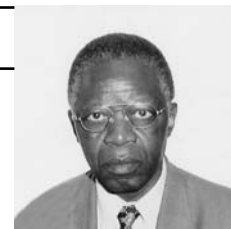
3. *The Shining Path connection*: Gorriti revealed his own loyalties, in his 1990s book, *History of the Shining Path*, which is a de facto apology for Shining Path, blaming the Peruvian military for the existence of the terrorist insurgency. In the book's preface, Gorriti expresses his gratitude to his tutor when he studied in the United States: Samuel P. Huntington. Huntington is one of the main strategists of the Trilateral Commission, which put Jimmy Carter into the U.S. Presidency in 1977, and which placed various of its members in Carter's cabinet. An advocate of what the Trilateralists called "fascism with a democratic face," Huntington is a leading theoretician of the takedown of national militaries (a thesis which Gorriti shares), as he outlined in his call to "abolish the military," in his 1993 book, *The Third Wave: Democratization in the Late Twentieth Century*.

For help in writing his own book, Gorriti turned to former State Department official David Scott Palmer, another open apologist for Shining Path, who had gained first-hand knowledge of that terrorist movement when he worked at Peru's University of Huamanga at the same time as Shining Path leader Abimael Guzmán was organizing the terrorist movement there in the 1960s.

A Source of Disinformation

Gorriti's disinformation on Shining Path was used in the early 1990s by the U.S. State Department, as another justification for its attacks and embargos against the Peruvian government and military. In September 1992, when the U.S. House of Representatives Foreign Relations Committee, presided over by Robert Torricelli (D-N.J.)—at that time, the boyfriend of the same Bianca Jagger who this year was back in Peru trumpeting that the conditions for a "free electoral process" did not exist—held hearings on Shining Path, one of its main witnesses was Gorriti, who called for the Fujimori government to be isolated internationally, at precisely the moment that it was facing a major offensive by Shining Path.

In April 1992, when President Alberto Fujimori decreed the emergency measures which led to the defeat of Shining Path, government security forces jailed Gorriti on charges of espionage. He was released thanks to the personal intervention of then-Assistant Secretary of State for Inter-American Affairs Bernard Aronson, at which point he fled the country to take refuge at Miami University's North-South Center, a key think-tank for U.S. policy toward Ibero-America, run by former U.S. Ambassador to Panama Ambler Moss, a member of the Inter-American Dialogue, one of the organizations of "notables" which, since the mid-1980s, has promoted the legalization of drugs. Gorriti remained at the North-South Center, until he went to Panama to work for Eisenmann.



Zimbabwe Acts To Resolve the Issue of Land Ownership

Dr. Mubako is the Zimbabwe Ambassador to the United States. He was interviewed by Lawrence Freeman on May 27. (The references to “whites” refers to the British and Rhodesians who occupied Zimbabwe for 90 years.)

EIR: Mr. Ambassador, there have been all kinds of attacks in the British press, against Zimbabwe President Robert Mugabe, and discussion about whether there should be an election in June. Before we get to that, could you tell our readers a little about the history of Zimbabwe? Most people may not know that Zimbabwe did not become independent until 1980, a mere 20 years ago, after almost a century of British colonial rule. So, if you could tell us a little bit about how Zimbabwe became independent, and the rise of President Mugabe, I think that would be important background information.

Dr. Mubako: Well, Zimbabwe was colonized by the British in 1890. They came to Zimbabwe from South Africa, then Cecil John Rhodes, and originally he was looking for minerals. But when he didn't get enough minerals, he turned to land, and began grabbing land from the Africans, and driving them off into reservations—what we call communal areas. And he took the best land for his settlers, most of the land—to the extent that, at independence, they reserved for themselves about 45% of the land, which has now been reduced to about 30% of the land, of the whole of Zimbabwe, but which constitutes about 70% of the best farming area in the country. And this land is owned by 4,500 farmers only, and many of the farmers are not, in fact, living in Zimbabwe. Some of them live in England, sit in the House of Lords, and there are rumors that even some of the ministers in Britain own land in Zimbabwe today.

EIR: Can you say a little bit about how Zimbabwe became independent finally, in 1980, and what kind of effort had to be waged by President Mugabe to free Zimbabwe from the British?

Dr. Mubako: Well, because of this inequitable distribution of land in Zimbabwe, land was always the basis for the grievances of Africans. And when the war for independence was fought, for about 20 years, between 1960 and 1980, the main issue was land—how to get land from the whites at last, to the majority of Africans, who were still grieving for having

been deprived of their land.

Everybody knew that this was a grievance, and the conference for independence in 1979—which I attended—agreed about everything but land, and it actually broke down for two days, because no settlement could be found about land.

The Africans, led by Mugabe and [Joshua] Nkomo, were demanding that the new government must have the right to acquire land and redistribute it among the landless majority. And the British and the white settlers conceded that it was necessary that some land should be given back, but they demanded that that land must be bought, not just taken. The Africans, on the other hand, argued that we would not have the money to buy, number one. And number two, it would be unjust anyway, for us to be asked to buy back our own land. We should, in fact, be asking for compensation for having been deprived of that land for 90 years; instead, we were being asked to pay. Mugabe said, that was completely unacceptable to us.

And that's way the conference had broken down.

Then came in a solution, and the solution was that the British should find the money, being the colonizer, they should find the money to pay their settlers, if they want to do that, and they could do that following the Kenya model, whereby the British government gave money to the new Kenya government, and the new Kenya government used that money to buy land. The Zimbabwe government said, if you follow that, we will accept that money, and use that money to pay for the land.

EIR: Did this become part of what was called the Lancaster House Constitution, that meeting that you just discussed? Was that a key feature of the new Constitution?

Dr. Mubako: Well, it was a key feature of the agreement. It was not necessarily written in the Constitution as such, but it was part of the agreement which led to the Constitution.

And the British themselves felt that they did not have, they could not have, enough money to pay for all that land, because the scheme of acquiring the land, and resettling Africans, was estimated to cost \$2 billion at that time, and the British felt that they could not pay that much. They didn't pay as much in Kenya, there was less land there, and they felt they couldn't do it alone.



A clinic in Mnodo, Matabeleland, southern Zimbabwe.

Then came the United States. President Carter offered to assist the British, and find the money to make up the \$2 billion which was required.

However, as it turned out, the conference resumed because of this promise, and the peace treaty was signed, and elections were eventually held, and Mugabe won. He was expecting that the money which had been promised would be forthcoming for him to implement the land reforms. However, as it turned out, the money from the United States never came. President Carter did not last long after the Lancaster House agreement, and President Reagan, who followed, was not interested in Zimbabwe, and never paid the money.

The British paid some money, altogether an estimated \$70 million.

EIR: That's \$70 million out of \$2 billion?

Dr. Mubako: \$70 million out of \$2 billion. And that \$70 million was paid over about 15 years.

EIR: About \$4-5 million a year.

Dr. Mubako: About \$4 million a year. And then, the British themselves stopped, and said, they are not going to pay any more. This is the source of the crisis.

Then the Zimbabwe government realized, perhaps too late—they should have realized much earlier—but then it became clear that Mugabe had been cheated, that the Africans had been cheated throughout. That neither the British government, nor the American government, intended actually to pay the \$2 billion. The British merely wanted to give the impression that they were paying, draw out the time;

perhaps, in time, Africans would forget the promise in the first place. And then they would pull out, having paid peanuts, compared to what was promised. And this is what angered the Zimbabwe government, and that is the source of the present problem.

EIR: Today, you have about 4,500 white, or Rhodesian farmers with British passports, owning about 70% of the land, out of a total population of 80-100,000 white British citizens in Zimbabwe. And then you have about 10-11 million Zimbabwe Africans, who own about 40% of the arable land in what you described as communal property, where I've been told that each farmer has about 10 acres. Could you tell us what led to the takeover of land in the recent year, by what are called the veterans, or the combatants of the revolutionary war? Why did they now decide that this was the time to take some action?

Dr. Mubako: Actually, the total population of Zimbabwe is 12.5 million, so you have about 12.5 million Africans, and about 80% of them live on the land; only a few live in towns. So you can imagine the crowding—80% of 12 million on 40% of the land. It's just an intolerable situation.

Because of the broken promises by the British, and the Americans in the background, and realizing that we're now left with the problem, the Zimbabwe government was left with the problem, of people still expecting to be resettled, expecting land, and there being no money to acquire the land with, the Zimbabwe government felt then that it was necessary to go on with the resettlement program, even without the money from Britain, or from the United States. And because

If the money is found, and resettlement takes place as is now envisaged, then, in fact, we could move into an area of improved agriculture, agricultural output, with many more farmers being able to produce twice as much as is produced now in Zimbabwe.

of that, the ex-combatants, people who had fought in the war of independence, and ordinary masses, who want land, began to help themselves. They decided to invade farms, and resettle themselves.

EIR: Was this supported, or encouraged, by the government, or is this something that was just thrust on the government?

Dr. Mubako: It was a spontaneous movement. In fact, it had started before this year. We had the problem on and off for many years. People would move onto a farm, and then the government would go there and persuade them to move out, and so on. But, this time, it was in a big way. Up to now, it's more than 1,500 farms which have been invaded, which have been occupied, and occupied by what is estimated now to be 6-7,000 people. So, it is now a countrywide, and massive movement that has taken place.

And the question was, what the government would do about it, whether the government would again go and move people out. And the government this time said, we are not going to move people out by force. People are demonstrating their frustration, and we sympathize with that. We support their views, that they must have the land, and for that reason, we're not going to send police to move them out. The government just refused. Although the courts had said that they should be moved out.

EIR: It was reported that there was legislation pushed through the Parliament on May 23, which now allows for the takeover of farmland, particularly 841 farms. According to reports I have—and you can correct me, sir—this is now part of the legislation of the Zimbabwe government, to take over these lands, when previously the policy had been to provide compensation, provided that it came from outside governments. What is the intent of this new legislation now to—you said, 1,500 farms were occupied; are 840 more farms going to be taken over?

Dr. Mubako: Yes.

EIR: And how is this resettlement project going to work?

Dr. Mubako: Well, yes, legislation has now been passed. In the past, we were governed by a Constitution which had been agreed by the Lancaster House conference, at independence, and that Constitution stipulated that, when government acquired land, it had to have the money to pay compensation.

That meant, in fact, saying that you cannot take the land unless you get money from the British, or from the Americans. Since the money was not coming from the British, or the Americans, it meant, you cannot take land. So, the government found itself without land.

Now the government has said, we have to amend that Constitution, and allow ourselves the right to take the land, without compensation, and that compensation we leave to the British to pay, if they want to pay. If they don't want to pay, then that's hard luck for the individual farmer. They should complain to the British, rather than complain to the government of Zimbabwe.

EIR: And my understanding is, there are criteria for which farms are taken, if you could explain that?

Dr. Mubako: Yes. There are indeed criteria. The government wants just the land which is underutilized. In other words, farms, parts of the farm, which are not being used by the farmer. Because the farms are too big anyway. All reports, farming reports, that I've had, even during the colonial period, stated that half, more than half of the land, which the farmers owned, was not being used. So, we'll go first of all for that underutilized land. Second, land owned by absentee landlords. In other words, people who are in England, or South Africa, Johannesburg, and so on, and who own farms, for speculative purposes, those lands will be taken. Third, the government had said that there will be a new policy, that no farmer will be allowed to own more than one farm.

So, if the farmer has more than one farm, the rest will be taken. He will only remain with one farm. Because as it is, there are some farmers—one farmer has got 11 farms; others have got five, six, and so forth.

EIR: And how big are these farms, in acres?

Dr. Mubako: In terms of acres, the average would be about 6-10,000 acres.

These are very large farms. But then, you've got some that are much larger, which are as large as 600,000 acres, with some ranches and farms and so on; very, very large. So, it will be these, which will be taken first. But the government has stressed, that none of the white farmers will actually go without land, if they want to continue in farming. Their farms will be reduced, but they will get land. Either the land they're occupying, or another farm.

The Zimbabwe government believes that, even today, it's still possible to defeat these forces, provided you know what they're doing. There's no doubt that the British government has always wanted to look at the Commonwealth as if it's just the British Empire by another name.

EIR: Has there been any immediate reaction from the white farmers to this new policy?

Dr. Mubako: Yes, there has been. On the whole, they are very hostile to it. To the extent there has been considered action by the farmers, some of the farmers, at any rate, assisted by the British and South African interests, [are trying] to get rid of the Zimbabwe government, of President Mugabe, and to put in a government which would allow them to continue as they are—that's the first line.

Second, some of them have realized that this is not viable, that this may not work, and therefore they have come to some kind of accommodation with the government. They're negotiating even now, with the government. They say they accept that some land has got to be taken, and they're ready to give up the land which the government wants. The only thing they would want, is to be assured that they will get their money, their compensation. And the Zimbabwe government has said that everybody will get compensation as to improvements which have been effected on the farms. The Zimbabwe government is prepared to pay for that.

In other words, the farmers built up a homestead, has got tractors, has got equipment, and so on.

EIR: So, the government will pay for those kind of improvements.

Dr. Mubako: That's right.

EIR: But won't pay for the land.

Dr. Mubako: But will not pay for the land itself.

EIR: You said that there were 1,500 farms that were occupied by the veterans, and this legislation says 841 farms; I guess that additional farms would be taken?

Dr. Mubako: Yes.

EIR: That's only 2,300 farms, and yet you're talking about resettling about 10 million people. This is a massive effort. How much land, how much money, how much infrastructure would be involved? It seems to be very large.

Dr. Mubako: It's still a very large effort. The estimation now, is that about \$1.2 billion will be required now. It was assessed at \$2 billion, but we have since settled some people, and now it is thought that we still need \$1.2 billion. It's a massive effort that is required. It will settle many people. But

still, there won't be enough land to go around for everybody. That will never be the case, but a lot of people will have in fact been settled by the end of the process.

The idea now is to bring order to the resettlement process, rather than allow people just to move onto the farms, and to stay on like that. The government will now be able to settle them in an orderly manner, according to the legislation which has been passed.

EIR: Is there a lot of land in Zimbabwe that is just not used, because there is no water, or no development of the land? Is there more land that could be brought into agricultural production?

Dr. Mubako: Oh, lots of it, lots of it. Zimbabwe is generally a dry country. You don't have a lot of rainfall during the whole year round. But, a lot of the land can be brought into agriculture if there is development, if you build dams.

EIR: Irrigation, water management?

Dr. Mubako: Irrigation, yes.

EIR: So, potentially, there could be enough land for everybody, but there's been a lack of investment in infrastructure.

Dr. Mubako: There has been a lack of that. If the money is found—and there are attempts now to find the money, even through the United Nations, and through many other agencies—and resettlement takes place as is now envisaged, then, in fact, we could move into an area of improved agriculture, agricultural output, with many more farmers being able to produce twice as much as is produced now in Zimbabwe.

EIR: One of the reports I read, is that there were just under 100 million acres of land that is arable, and could be used for production. Do you have any estimate of how much more land could be brought into production?

Dr. Mubako: I would think that you could double that.

But obviously, there may be a lot of development that is required. There are a number of big schemes which have already been planned, such as to the Zambezi water project, which has already been planned, to bring water from the Zambezi River, right down to the city of Bulawayo, which is about 400 miles or so.

EIR: What would be required to do that?



The Kariba hydroelectric project in Kariba, southern Zimbabwe.

Dr. Mubako: It's an irrigation canal; a canal would have to be built, and there would be irrigation systems throughout the 400 kilometer length, and that means a lot of land which is not now idle, would be brought under agriculture.

