

EIR

Executive Intelligence Review

December 22, 2000 Vol. 27 No. 50

\$10.00

Chile-U.S. Trade Accord Aimed at Brazil
Great Project To Link India to Indochina
Monetarists Take E. Europe's Central Banks

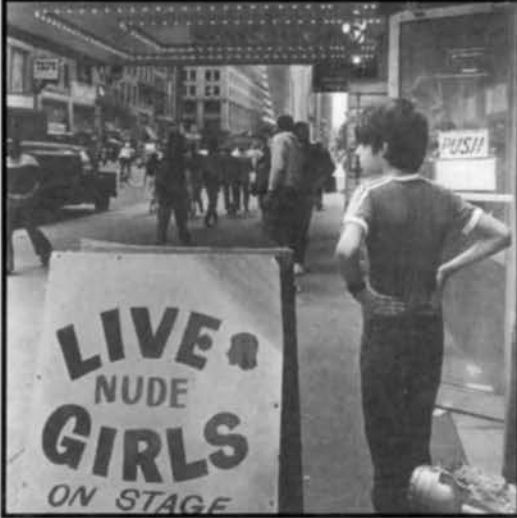
**It's Not *Who* Is President, But
What the President Will Become**



ECONOMICS I.Q. TEST

Does \$10 million = \$10 million?

FROM PROSTITUTION



YES

NO

FROM THE PRODUCTION OF STEEL



If you said **YES**, you are a candidate:

- for the Nobel Prize in economics
- to become the Dean of the Wharton School of Economics
- to become a U.S. Congressman (R-Disneyland)

If you said **NO**, then there's hope for you! Learn the science of physical economy as developed by Gottfried Leibniz, Alexander Hamilton, and Lyndon LaRouche. Join the fight to rebuild the economy of the United States and the the world.

You Can't Fool All the People All the Time. . . Subscribe to:

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.

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*
Editor: *Paul Gallagher*

Associate Editors: *Ronald Kokinda, Susan Welsh*
Managing Editor: *John Sigerson*
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: *Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:

Rachel Douglas

United States: *Debra Freeman, Suzanne Rose*

INTERNATIONAL BUREAUS:

Bogotá: *Javier Almarino*

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 Bierrer*

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 (50 issues)
except for the second week of July and the last week of
December, by EIR News Service Inc., 317 Pennsylvania
Ave., S.E., 3rd 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.eirma.com>
E-mail: eirma@eirma.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

As this, our last issue of 2000, goes to press, the United States is entering dangerous and uncharted political territory. While there is a lot of talk about “national reconciliation,” the issue is not reconciliation between partisans of Bush and Gore, but what the rest of the country—the 80% who were ignored and disenfranchised by both candidates—is going to do to repair the damage that the U.S. Supreme Court has done, to the Constitutional principle of the *general welfare*, by its decision to overturn the Constitution in order to elect George W. Bush.

As Lyndon H. LaRouche, Jr. underlines in his Dec. 12 webcast address to an *EIR* seminar in Washington, published in this issue, the problem is, that the greatest economic and financial crisis in modern history “is sitting on the White House steps, sitting like the ugliest monster, the hairiest monster, you ever saw, waiting to greet the next President when he arrives at the White House door.” Not only is George W. Bush utterly incapable of dealing with this crisis; the political system as a whole, including the Congress, is also “almost totally unprepared to deal with reality.”

Some have imagined that LaRouche has exaggerated the danger of economic and financial collapse. When he spoke of “Weimar-style hyperinflation,” many scoffed. But now, we are seeing power blackouts in California, and soaring energy prices around the country. As Marcia Merry Baker reports in our *National* section, large industrial firms are *suspending their productive operations*, since they can make more money selling their already-contracted electricity, in speculative transactions on the hyperinflated markets. In the state of Washington, industrial users who paid \$60,000 a day for electric power one year ago, now face a projected cost of \$6 million per day!

Under the emerging crisis conditions, a battle will be waged between those who will demand a “crisis management” dictatorship—the political forces identified with Wall Street’s “Southern Strategy”—and, on the other side, the opposition movement led by LaRouche, which will rebuild the Democratic Party, on the basis of an FDR-style coalition. There will be no “reconciliation” between these groupings, but a fight to the finish. In a third webcast on the election crisis, on Jan. 3, LaRouche will have more to say on the requirements of this new situation.

Susan Welsh

EIR Contents

Cover This Week

What comes next?



46 Presidential Election 2000: 'The Fall of Ozymandias'

"For many leading circles in the world today, the question is no longer, 'Who is going to be the next President of the United States?,' but, 'What will the next President, whoever he is, become?,' " Lyndon LaRouche told a Dec. 12 seminar in Washington, D.C. that was simultaneously webcast. "The problem is that . . . the greatest crisis in modern history, at least in the past two centuries, is hitting the United States and the world right now, . . . and this crisis is sitting on the White House steps, sitting like the ugliest monster . . . you ever saw, waiting to greet the next President when he arrives at the White House door. The problem is that, at present, the United States, its political system, is almost totally unprepared to deal with reality."

48 Scalia Repudiates Intent of Founding Fathers

59 LaRouche to Congress: Form Committee To Investigate Fraud

60 LaRouche to Webcast: Scalia Has No Regard For the Intent of Law

61 Fact Sheet: LaRouche on U.S. Supreme Court Election Ruling

64 Power Politics and the Supreme Court

65 U.S. Machine Tools: Collapse Intensifies

Economics

4 Brazil Is the Target of Chile-U.S. Trade Accord

Attempts by Ibero-American nations to protect themselves from the global financial collapse, as ASEAN-Plus-3 is doing, by forging broader trade and investment ties, are being undermined by free-trade blackmail.

6 Schiller Institute Joins Ukraine Meeting On Physical Economy

7 Ethiopia Strives To Overcome War and Poverty, Launch Development

10 India Takes a Major Initiative Toward Southeast Asia

14 China Builds Historic Links to ASEAN Nations

17 Argentine Government Seeks Financial 'Armor' for Its Creditors

22 Business Briefs

International

30 **Monetarists Take Eastern Europe's Central Banks by Storm**

After looting Eastern Europe for the last ten years, monetarists are no longer able to win elections. Now, they are trying to impose their policies by controlling the central banks.

32 **Israeli Elections: To Bibi or Not To Bibi?**

35 **German Lawmakers To U.S.: End Death Penalty**

36 **Zimbabwe Vice President Defends His Nation Against British Slanders**

An interview with Joseph Msika.

40 **LaRouches in Budapest, Invited by Hungarian Freedom Fighters**

44 **International Intelligence**

National

66 **Boston Fails to Act: Its Citizens Will Pay**

68 **Energy Hyperinflation Leaves White House Scrambling 'To Keep Lights On'**

71 **Congressional Closeup**

Science & Technology

24 **The Fraud Against Edward Teller**

What's behind the latest round of attacks against the Strategic Defense Initiative? Lyndon H. LaRouche, Jr. traces their origins to the "world government" doctrines of the evil Bertrand Russell.

26 **'Brilliant Pebbles' Are Not That Smart**

29 **What Were Those Torpedos on the Kursk?**

Interviews

36 **Joseph Msika**

Zimbabwe Vice President Joseph Msika discusses land reform and his nation's struggle to develop.

Book Reviews

20 **How Great Projects Inspire Mankind**

Building Big, by David Macaulay.

Departments

43 **Australia Dossier** "Globalized" Defense.

72 **Editorial**

Buying Electricity From Bush.

Photo and graphics credits:

Cover, EIRNS/Stuart Lewis, art by Alan Yue. Pages 8, 9, EIRNS/Uwe Friesecke. Pages 10, 11, 19, 27, 37 (map), 51, 55, 65, EIRNS. Page 21, © 2000 WGBH Boston. Pages 33, 69, EIRNS/Stuart Lewis. Page 37 (Mugabe), United Nations. Page 42, EIRNS/Christopher Lewis. Page 47 (Taney), arttoday.com. Page 50, EIRNS/Joe Jennings. Page 57, EIRNS/Carlos de Hoyos. Page 67, EIRNS/Roger Ham.

Brazil Is the Target of Chile-U.S. Trade Accord

by Cynthia R. Rush

For the last several months, the Chilean government of socialist Ricardo Lagos has been negotiating its entrance as a full member into the Common Market of the South (Mercosur), the customs union founded by Argentina, Brazil, Paraguay, and Uruguay. Chile and Bolivia are associate members of the pact, but at the Mercosur summit on Dec. 14-15 in Florianopolis, Brazil, Chile's request to upgrade its associate membership to full membership status, was to have been a major agenda item.

As a full member of Mercosur, Chile was to have served as a bridge for the region to Asian and Pacific markets, while increasing its own access via the Atlantic to the markets of Southern African nations, whose governments also want to establish closer trade relations with Mercosur. Brazilian President Fernando Henrique Cardoso announced that South Africa, whose President Thabo Mbeki attended the Florianopolis summit, will become an associate member of Mercosur. India was also invited to send a representative.

Yet, less than ten days before the Florianopolis summit, Mercosur's members were stunned to learn, *not from Chile*, but from the U.S. government, that Chile was about to begin negotiations for a free-trade agreement with the United States. Rather than increasing its participation in a regional trade pact which holds the potential for breaking with globalization's insane grip, as the Association of Southeast Asian Nations plus China, Japan, and South Korea (ASEAN-Plus-3) have begun to do, an economically weak Chile opted to tie itself to the U.S. economy, whose physical breakdown is accelerating at breathtaking speed, matched only by the equally rapid disappearance of American political and moral authority internationally, in the wake of the recent electoral debacle. It is, as American statesman Lyndon LaRouche aptly put it, a case of the slaves going up to the back door of the plantation house, to ask for a few crumbs.

Others have described it as rats jumping back *on* a sinking ship.

Chile's decision to become part of what U.S. Trade Representative Charlene Barshefsky calls "NAFTA-plus" (referring to the North American Free Trade Agreement), hit the Mercosur nations like a ton of bricks. But Brazil, in particular, was enraged. It correctly perceived Chile's move as an attempt by Anglo-American financial interests, of which Chile has historically been a witting tool, to weaken Brazil's resistance to the Free Trade Association of the Americas (FTAA), scheduled to go into effect by 2005.