EIR: Now, if I can just shift gears a bit. There has now been a decision made by the government that there will be parliamentary elections on June 24 and 25 in Zimbabwe. And just recently, a group called the National Democratic Institute has issued a report, saying, in effect, that Zimbabwe is not in the right climate—I'm just paraphrasing—for elections. And, of course, this is the same group that is now trying to overturn yesterday's elections in Peru. What would you say that the government is going to do, to guarantee fair and free elections, and how would you respond to this report by the National Democratic Institute?

Dr. Mubako: Well, we read that report, and Zimbabwe has already dismissed it as completely biased—and really they did not study the situation properly in Zimbabwe. It has been dismissed by South African President Thabo Mbeki, when he was in Washington, and this Embassy has itself also dismissed it. So, many people have dismissed it out of hand, because it's obvious that you cannot say six weeks before the election, that there's no possibility of holding an election in a fair and free manner.

There are many other countries which have been in worse situations than Zimbabwe, which nevertheless were able to hold elections. If you take South Africa itself, during the first election, in 1994, there was much more serious violence there; and again, I was myself one of the observers in South Africa.

EIR: You were there in 1994?

Dr. Mubako: Before 1994. In 1992, '93, we were observing the process toward the election. Altogether, within two years leading to the elections, over 3,000 people were killed. Now, in Zimbabwe, the figure now is 24, I think—24 have been killed. Yet in South Africa, all the observers—and I was one of them—we encouraged the holding of the elections, in spite of the violence that was going on, which we knew it would be. The way to stop the violence is to have the elections. If you don't have elections, then you're encouraging the violence.

But, this commission says you shouldn't have the elections. In other words, they are in fact encouraging disorder in the country, rather than order. For that reason, really, it's clear that there was no objectivity, and it was completely biased throughout, and what they wrote seems to us could have been written here in Washington before they left. And the fact that there were black faces represented in the committee, doesn't mean anything. They were simply obeying their paymasters—in other words, the people who paid for

the trip, the people who dictated what should be written in that report.

EIR: At this point, is the government going ahead with the elections, and making sure that they are free and fair elections?

Dr. Mubako: The elections will be held, and the government has said that they will allow observers, as in other countries. Observers will not be allowed to run the elections; they are there to observe, to see what happens. And already, Southern African Development Community (SADC) observers have arrived. And I understand that the Commonwealth, the British Commonwealth observers are going to arrive also, and the European Union is also going to send observers—I understand 160 observers. So, there are going to be many, many observers.

EIR: One additional factor is that, in the main opposition group, the Movement for Democratic Change [MDC], are supported by a group called the Zimbabwe Democracy Trust. Now, this group, as we've reported in *EIR*, is headed by some of the more notorious British colonialists whom we've seen in the recent period, who have never given up the idea of the British Commonwealth controlling Africa; in particular, Baroness Lynda Chalker, who previously headed the Overseas Development Corporation, known as the Colonial Office of the British Commonwealth; Lord Peter Carrington, who works with Henry Kissinger in Kissinger Associates; Chester Crocker from the United States; and more lords and ladies, so to speak, are supporting the Zimbabwe Democracy Trust, essentially trying to kick out President Mugabe—you could say, overthrow President Mugabe in Zimbabwe.

Recently, there was a report that President Mugabe called this an anti-imperialist struggle in Zimbabwe. How is the government going to resist what appears to be very determined efforts by the British Commonwealth, the old colonial crowd, to use these elections to destabilize the country, and build up the movement through the MDC, to overthrow the President?

Dr. Mubako: Well, the Zimbabwe government is aware of all these machinations. They have been aware for quite some time, and the attitude of the Zimbabwe government is, we'll fight them in the same way as we have been fighting British colonialism and imperialism in the past. They were much stronger in the past—they even had an army, and everything, within Zimbabwe, and we were still able to defeat them. The Zimbabwe government believes that, even today, it's still possible to defeat these forces, provided you are aware of them, and you know what they're doing. There's no doubt that the British government has always wanted to look at the Commonwealth of nations as if it's just the British Empire by another name; to many of them, they would want the Commonwealth to be used as an instrument to exert British influence in what used to be the British Empire. They want

it to continue. And anyone who wants to assert their independence, as President Mugabe does, is a threat to that policy, and therefore they want to try and remove him.

But, the deciding force is, of course, the people of Zimbabwe themselves. It will be these elections that will decide that. And I believe that the people of Zimbabwe now know that the opposition groups, in particular the MDC, are being supported by these imperialist and sinister forces, and I do not believe, myself, that the people of Zimbabwe will elect them into power.

EIR: Now, concerning the role of the International Monetary Fund: I think there's maybe \$5 billion in external debt that Zimbabwe owes. Recently Zimbabwe was cut off from the IMF, allegedly over its support for the government of President Laurent Kabila and the sovereignty of the Congo. Is the IMF, in its monetary policies toward the country, helping to destabilize President Mugabe, is it part of this effort, or does it appear that they're helping this effort by the British against the sovereignty of Zimbabwe?

Dr. Mubako: Well, it should be clear that the IMF follows the policies of the major shareholders, the United States and Britain, and other big powers. And in this case, it was the British government which vetoed the renewal of the loans of the IMF last year.

EIR: In 1998, or 1999?

Dr. Mubako: In 1999. Yes. It is the British government, because they are pursuing these policies which we have mentioned against Zimbabwe, and because they are in fact backing the invaders in the Congo. They are backing Uganda and Rwanda, which are invading and wanting to overthrow the government of Kabila. And therefore, they are against Zimbabwe assisting Kabila, and foiling the invasions by Uganda and Rwanda. It's as simple as all that.

The Congo has very many minerals, and these minerals—the British and American interests want to continue exploiting these interests, particularly diamonds. The South African interests, the DeBeers company, and so on, is very closely connected to the British interests, and they would not want Kabila to endanger that control over those resources. And this is why they hate Zimbabwe—for no other reason. And for that reason, they want to cut off the aid to Zimbabwe, from the IMF, but at the same time, they encourage the IMF to give aid to Uganda and Rwanda.

EIR: The land issue is also a problem in other countries. In South Africa, you have the whites owning about 80% of the land. I think also Zambia.

Dr. Mubako: In Namibia, they own 46% of the land.

EIR: And I think they also own a large part of the land in Zambia, in Kenya. One of the reasons that the British may be making such a target of President Mugabe, and the nation of

Zimbabwe, is to head off a much larger effort in Africa, to take back some of this British land that they control, and they took over, essentially, when the British and Cecil Rhodes moved in at the turn of the century.

Dr. Mubako: Absolutely. You're quite right. The land in Zimbabwe, compared to the other interests in South Africa, and in Namibia, is in itself insignificant—what is left now is insignificant to the British. I accept that there are also lives involved.

But clearly, they're worried, that what they call the Zimbabwe contagion might affect South Africa, and Namibia, and, indeed, the Africans there have begun demonstrating in support of the movement in Zimbabwe.

EIR: So, it's possible that there could be a very significant uprising, or movement in southern Africa against these old British landed interests?

Dr. Mubako: If the demands of the Africans in Zimbabwe, and in these countries, are not met, and met urgently and quickly, you can expect that there will be an upheaval inside Africa.

EIR: Just to conclude, Mr. Ambassador. A lot of the questions that we've discussed, relate to the fact that there are certain imperial, colonial interests which want to control the mineral wealth in parts of Africa, that we've identified in Zimbabwe, southern Africa, but other parts of West Africa as well, to maintain their financial system. Mr. LaRouche, who is the founder of *EIR*, has said that the only way out is to provide for a new system, what he calls a New Bretton Woods system, to build upon the positive steps that were made by President Roosevelt, back in 1944, and to have a community of principle of sovereign nations, each dedicated to guaranteeing the general welfare of their citizenry. He has proposed that this new system come into being now, and one of the things he's discussed many, many times, is the need for massive investment in infrastructure: railroads, roads, electrical power, water management, irrigation for agriculture. That Africa would require billions and billions of dollars of investment credits, and that he sees this, through a New Bretton Woods system, as the only way out.

Do you support that kind of effort as a solution to the overall problems of Africa, rather than the piecemeal approaches of each country trying to survive on its own?

Dr. Mubako: Well, we must fight both ways. Each country has to put up its own defenses, to start with, and may be called on by others to help. But, the country itself has got to fight.

But, at the same time, we must explore the global methods which have been suggested, such as the ones you have just mentioned. It would be a very welcome idea, that the Bretton Woods institutions, as well as the United Nations, should be reviewed, so that they reflect the needs of the present-day world.

Sino-Indian Relations Get a Big Boost

by Ramtanu Maitra

The May 28-June 3 trip to China by India's President K.R. Narayanan has not resolved all outstanding issues between the two Asian giants, but it has pushed the relationship in the right direction. The Indian President, an unabashed proponent of close Sino-Indian ties, has done well to bring to the fore the reasons that Beijing and New Delhi must create an environment in which both countries can pursue a common purpose and goal. Beijing indicated that it, too, wants to pursue the same objectives, and both countries assured each other that there would be more frequent high-level political exchanges in the near future. Beijing has indicated that Foreign Minister Tang Jiaxuan and Prime Minister Zhu Rongji will be visiting India in the coming months.

President Narayanan, which is to his advantage, has a personal rapport with most Chinese leaders, and Beijing made that clear as well. The 80-year-old Indian President, a member of the Foreign Service earlier in his career, was sent to Beijing in 1976 as the first ambassador to reestablish diplomatic relations between India and China (following the 1962 border war, the two had severed diplomatic relations). Later, in 1994, he visited China again, this time as Vice President. Throughout the present trip, Chinese leaders referred to him as "an old friend of China."

At the same time, instead of turning this trip into just a "homecoming," President Narayanan carried with him an important agenda, and felt free to talk about it with the Chinese leaders. Echoing the late Deng Xiaoping, builder of modern China, who said that Asia would not realize her destiny unless India and China learn to cooperate and prosper, Narayanan stated: "I hold that in the new century cooperation between India and China is a historical necessity."

The three most important issues which President Narayanan chose to impress upon the Beijing leadership were: enhancing of economic and trade relations between the two countries; seeking China's support for India's permanent membership on the UN Security Council; and expediting the resolution of the thorny issue of the Sino-Indian border delimitation. He spoke on all three issues fervently, and drew Beijing's attention.

It is recognized widely in both New Delhi and Beijing that the economic partnership between India and China must grow, to the financial and political benefit of both nations. China's overall trade amounts to almost \$340 billion—a little more than three times that of India's. But trade between the

two nations has remained at the pitiful level of about \$3 billion. One of the principal reasons why this has been the case, is the lack of a direct trade route between the two countries. Separated by the Himalayas and the Great Taklamakan Desert, India and China sit in isolation from each other, despite their shared border.

Suggested Road-Link

As a remedy, Beijing has suggested to President Narayanan opening up a highway that would connect northeastern India through Myanmar to southern China. At a press conference in New Delhi, India's Minister for Heavy Industries and Public Enterprises, Murli Manohar Joshi, who accompanied the President on the trip, said: "The Chinese want the signing of an agreement for constructing a highway running through China, Myanmar, and India." Beijing pointed out that trade and tourism cannot develop without such a link.

In addition, a memorandum of understanding, for commercial and air services between China and India, signed in 1997 but grounded because of its uncertain commercial viability, was given a push. India-China tourism, which is in the nascent stage, takes place by air through Hong Kong, which was formerly a British colony and has been a part of China only since 1997. What is essential, of course, is to link directly by air China's major cities, such as Beijing, Shanghai, Nanjing, and Chongqing, with the major Indian cities of New Delhi, Mumbai, Calcutta, and Chennai. Narayanan has suggested setting up a joint committee to expedite building the highway, and to set up the direct air link. The proposal has met the approval of President Jiang Zemin.

China has also expressed interest in Indian machinery, automobile components, computer software, marine products, and chemicals, among other commodities. India, in turn, would like to import soft coal, pre-fabricated housing, electronic components, silk-processing technology, ceramics, and underground mining equipment.

Utilize the Potential

Throughout his trip, the Indian President reiterated the historic necessity of a friendly border between the two countries. Addressing the students and faculty of Beijing University, President Narayanan returned to the theme. He maintained that India and China "should persevere in our joint efforts to seek a fair, reasonable, and mutually acceptable settlement of the boundary question within the framework of national interests and sentiments of both our peoples."

The boundary question was featured in Narayanan's talks with President Jiang Zemin, Zhu Rongji, and former Prime Minister Li Peng. Most Chinese analysts believe the Great Himalayas mountain range acts as a natural barrier to any wide-scale conflict between India and China and, hence, the border issue can be settled, slowly, but surely. Jiang told Narayanan that China has resolved most of its border disputes, including those with Russia, the Central Asian republics, and

Vietnam, and there is no reason why the same can't be done with India. Zhu Rongji conveyed a similar thought by saying that rushing the process, would serve no purpose.

Sino-Indian relations, which reached their nadir during 1959-62, resulting in a border conflict, are on the mend. In 1986, a meeting between the Indian Prime Minister Rajiv Gandhi and the Chinese leader Deng Xiaoping broke the ice. In 1993, during the visit to Beijing by former Indian Prime Minister P.V. Narasimha Rao, an agreement was signed which called for maintaining "peace and tranquility" along the line of actual control between the two countries and committed both sides to delineating the line of actual control as early as possible. Subsequently, 13 meetings of the Joint Working Group have taken place without producing any result so far. The Indian position is that China continues to illegally hold 38,000 square kilometers of Indian territory in disputed Kashmir, besides the 5,180 km² ceded by Pakistan to China. China, for its part, lays claim to 90,000 km² of territory in the Indian state of Arunachal Pradesh, and has yet to recognize Sikkim as an Indian state. It is evident that some give and take would be necessary on both sides to resolve this undefined boundary.

On India's permanent membership on the UN Security Council, where five elite members—the United States, Russia, China, Britain, and France—which also happen to be the five original nuclear-weapons states, enjoy a decided advantage over such populous and effective nations as India, Japan, Germany, Indonesia, and Brazil, Beijing's response was neither positive nor negative. President Jiang made it clear that China will be willing to work with India in carrying out wide-ranging reforms of the UN. It is evident, though, that Beijing is hesitant at this point to support India's candidacy for permanent membership.

A number of issues cloud Sino-Indian relations. To begin with, China considers that India's sheltering of the Dalai Lama, and now the 17th Karmapa of the Kagyu sect, who fled from Tibet to India last year, is a policy which New Delhi adopted to exert political pressure on China. New Delhi maintains that India is firm in its belief that Tibet is an autonomous zone within China, and that the Dalai Lama is not allowed to carry out any political activity inside India, nor is any other Lama. Beijing was also upset in 1998, following the Indian nuclear tests in Pokhran, when India's Defense Minister George Fernandes announced that India's nuclear development is directly related to a Chinese nuclear threat. The statement set back Sino-Indian relations significantly, if temporarily.

China's economic and military support to Pakistan, with which India has fought three wars and continues to have a very difficult relationship, has made a number of people in India suspicious of China's role in the subcontinent. The 1962 border war and other difficulties in the diplomatic relations between the two nations were also highlighted during the Cold War days, when India and China were hesitant adversaries.

Land Rights Threaten Sovereignty

The "reconciliation" movement is pushing for a "treaty" with Aboriginal Australians.

The long-standing goal of the Aboriginal land-rights movement to splinter Australia into separate nations, has been pushed closer to realization as a result of the May 28 "Corroboree 2000" event, when an estimated 150-250,000 people walked across the Sydney Harbor Bridge in support of "reconciliation" between Australia's 250,000 Aborigines and the other 19 million Australians. "The tide has turned in favor of national reconciliation," Australian Democrats leader Meg Lees said at the march.

Aborigines have indeed suffered injustices, but Corroboree 2000 was no attempt to help them in real terms, but rather the culmination of a social engineering project, over the past several decades, which claims that the only way to make amends for the past, is to make a treaty, and "give the Aborigines back their land." Such a cynical ploy would do nothing to give Aboriginal Australians the possibility of a better future.

Take the issue of health, for example. Aborigines have a life expectancy 20 years below that of white Australians, and are twice as likely to be admitted to a hospital as the rest of the population, usually for kidney or respiratory disease or injury. However, attempts to address the Aboriginal health crisis have been an abject failure, mainly because globalist-dictated budget cuts have crippled Australia's entire health industry over the past two decades.

Instead of implementing policies that would raise the health and living standards and job prospects of Aborigines (and of the 2 million other Australians who officially live in poverty),

the reconciliation movement has focussed on virtual reality, such as insisting that a national apology be delivered by the Prime Minister, on behalf of the nation, to Aborigines, followed by a treaty.

A formal treaty was first proposed by Prime Minister Bob Hawke in 1988, but the idea originated in 1924, when the blueblood-controlled Communist Party of Australia, in its *Worker's Weekly* newspaper, called for Aboriginal land rights, involving the handing back of large tracts of land to Aborigines to enable them to form separate "states or republics," "independent of Australia," with "the right to make treaties with foreign powers, including Australia."

The land rights movement really geared up in 1963, when Prince Philip founded the Australian Conservation Foundation with funding from global mining giant Rio Tinto, whose largest shareholder is his wife, the Queen. Philip founded the ACF to do what his World Wildlife Fund (WWF) and its Primitive People's Fund were doing worldwide: sponsoring indigenous insurgencies in order to split up sovereign nation-states, with the included intent of grabbing precious raw materials deposits. The ACF continued the treaty push: ACF president and former Australian central bank head Nugget Coombs, the "father of Aboriginal land rights," was also the longtime chairman of the Aboriginal Treaty Committee.

Two years after Hawke's 1988 call, his government founded the Council for Aboriginal Reconciliation. Among other pro-separatist figures, the Council included as its dep-

uty chairman, then-Rio Tinto director Sir Gustav Nossal, and Robert Champion de Crespigny, the chief of Normandy Mining, one of the world's largest gold-mining companies, and a front for the Oppenheims' Anglo American Corp., which are the leading sponsors of the WWF in South Africa. The Council's just-issued Reconciliation Declaration calls for "the right to self-determination."

Prime Minister John Howard has rejected the treaty. "A nation, an undivided united nation, does not make a treaty with itself," he told Sydney Radio 2UE on May 29. "I mean, to talk about one part of Australia making a treaty with another part is to accept that we are in effect two nations."

While accurate, Howard's statement comes less from principles, than from sniffing the political wind. In 1997, Lyndon LaRouche's Australian co-thinkers in the Citizens Electoral Council, issued a groundbreaking exposé entitled "Aboriginal Land Rights: Prince Philip's Racist Plot To Splinter Australia," which shaped the anti-land-rights movement, which gave birth to the One Nation party of former Member of Parliament Pauline Hanson. One Nation exploded into prominence in 1997-98, and drew over 1 million votes in the October 1998 federal election, many from voters usually aligned with Howard's ruling coalition.

Howard has been attacked by self-proclaimed spokesmen for Aborigines, such as Geoff Clark, the chairman of the Aboriginal and Torres Strait Islander Commission, and Michael Mansell, the deputy chairman and secretary, respectively, of an unofficial Aboriginal "state," the Aboriginal Provisional Government. They don't hide their agenda: "It is two nations. It always has been," Mansell said on May 29. "A treaty has to be the end product of the reconciliation process."

Gore's Theft of LaRouche Vote Provokes a Backlash

by Michele Steinberg

On June 9, in Little Rock, Arkansas, two delegates for Democratic Party Presidential pre-candidate Lyndon LaRouche took one of the most important actions for freedom in the United States since the great victories of the civil rights movement in the 1960s. Led by Rev. Robert L. Aycock and Erma Jennings, the LaRouche delegates filed their slate of delegate-candidates to be elected as part of the Arkansas delegation to the Democratic National Convention. The delegates represent more than 53,000 Democrats who voted LaRouche in the Arkansas Democratic primary on May 20, and gave him 22% of the vote. But, as reported by *EIR* last week, Al Gore has *stolen* the LaRouche votes, and claimed all of Arkansas's 48 delegates for himself.

The Arkansas case is only one illustration of Gore's desperate behavior, which has turned the U.S. election into a fascist charade, which has international voices and loyal Democrats expressing their disgust with the unelectable Gore.

At the center of the controversy is Gore's stealing of LaRouche delegates and votes in Arkansas, Michigan, and Virginia. In the primary elections, LaRouche received over 20% of the vote in Michigan and 22% in Arkansas. In Virginia, members of the LaRouche wing of the Democratic Party ran as delegates to the state convention as the "uncommitted" slate (after Democratic Party officials announced that they would obey Democratic National Committee [DNC] orders not to seat *any* LaRouche delegates to the state or national convention), and won more than 90 delegates to the state convention. The Gore campaign went into high gear to force the bureaucrats who run the Virginia Democratic Party like a plantation, to disqualify the "uncommitted" slate.

Gore's crime is not directed against the delegates alone. It disenfranchises the more than 30% of registered, voting Democrats, who want their voice heard in opposition to Gore.

In Virginia, more than 30% of the Democrats were disenfranchised—their votes were discarded!

Worldwide Outrage against Gore, DNC

The good news is that an international outcry is building around the LaRouche case.

On June 6, the Brazilian daily *Monitor Mercantil* ridiculed both Gore's stealing of LaRouche's delegates and the threats that the United States has made against Peru for allegedly running "undemocratic elections."

The article, entitled, "Glass Roof," stated:

"At the same time that it poses as the champion of democracy, attacking the irregularities which marked the election of Alberto Fujimori to his third term as President of Peru, the U.S. government faces domestic challenges. The campaign staff of the Democratic Party Presidential pre-candidate Lyndon LaRouche requested that the Organization of the American States (OAS) and its Inter-American Human Rights Commission take measures to prevent the corruption of the electoral process in the United States. LaRouche complains that, despite having obtained 53,280 votes (22% of the total) in the primary election in Arkansas, as against 194,171 for Vice President Al Gore, the party's state leadership announced the transfer of the 6-10 delegates which were his right, by the criteria of proportionality, to Gore."

The OAS has accepted the LaRouche campaign's demand for an investigation into the vote fraud in the U.S. Democratic Party. In addition, the Organization for Security and Cooperation in Europe (OSCE) has replied to the campaign, LaRouche's Committee for a New Bretton Woods, following a formal request for investigation: "We have received your 1 June 2000 Supplement to the 24 April 2000 complaint and Request for Investigation and considered them seriously, as

reflected in two recent meetings with your representatives in Warsaw. We provided them with advice on how they might proceed within the OSCE context, as the ODIHR does not have a mandate to investigate electoral complaints.” In order to get a mandate to proceed, eight member governments of the OSCE, or the executive committee of the OSCE, comprised of Austria, Norway, and Romania, must demand an investigation.

The Arkansas vote theft draws local attention, as well. On June 9, the day of the Little Rock press conference by the LaRouche delegates, the *Benton County Daily Record* in north Arkansas published an accurate account of the Gore campaign moves to steal the LaRouche votes and delegate seats.

“Democratic Presidential candidate Lyndon H. LaRouche, an economist and frequent Presidential candidate, certainly won about 22% of the vote in the Arkansas Democratic primary May 23—some 53,280. But how many delegates that showing should permit him to get is a matter of dispute,” the paper wrote.

“State and national Democratic Party spokesmen have said LaRouche, 77, won’t get any Arkansas delegates to the Democratic National Convention; won’t get delegates to the state Democratic convention; and won’t get delegates to the Democrats’ Arkansas Congressional District caucuses. . . .

“Arkansas’ Democratic Party chairman Vaughn McQuary said that was because Joe Andrews [sic], Democratic [National] Committee chairman, declared LaRouche ineligible to receive delegates. . . .

“Still, LaRouche said Thursday, he won’t be surprised if events force an open convention, giving him a chance at Arkansas delegates, as well as a chance at the party’s Presidential nomination.

“He’s in frequent contact with people—people who ask not to be identified publicly—who are dissatisfied with Gore’s Presidential election prospects, and he believes that a worsening economy is already hastening the day when Democrats will seek another standard-bearer, LaRouche said.”

The article concluded by quoting LaRouche: “I would hope for the sake of the country and the Democratic Party to deny Mr. Gore the nomination, because if he is nominated, the Democratic Party is going to take a worse pasting than it did with [Michael] Dukakis as candidate in 1988. He’s a loser. Not only would he lose to Bush, but he would drag down the Democratic Congressional vote considerably . . . and there’s a great deal of fuss inside the Democratic Party about what they’re going to do about this.’ ”

‘Guys Hate Gore!’

On June 6, the last of the Democratic Party Presidential primaries occurred in New Jersey, Alabama, and New Mexico. In the latter two states, nearly a quarter of all Democrats who turned out to vote, voted *against* Gore. In New Jersey, where Gore was running against LaRouche alone, there is

still an ongoing inquiry into discrepancies in the vote totals. LaRouche was officially given 5% of the vote.

A very uncomfortable Bill Bradley was interviewed by reporters as he left the polling place. While he admitted that he had voted for Al Gore, the former U.S. senator and challenger for the Democratic nomination fudged about whether he would actively support Gore’s election bid. So far, Bradley has refused to release his more than 400 convention delegates.

Gore’s growing unpopularity among Democratic Party core constituents came in the June 7 *Financial Times* of London, which published a column by Gerard Baker, reporting that “guys hate Gore.” Forty percent of voters polled recently, Baker reported, had strong negative feelings about Gore. “Polls indicate that men especially find something objectionable about Mr. Gore. He reminds them of the smart kid in school who always knew all the answers.”

Days earlier, Gore had been exposed on television in his hometown, and campaign headquarters, of Nashville, Tennessee, as a slumlord, who refused to make essential repairs at a home near his ranch that he leased to a family on disability with five children. National newspapers rushed to Carthage, Tennessee, and gave the “Gore the slumlord” story days of coverage.

The Party Is Over!

Gore’s campaign strategy for dealing with his unpopularity is clear: He has not given a press conference in six weeks, and sources close to the Vice President indicate that he was so flustered by questions from LaRouche supporters at several public appearances, that he is going to dodge any uncontrolled media opportunities for the indefinite future. And, several senior Democratic Party officials, including one member of Congress, have confirmed that the Democratic Party nominating convention on Aug. 14-17 is going to be the most controlled affair in history. The Gore forces have reportedly made costly arrangements to have all communications between state delegations handled through laptop computers and e-mail, to assure that no insurgency from the floor to open the convention can get off the ground.

Furthermore, the DNC-Gore combine has unilaterally *cancelled* public hearings on the Democratic Party platform. Such hearings, which traditionally occur throughout the country, serve as a summertime rallying point for the party faithful, and give grass-roots activists a chance to have their voices heard on vital policy matters.

With the DNC taking this suicidal decision, supporters of LaRouche have called platform hearings in Washington, D.C. on June 22, where dozens of party officials are expected to engage in a free-wheeling policy dialogue—the very thing that Gore and company fear the most, and the very thing that may save the Democratic Party and the nation from the Gore-DNC suicide pact. Right now, that suicide pact has folks at the George W. Bush campaign headquarters smiling from ear to ear.

Dr. Emerita Gueson: Stop the 'Holocaust' of Managed Care

by Marianna Wertz

The battle to ameliorate the ravages of managed care in America has been going on almost from the first day Congress voted up a subsidy for it, and President Richard Nixon signed it into law in 1973. But not until May of this year, with Democratic Presidential pre-candidate Lyndon LaRouche's call for the banning of health maintenance organizations (HMOs), has there been real leadership for a movement to ban managed care altogether, and to return to the approach to health care which this nation embraced with the passage of the Hill-Burton Act of 1946.

Pennsylvania gynecologist Dr. Emerita Gueson, having witnessed the death and devastation that it has wrought among her own clients, has been calling for a ban on managed care since the mid-1990s. On her own, she has been suing managed-care companies and the state of Pennsylvania, using the power of existing law against what she calls "the Second Holocaust"—only this time, she adds, "it's directed at everyone."

Dr. Gueson has researched the legal records of Pennsylvania's managed-care companies, and compiled a lengthy list of case histories, with details of the atrocities which managed care leaves in its wake. She published these histories, together with her observations on the "homicidal behavior" of the HMOs, in *Survival Guide for HMO Patients* and *Do HMO's Cut Costs . . . and Lives*, which publications, unfortunately, are not currently available, because they are the subject of her suit against Aetna-US Healthcare.

So when one of Dr. Gueson's patients brought her LaRouche's May 2000 pamphlet, "Ban the HMOs Now! Before They Get You and Yours," she naturally called the campaign to get more pamphlets for her patients and their networks, and to get *EIR* her story.

More Deaths than Vietnam

In her June 3 interview with *EIR*, which follows, Dr. Gueson discussed the research she undertook into HMO legal records. By discovering why patients are suing HMOs, she was able to piece together a hard-evidence indictment of managed care. Dr. Gueson said that, if this same investigation were carried out for the whole country, "probably they've killed more than the whole Vietnam War."

When she sent these case histories to Pennsylvania Gov. Tom Ridge (R) (now mooted to be George W. Bush's Vice-Presidential running-mate), he did not respond to her, but he

tried to get her license to practice medicine revoked. She says that Ridge should be impeached, or even jailed, as responsible for forcing Pennsylvania's elderly and poor into managed care, and for forcing the state's doctors to subsidize the CATFUND (the Medical Catastrophic Fund, into which doctors must pay in order to cover the cost of malpractice suits against them and the insurance companies).

In a 1997 letter to Ridge (whose principal campaign contributor was Aetna-US Healthcare CEO Leonard Abramson), enclosing the case studies of HMO victims (see below), Dr. Gueson wrote, "If you still don't vote for an anti-HMO bill and abolish the CATFUND, after reading the lists I have provided you, then you deserve to be recalled, to be impeached, to be voted out of office, or to be advertised in the Hall of Shame in the HMO page of the Internet."

As to Ridge's political ambitions, Dr. Gueson said that his vice-presidential bid must be stopped. She called *EIR*'s attention to the fact that Ridge is not even permitted to speak to his own Catholic diocese, in Erie County, under a policy in place in many dioceses, that any Catholic politician who holds views differing from the professed view of the Church (Ridge is pro-abortion), is not permitted to be honored by, or to speak in functions of that diocese. So much for Ridge's supposed "Catholic credentials" as a calling-card for Bush.

Dr. Gueson told *EIR* that she is optimistic that managed care will die out because of its own evil over time. However, she added, its very existence is a symptom of a greater problem, against which Americans must continue to fight. "The success of HMOs is clearly a symptom of a morally warped, ailing society which is crying for help."

By organizing to ban managed care now, we can provide that help in a direct, tangible form.