Brazil has always nominally been committed to joining the FTAA, but with the caveat that its membership would not be "automatic." Rather, it demands that certain conditions be met, including continued protection for some of its industries and a much longer timeframe for lowering of tariff barriers—possibly ten to 15 years. Brazil also demands reciprocity from the U.S. side on access to that market for Brazilian agricultural goods. Brazil's insistence on these conditions has enraged the arrogant Barshefsky, who has repeatedly threatened Brazil with retaliation, if it didn't abandon its "obstructionist" position.

During his 1988-92 Presidency, George Bush made the "Enterprise for the Americas," as he called it, the centerpiece of his policy for the hemisphere, promising to create a free-trade zone "from Alaska to Tierra del Fuego." Bush was determined to ram "free trade and democracy" down the throats of every nation of the Americas, a policy which unfortunately largely continued under the Clinton Administration. President-Elect George W. Bush has every intention of forcing through the FTAA.

But, the speed at which the world monetary system is disintegrating has prompted several Asian governments—the Asia-Pacific Economic Cooperation (APEC) Forum and

ASEAN-Plus-3 groups—to take bold steps independent of Washington and the International Monetary Fund (IMF), to establish new regional cooperation mechanisms to defend their sovereign economic and political interests (see *EIR*, Dec. 8, 2000).

Ibero-American nations haven't moved as aggressively as the ASEAN-Plus-3 in distancing themselves from globalization, but the Anglo-Americans are nervous that, under conditions of accelerating global collapse, that could quickly change. On Aug. 31 of this year, at the South American Presidents' summit in Brasilia, then-President Alberto Fujimori of Peru indicated the potential for moving in that direction, when he called for the formation of the "United States of South America," whose unity, based on a commitment to economic and industrial development, would allow it to negotiate with the industrialized nations on an equal footing. "As a region, we are politically weak," Fujimori said. "However, Brazil is one of the largest countries in the world, and one of the greatest economic powers on this planet."

The summit, and Fujimori's vision, struck fear on Wall Street and in the City of London, and the Peruvian President was ousted from power only a short time afterward. The financial oligarchs weren't about to tolerate a united South America, in which economic powerhouse Brazil would play a leading role in pursuit of continental economic development and physical integration, to the detriment of Anglo-American interests. Even President Cardoso made them nervous. Although always with his feet in the globalization camp, he had organized the 12-nation Brasilia summit, excluding the United States and Mexico, and had also resisted State Department efforts to bash Peru.

Smash Brazil

To circumvent anti-free-trade resistance in Asia, Anglo-American strategy has centered on setting up a number of mini free-trade agreements (FTAs) among the nations of the APEC group, beginning with City of London asset Singapore. The plan is to force through a regional free-trade pact, and isolate those who refuse to join.

Right before the APEC meeting in November, Singapore and New Zealand set up the first Asian FTA, while Singapore and Mexico set up the first cross-Pacific FTA. Plans are also under way to negotiate a U.S.-Singapore FTA, and the pact with New Zealand is intended to be expanded to include Australia, Chile, and the United States, which will be known as the "Pacific Five," or P-5.

As Barshefsky admitted in a Dec. 12 press conference in Washington, the signing of free-trade agreements with Singapore and Chile, is viewed in the same "strategic light . . . that is to say, to catalyze what we hope will be a broader, region-wide process of ever-freer trade." Barshefsky also warned Brazil that "the United States and Brazil *together* are going to have to make the FTAA a reality. . . . We are the dominant power economically in our hemisphere, along with Mexico. And if the NAFTA countries and the Mercosur countries can-

not work together, we will put in sharp jeopardy the Free Trade Area of the Americas, which I believe all countries in the region want, including Brazil."

That Wall Street and London intend to isolate Brazil is clear. As the *New York Times* favorably reported on Dec. 3, with Chile's shift, "Brazil now faces the prospect that its South American partners may be tempted to defect" from Mercosur. The daily *Folha de São Paulo*'s veteran journalist Clovis Rossi warned on Dec. 8, that instead of the powerful South American bloc "intended by the Brazilian government," able to negotiate with the United States on the issue of the FTAA, "the powerful North American magnet is picking off the countries in its backyard, one by one," and obtaining "unconditional surrender." For starters, Chile is negotiating a free-trade agreement, and Ecuador and El Salvador have become fully dollarized.

Who's Next?

The ever-slavish Argentina, now totally dependent on the IMF to bail it out of its current financial crisis, has already shown its willingness to turn on Brazil. Finance Minister José Luis Machinea praised Chile's decision to negotiate with the United States, and called on the rest of Mercosur to support more rapid creation of the FTAA. In her Dec. 12 press conference, Barshefsky coyly suggested that a free-trade agreement with Argentina, similar to Chile's, could be next on the agenda. Chilean President Lagos, meanwhile, has announced that his government has formed a "strategic alliance" with Mexican President Vicente Fox, an ardent proponent of a "super-NAFTA."

The Anglo-American financial apparatus is playing hardball with Brazil now. In response to the sharp criticism of Chile by Brazilian Foreign Minister Luiz Felipe Lampreia—he suspended all negotiations with Chile on its entry into Mercosur, and warned that Mercosur might even demand compensation for economic damages from the Lagos government—U.S. Deputy Trade Representative Richard Fisher told Argentina's *La Nación* that Brazilian resistance to a hemispheric free-trade accord is "infantile" and "quasi-irresponsible." Crudely attempting to get President Cardoso to turn against his Foreign Ministry, Itamaraty, Fisher dismissed Lampreia's criticisms of the U.S.-Chile negotiations as "not a reaction by Brazil, but by Itamaraty," and lavished praise on Cardoso as the most "internationalist" President Brazil had had in years.

Uncowed by such thuggery, Lampreia shot back that Fisher didn't speak for the U.S. government, and should stop being provocative. In Washington, Brazil's Ambassador Rubens Barbosa responded that what Brazil is doing, "is defending our national interest, just as the U.S. defends its interests, and Chile, theirs." But it was Brazilian Agriculture Minister Pratini de Moraes, who succinctly put the whole discussion into perspective. "After what happened in the U.S. elections," he said, "they can't call anybody infantile."

Schiller Institute Joins Ukraine Meeting On Physical Economy

More than 140 economists, intellectuals, students, journalists, and representatives of cultural, educational, and religious organizations, met in Kiev, Ukraine on Dec. 7, to honor the Ukrainian economist Sergei Podolinsky (1850-91), a pioneer in the science of physical economy. In attendance were two representatives of Lyndon LaRouche and the Schiller Institute, who addressed the opening session of the conference.

The event marks an important turning point in the political process in Ukraine, where “reforms” dictated by the International Monetary Fund (IMF) have led to an economic and infrastructural breakdown even worse than in Russia. The Podolinsky Society, which sponsored the conference, was founded in March 1999 by circles of the Christian Republican Party of Ukraine, as a rallying-point for forces from many political directions, looking to physical economy as an alternative basis for the economic future of the country. It is notable, that many of the conference participants, including founding members of the Podolinsky Society, had earlier attended lectures given by Lyndon LaRouche during a visit to Kiev in June 1995, as well as an exhibition and seminar marking the 15th anniversary of the international Schiller Institute, which took place at the Vernadsky Library (the largest library in Ukraine) in April 1999.

The Tradition of Sergei Podolinsky

The conference was opened in the main hall of the National Economic University by the Rector of the University, Anatoli Pavlenka, who was followed by the honorary president of the Podolinsky Society, one of the most famous personalities in Ukraine, the author Mykola Rudenko. Rudenko, who spent years in prison as a dissident during the Soviet period, stressed Podolinsky’s significance as a Ukrainian patriot, for reviving the real national tradition of economics, as opposed to both Soviet official Marxism and indiscriminately following Western so-called experts.

After a presentation by the Society’s Chairman, Prof. Volodymyr Shevchuk, on the importance of reviving the ideas of Podolinsky and of physical economy today, the audience was addressed by Schiller Institute representative Jonathan Tennenbaum, who began by noting that the 150th anniversary of Podolinsky’s birth was taking place at a crucial turning

point in world history. The crash of the so-called New Economy stocks by 50%, wiping out over \$3 trillion of nominal capital, is not the end, but just the beginning of the greatest financial collapse in modern history. This is a very dangerous crisis, but also a great opportunity. The discrediting of prevailing ideas and prejudices, and the weakening of the institutions of the Wall Street/London financial oligarchy, provides the opportunity for a radical shift in world economic policy, based on the principles of physical economy. In this context, the pioneering work of Podolinsky on the link between increased productivity of labor and the increase in per-capita energy consumption and the flux-density of energy, take on new importance.

Tennenbaum briefly presented the basic principles of physical economy, as developed by Lyndon LaRouche in the most advanced form. Only when all of LaRouche’s constraints are fulfilled, can one talk of real economic growth. Exactly the increasingly radical violation of those constraints, over the last 30 years, is the underlying cause of the present breakdown crisis of the world financial system. Fortunately, the means are at hand to rebuild the world economy, using large-scale, high-technology infrastructure projects centered on the Eurasian Land-Bridge, and based on the kinds of regional cooperation outlined by LaRouche in his paper on “Trade Without Currency” (*EIR*, Aug. 4, 2000), and which are beginning to take shape around the initiatives in East Asia by the Association of Southeast Asian Nations plus China, Japan, and South Korea — ASEAN-Plus-3.

Tennenbaum was followed by the leading expert on Podolinsky in Ukraine today, Prof. Ludmila Kornijchuk, who presented a newly published book with works by Podolinsky in Ukrainian. Then, Schiller Institute representative Karl-Michael Vitt took the podium to pay tribute to two persons who had played a crucial role, both in reviving interest in Podolinsky, and in propagating the ideas of LaRouche in Russia and Ukraine over the last ten years — the late beloved organizer and president of the Schiller Institute in Moscow, the Ukrainian Taras Muranivsky, who died on July 17, and the well-known physical-scientist Pobisk Kuznetsov, who died on Dec. 4. A speech by Muranivsky on the tradition of physical economy in the work of Podolinsky and other Ukrainian and Russian scientists, was published in *EIR*, May 7, 1993 (“Let Us Unify Morality and Economics in Russia, Ukraine”). Kuznetsov had led the Podolinsky revival by republishing one his major works in 1991. The conference participants observed a minute of silence in honor of Muranivsky and Kuznetsov.

The afternoon session of the conference heard presentations on various aspects of Podolinsky’s work and physical economy, including from students who joined the debate on the economic future of Ukraine.