Case Histories

We reprint here the summary of 23 case histories, taken from the legal records of US Healthcare Systems of PA, in Dr. Gueson's *Survival Guide for HMO Patients*:

1. Two unnecessary postpartum deaths due to "Flesh-Eating Bacteria" (Necrotizing Fasciitis) caused by premature discharge.
2. A young man lost part of his genitalia due to the "Flesh-Eating Bacteria" due to his premature post-operative discharge.
3. Twins *in utero* die by double decapitation due to failure

to follow up with ultrasound testing (inappropriate denial of testing).

4. Four patients died of a heart attack due to capitation (inadequate cardiac work-up). [Capitation is the HMO practice in which a flat rate is paid to a primary care doctor (the “gatekeeper”), per person per month, which is supposed to cover all medical care the patient needs, with tight control over prescription drugs, and referrals for specialists or tests. Doctors are financially penalized if they allow their patients to see too many specialists.]

5. A young woman lapsed into a coma due to capitation (inadequate cardiac work-up).

6. A young man lapsed into a coma due to capitation (inappropriate denial of referral to hospital emergency room).

7. Three mentally ill patients committed suicide (due to capitation). One of them killed his own son.

8. A pregnant woman died of Eclampsia due to delayed admission (capitation).

9. Two stillborn babies were delivered due to withholding of testing (capitation).

10. A woman in her early forties died of previously undiagnosed malignant Melanoma, due to the fact that the excised mole was not sent for pathological examination (no testing—capitation).

11. Three women had delay in diagnosis of breast cancer. One of them died. All were victims of capitation.

12. Delay in diagnosis of three types of cancer, in two female patients—cancer of stomach and choriocarcinoma—and in a male patient, cancer of the larynx. There is always delay in the diagnosis of cancer because of delay in obtaining referral.

13. Delay in diagnosis of ruptured, inflamed appendix and obstruction of colon due to inappropriately delayed referral of two women.

14. Inappropriate denial of referral to a specialist of a patient with Subacute Bacterial Endocarditis, resulting in motor and speech impairment.

15. US Healthcare Systems of PA trying to dictate the treatment of a patient with T-cell Lymphoma (direct liability).

16. Undiagnosed pregnancy resulting in fetal demise.

17. Birth injury due to HMO dictating on Cesarean section rate (Erb’s Palsy).

18. A baby developed cerebral palsy due to amnionitis following premature delivery at 32 weeks.

19. Another baby developed cerebral palsy due to delayed and inadequate testing prior to mother’s delivery at term.

20. Accidental death of a drug rehabilitation patient who was discharged prematurely.

21. Post-operative injury of a post-splenectomy patient resulting in total urinary incontinence.

22. Patient was complaining of chest pain. An EKG [electrocardiogram] was done. No further testing was done. As a result of withholding testing, he continues to suffer.

23. Patient had cervical abscess. Physician refused to authorize treatment to a non-participating Spinal Cord Trauma

Center. Patient arrived at the designated hospital already a quadriplegic.

(For hundreds of more such managed-care case histories from around the country, the reader is referred to the Internet website www.his.com/~pico/1-25.htm.)

Interview: Dr. Emerita T. Gueson

‘I Cannot Practice Medicine Like This’

Dr. Emerita T. Gueson, a Philadelphia gynecologist, is a devoted practitioner of medicine and fervent advocate of patients’ rights. She graduated from the University of Santo Thomas in the Philippines. She had her rotating internship at Germantown Hospital, and her General Practice residency at Community General Hospital, in Reading, Pennsylvania. In addition to her Obstetrics and Gynecology residency training, she took a year of Gynecologic Pathology and Cytology at Philadelphia General Hospital. In 1970, Dr. Gueson was a gynecological research consultant on herpes simplex at the University of Pennsylvania Dental School. She is presently on the medical staff of Holy Redeemer and Nazareth Hospitals. The interview was conducted by Marianna Wertz on June 3.

EIR: You’ve been advocating the elimination of managed care for several years. Could you say why you want to see managed care done away with?

Dr. Gueson: This all started when my mother suddenly became ill. This was in 1986. I met a lot of people, while we were taking support-group therapy. When you are with an HMO, if you have a stroke, they admit you for one day, then they start calling the hospital, to get you moved to the hospital where they have a contract. They dictate how many days you can stay, even if you are not well yet.

EIR: So it was not through your own practice, but through your mother’s treatment that you first encountered managed care?

Dr. Gueson: No. My mother didn’t have any problem, because she had good insurance. She had Blue Cross/Blue Shield. What bothered me is that other patients were having problems. I’m doing this for them, for the public, because I know my way around with this health care.

EIR: In *Survival Guide*, you give numerous case histories, documenting how the implementation of managed care in Pennsylvania has cost lives and destroyed lives.

Dr. Gueson: It’s bad. A lot of doctors are closing their of-

DO HMO'S CUT COSTS ...AND LIVES?

Emerita T. Gueson, M.D.

Editors:
Laurie M. McBrinn, M.A., M.Ed.
Frank A. Gerolamo, Esq.



Dr. Emerita Gueson's 1997 report, which exposes the killing that is being carried out under "managed care."

fices. They cannot afford it. This is a civil rights violation, because we are being denied economic freedom. I'm going to challenge the law. It's unconstitutional. In Pennsylvania, it's terrible, the HMOs have perpetual credentialing. I reported this to the Insurance Commissioners and the Director of Health, and nobody did anything.

EIR: In 1996, Lyndon LaRouche said that Pennsylvania Gov. Tom Ridge should be impeached for Nuremberg crimes.

Dr. Gueson: He should. I wrote him a letter, that he should be impeached.

EIR: You have also called managed care "the second Holocaust."

Dr. Gueson: Right, it's true.

EIR: What has happened to you as a result of what you've done?

Dr. Gueson: US Healthcare, because I think someone gave them a copy of my first book, *Doctors Under Fire, What's Wrong with HMOs*, they did not want me. They terminated me with Aetna, once they bought it [Aetna merged with US Healthcare in 1998]. Then they kept on inviting me, soliciting me, because patients were asking for me. So I applied, because my patients wanted me to apply, so I could protect their interests.

EIR: Do you have any managed-care patients now?

Dr. Gueson: Yes, because Blue Shield lets me do what I want. They know I will sue them if they don't let me. I do the lawsuits myself. I study at night. Everybody's afraid of them.

EIR: Mr. LaRouche is organizing a movement to shut down managed care altogether. To ban it. LaRouche would like to return to the principles of the Hill-Burton Act of 1946 as the

approach to medicine. It basically said that the number of hospital beds should be capable of providing adequate hospital services for the whole population. That's the exact opposite of what managed care is doing today.

Dr. Gueson: What they try to do is close the beds, and patients are being discharged prematurely. And they die. A lot of deaths.

EIR: Both Bush and Gore are for managed care.

Dr. Gueson: I know. That's why people are upset. Ridge wants to run as Vice President. We have to stop him.

EIR: We have to intensify this fight.

Dr. Gueson: I'm going to tell my patients to distribute your pamphlet in their neighborhoods.

EIR: You attribute your ability to withstand this fight to your "life of faith," through which, you say, you developed moral courage and "the dignity of the human spirit." Could you expand on that?

Dr. Gueson: If you suffer, the more you suffer, your faith gets stronger, and you mature intellectually, spiritually, and emotionally. While this was all going on, I was doing the research on the book, Ridge tried to get me suspended, because they [her fellow physicians] could not get anybody to lead the lawsuits against the CATFUND. So, they got me; so I got it started. It's the way I was brought up. My mother was a very strong woman.

I am Catholic. When everything goes downhill, what is left is your faith, and your sense of humor!

EIR: How does managed care affect doctors?

Dr. Gueson: These doctors are just giving up. Yesterday, I met a doctor who's going to close his office. He has no job. They are depriving doctors of the right to make a living. Those who injure patients — the HMOs should be charged with fraud with malice, because they know these doctors are bad and they are marketing them. It's terrible, and patients have no knowledge of what's going on. That's why a national data-bank should be available to the public. These HMOs have flourished because the doctors did not stand up. The doctors are greedy, too.

They were banking that I would be afraid, because everybody is afraid. But if you feel you have been wronged, you have to stand up for what's right. And you should be willing to suffer. My friends said, "You're going to sue Ridge and the Attorney General, but they are so powerful." I said, "I am more powerful, because God is with me."

I can't stand what they are doing to people. But, if I don't do anything, I am just as bad as them. They are trying to deprive me of my right to practice my profession.

They should not have touched the medical system, which was working. They should only have fixed what wasn't working. When I saw the HMO law signed by Nixon, I said to myself, "I cannot practice like this."

U.S. Ambassador to China Assesses Situation in Wake of Trade Vote

by William Jones

At a June 2 ambassador's briefing at the Willard Hotel in Washington, D.C. sponsored by the Asia Society, Adm. Joseph Prueher (ret.), the U.S. Ambassador to China, had an opportunity to give his analysis of the situation in Beijing.

Speaking shortly after the House of Representatives passed Permanent Normal Trade Relations (PNTR) with China, on May 24, Prueher was generally upbeat in his comments. Comparing his present post as Ambassador to his former job of landing fighters on an aircraft carrier, Prueher made note of the precision and coolness needed to land an airplane on a carrier deck even with fair weather and a calm sea.

"A discrepancy of a few feet one way or the other becomes decisive," he observed. "Now, factor in darkness, waves that pitch the carrier up and down, and other disturbances. The possibility of landing in that situation is then much more difficult." All of this was to imply that the "stridency" that often arises in the debate over China, propelled by the machinations of the notoriously anti-China "Blue Team" lobby, financed by billionaire Richard Mellon Scaife, makes it much more difficult to keep the important U.S.-China relationship on track.

When one young major asked Ambassador Prueher about the volatile rhetoric that often appears in People's Liberation Army publications, Prueher replied, "China is not a monolith. And besides, when you read some of our own press, you would also tend to think that their statements on China are pretty 'hard-line.'"

Recent "surprises" haven't made things easier for the new Ambassador. China's publication of its White Paper on Taiwan, indicated heightened concern in Beijing over the renewed impulse toward independence by Taiwan, and the rumblings around that—as well as the surprise election of



U.S. Ambassador to China Adm. Joseph Prueher (ret.).

Democratic Progressive Party (DPP) candidate Chen Shui-bian as President—all combined to create some obstacles, he indicated. And then there was the NATO bombing of the Chinese Embassy in Belgrade, on May 7, 1999, which all but put a stop to many of the U.S.-Chinese exchanges. The reverberations of that particular incident are still being felt in Beijing, the Ambassador admitted. The Ambassador was correct as far as he went: U.S. insistence that the bombing of the Chinese Embassy was "accidental," has never been taken seriously by the Chinese authorities, and still serves to feed strong suspicions over U.S. motives.

Nevertheless, Prueher was confident that things were moving in the right direction. "The fundamental goal of our policy is a secure and stable Asia-Pacific region, and this can't be done without the participation of China," he said. He noted the important role that China has played in brokering a dialogue with the opaque government in North Korea, with which China has historically had fairly close ties.

PNTR: A Weathervane

The PNTR vote was considered a weathervane of U.S. intentions. Had that bill been defeated in the House, its failure would have cast a pall over U.S.-China relations. One questioner at the June 2 briefing, an old China hand, expressed his surprise at the May 24 telephone call from President Jiang Zemin to President Clinton on the day of the House vote, in which Jiang thanked Clinton for his role in getting the measure passed. "The call was unprecedented," Prueher agreed. "It came up suddenly in a 24-hour period. Not only that: In a meeting with Prime Minister Zhu [Rongji] before the vote was even taken, he asked me to extend his thanks to President Clinton for the effort he had made in trying to get the PNTR extended to China."

Prueher also noted that, despite initially strident tones in discussing Taiwan and the victory of the independence-minded DPP, the Chinese government now seems prepared to move forward with the cross-Strait dialogue. Beijing has also restarted the important non-proliferation talks and the military-to-military exchanges with the United States, he said; they had been scuttled in the aftermath of the bombing of China's Embassy in Belgrade.

"China has many problems to deal with as they enter the WTO [World Trade Organization]," said Prueher, naming in particular the problem of non-performing loans, environmental concerns, the problem of state-owned enterprises, and corruption. "The adjustment by China to the new WTO membership will take years, if not decades," he continued. "Lectures and threats are, in that situation, not at all constructive." Returning to his aircraft carrier analogy, Prueher added, "It is a 'bad news' situation if we have to deal with conflicts all the time. We have important strategic interests to deal with in our dialogue with China, with arms control, the world financial system, the environment. There are many variables involved. We must therefore keep any necessary 'corrections' small."

The Clinton-Putin Summit: Another Missed Opportunity

by William Jones

The Moscow June 4-5 summit between U.S. President Bill Clinton and Russian President Vladimir Putin raised no great expectations when it was first announced. Consequently, its shortcomings caused little disappointment when it was concluded. Lacking even the camaraderie that existed between President Clinton and former President Boris Yeltsin, which always lent something of a human-interest element to what might otherwise be a lackluster event, the meeting with the new Russian President was a decidedly chilly affair. Between Putin and Clinton there was not the “Bill” and “Boris” of the Yeltsin encounters, only a cordial formality, with each addressing the other as “Mr. President.”

The Gore Factor

But the emptiness of the summit was not primarily due to a lack of personal chemistry between the two leaders, nor to the lack of significant issues to discuss. The real problem with the Moscow summit was the Clinton Administration’s all-consuming fixation on the political fate of the one player who was not even present—Vice President Al Gore. More than anything, the waning months of the Clinton Presidency have been geared to accomplishing the almost impossible task of getting Al Gore elected President.

During the summit, the Gore campaign was never far from the foreground. Al Gore has served as something of a public figure on Russia policy—a position in which President Clinton placed him in order to “enhance” the Vice President’s foreign policy profile in the Administration. Ironically, Gore’s cozy relationship with Russian bankers’ stooge and former Prime Minister Viktor Chernomyrdin, in the Gore-Chernomyrdin Commission, almost led to the political demise of the Vice President himself, as it became known that Chernomyrdin was up to his neck in dirty deals—deals which the Vice President’s office refused to take seriously, despite warnings from the CIA.

The inconclusive status of the issues between the United States and Russia, particularly the unsuccessful attempts by the Clinton team to get Russia to agree to amending the Anti-Ballistic Missile (ABM) Treaty in order to allow the United States to build a limited ballistic missile defense system against “rogue states,” obviously necessitates a follow-up,

taking the two countries into the political changeover in Washington in January. This, in turn, helps fuel the Administration’s self-imposed delusion that only a Gore Administration, following in Clinton’s footsteps, could bring such efforts to fruition. In fact, one Russian political analyst, Vsevolod Marinov, interviewed on one of the Sunday morning shows in the United States on June 4, commented rather bluntly, “The political solution is within sight. It would be a President Gore that would have to follow along these lines.” Marinov does not appear to be well informed about the rapid unraveling of the Gore campaign.

Despite Administration efforts to downplay expectations of a breakthrough on arms control issues at the summit, even President Clinton probably felt that he might be able to narrow the distance between the two countries regarding an agreement on amending the ABM Treaty. If so, he was sorely disappointed. President Putin is undoubtedly not so optimistic about the possibilities of a Gore victory, and, even if he were, he would probably not be prepared to sign an agreement with the Clinton Administration that might well be abrogated by the next administration, even one led by Gore. So the Russian President gave Clinton’s overtures the cold shoulder.

Missile Defense a Bone of Contention

What was signed at the summit on arms control was a rather vague statement of principles by the two leaders, undoubtedly authored by Deputy Secretary of State Strobe Talbott, the point-man on Russia policy for President Clinton, regarding the “road ahead” in the two countries’ discussions on arms control and the ABM Treaty. The document reaffirms the two sides’ commitment to the ABM Treaty “as a cornerstone of strategic stability,” but also promises to continue efforts “to strengthen the ABM Treaty and to enhance its viability and effectiveness in the future.” Something for everybody, but committing no one to anything particular.

Ever since the Clinton Administration indicated that it was considering the development of a limited national missile defense system, in the aftermath of the launching of a long-range Taepodong missile by North Korea in August 1998, Russia and China, fearful that this would lead to the scrapping of the ABM Treaty, and the Europeans, fearful of a U.S.



President Bill Clinton meeting Russian President Vladimir Putin in Moscow on June 4.

reversion to an America First orientation, have expressed strong reservations about the American plans.

During his trip to Portugal and Germany, before arriving in Moscow, President Clinton tried to allay European fears by offering to share technology on a missile defense system. In his press conference in Portugal on May 31, he offered to share the technology with all “civilized” nations that are “in harmony with us on a non-proliferation regime,” implying that he would be willing to share such technology, albeit in a more limited way, with Russia.

Spurred on, perhaps, by Clinton’s statements in Portugal, President Putin, in an interview with NBC News’ Tom Brokaw, made the surprising statement that Russia would be interested in cooperating with the United States in a system that would be capable of killing missiles aimed at Russia in their “boost phase,” according to press reports, taking his cue from some suggestions regarding theater missile defense systems which are being propagated by Richard Garwin, neo-conservative Frank Gaffney, and others in the United States.

Putin never made himself more explicit on this matter in his public statements during the summit—and perhaps not privately, either. But Talbott, when asked about the Putin proposals on June 4, responded, “We’re not sure we could develop a system of, say, theater-based boost-phase intercept, in anything like the time frame in which this [North Korean] threat is maturing.” President Clinton, in his press conference with President Putin on June 5, was even more explicit: “I have no objection to working with Russia on a joint missile defense that would intercept a missile directed at Russia or the United States from a hostile power in the Middle East or anywhere else, in the so-called boost phase.

I have no objection to doing that. I think we should work together on it. The problem is, we think it will take 10 years or more to develop; the technology is not yet available.” But on this, as on other questions, the parties agreed to disagree.

Early-Warning Center

What they did agree to was a modest proposal for creating a joint U.S.-Russian early-warning system. This proposal has been in the works since September 1998, when Clinton and Yeltsin agreed on the exchange of early-warning types of data and the potential establishment of a multilateral notification system for the launch of ballistic missiles.

This led to Russian participation in a temporary early-warning center established at the end of 1999 in Colorado Springs, specifically to deal with any problems that might arise in missile computer controls during the Y2K transition. From the U.S. side, there were also concerns about the disintegration of the Soviet early-warning system with the breakup of the Soviet Union, and fear that “blind spots” in the Russian system might lead to a failure to identify an otherwise harmless launch somewhere, and might cause it to be interpreted as an attack. Now, lacking other points of agreement, this was made into a showcase item for the summit and put on the fast track.

The agreement envisions the establishment of an early-warning center in Moscow, manned by both U.S. and Russian specialists, which would observe and report on missile launches anywhere in the world. The system would provide information on the geographic area from which a launch has occurred; the time at which it occurred; the generic type of missile, as closely as can be detected; the azimuth of the launch; the projected area of impact; and the projected time of impact.

In addition, so as not to come up entirely empty on the arms control issue, an agreement was signed regarding the irreversible disposition of 68 metric tons of weapons-grade plutonium, and a promise to accelerate work on constructing facilities for conversion of plutonium and its fabrication into fuel.

In another deferential bow to the Gore campaign, the two parties also signed an agreement to fight “global warming.” In his press conference with Putin, Clinton said, “We believe it’s essential to conclude work on the Kyoto Protocol, includ-

ing market mechanisms, to protect the environment, promote clean energy, and reduce costs.

“And on these issues,” Clinton continued, “the President and I are asking the U.S.-Russia binational commission, under the leadership of Vice President Gore and Prime Minister Mikhail Kasyanov, to carry forward the work.” Good-bye, Gore-Chernomyrdin. Hello, Gore-Kasyanov!

‘It’s the Economy, Stupid!’

The conference, however, missed an opportunity to deal with the fundamental issue which will determine the fate of Russia in short and long term alike: the industrial revival of the Russian economy. Putin, anxious to come to some agreement with the International Monetary Fund and the Paris Club, gave a thorough run-down of the measures he was submitting to the Duma (parliament), “structural reform” measures penned by his stable of “free market” economists. Clinton’s economic adviser, Gene Sperling, met with Putin’s top economic advisers Andrei Illiaronov and German Gref, in order to encourage them in their attempt to implement the same bankrupt “reform policy” which almost finished off the Russian economy in the first place. “It’s good to talk the talk,” Sperling told reporters on June 4, “but you have to walk the walk.” Sperling’s advice to his Russian counterparts, as they “walk the walk” down the gangplank to the shark-infested waters of “free market reform”: “Stay the course, boys, and everything will be fine!”

It must also have been with some amusement, or perhaps even suppressed anger, that Putin, the former KGB operative and security chief, listened to President Clinton recount how he, too, had had to bite the bullet in his first year in office in 1993, in order to institute “tough reforms” which would change “a negative market perception”—as if there could be any comparison between the situation in the United States in 1993, and Russia’s devastation today! Aside from this facile comparison and facile advice, there was really very little the American President was offering Russia economically, except for promising to send Robert Strauss (a.k.a. the Prince of Thieves), over to Russia with a delegation of capitalists to look at new “investment opportunities.” It was something like Queen Elizabeth sending Sir Francis Drake to help the Spanish Treasury manage its gold surplus.

In a Russian talk show on the Ekho Moskvyy radio program on June 4, President Clinton was asked by the first caller, “Do you think a financial crisis is possible in the United States?” “I think a financial crisis is unlikely in the United States,” the President replied, “as long as we have a good economic program, as long as we keep our budget in surplus, as long as we’re continuing to open our markets and compete with other countries, as long as we’re investing in our people. If we have good policies and we work hard, I think a big financial crisis is unlikely.” With the U.S. stock market about to burst, the President’s response seems to be an extreme case of the condition known as “whistling past the graveyard.”

Book Reviews

‘Starr’s Stenographers’ and the Conspiracy To Destroy the President

by Edward Spannaus

Truth at Any Cost: Ken Starr and the Unmaking of Bill Clinton

by Susan Schmidt and Michael Weisskopf
New York: HarperCollins, 2000
308 pages, hardbound, \$26

The Hunting of the President: The Ten- Year Campaign to Destroy Bill and Hillary Clinton

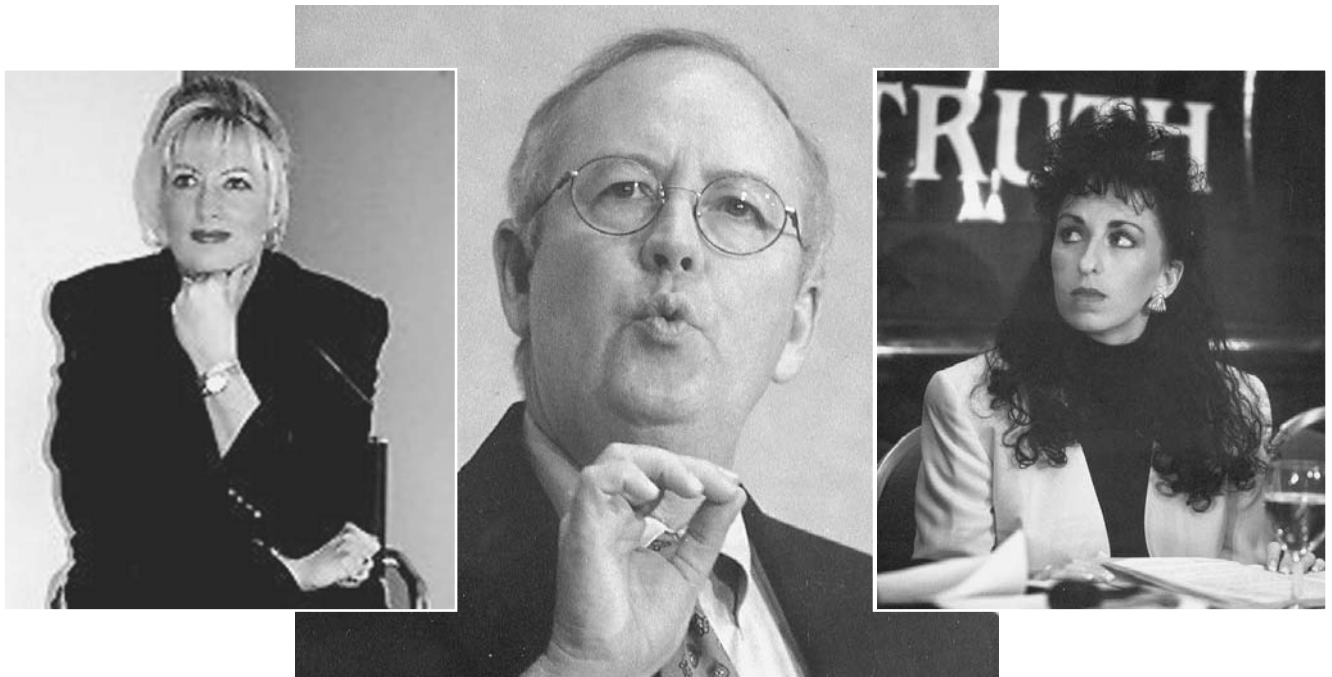
by Joe Conason and Gene Lyons
New York: St. Martin’s Press, 2000
373 pages, hardbound, \$25.95

Media critic Steve Brill, in his famous 1998 “Pressgate” article, described the *Washington Post*’s Susan Schmidt as someone who “does stenography for the prosecutors.” Schmidt was one of the “mainstream press” reporters who was skewered by Brill for uncritically taking dictation from independent counsel Kenneth Starr and his staff, and then reporting the results as if it were objective news.

Although Brill was subject to merciless attacks by the very reporters and news outlets which he was exposing—an irony, because they themselves knew full well the truth of what he was saying, being the very recipients of the leaks from Starr’s office—Brill is now fully vindicated by the new book by Susan Schmidt, *Truth at Any Cost*, co-authored by *Time* magazine writer Michael Weisskopf, also a *Washington Post* reporter for many years.

Not without reason, has Schmidt become known as “Stenographer Sue” among reporters following the Clinton scandals.

Simply put, the Schmidt-Weisskopf book is a shameless public-relations promotion for Kenneth Starr and his staff.



Linda Tripp, Kenneth Starr, and Paula Jones. Tripp, the Bush Administration holdover and White House mole, assisted independent counsel Starr's office to take over the Paula Jones sexual harassment lawsuit. Jones's lawsuit was an outgrowth of the Richard Mellon Scaife-funded "Arkansas Project," and was instigated by British spook/reporter Ambrose Evans-Pritchard; it gave Starr's office the pretext to turn the Whitewater investigation into a pornographic sex-and-lies inquisition which destroyed Bill Clinton's Presidency. Starr had already been working to destroy Clinton before he became the "Whitewater" independent counsel, and his former law partner Theodore Olson was coordinating the Scaife-financed "Get Clinton" effort well in advance of Starr's appointment.

Starr certainly did his part, sitting for ten interviews, each of several hours duration, "resulting in nearly three hundred pages of typewritten transcripts," as the authors state in the Acknowledgements. (The authors still had a little bit of work to do: Since the text of the book is only 278 pages, they did have to edit the transcripts down slightly.) Additionally, they were able to supplement Starr's dictation with over 200 hours of interviews with Starr's staff.

Starr's Acolytes

The book's title itself betrays the authors' slavish devotion to Starr's crusade. Starr is portrayed as a disinterested but righteous seeker after the truth, who is obstructed in this noble effort at every turn by the evil Bill Clinton and his White House lawyers, who use every technicality in the book — plus some new ones — to impede Starr's search for the truth.

There is not even any pretense on the authors' part to any sort of "journalistic objectivity" about their subject. Right from the beginning, they paint Starr as an aggrieved victim of Clinton's criminal machine. For example, anybody who has paid even passing attention to Starr's witch-hunt, knows that Starr was targeting James and Susan McDougal (and Webster Hubbell) for one and only one purpose: to use them as stepping stones to get to Bill and Hillary Clinton, even to

the extent of demanding that they lie about Clinton, that they tell a story that would conform to Starr's version of the "truth."

Yet, Schmidt and Weisskopf sympathetically relate how "Starr felt he was up against an infernal system" in Arkansas, facing uncooperative witnesses and local officials, and with President Clinton's own lawyer, David Kendall, even having "dined openly with Susan McDougal and her counsel." Horrors!

"To see the President allied with the McDougals, criminal defendants in a duly authorized Federal investigation, outraged Starr and his team," Schmidt and Weisskopf dutifully report.

Starr's own tormented, paranoid worldview pervades the entire book, with its depiction of the upright, Bible-quoting Starr ever under attack and repeatedly stymied by the devious White House cabal of the Clintons, their lawyers, plus James Carville, Sidney Blumenthal, and other anti-Starr conspirators.

When Monica Lewinsky's second set of lawyers, Washington insiders Plato Cacheris and Jake Stein, joined David Kendall in seeking court action to stop the torrent of leaks from Starr's office, we have the privilege of learning what Starr's innermost thoughts were at that moment:

“He [Starr] had been disturbed, though, by the role of Stein and Cacheris. What were respected lawyers like them doing on the other side, Starr wondered. Why were they allied with the enemies of the truth, defenders of the darkness. . . ?”

Starr is not the only object of the authors’ adoration. At times, this verges on the pornographic, such as their description of Starr’s top deputy, Hickman Ewing, while he was presenting the evidence against Hillary Clinton to a meeting of the combined Little Rock and Washington staff: “Ewing, compact and athletic, began his presentation. . . .”

There’s more. Consider the following passage, concerning Starr’s reaction to the investigation of the leaks of secret information from Starr’s office to the news media. That day, Starr had just learned that Deputy Attorney General Eric Holder had offered to Chief Judge Norma Johnson Holloway, who was supervising Starr’s grand jury investigation, to assist the court in any way possible in its leak investigation.

“That night Starr woke up at 3 a.m. with a start. *Holder was trying to insert himself into the leak investigation*, he thought. Starr felt betrayed.”

The reader might justifiably wonder: Just exactly *how* do Schmidt and Weisskopf know what Starr was thinking at 3:00 in the morning?

‘It’s Not About Sex’

The most amusing portions of the book—apart from the adulatory descriptions of Starr’s relentless “search for the truth”—are the authors’ defense of the salacious sexual details included in Starr’s 1998 report to Congress. You see, Ken didn’t really want to do it, but it was that nasty Bill Clinton, insisting on his legalistic definition of sexual relations, who forced Starr to put all that dirty stuff in the report.

In fact, there were strenuous disputes within Starr’s staff about how much detail should go into the report. And the authors make the case that it was Starr himself who overrode the objections, and determined that so much explicit material should go into the report.

Starr took the hard line, arguing that the sexual detail was essential to prove their case against the President—but he nevertheless maintained that the case was *not* about sex.