One day after the conference, the Kiev city government decided to erect a memorial tablet on a house where Podolinsky had lived.

Ethiopia Strives To Overcome War And Poverty, Launch Development

by Uwe Friesecke

Over the past year, Ethiopia caught the headlines of the world's press with two major events: the drought and threat of famine, and the war with neighboring Eritrea. On both accounts, the international press has done little to clarify the policy perspective of the Ethiopian government. Whereas the seriousness of the government's efforts to deal with the effects of the drought were often put in doubt, its intention to reach a lasting peace agreement with Eritrea was given almost no coverage.

A team of *EIR* journalists visited Ethiopia during the last week of November. In talks, Foreign Ministry officials in Addis Abeba expressed their regret, that old political friends in the U.S. and European governments had tried to pressure Ethiopia unduly into policies contrary to its national interest. After all, they said, Ethiopia and the United States established diplomatic relations in 1903, and only shortly afterwards with Germany. The fact that especially those two governments tried to undercut Ethiopia's position vis-à-vis the UN Security Council, during the conflict with Eritrea earlier in the year, has raised serious questions in government circles about the real intentions of Western policy for Ethiopia and the Horn of Africa.

The Foreign Ministry spokesmen expressed their concern. "We are involved in a fight for survival," one official said, and warned, "If the country collapses, it would mean the collapse of the Horn of Africa." But the fact that the country was unjustly pressured for the last three years, since the war with Eritrea started in 1998, was taken as a lesson, and only strengthened the resolve to bring the war to an end militarily, and then to reach a workable peace agreement. Government officials expressed their relief, that such an agreement within the framework of the Organization of African Unity (OAU) and the UN is now in sight. Because now, resources can be fully concentrated on the development of the country.

"We cannot go on living on food aid," said a high-ranking Foreign Ministry official, who defined the rapid upgrade of infrastructure and education as key to increasing the productivity of the Ethiopian economy. The government has put into place an effective apparatus to forecast and deal with the crisis of food insecurity and threatened famine, the Disaster Prevention and Preparedness Commission (DPPC), which

coordinates closely with non-governmental organizations and international aid agencies. But its main concentration is on implementing a development strategy for agriculture and industry, based on investment in infrastructure, which could free the country once and for all from the fear of recurring droughts and famines. Talks with the Minister of Agriculture, the Ministry of Water Resources, and the DPPC left no doubt, that this is imminently feasible. If governments and political circles in Europe and the United States were serious about furthering peace in the Horn of Africa, they would generously support Ethiopia's medium-term development strategy.

The Recurring Threat of Famine

Most people remember the catastrophic famine that Ethiopia suffered at the beginning of the 1970s, which contributed

FIGURE 1
Horn of Africa





Muriel Mirak-Weissbach meets with officials of the Ethiopian Ministry of Water Resources in Addis Abeba, Nov. 29.

to the downfall of Emperor Haile Selassie in 1974, and the famine that occurred under the regime of Col. Mengistu Haile Mariam in the middle of the 1980s. Again, since 1997, drought conditions have developed throughout the Horn of Africa, affecting not only Ethiopia, but also Eritrea, Somalia, Kenya, Uganda, Sudan, and Tanzania. By April 2000, this had developed into a full crisis of lack of food and water, threatening more than 10 million people in Ethiopia alone. Already at the end of 1999, the Ethiopian government had launched an emergency appeal to the international community, but the response was too slow to avert the crisis at the beginning of this year. And only when starving children were shown on Western TV screens, did the governments of Europe and North America react decisively to prevent the worst. By now, of the 1.3 million tons of food relief needed for this year, almost 1 million tons are pledged by international donors and about 0.8 million tons have already been delivered.

The DPPC has established an effective early warning system on food security throughout the country. They work together with Ethiopia's meteorological service and various ministries, such as Health and Agriculture, to assess every year, at the end of the harvest, what the food requirements will be for the next year and how much international aid is needed to guarantee food security to every household. The DPPC coordinates closely with the relevant agencies of the United Nations and the governments involved in delivering food aid. Within the next two to three weeks, the assessment for 2001 will be completed, based on data from this year's harvest, which was significantly better than last year's, because rainfall had returned to the key regions of the country.

At a briefing session led by Getachew Tesfaye, head of

fundraising for the DPPC, the officials stressed to *EIR*, that this government formulated a new national policy of disaster prevention in 1993, which for the first time links relief and aid with development. It puts forward a long-term vision for household food security, which would reduce the recurrence of disaster, in favor of development. In the end, the officials said, the agency should not be needed any more. Emergency measures will not bring the necessary changes to the country; this has to be effected by development, they said. The danger of recurring famine stems from the fact that lack of infrastructure leaves large parts of the country in the southern, central, and northeastern regions, which depend entirely on rainfed agriculture, extremely vulnerable to unreliable patterns of rainfall. More than 85% of Ethiopia's 63.5 million people are rural, most of them being farmers on small plots of land. If rainfall fails to appear, disaster strikes easily, destroying crops and killing livestock, thereby wiping out the livelihood of millions.

Agriculture and Water Management

Over the years, most reports in the international press have contributed to Ethiopia's image as one of the poorest countries in the world, which apparently has very little chance to free itself from cycles of drought and famine. While it is true that, according to the government's GNP figure for 1997-98 of \$5.44 billion, or \$91.5 per capita, Ethiopia ranks as one of the poorest in Sub-Saharan Africa, and while the poverty is very visible on the streets of Addis Abeba, and reportedly more so in the countryside, it is not true at all that the country lacks the physical resources to break out of the poverty it has been living under for decades. Background discussions with Dr. Mengistu Hulluka, the Minister of Agriculture, and with



Ethiopian Agriculture Minister Dr. Mengistu Hulluka.

engineers and economists at the Ministry of Water Resources and the Ministry of Economic Development and Cooperation, clarified, that Ethiopia has all the potential to produce enough food for its population, which is expected to double within the next 30 years.

The key is water availability. Ethiopia has more than enough water from nine rivers and large underground reservoirs, but uses less than 2% for irrigation and only 1% for power production. If this water can be made available for agriculture through irrigation, and thereby lessen dependency on rainfall, then Ethiopia can produce enough to feed its own population, and even for export. The government's development strategy is based on this perspective.

Agriculture is the mainstay of the Ethiopian economy. It involves 85% of the population, contributes 50% to GDP, 90% to export revenue, and delivers 70% of the raw materials to industry. Of the total land area of 112 million hectares, only 16.6 million hectares are currently under crop cultivation. Crop farming is mainly based in the Ethiopian highlands, which constitute 44% of the land, and livestock raising in the lowlands, which make up the other 56%. On 500,000 hectares, peasants grow coffee, which is the most important export commodity, earning foreign currency. The majority of peasants on 9 million hectares are small holders, on plots not exceeding 1 hectare in size. These are the most vulnerable to drought, as well as the livestock growers in the southern lowlands.

Ethiopia is proud to have the largest number of livestock in Africa: 35 million head of cattle, 25 million sheep, 18.6 million goats, 63 million chickens, and 10 million bee colonies. But as in crop farming, the productivity of milk per cow or meat per ox is very low. According to Dr. Mengistu Hulluka, the government since 1995 has been successfully

implementing an agricultural extension program, aimed at increasing the productivity of crop farming of the small holders, so that each farm should produce more. The government makes available improved seeds, fertilizers, and pesticides. The peasants used to produce 1 ton of cereal per hectare. Now, some already get up to 4 or 5 tons per hectare. The same improvement of productivity is planned for the livestock sector.

These improvements are part of the Agricultural Development-Led Industrialization (ADLI) policy of the government, which envisages a long-term structural change of the economy, similar to that experienced historically by Europe and North America. Also, industry would grow, and increasingly absorb new labor from the farm areas, and, because of productivity increases, fewer farmers would produce more food.

The two most important constraints upon agriculture in Ethiopia are lack of transportation infrastructure and lack of water availability. On average, a peasant in the rural areas is six hours away from the closest access road. The government is now trying to implement a ten-year plan for poverty reduction, which includes building of rural road networks, which would reduce this to only three hours. There is only one, old railway line linking Addis Abeba with Djibouti.

Ethiopia could be called the water tower of East Africa, because most of the water of 12 river basins flows across it, to other countries. The total runoff amounts to 123 billion cubic meters of water annually. Of this, only 1.5% is used. Only one river basin, the Awash in the center, is being utilized. Along its banks, sugar cane, cotton, and vegetables are grown commercially. It is estimated that more than 3.5 million hectares of land are potentially irrigable, but so far only 160,000 hectares (5%) have been developed.

The gross hydropower generation potential of the country is estimated to be 650 kilowatt hours per year. If only 25% were exploited economically for power, it would be equivalent to 100 times the existing installed capacity. In addition, it is estimated that Ethiopia has approximately 2.6 billion cubic meters of groundwater.

Besides the scarcity of water for agriculture, the other big problem is lack of clean water for human consumption, and lack of sanitation. In the rural areas, only 23% have access to safe water, and in urban centers 70%. Outside the capital, Addis Abeba, sanitation is almost nonexistent.

These figures show once again, that drought-stricken Ethiopia's problem is not lack of water or land, but lack of large-scale infrastructure projects such as dams and canals for water management, lack of sanitation, and lack of roads and railways for transportation.

Geopolitical Constraints

The engineers and agricultural experts in the Ethiopian government, who briefed *EIR* on their development perspective, know very well what is needed to overcome the country's perennial crisis of underdevelopment in the medium and long

term. But, the government constantly runs up against the financial and political constraints set by the International Monetary Fund and World Bank, in accordance with the U.S. and European governments. Any bilateral agreement on financing even small-scale projects of road construction or water management, depends on the country being certified by the IMF first. Admittedly, these governments and the United Nations every year give enough food aid, that large-scale starvation is avoided. They also agree to some useful, small infrastructure projects. But those large-scale infrastructure projects, like 15 or 20 dams at key river locations, a national railroad grid, or doubling and tripling of the paved road network, which are needed to elevate the physical economy to the level needed to break out of poverty, are not on the agenda of these institutions.

Instead, as in the case of all the other African countries, the fact that Ethiopia carries more than \$10 billion of foreign debt, is being used as blackmail to enforce the implementation of the IMF's long-discredited structural adjustment policy. This policy pushes the country further into poverty and social dislocation. Tight budget discipline, privatization, and retrenchment of the civil service, all demanded by the IMF, necessarily increase unemployment and poverty. Typical of the IMF/World Bank approach, is the demand on the Ethiopian government to introduce tuition fees at the University of Addis Abeba. This educational facility is the pride of the country and has more than 20,000 students enlisted because it is tuition-free. Looking at the consequences of these World Bank demands, professors only shake their heads and argue, that university fees would eliminate whole groups of students from the university.

Most government officials whom *EIR*'s correspondents talked to, recognize these pressures as the unfortunate reality that currently defines a framework, under which Ethiopia has to try to survive. But in the meantime, a discussion is going on in government, political, and university circles, about the changes needed in the world economic and financial system to give Africa a chance to finally realize its potential for development. The president of the Ethiopian International Institute for Peace and Development, Dr. Kifle Abraham, was most outspoken about it, and argued that Ethiopia and Africa have been marginalized, being forced to live on aid, and that this cannot continue. He demanded changes in the world economy that would revive the principle of solidarity within the developing sector.

Over the last two years, governments in Washington, London, Paris, and Berlin should have learned a lesson from Ethiopia. This country was never a European colony. It thoroughly defeated an Italian invasion force at the battle of Adua in 1896, and it ended Italian occupation again in 1941. When it is attacked militarily, it will defend itself with determination. In the end, the same determination may be manifest, when it comes to the economic survival and development of the country.

India Takes a Major Initiative Toward Southeast Asia

by Ramtanu Maitra

On Nov. 10, India and five Mekong River basin countries—Cambodia, Laos, Myanmar, Thailand, and Vietnam—announced the formation of a Mekong-Ganga Cooperation (MGC) group, in the Laotian capital city of Vientiane. The announcement culminated the visit of India's External Affairs Minister, Jaswant Singh, to the area. The initiative, directed by New Delhi and subsequently labelled as the "Vientiane Declaration," called for, in the first stage, promotion of tourism, culture, and education.

In subsequent stages, the Declaration committed the member-countries to develop transport networks—in particular the East-West Corridor and the Trans-Asian Highway—under the rubric of transport and communications.

The Declaration also spelled out promotion of air services and rail linkages between India and the member-countries, as well as greater cooperation in science, technology, and human resources development. A section was also devoted to strengthening "cooperation in the development of Information Technology infrastructure and networks."

China has officially welcomed the formation of the MGC, and the declaration has been received warmly inside India.

Part of a Wider Program

New Delhi's initiative to launch the Mekong-Ganga Cooperation must be seen in the context of India's other recent initiatives designed to widen its foreign policy framework and to develop stronger economic relations with its neighbors.

In its west, India, in collaboration with the West Asian nations, is now engaged in developing physical infrastructure to tackle some of its energy-shortage problems. India is in the process of building at least a half-dozen large container terminals on its west coast, to bring in natural gas by container ships from Yemen, Qatar, and Oman. These projects have been given priority, and a number of multinational companies have been allowed to participate in these projects along with the Indian private- and public-sector companies.

Another major project, which involves piping into India natural gas from Iran through Pakistan, is hanging fire due to unresolved disputes that cloud India-Pakistan relations. On Nov. 28, New Delhi declared a month-long unilateral cease-fire in Kashmir in order to start a process to resolve the 53-year-old Kashmir conflict—the core issue of dispute. As of

FIGURE 1

Railways in Southeast Asia Connecting to the Eurasian Land-Bridge



India's ties to Myanmar and Southeast Asia, through east-west road and rail links, will connect the entire region to Europe via the southern route of the Eurasian Land-Bridge.

now, Islamabad has responded positively, and there are indications that India and Pakistan will be able to work out the modalities to resolve the complex Kashmir dispute. Meanwhile, Tehran has made it clear that it wants its gas to flow to India overland through Pakistan. Tehran rightly points out that such a pipeline is feasible only if it is laid overland,

and would accrue economic and financial benefits to all three parties involved.

In its east, India is busy mending its frozen bilateral relations with its next-door neighbor, Myanmar. In September 1988, when the Myanmar military took over power from the Burmese Socialist Program Party, which had brought the

country to the verge of total chaos and economic devastation, India had opposed the military takeover. Since then, and only till recently, India had lent its voice, in conjunction with Western countries, to accusing the Myanmar military of human rights violations, in order to oppose Myanmar's junta and to support those who demanded removal of the military from power, to usher in a democratic form of government in Yangon.

Within a week following the Vientiane Declaration, Myanmar's number-two military leader, Gen. Maung Aye, was in India. New Delhi made it clear that it wants to resolve its outstanding problems with Yangon and, in essence, gave full recognition to the present military regime as the legitimate government of Myanmar. Beside laying down the red carpet for Gen. Maung Aye, New Delhi also announced that it is ready to formally demarcate its undemarcated border areas with Myanmar. A week later, India announced the opening of the Tamu-Kalemyo road, connecting India to Myanmar. India's Border Reserve Forces built this 160 kilometer stretch of highway which, after further expansion, will be eventually linked to the Trans-Asia Highway, connecting Singapore to both China and India. The Mekong-Ganga Cooperation transport system will also connect India to the east, providing access to the South China Sea and East Asia.

In early December, as a natural follow-up, New Delhi announced that External Affairs Minister Singh would be in Yangon in January to further consolidate the gains made in Indo-Myanmar relations in recent months.

It is evident, nonetheless, that such a foray by India in Southeast Asia will meet with some resistance. As a reminder, a crude bomb went off at the Vientiane airport at the time six ministers representing the MGC were deliberating in the Laotian capital.

Historical Ties

Although India had been virtually a non-participant in Southeast Asian affairs during the Cold War, its historical ties to the area go back hundreds of years. By the Second Century A.D., an active commerce had developed between the ports of India and Southeast Asia. In the Buddhist Jataka tales (folklores) and other sources of the period, Southeast Asia was frequently mentioned as the "*subarnabhumi*," or the Land of Gold. It was Buddhism which, chiefly in its Mahayana (Greater Vehicle) form, was carried by courageous monks from India to the lands beyond the seas, and brought with it to Southeast Asia many elements of Indian culture.

The earliest Southeast Asian inscriptions in Sanskrit, and variations of Sanskrit, were found in Java (Indonesia), Borneo, Malaya, and Cambodia. These inscriptions date back to the Fifth Century. Chinese chroniclers, however, point out that a Brahmin from India, named Kaundinya, ruled Fu-nan, modern-day Cambodia, in the First Century A.D. Late Javanese tradition also tells of the coming of a prince from India, with many followers, to set up the first Javanese kingdom at

the end of the First Century A.D.

Indian influence appears chiefly to have come from India's southern peninsula during this period. Probably every coastal region of India, particularly along its east coast, had spread its cultural influence to Southeast Asia from the Ninth Century onwards, and there is evidence of the religious and cultural influence of Buddhism coming in from the Indian eastern provinces of Bengal and Bihar.

However, in all cases, according to historians, Indian influence in Southeast Asia was never sufficient to overwhelm local customs and religion, and it is evident that the influence was most powerful in Indonesia and Malaya.

According to Chinese records, an Indian kingdom existed in the southeastern part of what is now known as Vietnam as early as the Second Century. This kingdom is generally known as the "Champa," from the name of its capital city. Defying the Chinese, Annamites, and Khmers (Cambodians), it existed for centuries till it fell to the Annamites in the 15th Century.

Farther west, Fu-nan was under a Brahmin kingdom till the Seventh Century, when a vassal state, Kambuja (Cambodia), which gave its name to the entire region, conquered it. Then, in the Eighth Century, under the great King Jayavarman II (802-850), it regained its independence and became extremely prosperous over the next 300 years. During this period, Kambuja controlled much of Indochina, including Thailand and Laos. The most impressive monuments of the kingdom of Kambuja are those known as the Angkor Thom and Angkor Vat. Angkor Thom, which is a walled city, is a perfect square, with walls two miles long on each side, and holds in its center the fantastic temple known as Bayon. The temple of Angkor Vat, to the south of Angkor Thom, is even more impressive, and is said to be the largest religious building in the world.

Although the locals eventually overran these Hindu and Buddhist kingdoms, the conquerors adopted and assimilated the prevailing culture and tradition that existed then. As a result, intimate contact between India and the region remained. It was with the advent of the British, French, and Dutch colonial powers in the region, that the contacts were virtually snapped. Two world wars and the Cold War, in the 20th Century, deepened the separation between the inhabitants of the Indian subcontinent and Southeast Asia.

Fresh Efforts

In the early 1990s, then-Indian Prime Minister P.V. Narasimha Rao called upon Indians to adopt a "look east" policy. However, the policy did not mature because Southeast Asia, labelled the "Asian Tigers" because of their burgeoning prosperity, aligned their economic and financial systems with the West. The Southeast Asian nations considered the Indian economy backward looking, and too dominated by its government. In addition, China, a communist country, was yet to emerge as a major economic power, and the Southeast Asian

nations found it less than necessary to look toward either India or China for their economic well-being.

The deep-rooted economic and financial problems that led to the 1997 financial crisis in Southeast Asia, the emergence of China as a major global economic power, and India's ability to fend off the 1997 financial crisis did not go wholly unnoticed in Southeast Asia. Moreover, the emergence of both China and India as large economic bases with strong military ingredients, also played a role in shifting the Southeast Asian nations' focus from the Western powers to the regional powers. In 1959, five nations of Southeast Asia (Indonesia, Malaysia, Thailand, the Philippines, and Singapore) had formed a security, economic, and strategic grouping, primarily to align itself with the Western powers and protect itself from China and Vietnam, the communist nations in the region.

For India, on the other hand, it is a case of late awakening. While China, beginning in the mid-1980s, started to build its westward linkages by laying railroads across the arid lands of western China, India remained contained both in the west, because of its hostile relations with Pakistan, and in the east, partially because of its rejection of Myanmar's military government and also because of its weak economic and political linkages with Southeast Asia. Weak Indian governments that came to power in New Delhi since 1989 were incapable of taking any bold initiative to change the existing situation.

Strong Prospects for Integration

The Mekong-Ganga Cooperation, if carried out to its logical conclusion, will allow to develop a strong economic and strategic integration of Southeast Asia and Indochina with India. What is important about this integration, is that while India has manpower, both in numbers and quality, Southeast Asia has investible capital. A real development in the region, which will include the Mekong-Ganga River Valley and, in all likelihood, would encompass the Brahmaputra River Valley as well, will require both manpower and capital. This combination will produce what the region requires the most: a good transportation network and a strong agro-industrial base.