“To him [Starr], this was no more a sex case than Watergate had been a third-rate burglary,” Schmidt and Weisskopf write. “It was a test of the rule of law, a challenge to Clinton’s mockery of it. He told the staff it was their ‘duty’ to present contradictory facts from other witnesses to prove the Presidential lies. ‘We cannot afford the luxury of blinking,’ he said. . . . ‘We have to prove our case.’ ”

And then, we learn that Starr was shocked, shocked that Congress decided to release the entire report, with all its pornographic detail, to the public. “It never occurred to Starr that lawmakers would release grand jury material unedited,” we are told. “Starr had misread Congress. . . . Starr had sent his

report to Congress expecting it to get the same judicious handling a sensitive brief would receive at the Supreme Court.”

(One can picture Starr helpfully pausing at this point in his dictation, to make sure the stenographer gets it all down.)

The related fraud of the Schmidt-Weisskopf public-relations brochure for Starr, is its blithe dismissal of any suggestion that Starr was part of a larger conspiracy to bring down Clinton. In order to maintain the fiction that Starr was nothing more than a righteous truth-seeker, who was dragged into the controversies surrounding Clinton against his will, the authors are compelled to skip over the circumstances of his appointment, and attempt to prove that there could not have been any conspiracy involving the right-wing spooky billionaire Richard Mellon Scaife—because Scaife and Starr supposedly never met. They reduce the story of the Scaife-bank-rolled “Arkansas Project” to one paragraph, enabling them to dismiss the whole thing as “wispy.”

Why the Washington Post?

In this respect, the *The Hunting of the President* by Joe Conason and Gene Lyons is a useful, albeit incomplete, antidote to the fantastical cover-up perpetrated by Starr’s enthusiasts Schmidt and Weisskopf.

For starters, the Conason-Lyons book provides some insight into both the *Washington Post*’s and Sue Schmidt’s shameless promotion of Kenneth Starr.

As to the *Post* itself, Conason and Lyons report that Starr “had earned the deference of the *Washington Post*” by his 1987 appellate court decision in the libel suit brought against the *Post* by a top executive of Mobil Oil. Not only did Starr overturn a multimillion-dollar jury verdict against the *Post*, but, they report: “Among editors and executives at the *Post*, Bob Woodward was hardly alone in regarding that opinion as one of the most important moments in the paper’s history, freeing it from inhibiting strictures on its tradition of aggressive investigative reporting.” (However, we might note, “investigative reporting” is too kind a term for the sort of pro-prosecution smear jobs which pass for reporting at the *Washington Post*.)

Schmidt, a reporter on the savings and loan institutions beat, was catapulted onto the *Post*’s special Whitewater team in 1993, as the result of having received an important leaked document from the Resolution Trust Corp. (RTC). That particular document was the politically motivated—and specious—criminal referral regarding the Clintons and Madison Guaranty bank in Arkansas. It ended up in a front-page article by Schmidt in the *Washington Post* on Oct. 31, 1993, which helped launch the drive for an independent counsel to investigate the Clintons’ Whitewater-related transactions.

Although it was never proven that Jean Lewis, the fanatically anti-Clinton RTC investigator who drafted the phony criminal referral, was the one who leaked the document to Schmidt, the *Post* reporter’s flattering (and inaccurate) portrayal of Lewis during Lewis’s stumbling and self-contradict-

tory Congressional testimony two years later, did nothing to allay those suspicions. The Lewis referral, as many *EIR* articles earlier reported, was based on allegations made by David Hale, a Little Rock con-man and former municipal judge, who was the beneficiary of legal assistance from one of Mellon Scaife's top lawyer operatives in Washington, Theodore Olson, already by late 1993.

When Hale took the witness standing during Whitewater-related trials in Little Rock in 1996, the *Post*'s Schmidt (never one to forget a favor) again presented Hale in the most favorable, flattering—and grossly inaccurate—light possible.

And then, on Jan. 21, 1998, it was Schmidt, on page one of the *Washington Post*, who was the first to break the Lewinsky story into the mainstream print media—a story once again based on leaks from Starr's office.

The True Origins of the Lewinsky Scandal

At the end of 1998, this reviewer wrote an article entitled "It Didn't Start with Monica: The Five-Year Campaign To Bring Down President Clinton" (*EIR*, Jan. 1, 1999). That article traced the then-ongoing impeachment effort back to Hale's "Whitewater" tales peddled during the 1992 election campaign, and to Hale's efforts to save his own skin after being indicted in the fall of 1993.

By late 1993, we showed, Hale had been picked up by Olson and the "Arkansas Project"—the \$2.4 million covert operation run through the British-linked *American Spectator* magazine, with Scaife money and Olson's legal expertise, which was designed to dig up derogatory information and potential witnesses against Bill and Hillary Clinton. Sex got added into the mix with the December 1993 publication of the "Troopergate" saga in the *American Spectator*.

As *EIR* reported, the ubiquitous Olson was not just the lawyer for the *American Spectator* and an operative for the British-trained Mellon Scaife; he was also Starr's former law partner and close friend. Additionally, Olson and his wife Barbara came to host a weekly "salon" at their secluded Great Falls, Virginia home, where much of the planning for Starr's assault on the Presidency was carried out.

The Paula Jones civil suit—Starr's vehicle for transforming the Whitewater real estate inquiry into a tawdry sex-and-lies inquisition—was, of course, an outgrowth of the "Troopergate" article. At the time of Starr's appointment as independent counsel to replace the first Whitewater independent counsel in August 1994, it was known to some extent, but not fully, that Starr had been involved around the edges of the Paula Jones case.

What was not known at the time—except perhaps to some of those doing the recommending and appointing—was that Starr's associate Theodore Olson was already deeply involved in efforts to bring down President Clinton. Had the full extent of Olson's activities been public knowledge at the time, it is inconceivable that Starr could have been named independent counsel. (Nor was it known at the

time, that which *EIR* is now in the process of documenting: that Starr was in the running to be appointed earlier, at the beginning of 1994, when Attorney General Janet Reno ultimately named Robert Fiske as the first Whitewater independent counsel.)

From Atwater to Olson

Conason and Lyons have gone this author's description of the "five-year campaign" to bring down the President one better: They have documented a *ten-year* campaign to destroy Bill and Hillary Clinton—as suggested by the book's subtitle. They trace the campaign against Clinton back to 1989, when George Bush operative and Republican National Committee chairman Lee Atwater went to Little Rock to conspire with local Republican operatives about how to ensure Bill Clinton's defeat in the 1990 gubernatorial elections, so that Clinton could not be the Democratic Presidential nominee in 1992.

Atwater believed that Clinton, as a southern moderate, was the one potential Democratic candidate who could beat Bush in the 1992 elections. Atwater vowed to work with Arkansas Republicans "to throw everything we can at Clinton—drugs, women, whatever works," adding: "We may or may not win, but we'll bust him up so bad he won't be able to run again for years."

The cabal of Clinton's enemies in Arkansas who plotted with the Bush camp and Atwater around the 1990 campaign were ultimately unsuccessful, but they formed the core group that made themselves and their dirt-collection available to the national news media during the 1992 Presidential campaign. They didn't succeed in stopping Clinton in 1992 either, but nor did they give up.

Toward the end of Clinton's first year in office, this same Arkansas gang put itself at the disposal of a well-financed group of operatives for the Scaife-Olson "Arkansas Project"—which was organized at a meeting at Olson's Washington law offices. *EIR* has reported previously that Olson functioned as Starr's controller: that he was the one with the "overview" of the entire field of activity bearing on Starr's operation, and that he was also Starr's liaison to the Justice Department's permanent bureaucracy. Conason and Lyons provide additional detail on Olson's central role in providing the link from Starr's office, through David Hale, to a network of right-wing journalists such as Ambrose Evans-Pritchard of the London *Sunday Telegraph*, Chris Ruddy of the Scaife-owned *Pittsburgh Tribune-Review*, and the *Wall Street Journal*'s Micah Morrison.

Although *EIR* has been the most persistent in elaborating the crucial role of Olson in the legal attack on President Clinton, we are pleased to see that Conason's and Lyons's researches led them to the same conclusion. They write:

"If any single figure in Washington embodied the effort to undermine Clinton it was Ted Olson, the former Reagan aide turned Republican power lawyer. Olson didn't seek pub-

licity (leaving his name off *Spectator* essays, for example) but he had played a part in almost every assault on the President, as an attorney for David Hale, as counselor to the Arkansas Project, as friend and defender of Kenneth Starr—and as a secret advisor to the lawyers for Paula Jones as well.”

Whitewater Dead-End

For all their efforts, the “Whitewater” saga manufactured by David Hale and his cronies, and laundered through Olson to Starr, was never sufficient to bring Clinton down.

And despite Starr’s later protestations to the contrary, *EIR* has shown many times that there was nothing fortuitous about Starr’s hijacking of the Paula Jones “sexual harassment” case. Starr’s takeover of the Jones civil suit is documented in *The Hunting of the President*, in excruciating detail.

By no later than mid-1997, Starr’s Whitewater investigation was dead in the water. The only hope Starr and his deputies had of reviving it, was if they could turn either Susan McDougal or Webster Hubbell into witnesses against the President. Joining Starr in efforts to pressure McDougal into cooperation were two leading members of the Get-Clinton press corps: *Newsweek*’s Michael Isikoff and ABC-TV’s Chris Vlasto.

Meanwhile, Starr had begun, already soon after the 1996 elections, deploying FBI agents and a team of private investigators to try and dig up dirt on Clinton’s sex life. But, how to turn sexual indiscretions into a criminal, or impeachable offense, presented a formidable challenge.

The break for Starr and the Get-Clinton Olson salon came in May 1997, when the U.S. Supreme Court ruled that pre-trial discovery could go ahead in the Paula Jones case. And a month later, the *Washington Post* (under the by-lines of Bob Woodward and Susan Schmidt) reported in a front-page story that Starr’s investigators were actively digging for dirt around Clinton’s sex life, having questioned at least eight present and former Arkansas state troopers, about Clinton’s personal affairs, and specifically naming Susan McDougal and Paula Jones, among others.

From the beginning, the Paula Jones case was a project of the covert Scaife-Olson Get-Clinton task force. *EIR* has emphasized over the years the critical role of London’s Ambrose Evans-Pritchard in launching the lawsuit—a point also made in the Conason-Lyons book.

What is presented with much new detail in *The Hunting of the President* is the secret, behind-the-scenes workings of the group of young lawyers grouped in the Scaife-bankrolled Federalist Society, who provided extensive legal assistance to Jones’s on-the-record lawyers, and who eventually functioned as the covert back channel linking the Jones lawyers with a select group of journalists and with Starr’s office.

This group—which one of its members, Ann Coulter, called the “elves”—was centered around Jerome Marcus of Philadelphia, George Conway III of New York, and Richard Porter, a former Dan Quayle aide who was a member of Starr’s



Bill and Hillary Clinton, April 1999. The dirty tricks and slander campaigns against them which began in Arkansas in the 1980s, were taken over by Clinton’s British- and Wall-Street-backed enemies in the 1990s.

law firm Kirkland & Ellis. When Jones’s lawyers were getting ready for their Supreme Court argument in early 1997, the elves arranged for them to be prepped in a secret session by two of their mentors and leading lights of the Federalist Society: former judge Robert Bork and Ted Olson.

After the May 1997 green light from the Supreme Court, Jones’s lawyers felt free to seek out and take testimony from any women who had claimed sexual harassment by Bill Clinton. With some help from a private investigator/informant working for Starr and Hickman Ewing in Arkansas named Larry Wood, Jones’s lawyers learned the identity of one-time White House volunteer Kathleen Willey, who was already telling her now-transformed tale of sexual harassment to *Newsweek*’s Isikoff—who is described as “an honorary member of the Jones team.”

(Conason and Lyons also reveal that Wood was the liaison between Ewing and a group of reporters who got regular leaks from Starr’s Little Rock office—notably Evans-Pritchard, Ruddy of Scaife’s *Pittsburgh Tribune-Review*, and the *New York Post*’s John Crudele.)

The strange saga of Kathleen Willey (see *EIR*, Nov. 13, 1998) was further complicated by two factors, detailed in the Conason-Lyons book: that Willey’s one-time friend Linda Tripp was adamant that Willey was *not* a victim of sexual

harassment by the President, but that she had in fact been stalking Bill Clinton, and that the “elves” group was taking confidential information about Willey from Jones’s legal team and leaking it to the news media, particularly to cyber-gossip Matt Drudge.

One of the purposes of the leaks, orchestrated by Ann Coulter and the “elves,” was to prevent any settlement of the Jones case—something which Jones’s lawyers and Clinton’s lawyers were close to. Coulter later told Isikoff: “We were terrified that Jones would settle. It was contrary to our purpose of bringing down the President.” This sabotage led to the resignation of Jones’s lawyers in August 1997.

For those who deny the existence of a “right-wing conspiracy” around the assault on President Clinton, the Conason-Lyons description of how Linda Tripp got in contact with Jones’s lawyers (the new team) is instructive. The contact was made by Richard Porter, the law partner of Kenneth Starr, who was also a close friend of “elf” Jerome Marcus. To make the story as simple as possible, it worked like this. Tripp was put in touch with the spook-turned-literary-agent Lucianne Goldberg through former White House speechwriter Tony Snow. Goldberg called the right-wing Chicago publisher and Scaife friend Alfred Regnery; Regnery called Peter W. Smith, the Chicago businessman who had funded both the original “Troopergate” research and Newt Gingrich’s GOPAC; Smith called Porter; Porter called George Conway; Conway called Jones’s new lawyers in Dallas; and Tripp got a subpoena.

It is believed that Tripp also made several anonymous calls to Jones’s lawyers, urging them to subpoena both her and Lewinsky. But, Tripp wanted to maintain the pretense that she was being summoned to testify involuntarily—which aided her in setting up the famous “talking points” memo, which was later used to falsely claim that Lewinsky (with the White House urging her on) was asking Tripp to perjure herself.

The “talking points” document—illegally leaked to the *Washington Post*, *Newsweek*, etc.—provided the pretext under which Starr’s office was able to insert itself into the Jones case, transforming the civil suit into a criminal matter. Conason and Lyons make a compelling case that the “talking points” were nothing more or less than Lewinsky’s writing-up of Tripp’s own discussions with Lewinsky about what Tripp herself would say if “forced” to testify.

Ironically, Jones’s lawyers weren’t very enthusiastic about having Tripp testify: They believed that her testimony would contradict and discredit the allegations of sexual harassment being made by Willey against the President—allegations which the Jones lawyers needed to bolster their own, extremely flimsy case against the President.

Via the network of lawyer “elves” (who had inserted one of their own, Paul Rosenzweig, into Starr’s office by November 1997), Tripp provided two critical elements to Starr’s office. First, through the fraudulent “talking points” document, Starr’s office was provided with the excuse to take over

the Paula Jones case, on the grounds that it was investigating possible obstruction of justice and suborning of perjury by the President or his top aides. Second, Tripp played a key role in setting up the “perjury trap” for Clinton himself in his deposition in the Paula Jones case. The broad outlines of this story—how Tripp set up Lewinsky to be grabbed by Starr’s agents on Jan. 16, 1998—are well known; and that Tripp met that same evening with Jones’s lawyers, and briefed them on what had taken place that day with Lewinsky, is also generally known.

In addition to providing some new details of those events, Conason and Lyons also point out that when Tripp’s lawyer met *Newsweek*’s Isikoff still later that same night to play the crucial Tripp-Lewinsky tape for him, this was being done at the behest of Starr’s office.