Building the southern corridor of the Eurasian Land-Bridge (**Figure 1**), which will link Southeast Asia to Europe through India, as suggested by the international Schiller Institute in the late 1990s, can only be possible when India and Southeast Asia, and India and Pakistan, build adequate transport and communications infrastructure. Such a development would bring about an integration of the region whereby the Asian countries, in the future, will not depend exclusively on the Western markets in order to enhance their economic growth. An over-dependence on the Western markets, particularly that of the United States, as exists now, has created a great deal of financial instability and uncertainty throughout Asia. It has made most of the Asian economies, the Southeast Asian nations in particular, highly vulnerable to the consumption habits of Western consumers.

In addition, both in the east of India (Myanmar, Laos, and parts of northern Thailand and southern China) and in its west (Afghanistan, the western edge of Pakistan, and parts of Central Asia—the Fergana Valley in particular), lie the great illegal poppy fields. These fields produce much of world's opiates, which generate annually almost a trillion U.S. dollars worth of illegal cash. A good portion of this money, beside getting recycled in various speculative markets, real estate deals, entertainment “industries,” and other investments, finds its way to support the innumerable armed militant groups that operate in the area.

A case in point is India's northeast. At least a dozen militant secessionist groups feed off the drug money generated in India's east. Small arms, and not-so-small arms, come in from Thailand, Cambodia, and Singapore, among other places, to sustain the militants, who are waging war against their national governments. It is the lack of economic activity, and because of an almost nonexistent infrastructure in these areas, that has allowed subversive activities to proliferate.

The long period of the Cold War had made the situation even worse, because some major powers were actively involved in using the militant groups to further their ideological interest in the region. The end of the Cold War has changed the geopolitical situation significantly, and New Delhi is indicating that the time is now ripe for integrating India with the rest of Asia.

	<h1>NOW</h1> <h2>Are You Ready To Learn Economics?</h2> <p>Lyndon H. LaRouche, Jr.</p> <p>What should you do after the economy crashes?</p> <p>Read LaRouche's latest textbook and find out.</p>
<p>ORDER NOW FROM EIR...</p> <p>\$10 plus shipping and handling Bulk orders welcome.</p> <p>EIR News Service, Inc. P.O. Box 17390 Washington, D.C. 20041-0390</p>	<p>OR Order by phone, toll-free: 888-EIR-3258 Visa, MC accepted</p> <p>OR Send e-mail with Visa or MasterCard number and exp. date to: eirns@larouchepub.com</p> <p>Shipping and handling: \$4.00 for first book, \$.50 each additional book.</p>

China Builds Historic Links to ASEAN Nations

by Mary Burdman

The increasing economic linkage and interdependence among China and the ten nations of the Association of Southeast Asian Nations (ASEAN), is a development of great importance for the stability of Asia at this time. Many of these nations—Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Thailand, Singapore, and Vietnam—never recovered from the catastrophic global crisis which broke out in Asia in 1997-98. The newest ASEAN members, Cambodia, Laos, and Vietnam, had been devastated by the prolonged war with the United States in the 1970s, and Myanmar has remained isolated and impoverished for decades.

Several of the most important ASEAN nations, including Indonesia, the Philippines, and, potentially, Thailand, are being hit by serious political turmoil, amid the unresolved social effects of the Asian crisis, including unemployment and the collapse of basic living standards. In this situation, ASEAN nations view positively the continued real growth of the Chinese economy, which was hit by, but survived, the 1997-99 regional collapse. As one analyst told *EIR*, they see that China is “moving fast,” and want to increase cooperation.

China-Southeast Asian economic ties are active and long-standing, not only because of geography and the large Chinese community in the region, but also because both sides have highly coherent economic interests. China, like the ASEAN nations, is a developing-sector nation, with 80% of its population still employed in agriculture. Both China and Southeast Asia urgently need a prolonged period of stability for economic development.

Infrastructure—physical infrastructure for transport, energy, and water management, as well as social infrastructure, including education and medical care—is the greatest need overall in the region. To develop these, cooperation among China and ASEAN are essential.

Enormous Requirements

A map of the region (see page 11) makes clear, how enormous the requirements are. The Mekong River valley, with a population of 240 million, is the gateway to six nations, from Vietnam to southwest China. Yet this river valley was devastated this Summer and Autumn by the worst floods in 70 years, at great cost in lives and livelihood. At a conference in Phnom Penh, the capital of Cambodia, on Nov. 1, Cambodian

Prime Minister Hun Sen called for urgent action to harness the Mekong and turn this impoverished region into an “oasis of prosperity.” Vital measures to “ensure the sustainability of our Mekong . . . are of highest priority for all countries,” he said. The region’s backwardness offers “great potential” for economic growth and development, as the gateway linking Southeast Asia to China.

Already, China’s river port of Simao, on the Lankang (the Mekong in China) River in Yunnan province, has developed into an international port, handling 70,000 tons of cargo and 40,000 passengers a year. China began building Simao port in 1990, and now it has opened water connections with Laos, Thailand, and Cambodia. Yunnan’s trade with Southeast Asia was 30% of the province’s overall exports and imports last year.

Rail infrastructure is another great need. The main rail routes in Southeast Asia date back to the pre-World War II period: Singapore via Malaysia to Chiang Mai, Thailand; Yangon to Myitkynia, in Myanmar; and Ho Chi Minh City to Hanoi, in Vietnam. There are only two, antiquated rail links between southern China and Vietnam. There are no rail links to the Indian subcontinent, home to more than 1 billion people.

Here China can play a critical role. China is continuing to build its rail network, as one of the foundations of its national construction. Currently, China has 70,000 kilometers of railroads, the biggest network in Asia. While, given the size of China’s land and population, much more construction must be done, in comparison, all of Southeast Asia has, according to ASEAN figures from the late 1990s, only some 13,000 km of rail lines! In addition, China has built several rail lines into its extremely rugged southwest, giving it experience which would be extremely useful in the difficult terrain of northern Thailand and Myanmar.

Energy cooperation also has great potential. Already, China and Thailand are concluding agreements for the joint construction of hydropower plants in Yunnan, which will export electricity to Thailand in the coming decade. The hydroelectric potential of this region overall is enormous, and could contribute greatly to the energy needs of Asia’s billions of people.

There are other essential areas of cooperation, vital to the national security of these nations. The opium production and transport from the border regions of Myanmar, Thailand, and China, must be stopped. Interlinked with the drug threat, is the grave danger posed by the rapidly growing AIDS epidemic in the region.

Finally, there is the potential for regional security cooperation. As Kavi Chongkittavorn, executive editor of Bangkok’s *The Nation*, noted in a commentary on Dec. 4, new security ties are emerging. One basis for them is the reconciliation on the Korean peninsula; “the second pillar rests on China’s relations with the ASEAN” since 1995. “Beijing is mulling ways to promote bilateral security cooper-

ation with ASEAN countries. In the past 20 months, China has successfully concluded a comprehensive cooperation framework with seven ASEAN members,” Kavi wrote. “China needs Southeast Asia as a backdrop for its diplomatic offensive against the United States.” Asian cooperation has grown in the wake of the Asian economic crisis. While “cooperation in financial and foreign affairs is still in a nascent stage, . . . it would surprise no one if they were to discuss security matters on their own in the future.”

Taiwan’s Complementary Role

China has many economic enterprises — construction and energy, as well as services — which can play a useful role in China-ASEAN economic cooperation, and China needs raw materials from ASEAN. China is increasing its investment in ASEAN for “revitalizing infrastructure,” including manufacturing and energy. As a leading regional analyst in Taipei told *EIR*, Taiwan is playing a complementary role here — Taiwan is already the number-one investor in Vietnam, and number-three investor in Malaysia. With the recent moves to make exchanges and cooperation between China and Taiwan easier, coordinated Mainland-Taiwan efforts to develop infrastructure in Southeast Asia are likely, he said.

These China-ASEAN-Taiwan developments are moving more rapidly than relations in Northeast Asia. While China’s trade with Japan is increasing, political relations still need improvement. China’s key concern is its internal security and stability, and developing its vast internal economy and market. Its overall regional policy is to deal with individual countries. Beijing will continue to move slowly and steadily, and if any serious challenges to its stability emerge, the leadership will move even more cautiously. There are real problems with corruption, but these are seen by the Communist Party leadership — which remains very much in control — as related to what has come into China with the “opening up” policy.

The two seminal political events in recent China-ASEAN ties, were the state visits of President Jiang Zemin to Laos and Cambodia on Nov. 12-14, and Prime Minister Zhu Rongji’s participation in the ASEAN summits in Singapore at the end of the month (see *EIR*, Dec. 8, 2000). At the China-ASEAN meeting there, Zhu Rongji proposed stronger trade and investment links between China and ASEAN, and urged that both sides explore the possibility of eventually establishing a free-trade relationship.

Such moves to create a regional trading bloc, are “very, very significant,” as a counter to the “enormous pressures, primarily from the United States, to open their markets as part of globalization,” and a means whereby various regional conflicts and disputes can be set aside, as a well-informed senior Asian banking source told *EIR*. “What is going on now in Asia, particularly the efforts to create a regional trading system, must be seen as a crucial countermeasure to this pressure to ‘open up’ and to conform to ‘globalization,’ ” he

stated. Of the greatest importance, is the talk about the effective admission of China into the ASEAN complex.

The basis now exists, he said, for resolving Chinese-Japanese problems. For this, Japan must finally eliminate obstacles dating back to World War II, but this “now can be easily overcome. The precedent has been set on the Korean peninsula.”

In an interview with *EIR* (see Dec. 8, 2000 issue), U.S. Asian analyst Dr. Chalmers Johnson stated: “The fact that China is so committed to ASEAN, to some kind of customs union, is extremely encouraging. Chinese President Jiang Zemin’s recent visit to Cambodia, which was all but blacked out in the U.S. press, was extremely important, a key initiative to reopen China’s ties to ASEAN.”

New Openings

On Nov. 12-13, Jiang Zemin became the most senior Chinese leader ever to visit Laos. His visit to Cambodia on Nov. 13-14, was the first of a Chinese head of state since 1963, and an essential visit of reconciliation after the Khmer Rouge holocaust. China has already established strong ties with Vietnam, with which it had briefly fought militarily in 1979; there are regular political, economic, and military delegations between the two countries.