The Bigger Picture

What Conason and Lyons make no attempt to do, is to situate the assault on the President in its political context. *EIR* has elaborated that the attack on Clinton was not simply a linear continuation of local Arkansas politics, or even of national party politics along Republican-Democratic lines. At the root of the entire operation, was the fear on the part of the British-American financial establishment that the new President, Bill Clinton, would break out of the confines of the Anglo-American special relationship, by overturning fundamental aspects of British geopolitics (such as Clinton did with his promotion of peace processes in the Middle East, Northern Ireland, and the Balkans), and of the International Monetary Fund-dominated financial game (which Clinton threatened to do around the IMF and Russia in late 1993).

Evans-Pritchard, the Hollinger Corp.’s agent in Washington, gave the game away already in June 1993, less than six months into Clinton’s first term, when he worried out loud in the pages of the London *Sunday Telegraph*, that Clinton was establishing a new “special relationship” between the United States and Germany, which would downgrade Britain “to the status of a secondary ally.” In 1994, the British press went berserk against Clinton, accusing him of killing off the “special relationship” with the mother country.

As the global financial crisis deepened, particularly in 1997-98, the British and their assets inside the United States were determined to do everything they could to ensure that President Clinton did not break out of the mold, and act as Franklin Roosevelt might have acted, to take on the British/Wall Street “economic royalists” and to move toward a new, just international economic order.

To understand the deeper motives behind the campaign to bring down President Clinton, this context, especially as relates to foreign policy and the financial crisis, must be taken into account. Once that is done, then the Conason-Lyons book is an excellent description of how the mechanics of that process worked. When read against the backdrop of “Stenographer Sue,” it’s even better.

U.S. Supreme Court Slaps Down Starr in Hubbell Indictment

by Edward Spannaus

On June 5, the U.S. Supreme Court threw out the tax conviction of Webster Hubbell, the former Justice Department official and friend of President and Mrs. Clinton, on the grounds that independent counsel Kenneth Starr had unconstitutionally indicted Hubbell on the basis of documents which Hubbell had handed over to Starr under a grant of immunity from prosecution.

News reports called the ruling a “stinging setback” and a “rebuke” to Starr. But it is also a rebuke to the U.S. Justice Department, which had supported Starr before the Supreme Court, with the Justice Department defending the right of a prosecutor to subpoena documents from a target, and then to use those documents to indict that same person.

Starr’s Pressure To ‘Cooperate’

The background is this: While Hubbell was already in prison as a result of Starr’s first indictment, Starr opened another investigation, as retaliation for Hubbell’s lack of “cooperation,” trying to force Hubbell to turn against the Clintons. Starr issued a very broad subpoena to Hubbell, calling for the production of 11 categories of financial and tax information. Hubbell objected on Fifth Amendment grounds, and Starr obtained a court order, granting Hubbell immunity from prosecution for the act of production of the documents.

The pretext for this second investigation and the subpoena was the assertion that the White House had conspired with Hubbell and others to obstruct justice, by helping Hubbell obtain high-paying consulting jobs. But, unable to come up with evidence of obstruction, Starr instead turned around and indicted Hubbell, plus Hubbell’s wife, his lawyer, and his accountant, on tax conspiracy charges. (Which led Hubbell to declare that Starr could indict his dog and his cat, and he would still not lie about the President and the First Lady.)

Federal District Judge James Robertson then threw out the indictment, on the grounds that the use of the documents violated Hubbell’s Fifth Amendment right against self-incrimination. (In a hearing on the matter, when prosecutors said that they could indict Hubbell, using documents produced under a grant of immunity, Judge Robertson called that notion “really scary.”)

Robertson was unceasingly vilified by the right-wing press for allegedly protecting President Clinton, who had appointed him to the bench. Subsequently, the U.S. Court of

Appeals reinstated the indictment, and Hubbell then pled guilty to a lesser, misdemeanor charge, with one of the conditions being that the charges against his wife and others would be dropped.

With Hubbell still refusing to “cooperate” with Starr against the Clintons, the independent counsel then brought yet another indictment against Hubbell, charging him with 15 felony counts of fraud, perjury, and obstruction of the original investigation of the Whitewater allegations conducted by the Federal Deposit Insurance Corp. and the Resolution Trust Corp. To get rid of the prosecutions, Hubbell pled guilty to one felony count in that indictment — which still stands.

“It is not normal for a prosecutor to keep indicting the same person over and over again,” his attorney John Nields said at that time. “It is wrong for a prosecutor to keep on indicting the same person over and over again in the hope that he may some day tell him something about his real quarry” — i.e., President Clinton. Hubbell himself declared: “I don’t know of any wrongdoing on behalf of the First Lady or the President, and nothing the independent counsel can do to me is going to make me lie about that.”

Hubbell was also subject to unrelenting attack from key media organs of the “Olson Salon” (see review p. 80). The *Wall Street Journal* began targetting Hubbell in March 1993 with a series of “Who Is Webster Hubbell?” editorials, followed by series of “Who Was Webster Hubbell?” editorials after he was forced out of his position in the Justice Department. The *American Spectator* also pummeled Hubbell mercilessly — often with the aid of leaks from Starr’s office.

Unusual Supreme Court Ruling

In their June 5 ruling, eight justices (only Chief Justice William Rehnquist dissenting) held that because Starr’s office was only vaguely aware of the existence of the documents Hubbell was forced to produce, that the act of production also involved “testimonial” aspects — i.e., he was admitting the existence of the documents, that he was in control of them, and that they were authentic. The court said that this “was tantamount to answering a series of interrogatories asking a witness to disclose the existence and location of particular documents fitting certain broad descriptions.” And, they said: “It is abundantly clear that the testimonial aspect of respondent’s act of producing subpoenaed documents was the first step in a chain of evidence that led to this prosecution.”

Today’s ruling may have far-reaching implications. Since 1976, the Supreme Court has held that the Fifth Amendment’s stricture that no one can be compelled to be a witness against himself in a criminal case, applies only to testimony, *not* to the production of documents or things. In a concurring opinion, Associate Justice Clarence Thomas, joined by Antonin Scalia, suggested that this is at variance with what the Fifth Amendment meant at the time of its adoption, and Thomas said that he would be willing to reconsider whether the Fifth Amendment bars compelled production of any physical evidence.

National News

Violence Increases in G-Rated Films

Researchers from the Harvard Center for Risk Analysis conducted a survey of violence in feature-length, animated films for children over the past 60 years, the *Journal of the American Medical Association* reported on May 24. They found that the average time during which violence is on-screen in these children's films has increased by over 50% since 1940. One film, *Quest for Camelot*, depicts violent acts for 28% of its duration.

The study states, "Our content analysis reveals a striking behavioral message implied by many of the G-rated animated films that the good guys triumph over the bad through the use of physical force." The report cites Disney's *The Lion King*, wherein the hero-lion refuses to kill his adversary after winning a fight—but the hero-lion is then killed by hyenas.

The *Journal* points out that most parents have little idea about what their children are watching, though noting that "parents of young children ages 2-5 years reported that their children watch an average of 2.2 hours per day of television and 1.5 hours per day of videotapes."

Banning guns would have little impact, as *EIR* has emphasized. Only a small percentage of the films depict guns; otherwise, the violence is carried out by "rope, broom, stone, . . . and magic."

U.S. Resumes Military Ties with Indonesia

The United States is quietly restarting military cooperation with Indonesia, after an eight-month freeze, the *New York Times* reported on May 24. Indonesian military observers were invited to joint exercises in Thailand in May, plans were made to hold the first joint exercises between American and Indonesian Armed Forces in July.

Journalist Elizabeth Becker says that the Clinton Administration plans to present a military-to-military program to Congress, in

part to reward the President Abdurrahman Wahid's government for imposing civilian control over the military, and for removing senior military officers alleged to have been involved in the post-referendum violence in East Timor.

A group of 29 human rights groups and some Congressmen, including Sen. Russ Feingold (D-Wisc.), are not happy. The human rights groups have petitioned Secretary of State Madeleine Albright to block "resumption of military engagement at any level." The Pentagon is working around these objections by renewing ties first with the Indonesian Air Force and Navy, but not the much-maligned, and dominant, Army. The July joint exercises with the Marines will concentrate on humanitarian assistance and disaster relief.

Albright has responded to the human rights crowd that only after consultations with Congress, does the Administration hope to begin "carefully calibrated" ties between the two militaries. Ironically, *EIR* was told that when Indonesia's new civilian Defense Minister, Juwono Sudarsono, was in Washington in April, the same State Department severely restricted Pentagon contact with him, while he was seeking precisely the kind of assistance that Albright is now suggesting.

Pruden Peeks Out From Under Klan Hood

The rabidly anti-Clinton editor-in-chief of the *Washington Times*, Wesley Pruden, in his column of May 26, tried to spin the 22% vote for Lyndon LaRouche in the Arkansas Democratic primary as an expression of the anti-Clinton sentiment, and also stupidity, of Arkansas voters, as *EIR* noted last week. "Some Democrats put it down to 'anybody but Gore' in a season where W. [Bush] is looking better every day," Pruden wrote. "Some others say the LaRouche vote was meant to embarrass Bill Clinton in a week when he humiliated the state one more time. And some Democrats even say that a few of the folks back in the hills and hollows confuse Mr. LaRouche with that other Lyndon, and if ol' LBJ is back for one last hurrah, well, it won't hurt to he'p him out a little."

EIR is confident that Arkansas voters know the difference between Lyndon Johnson and Lyndon LaRouche. But the question is, who is Wesley Pruden?

The author of the "Pruden on Politics" column is a native of Arkansas, whose father was a prominent segregationist in Little Rock in the 1950s—in fact, his father was the chaplain to the White Citizens Council, a sort of country-club version of the Ku Klux Klan. According to a source in Little Rock, the elder Pruden was one of those inciting white mobs, as black students entered Central High School in Little Rock in 1957.

Pruden's father was also a close ally of "Justice Jim" Johnson, Arkansas' most notorious segregationist, who was Bill Clinton's biggest enemy in the state, and the local point man for operations against Clinton, feeding information to the national news media during the 1992 election campaign, and later, as the Whitewater scandal was building in 1993. His son is obviously a chip off the old block.

John Train Gets Presidential Appointment

President Bill Clinton named New York City investment counsellor John Train as a member of the Federal Retirement Thrift Investment Board, according to U.S. News-wire on June 1. Train was a leader of the "Get LaRouche" task force, which railroaded Lyndon H. LaRouche, Jr. and associates into prison beginning in 1989. (See Lyndon H. LaRouche, Jr., "U.S.A. vs. Lyndon LaRouche: 'He's a Bad Guy, But We Can't Say Why,'" *EIR*, March 10, 2000, footnote 27; Jeffrey Steinberg, "Wall Street Tory John Train Revives 'Get LaRouche' Salon," *EIR*, May 27, 1994.)

The move apparently reflects Clinton's continuing effort to save his own hide—specifically, to prevent his post-Presidency imprisonment—by putting the election of Al Gore above everything, including sanity.

The Federal Retirement Thrift Investment Board is responsible for managing the Thrift Savings Fund, a tax-deferred fund established by the Federal Employees Retirement Act of 1986.

When the Blind Lead the Blind

President Clinton's Moscow trip was a bungled failure, as he himself apparently recognized from the beginning: For the most part, the President appeared dull and uninterested throughout it. As the first American President to address the Russian State Duma, or lower house of parliament, he read a long speech from notes, in a bored and listless manner. It seemed to have been written for him by someone else; its least forgettable point was that Russia should not be the only industrialized country not to join GATT.

In everything he said and did, the President was weighed down by carrying baggage for others. When he insisted that the Internet and "free-market" policies guarantee against an economic crisis in the United States, he was retailing Gore campaign slogans which he knows to be untrue. Similarly, in trying to convince the Russians to accept a U.S. "National Missile Defense" allegedly directed against a future threat from North Korea, the President was telling stories which neither he nor any other intelligent person believes. Although the President's friend Strobe Talbott went so far as to say that North Korea could threaten the United States with an ICBM within five years, both know well that North Korea is an impoverished and desperate country, moving toward eventual union with South Korea, rather than toward thermonuclear attack on the United States, and its own certain annihilation immediately afterwards. No one knows this better than Clinton and Talbott, since their own years of negotiations with North Korea, have been instrumental in helping it along the path toward peace, normalization, and unity.

Still more damaging was that the President failed to address any of the issues of real concern to Russians.

Why the failure? The success of their earlier initiatives toward North Korea, among others, makes clear that it is not for the lack of intelligence and good will among Clinton and his friends.

It is because President Clinton and his circle have mortgaged everything to the effort to elect Al Gore as President. Every day's events—like the disbarment proceedings against Clinton in Arkansas—convince

him that both he and his wife will be quickly sent to jail under a George W. Bush, Jr. administration. The President is so eager to believe that only a Gore Administration would protect him from imprisonment, that he makes himself forget, first, that Gore is not electable, and, second, that he is not loyal.

In this circumstance, Gore's own wild mental instability has permeated the Presidency. Make no mistake: Insiders agree that Al Gore makes 1988 Democratic candidate Michael Dukakis look like a poster-boy for mental health. Why does he refuse ever to hold press conferences? The sense of insanity which always leaks out from Gore's carefully controlled campaign events, points to mental problems which leading Democrats cannot ignore. For this reason, there is a behind-the-scenes effort to find an alternative candidate, before Gore sinks Democratic prospects, not only for the Presidency, but for the Congress as well.

When the worse, like Gore, are driven by insane criminal energy, and the better, like Clinton, are reduced to an obsessional delusion—in either case, we're dealing with an insane ruling class, like that of the Roman Empire. It has lost the capacity to assess problems. They are incapable of rational statements; they've lost it. It's the same as what you see at the end of doomed empires.

In their delusionary states, the U.S. Administration and other leaders want to keep the Nasdaq bubble going through the August Democratic Convention, or even the November election. That's where Lyndon LaRouche's paper, published in this issue, is so important. The discontinuity in the LaRouche Triple Curve has entered what Riemann defined as a shock front, as it did in Weimar Germany during the course of March through October of 1923. The rate of monetary inflation required to keep the bubble alive, has come to exceed the rate of financial asset-inflation. The rate of increase in monetary aggregates exceeds that of financial aggregates. There's nothing they can do; the system is overripe for explosion. The more they try to keep it going, the worse it gets.

SEE LAROUCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted. (*) Call station for times.

ALABAMA

- BIRMINGHAM—Ch. 4
Thursdays—11 pm
- MONTGOMERY—Ch. 3
Mondays—10:30 pm
- UNIONTOWN—Ch. 2
Mon.-Fri.: Every 4 hrs.
Sundays—Afternoons

ALASKA

- ANCHORAGE—Ch. 44
Thursdays—10:30 pm
- JUNEAU—GCI Ch. 2
Wednesdays—10 pm

ARIZONA

- PHOENIX—Ch. 98
Fridays—9 pm
- TUCSON—Access
Cox Ch. 62
CableReady Ch. 54
Thu.—12 Midnight

ARKANSAS

- CABOT—Ch. 15
Daily—8 pm

CALIFORNIA

- BEVERLY HILLS
Adelphia Ch. 37
Thursdays—4:30 pm
- BREA—Ch. 17*
- CHATSWORTH
T/W Ch. 27/34
Wed.—5:30 pm
- CONCORD—Ch. 25
Thursdays—9:30 pm
- COSTA MESA—Ch. 61
Mon.—6 pm; Wed.—3 pm
Thursdays—2 pm
- CULVER CITY
MediaOne Ch. 43
Wednesdays—7 pm
- E. LOS ANGELES
BuenaVision Ch. 6
Fridays—12 Noon
- HOLLYWOOD
MediaOne Ch. 43
Wednesdays—7 pm
- LANC./PALM.
Jones Ch. 16
Sundays—9 pm
- LAVERNE—Ch. 3
Mondays—8 pm
- LONG BEACH
Charter Ch. 65
Thursdays—1:30 pm
- MARINA DEL REY
Adelphia Ch. 3
Thursdays—4:30 pm
MediaOne Ch. 43
Wednesdays—7 pm
- MID-WILSHIRE
MediaOne Ch. 43
Wednesdays—7 pm

- MODESTO—Ch. 8
Mondays—2:30 pm
- PALOS VERDES
Cox Ch. 33
Saturdays—3 pm
- SAN DIEGO—Ch. 16
Saturdays—10 pm
- STA. ANA—Ch. 53
Tuesdays—6:30 pm

- SANTA CLARITA
MediaOne/T-W Ch. 20
Fridays—3 pm
- SANTA MONICA
Adelphia Ch. 77
Thursdays—4:30 pm
- TUJUNGA—Ch. 19
Fridays—5 pm
- VENICE—Ch. 43
Wednesdays—7 pm
- W. HOLLYWOOD
Adelphia Ch. 3
Thursdays—4:30 pm

COLORADO

- DENVER—Ch. 57
Sat-1 pm; Tue-7 pm

CONNECTICUT

- CHESHIRE—Ch. 15
Wednesdays—10:30 pm
- GROTON—Ch. 12
Mondays—10 pm
- MANCHESTER—Ch. 15
Mondays—10 pm
- MIDDLETOWN—Ch. 3
Thursdays—5 pm
- NEW HAVEN—Ch. 28
Sundays—10 pm
- NEWTOWN/NEW MIL.
Charter Ch. 21
Thursdays—9:30 pm

DIST. OF COLUMBIA

- WASHINGTON—Ch. 25
Sundays—3:30 pm

GEORGIA

- ATLANTA
MediaOne Ch. 12/25
Mondays—2:30 pm

IDAHO

- MOSCOW—Ch. 11
Mondays—7 pm

ILLINOIS

- CHICAGO—Ch. 21*
- QUAD CITIES—AT&T
In Illinois: Ch. 6
In Iowa: Ch. 75
Mondays—11 pm
- PEORIA COUNTY
AT&T Ch. 22
Sundays—7:30 pm
- SPRINGFIELD—Ch. 4
Wednesdays—5:30 pm
(INDIANA)

- DELAWARE COUNTY
Adelphia Ch. 42
Mondays—11 pm
- MICH. CITY—Ch. 99
Mondays—10 pm

KANSAS

- SALINA—CATV Ch. 6
*Love, Unity, Saves**

KENTUCKY

- LATONIA—Ch. 21
Mon.-8 pm; Sat.-6 pm
- LOUISVILLE—Ch. 70
Fridays—2 pm

LOUISIANA

- ORLEANS PARISH
Cox Ch. 6
Tue., Thu., Sat.
2:30 am & 2:30 pm

MARYLAND

- A. ARUNDEL—Ch. 20
Fri. & Sat.—11 pm
- BALTIMORE—Ch. 5
Wed.: 4 pm, 8 pm
- MONTGOMERY—Ch. 19/49
Fridays—7 pm
- P.G. COUNTY—Ch. 15
Mondays—10:30 pm
- W. HOWARD COUNTY
MidAtlantic Ch. 6
Monday thru Sunday—
1:30 am, 11:30 am,
4 pm, 8:30 pm

MASSACHUSETTS

- AMHERST—Ch. 10*
- BOSTON—BNN Ch. 3
Thursdays—3 pm
- GREAT FALLS
MediaOne Ch. 6
Mondays—10 pm
- WORCESTER—Ch. 13
Wednesdays—6 pm

MICHIGAN

- CANTON TOWNSHIP
MediaOne Ch. 18
Thursdays—6 pm
- DEARBORN HEIGHTS
MediaOne Ch. 18
Thursdays—6 pm
- GRAND RAPIDS
GRITV Ch. 25
Fridays—1:30 pm
- LAKE ORION
AT&T Ch. 65
Alt. Weeks: 5 pm
Mon., Wed., Fri.
- LANSING
AT&T Ch. 16
Tuesdays—4:30 pm
- PLYMOUTH—Ch. 18
Thursdays—6 pm

MINNESOTA

- ANOKA—Ch. 15
Thu.—11 am, 5 pm,
12 Midnight
- COLUMBIA HTS.
MediaOne Ch. 15
Wednesdays—8 pm
- DULUTH—Ch. 24
Thursdays—10 pm
Saturdays—12 Noon
- MINNEAP.—Ch. 32
Wednesdays—8:30 pm
- NEW ULM—Ch. 12
Fridays—5 pm
- PROCTOR/
HERMANTOWN—Ch. 12
Tue. btw. 5 pm - 1 am
- ST. LOUIS PARK—Ch. 33
Friday through Monday
3 pm, 11 pm, 7 am
- ST. PAUL—Ch. 33
Sundays—10 pm
- ST. PAUL (NE burbs)*
Suburban Community
Ch. 15

MISSISSIPPI

- JACKSON
T/W Ch. 11/18
Mondays—3:30 am

MISSOURI

- ST. LOUIS—Ch. 22
Wed-5 pm; Thu.-Noon

MONTANA

- MISSOULA—Ch. 13/8
Sun-9 pm; Tue-4:30 pm

NEBRASKA

- LINCOLN
Time Warner Ch. 80
Citizen Watchdog
Tue-7 pm; Wed-8 pm

NEVADA

- CARSON CITY—Ch. 10
Sun-2:30 pm; Wed-7 pm
Saturdays—3 pm

NEW JERSEY

- MONTVALE/MAHWAH
Time Warner Ch. 27
Wednesdays—5:30 pm

NEW MEXICO

- ALBUQUER.—Ch. 27
Thursdays—4 pm
- LOS ALAMOS
Adelphia Ch. 8
Sundays—7 pm
Mondays—9 pm
- TAOS
Adelphia Ch. 2
Mondays—7 pm
- NEW YORK
• AMSTERDAM—Ch. 16
Mondays—7 pm

- BROOKHAVEN
(E. Suffolk)
Cablevision Ch. 1/99
Wednesdays—9:30 pm
- BROOKLYN—BCAT
Time Warner Ch. 35
Cablevision Ch. 68
Sundays—9 am
- CORTLANDT/PEEKS.
MediaOne Ch. 32/6
Wednesdays—3 pm
- HORSEHEADS—Ch. 1
Mon., Fri.—4:30 pm
- HUDSON VLY.—Ch. 62
2nd, 3rd Sun.—1:30 pm
- ILION—T/W Ch. 10
Saturdays—12:30 pm
- IRONDEQUOIT—Ch. 15
Mon., Thu.—7 pm
- ITHACA—Ch. 80
Thursdays—5 pm
- NIAGARA FALLS
Adelphia Ch. 24
Tuesdays—4 pm
- N. CHAUTAUQUA
Gateway Access Ch. 12
Fridays—7:30 pm
- ONEIDA—T/W Ch. 10
Thursdays—10 pm
- OSSINING—Ch. 19/16
Wednesdays—3 pm
- PENFIELD—Ch. 12
Penfield Community TV*
- POUGHKEEPSIE—Ch. 28
1st, 2nd Fridays—4 pm
QPTV
Ch. 56: Fri, Jun. 16—6 pm
Ch. 35: Sat, Jun. 24—6 pm
Ch. 35: Thu, Jun. 29—6 pm
- QUEENSBURY—Ch. 71
Thursdays—7 pm
- RIVERHEAD—Ch. 27
Thursdays—12 Midnight
- ROCHESTER—Ch. 15
Fridays—11 pm
Sundays—11 am
- ROCKLAND—Ch. 27
Wednesdays—5:30 pm
- SCHENECTADY—Ch. 16
Tuesdays—10 pm
- STATEN ISL.—Ch. 57
Thursday—11 pm
Saturday—8 am

- SUFFOLK—Ch. 25
2nd, 4th Mon.—10 pm
- SYRACUSE—T/W
City: Ch. 3
Suburbs: Ch. 13
Fridays—8 pm
- TRI-LAKES
Adelphia Ch. 2
Sun.: 7 am, 1 pm, 8 pm
- UTICA—Ch. 3
Thursdays—6 pm
- WATERTOWN—Ch. 2
Tue: betwn. Noon-5 pm
- WEBSTER—Ch. 12
Wednesdays—8:30 pm
- WEST MONROE COUNTY
Time Warner Ch. 12
4th Wed.—1 am
- WESTFIELD—Ch. 21
Mondays—12 Noon
Wed., Sat.—10 am
Sundays—11 am
- W. SENECA—Ch. 68
Thu.—10:30 pm
- YONKERS—Ch. 71
Saturdays—3:30 pm
- YORKTOWN—Ch. 71
Thursdays—3 pm

NORTH CAROLINA

- MECKLENBURG
Time Warner Ch. 18
Saturdays—7:30 pm

NORTH DAKOTA

- BISMARCK—Ch. 12
Thursdays—6 pm

OHIO

- FRANKLIN COUNTY
Ch. 21: Sun.—6 pm
Ch. 27: Tue.—6 pm
Ch. 33: Thu.—3 pm
- OBERLIN—Ch. 9
Tuesdays—7 pm
- REYNOLDSBURG
Ch. 6: Sun.—6 pm

OREGON

- CORVALLIS/ALB.
AT&T Ch. 99
Tuesdays—1 pm
- PORTLAND—AT&T
Ch. 27: Tue.—6 pm
Ch. 33: Thu.—3 pm
- SALEM—ATT Ch. 28
Tuesdays—12 Noon
Thu.-8 pm; Sat.-10 am
- WASHINGTON—ATT
Ch. 9: Tualatin Valley
Ch. 23: Regional Area
Ch. 33: Unincorp. Towns
Mon.—5 pm; Wed.—10
am; Sun.—10 am

RHODE ISLAND

- E. PROVIDENCE—Ch. 18
Tuesdays—6:30 pm

TEXAS

- EL PASO—Ch. 15
Wednesdays—5 pm

UTAH

- GLENWOOD, Etc.
SCAT-TV
Ch. 26, 29, 37, 38, 98
Sundays—about 9 pm

VIRGINIA

- ARLINGTON
ACT Ch. 33
Mondays—4:30 pm
Tuesdays—9 am
- CHESTERFIELD
Comcast Ch. 6
Tuesdays—5 pm
- FAIRFAX—Ch. 10
Tuesdays—12 Noon
Thu.-7 pm; Sat.-10 am
- LOUDOUN—Ch. 59
Thursdays—7:30 pm
- PRINCE WILLIAM
Jones Ch. 3
Mondays—6 pm
- ROANOKE—Ch. 9
Thursdays—2 pm
- SALEM—Ch. 13
Thursdays—2 pm
- STUARTS DRAFT
WPMG-TV Ch. 17
Adelphia Ch. 13
Saturdays—2 pm

WASHINGTON

- KING COUNTY
AT&T Ch. 29/77
Thursdays—3 pm
- SPOKANE—Ch. 25
Wednesdays—6 pm
- TRI-CITIES
Falcon Ch. 13
Mon-Noon; Wed-6 pm
Thursdays—8:30 pm
- WHATCOM COUNTY
AT&T Ch. 10
Wednesdays—11 pm
- YAKIMA—Ch. 9
Sundays—4 pm

WISCONSIN

- KENOSHA—Ch. 21
Mondays—1:30 pm
- MADISON—Ch. 4
Tue.-2 pm; Wed.-8 am
- MARATHON COUNTY
Charter Ch. 10
Thursdays—9:30 pm;
Fridays—12 Noon
- OSHKOSH—Ch. 10
Fridays—11:00 pm

WYOMING

- GILLETTE—Ch. 36
Thursdays—5 pm

If you would like to get *The LaRouche Connection* on your local cable TV station, please call Charles Nottley at 703-777-9451, Ext. 322.
For more information, visit our Internet HomePage at <http://www.larouchepub.com/tv>

Executive Intelligence Review

U.S., Canada and Mexico only

1 year	\$396
6 months	\$225
3 months	\$125

Foreign Rates

1 year	\$490
6 months	\$265
3 months	\$145

I would like to subscribe to *Executive Intelligence Review* for

1 year 6 months 3 months

I enclose \$_____ check or money order
Please charge my MasterCard Visa

Card No. _____ Exp. date _____

Signature _____

Name _____

Company _____

Phone (_____) _____

Address _____

City _____ State _____ Zip _____

Make checks payable to EIR News Service Inc.,
P.O. Box 17390, Washington, D.C. 20041-0390.

FIDELIO

Journal of Poetry, Science, and Statecraft

Publisher of LaRouche's major theoretical writings

Spring 2000

Prometheus and Europe

Lyndon H. LaRouche, Jr.

Aeschylus's Prometheus did not simply defy the pagan gods; he pointed toward a real God, the same God identified in Plato's *Timaeus*, upon whose justice for mankind Prometheus implicitly relied. A Prometheus image was, artistically, a necessary idea, which contributed an essential role during the recent thousands of years of emergence of the best features of modern European civilization today.

John Milton's Blank Verse and The Republican Spirit in Poetry

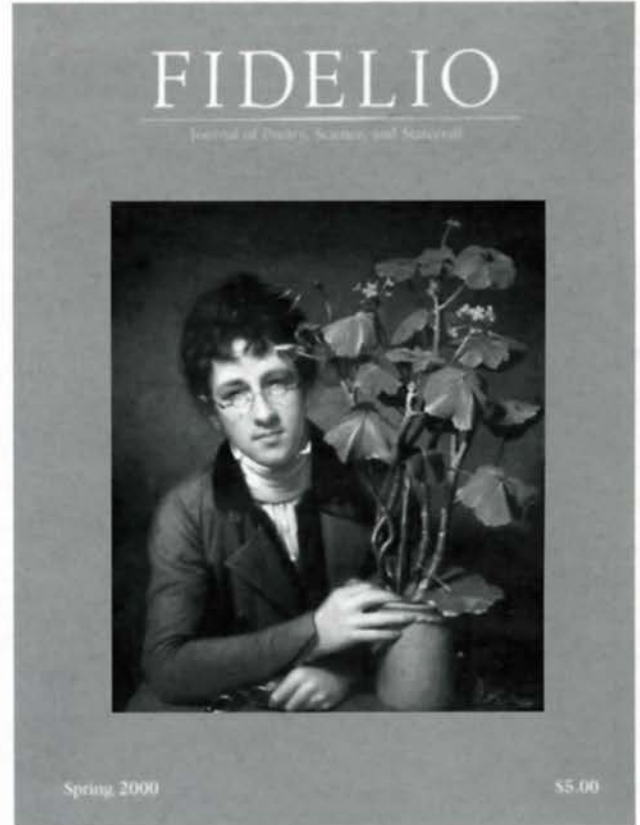
Paul B. Gallagher

J. Brahms and F. Schiller Instruct Us In Today's Civilizational Crisis

Cloret Richardson

The Egg Without a Shadow of Piero della Francesca

Karel Vereycken



Sign me up for **FIDELIO** \$20 for 4 issues

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

TEL (day) _____ (eve) _____

Make checks or money orders payable to:

Schiller Institute, Inc.

Dept. E P.O. Box 20244 Washington, D.C. 20041-0244