The central issue of the visits to Laos and Cambodia, was economic cooperation. On his arrival in the Laotian capital, Vientiane, on Nov. 12, Jiang Zemin said to his host, Lao President Khamtay Siphandone, that China would support mutually beneficial collaboration with Laos in trade, investment, and agriculture. Laos has been hit hard by the economic problems of Thailand, which had been its biggest investor and trade partner. Laos has been struck with hyperinflation and currency weakness since 1998. China has provided interest-free loans to support Laos’ currency. The two sides agreed to improve laws and regulations to enhance economic and trade activity, and to increase two-way trade.

The two sides issued a joint statement, which is of special importance. It calls for cooperation in political, economic, trade, military, cultural, and educational areas. It also goes beyond bilateral ties. Article nine states: “Both sides agree that to strengthen quadrilateral economic cooperation [among China, Laos, Burma, and Thailand] and economic cooperation in the Mekong subregion [with China, Laos, Cambodia, Burma, Thailand, and Vietnam] caters to the long-term interests of both countries and other relevant countries in the region. Both sides shall offer greater support and cooperation to this end.”

On the political level, both sides supported increasing the multipolarization of the world, and opposed any attempts at unipolar dominance. Most important, the agreement said that China and Cambodia “shall jointly commit themselves to establishing a fair and rational new order in international politics and economy” — an overall political aim, which has not, so far, been put forward in the ASEAN-Plus-3 (ASEAN plus

China, Japan, and South Korea) negotiations.

Jiang Zemin then went to Cambodia for two days, where he was warmly received both by King Sihanouk, an old friend of China, and Prime Minister Hun Sen. Jiang said that “mutually beneficial cooperation is in the fundamental interests of our two peoples and serves peace and development of the region.” The two sides signed an economic and trade deal worth \$12 million, and Jiang proposed to Hun Sen, that economic and trade cooperation between the two countries should be put “in a more important position.” Hun, joining with other Cambodian leaders, described Jiang’s visit as “historic.” He told Jiang that the four-point proposal is “a precious gift” for the whole Cambodian people. “Cambodia attaches importance to its ties with China and considers such a relationship of long-term and strategic significance for our country.”

Jiang praised Cambodia’s leaders for the country’s current “hard-won peace and stability” and economic development.

Meetings in Singapore

As Jiang Zemin was leaving for his visits, it was announced in Beijing that Prime Minister Zhu Rongji would attend both the ASEAN-Plus-3 and the ASEAN-Plus-1 (China) summits in Singapore, both held in the context of ASEAN’s fourth informal summit, on Nov. 22-27.

There, Zhu met separately with ASEAN leaders, including Malaysian Prime Minister Dr. Mahathir bin Mohamad, and Singapore Prime Minister Goh Chok Tong, during the two days, and spoke to the assembled ASEAN leaders on Nov. 25. In his speech, Zhu suggested, on the basis of the strong momentum of China-ASEAN economic and trade ties, that the two sides eventually form a free-trade relationship, to allow exchange of goods, technologies, capital, and information. Zhu said that China’s new “going abroad” strategy is helping relevant enterprises invest and work abroad, and ASEAN could become a priority area for this investment.

“Information technology” would be one area for cooperation, Zhu proposed, but, of real importance, was his call to strengthen infrastructure building in the Mekong River Basin and to deepen agricultural cooperation. Building up the Mekong Basin will reduce the development gap among East Asian countries, Zhu said, and China is ready to increase its contribution.

China will finance the transport “lane” on the Mekong-Lancang River within Laos and Myanmar, to help complete the river transport system, Zhu said. He also noted the importance of completing the road between Kunming, China and Bangkok. “When conditions permit, we would like to work with Laos, Thailand, and the Asia Development Bank to construct the road section with the border of Laos and make a contribution to the early completion of Kunming-Bangkok road,” he said.

Prime Minister Zhu also discussed the Trans-Asia Rail-

road with Malaysia’s Prime Minister Mahathir, and told him that Chinese companies are ready to participate in the construction of Malaysia’s domestic railroad, as part of the Trans-Asia system. Mahathir responded that there is huge potential for future cooperation. He described Malaysia’s plans for the Trans-Asia railroad to Zhu, and welcomed China’s role in its construction. Zhu said that, when the Trans-Asia is completed, it can be connected to the Asia-Europe Continental Bridge within China, to form an inter-connected international link open to all nations.

Zhu noted that China and ASEAN are not trade competitors, and would not be when China eventually joins the World Trade Organization. China exports mostly light industrial products to the U.S. market, while ASEAN’s leading product is integrated circuits. Also, most of the overseas capital coming into China, a leading world recipient, is from Hong Kong and Taiwan, not from developed countries, he said.

ASEAN has suffered a sharp fall-off of overseas capital flows since 1998.

‘The Sense of Community’

These November events have been greeted very favorably in commentaries by leading Chinese policymakers. Zhou Xiaobing, deputy director of the Institute of Asia-Pacific Studies of the Chinese Academy of Social Sciences, told the *China Daily Business Weekly*, in an interview on Dec. 3, that “competition” among China and ASEAN nations will *not* hinder their increasing economic cooperation. “It’s very important for East Asian countries to cooperate in order to maintain a stable and continuous development in the region,” he said. Free-trade agreements and, ultimately, an East Asian free-trade zone, would help create solid markets, essential for stable and continuous development. The East Asian economies depend heavily on expanding global demand, Zhou said. While external demand is volatile, the rapidly growing trade among East Asian countries has stabilized local demand, Zhou said. Trade within the region (which had fallen sharply in 1998-99) accounted for half of East Asian countries’ total foreign trade last year, a higher proportion than in the North American Free Trade Agreement. This need for stable markets underlay Zhu Rongji’s call for free-trade relationships with ASEAN members, Zhou said.

Ma Yanbin, of the China Institute of Contemporary International Relations, told the *China Daily* on Dec. 12, that “the sense of community is a signal that Asian countries are beginning to re-evaluate the significance of regional cooperation following the 1997 Asian financial crisis.” ASEAN and Northeast Asia have learned that “closer cooperation is a weapon against any future financial crisis,” Ma said. Burdened with economic and political instability, “many Asian countries are now not strong enough to ward off future financial crisis on their own. This is why Chinese Prime Minister Zhu Rongji’s idea of establishing an Asia-wide free-trade zone has received such a warm response.”

Argentine Government Seeks Financial 'Armor' for Its Creditors

by Gonzalo Huertas

Over the recent weeks, the International Monetary Fund (IMF) has been "monitoring" a package of financial "armor" for Argentina, in order that Argentina can meet its financial obligations this year and next, "without difficulty." The IMF's decision to step in with a bailout for Argentina, is due to the fact that Argentina owns 25% of "emerging market" bonds circulating worldwide (along with such countries as Russia, Brazil, and Mexico), and, therefore, an Argentine default on its debt could potentially cause a bigger international financial crisis than that provoked by the Russian default of 1998.

In the face of this reality, on Nov. 14, the credit rating agency Standard & Poor's (S&P) lowered its country-risk rating on Argentine sovereign debt to BB-. A week later, Moody's decided to do the same, reclassifying its rating for Argentina's debt from "stable" to "negative."

S&P explained in a press release that its decision was "based on the view that the economic environment in Argentina has worsened, and could continue to affect local demand, production levels, and the levels and terms of payments." Likewise, another release from S&P pointed out that the reclassification of Argentine debts reflected "a weakening of the public finances, given the growing level of indebtedness and a high dependency on foreign capital."

Enter the IMF and the U.S. Treasury

So, on Nov. 27, an IMF advance team arrived in Buenos Aires to put Argentina's accounts "in order." Two days later, the assistant director of the IMF's Western Hemisphere Department, Teresa Ter-Minassian, joined them. After reviewing the figures, the IMF demanded that the government come up with a new fiscal pact with the provinces, a greater cut in public expenditures, approval of a 2001 budget with even greater indebtedness (see **Tables 1** and **2**), deregulation of social projects, elimination of the trade union-run health insurance programs, the elimination of the remaining state social security system, and an increase in the retirement age for women to 65 years.

Then, on Dec. 4, U.S. Assistant Secretary of Treasury for International Affairs Timothy Geithner, accompanied by two economists from the Treasury Department, paid an unusual visit to Buenos Aires, in order to view the Argentine economic situation *in situ*. This was the same Geithner who headed the U.S. mission to Asia, during the financial crisis which

devastated that region of the world in 1997.

Many local and foreign economic analysts have been blaming the Argentine economic crisis on the fragile political situation in which the country has found itself, since the leader of the Frepaso party, Carlos "Chacho" Alvarez, resigned as Argentine Vice President, thereby shattering the "Alianza" political coalition between the Radical Party and the Frepaso, which governed the country.

The cause of Argentina's financial and economic crisis, however, can be found in the state of exhaustion to which the domestic productive sectors and the middle class have been reduced. These sectors had been the greatest source of tax revenue in past years. This situation, in turn, is the result of the implementation in recent years of each and every one of the destructive economic prescriptions demanded by the IMF. In sum, Argentina is a classic example of another IMF "success story": The country and its economy have been wrecked.

As economist Daniel Muchnik stated, what has been called "financial armor" for Argentina, is nothing but a "financial guarantee," so that Argentina can continue refinancing its foreign debt, "but at higher interest rates than those which it had to pay in the past, precisely because of its current financing difficulties."

Media sources are asserting that the financial "armor" to be provided, will be in the range of \$30 billion. When negotiations began, a bailout package of \$15-20 billion was cited, but even the \$30 billion, in reality, will be insufficient, if the grave state of Argentina's economy is taken into account.

Short-Term Debt

The truth of the matter is that Argentina holds a large amount of short-term debt, totalling \$20.034 billion as of September, and it does not have the means domestically to meet those payments, due to the fall in tax revenue.

According to statistics published by the Economics Ministry, of that short-term debt, \$5.917 billion is held by the non-financial private sector, \$12.984 billion by the private financial sector (that is, banks and other financial institutions), and \$1.133 billion by the public sector. In addition, the Argentine government has issued Treasury bills, called *letes*, which come due every 90-180 days on average. These total another \$5.6 billion, as of this writing.

Thus, next year, Argentina faces a total \$36.356 billion in

TABLE 1

Argentina: Foreign Debt, Official and De Facto

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000*
Official										
1. Public	52.7	50.7	53.6	61.3	67.0	73.6	74.8	82.4	84.9	85.8
2. Private	5.8	8.6	14.3	17.8	22.3	25.9	35.4	56.9	59.7	58.6
3. Total (1+2)**	58.6	59.3	67.9	79.1	89.3	99.5	110.2	139.3	144.6	144.4
4. Missing Private***	2.7	3.5	4.3	6.6	9.6	10.3	14.5	1.2	0	0
5. Revised Total (3+4)	61.3	62.8	72.2	85.7	98.9	109.8	124.7	140.5	144.6	144.5
De Facto										
6. Gov't Dollar Bonds	—	—	—	11.1	14.5	14.6	15.0	14.8	21.3	23.2
7. Gov't Peso Bonds****	—	—	—	2.8	2.0	2.7	3.2	2.6	2.1	1.5
8. Gov't Short-Term Bonds (Letes)	—	—	—	—	—	—	—	3.3	4.2	4.7
9. Private Domestic Debt	9.1	15.4	20.9	27.4	28.5	31.7	38.0	42.4	40.9	39.1
10. Total (6+7+8+9)	9.1	15.4	20.9	41.3	45.0	49.0	56.2	63.1	68.4	68.5
Grand Total (5+10)	70.4	78.2	93.2	126.9	143.9	158.8	180.9	203.5	213.0	213.0

*2000, through 2nd quarter.

**Official, through 1998.

***Official revision of the private debt, conducted in early 2000, found these "missing" amounts from earlier years.

****Only those held by foreigners (about one-third of the total).

Sources: Economics Ministry, Indec.

debts coming due: a) \$2.500 billion in *letes* which come due in 2001; b) \$23.917 billion on its public foreign debt (\$14.872 billion in amortization and \$9.045 billion in interest); and c) \$9.939 billion in private sector debt.

At this rate, the financial "armor" discussed for Argentina is looking more like a sieve every day.

The decision of former President Carlos Menem and his Economics Minister, Domingo Cavallo, to continue implementing IMF dictates at all cost, succeeded in turning industrial Argentina, into a post-industrial nation. And now that grandmother's jewels have all been sold, they are ready to sell grandmother herself.

Between the 1991 launching of Cavallo's "convertibility" policy (that is, a fixed one-to-one parity between the dollar and the peso) and the end of 1999, Argentina's official foreign debt rose a whopping 136%, going from \$61.335 billion to \$144.585 billion.

However, Argentina's real foreign debt is much larger. According to *EIR*'s calculations, based on official figures,

the real Argentine foreign debt went from \$70.417 billion in 1991, to \$212.959 billion in 1999. In other words, the debt grew 202% over nine years (**Figure 1**)!

In this same period, the domestic foreign debt with the banks—which, by virtue of being dollar-denominated, constitutes *de facto* foreign debt—showed a 350% increase, going from \$9.082 billion in 1991, to \$40.858 billion in 1999.

This is the main reason behind the dollar hemorrhage that Argentina is undergoing, in order to meet its so-called "financial obligations," postponing all other economic policies that might use the country's scarce resources for purposes more in the interest of the general welfare of the nation.

The results are already evident.

The Economic Crisis

Although one cannot produce exact figures on the damage caused to Argentina's physical economy by the Convertibility Plan, one can get a good estimate just by looking at the massive wave of bankruptcies of companies, large and small

TABLE 2

Argentina: Real Foreign Debt

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000*
1. Public Official	52.7	50.7	53.6	61.3	67.0	73.6	74.8	82.4	84.9	85.8
2. Private Official	8.6	12.1	18.6	24.4	31.9	36.2	49.9	58.1	59.7	58.6
3. Public De Facto	0	0	0	13.9	16.4	17.3	18.2	20.7	27.6	29.4
4. Private De Facto	9.1	15.4	20.9	27.4	28.5	31.7	38.0	42.4	40.9	39.1
Real Foreign Debt (1+2+3+4)	70.4	78.2	93.2	126.9	143.9	158.8	180.9	203.5	213.0	213.0

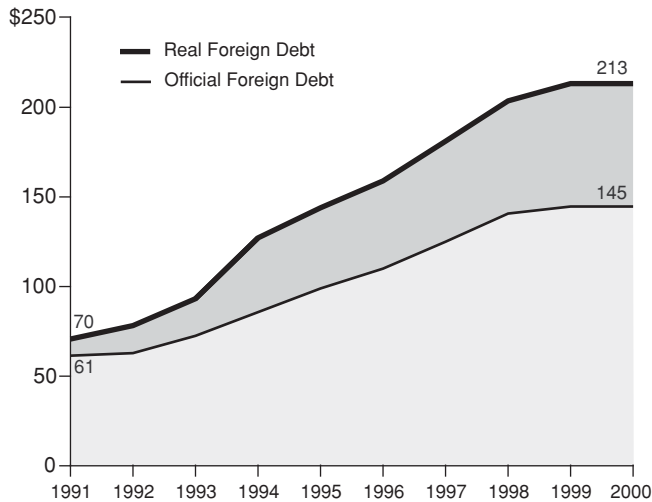
*2000, through 2nd quarter.

Sources: Economics Ministry, Indec.

FIGURE 1

Argentina: Real Versus Official Foreign Debt

(Billions \$)



Sources: Argentine Economics Ministry; Indec.

alike; the blocks-long lines of unemployed fighting for jobs at wages which do not go much beyond \$400 a month; the thousands of agricultural establishments with the sign, “Closed”; and the growing flood of emigrants, seeking the prosperity abroad that has disappeared at home.

According to the Economics Ministry, the economy — as measured in Gross National Product monetary terms, which are a poor reflection of economic reality — fell 0.6%. Hardest hit were: fishing, -13.9%; construction, -10.5%; and agriculture, ranching, hunting, and forestry, -3.5%.

One of the key sectors that had managed to maintain a certain growth in recent years, the construction industry, has begun to collapse. In October of this year, construction registered a decline of 2.2% against October 1999. Also during October, cement shipments declined by 15% with respect to the same month in 1999. The Monthly Industrial Index (EMI) revealed that industrial production in September fell 1.4%, in relation to September 1999.

The labor sector continued to worsen. In November alone, according to the latest monthly report from the consulting agency Tendencias Económicas, layoffs increased 373% with respect to November 1999, and increased 128% over those which occurred the month before (October 2000). Layoffs in October 2000, meanwhile, were up 26.5% over October 1999. The areas hardest hit by the layoffs were primarily the paper and auto industries. According to private estimates, official unemployment (which does not include the underemployed) surpasses 15% of the economically active population, as compared to 13.8% the year before.

All of this led to a serious decline in tax revenues, the

figures of which no longer circulate publicly. With the goal of increasing those revenues, the government has been considering authorizing the banks to collect and monitor private companies’ required payments into pension funds, social benefits, health care, etc. And, they are trying to privatize the collection of some taxes now collected by the Federal Administration of Public Revenue (AFIP).

The already financially desperate situation of the agricultural sector has been worsened by “natural” catastrophes, the result of the fact that governments over recent years have failed to carry out water control projects, and the countryside has been flooded. By late November, incessant rainfall had inundated 2 million hectares (equivalent to 100 times the size of the Federal Capital), located in the provinces of Córdoba, Santa Fé, La Pampa, and Buenos Aires. Economic losses so far are estimated at more than \$1 billion. Rural leaders have urged the government to create a \$1 billion “crisis fund” to enable them to deal with the current situation, but the government has refused to respond.

In view of this picture, there can be little doubt that, sooner or later, Argentina will be unable to meet the service costs on its foreign debt.

Lowering Wages To Cover the Fiscal Deficit

The crisis has already led the Alianza government to change the fiscal goals agreed upon with the IMF, three times: At the beginning of the year, it said that the year’s fiscal deficit would be \$4.1 billion; in mid-year, the ceiling was set at \$5.3 billion; now, the government maintains that the deficit could go as high as \$7 billion.

Economist Muchnik explains that the increase in the fiscal deficit is due to the fact that “interest on the foreign debt keeps rising, and with it, the transfer of capital abroad. Consumption continues to be depressed because of unemployment and loss of buying power. To this can be added the cutback in the size of pension funds for retirees in the future. Finally, after the rise in the price of oil, exports are stagnant and tax collection continues to be paralyzed by the recession. Also, the chain of payments is hurt by the financial cost.”

Finance Minister Daniel Marx announced in a video-conference before a Brazilian audience recently, that the only way for Argentina to deal with its debts, is to reduce wages. However, cutting wages is going to cost the government dearly on the political front. Last month, 99% of Argentina’s workers struck against the country’s economic model, called out by the “rebel” trade union federation CGT, led by Hugo Moyano.

Not only the workers are angry, however. Addressing the Argentine economic recession, the president of the Argentine Industrial Union, Osvaldo Rial, told *Página 12* that, since 1991, Argentina “has been subjected to globalization; has been the only country to allow itself to be violated in the name of globalization. No other country gives away its markets; no other country imports any old garbage, while leaving Argentines on the streets.”

Book Reviews

How Great Projects Inspire Mankind

by Marsha Freeman

Building Big

by David Macaulay

Boston: Houghton Mifflin, 2000

192 pages, hardbound, \$30

For five consecutive weeks in October, the Public Broadcasting System aired a series produced by WGBH in Boston and hosted by accomplished technology writer David Macaulay. This book is a companion to the television series, "Building Big."

There could be no better time to relate the history of mankind's greatest accomplishments in reforming the natural environment around him, in order to enable the technological and economic progress that is the organizing principle for human civilization.

While epidemics of old and new diseases ravage the continent of Africa, as an expression of the decline in the basic standard of living of a significant percentage of the world's population, it is precisely the intervention of scientists and engineers, under the guidance of an economic policy based on carrying out the construction of great projects, that can reverse this decline into a New Dark Age. As in past periods of history, once that economic perspective becomes policy, it will be up to the visionaries who can imagine what nature transformed can accomplish, to make the breakthroughs to make it possible.

Art, Science, and Inspiration

Both the book and television series "Building Big" focus on the challenges that had to be overcome, and the perseverance required, to construct the bridges, tunnels, dams, skyscrapers, and domes that not only bring us our modern technological world, but inspire us to conquer the new challenges of great projects that lie ahead. As author David Macaulay states, it is not necessarily the size of a project that defines "building big." Rather, "what separates building big from building ordinary is that you are, in a way, doing something that's never been done before."

In introducing the television series, Macaulay states, in the first segment on bridges, that throughout the span of human history, "with cultures the world over contributing to the art and science of monumental engineering, humankind has mastered the contours of the Earth itself." These structures that we depend upon, he states, are "landmarks of human ingenuity [that] have evolved dramatically since the dawn of time, to advance the needs of civilization." Most great projects serve practical functions, but they are also beautiful, and are a constant reminder of the creative capabilities of man.

Throughout the series, the history of the successful and failed attempts to build big is told. We are provided with a 2,000-year visual tour through the technological breakthroughs required, as materials available to the builder, the understanding of principles of nature, and the needs of society, all changed. Macaulay provides us with the names, dates, and pictures from around the world where men made the attempt to tame the forces of nature, providing a look at the personal qualities and characters of these engineers.

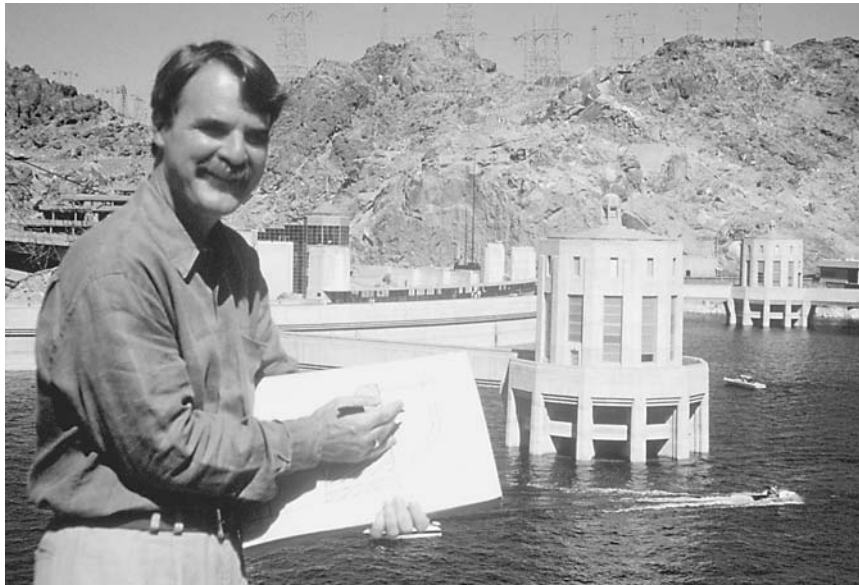
The television series presents spectacular vistas, with Macaulay on site, sketch pad in hand, explaining the basic physical principles that underlie the successful projects to span water, tame rivers, build upward toward the sky, place a dome atop an edifice, and create tunnels through mountains, underwater, or underground. The accompanying book allows the reader to more closely study the principles of these modern marvels.

At times, the successful completion of a big project, Macaulay reports, was as much a political as an engineering challenge. The beautiful dome atop the Capitol building in Washington, D.C., is such an example.

George Washington believed that a dome gracing the legislative house of the new Republic, based on the architectural masterpieces of Europe, would lend seriousness and grandeur to the new nation. As the country grew, and the government added new wings to the Capitol to accommodate a larger House and Senate, it was clear that a new dome was needed, to replace a small structure built in 1824.

In 1856, as Macaulay states, "under the watchful eyes of [designer Thomas] Walter and Captain Montgomery C. Meigs of the Army Corps of Engineers," construction began. But, by 1861, with the Civil War under way, all contracts for building the dome were suspended, and no new materials, now needed for the war, were delivered. "For the next year," Macaulay reports, "the few workers who remained assembled only those pieces of cast iron already on hand."

In 1862, President Abraham Lincoln decided, however, that the dome should be completed, as "a display of determination and of faith in the survival of a united land." In early December 1863, with the outcome of the war still undecided, the 19.5 foot bronze Statue of Freedom was placed on the top of the dome's lantern. With the exterior of the dome completed, work could begin on the interior, for which Italian artist Constantino Brumidi came to Washington. With Brumi-



“Building Big” series host David Macaulay sketches on location at the Hoover Dam.

di’s magnificent artwork still to be completed, in April 1865, in fitting tribute to his commitment to keep the nation whole, and complete a symbolic representation of that fact, President Lincoln was laid in state in the Capitol rotunda, beneath the beautiful dome.

A Timeless Treasure

Unlike the U.S. Capitol dome, which was completed as a result of the political will of a dedicated President and his staff, some great projects have been held back for purely political considerations.

In 1954, German-American science writer Willy Ley, whose many contributions to engineering began as a founding member of the German Society for Space Travel in 1927, wrote a book, *Engineers’ Dreams: Great Projects That Could Come True*. In the Foreword, Ley states that while engineers’ dreams are things “that can be done,” they are sometimes held back “because of political difficulties.” The first chapter describes what he calls the “forbidden tunnel,” in reference to the tunnel to span the English Channel, which was first proposed in 1802. While the engineering difficulties in building the Panama and Suez Canals could be overcome, Ley muses, the political difficulties in connecting Britain to France, apparently, could not.

In his description of the construction of the Channel Tunnel during 1987-94, Macaulay engages us in this historical battle, with humor. “After centuries of distrust punctuated by prolonged military confrontations,” he writes, “the French and British were finally united by a mutual dislike of seasickness.” He explains the innovative design of the “Chunnel,” including its novel safety and maintenance features.

Humor is used throughout the book, *Building Big*. For

example, Macaulay writes: “If bridges are the most forthcoming examples of engineering in this book, tunnels are their painfully shy cousins. They live to serve, and to serve, they must hide. Very few things about the way tunnels look as we pass through them are even likely to catch our attention. So while bridges, skyscrapers, domes, and even a few dams enjoy varying amounts of popularity, I think it’s safe to say that only an engineer could love a tunnel.”

It is safe to say that after watching this series, and reading Macaulay’s book, few of us would be able to look at these great engineering works the same way again.

Building Big is a successful effort to educate and inspire because of the people behind it. Macaulay has also expressed his own talent and love of the creations of engineers and artists in sev-

eral books he has previously written. They include topics such as building cathedrals, castles, pyramids, and cities, with titles such as *The Way Things Work* and *Great Moments in Architecture*. His enthusiasm and dedicated interest in “Building Big” fully engages the television audience in his travels through history and geography.

Larry Klein, producer and director of the television series, is as excited about the material as is Macaulay, which is evident in the effort that went into its production, and his remarks at a Capitol Hill reception just before the shows aired. WGBH sees it as one part of a continuing educational process. Part of that process is the present book; another is an Internet website, www.pbs.org/wgbh/buildingbig, which encourages young people in particular to discover great projects close to their homes, and to carry out their own experiments to discover the principles discussed in the series.

The sponsorship and contribution to the series by the American Society of Civil Engineers, added to the outreach program, to involve the Society’s 123,000 members to help celebrate their organization’s upcoming 150th anniversary by bringing “Building Big” to libraries, civic groups, and schools across the country.

While the book to accompany the television series is a fascinating step-by-step explanation of some of the most fascinating bridges, tunnels, domes, skyscrapers, and dams in the history of the world, it pales in comparison with the films. To make the series a timeless resource for education, WGBH is making it available in a set of videotapes, which is well worth owning. The set of five tapes is available for \$69.95, or each individual tape—bridges, tunnels, domes, skyscrapers, or dams—is available for \$19.95. They can be ordered at 1-800-949-8670.

Business Briefs

Italy

Court Ruling Threatens Entire Banking System

Italian central bank governor Antonio Fazio warned on Dec. 4, that a recent Supreme Court ruling could bring down the nation's entire banking system. The ruling applies retroactively, a bill classifying as "usury" all bank loan contracts with interest rates one-third higher than the market rate. The court ruled that home mortgages can be renegotiated.

Fazio and the banking community reacted by saying that if all contracts were renegotiated, in the worst case it would bring a loss up to 50 trillion lira (more than \$25 billion), amounting to the entire yearly profits of the banking system. Fazio also indicated that no bank would make a fixed-rate contract any longer, whereas foreign banks, which are not subject to the legislation, would take over the market. This would mean the collapse of the entire banking system, he said.

The government is now trying to put together an Executive order to prevent mass legal actions resulting from the Supreme Court decision. It is believed that the opposition would silently support the government action. The Italian banking system is saddled by an unsolved bad-debt burden which is well over \$100 billion.

Ghana

Pro-Creditor Rule Leaves Nation in Ruins

After years of pro-creditors rule, i.e., adherence to International Monetary Fund diktat, by outgoing President Rawlings, the Ghanaian economy is in ruins, the German daily *Frankfurter Allgemeine Zeitung* wrote on Dec. 7, in a portrait of the country on the day of the Dec. 6 Presidential elections.

There has been a construction boom in the banking and manufacturing sectors of Accra, the country's capital, but generally, the manufacturing and farming sectors are down. The unofficial jobless rate is esti-

mated at 50%, and half of the population of 19 million is illiterate. Despite all official propaganda, the country is eating away at itself in an attempt to stay alive.

For example, in the case of Samuel Larty, a Ghanaian who has lived in Germany, Belgium, France, and Italy, the article compares the 200 cedi he earns every month at a gas station, to the 500,000 cedi he must to pay for a somewhat decent apartment. "Every family in Ghana has one member abroad, by whom it is supported; otherwise, we would starve to death," Larty said. The minimum wage is 4,300 cedi daily—7,000 cedi are only \$1. One-third of the population lives below the official poverty level. The heritage of the Rawlings era is a heavy burden on the new President.

Health

Vaccine Works Against Ebola in Monkeys

Scientists at the U.S. National Institutes of Health Vaccine Research Center and at the Special Pathogens Branch of the Centers for Disease Control have developed a vaccine which prevented monkeys from contracting Ebola. *Nature* magazine reported in its late-November issue. Since the natural reservoir, or vector, for the spread of the Ebola virus is unknown, the authors state, "The potential for traditional public health measures to prevent future outbreaks is limited, thus increasing the urgency for the development of a vaccine and therapeutics in humans." Current anti-viral drugs have had no effect on the disease.

Ebola haemorrhagic fever, which has a lethality of up to 90%, is caused by any one of four strains identified so far. The control animals, which were not vaccinated, all progressed to a moribund state and death in less than one week. All of the vaccinated animals were asymptomatic for more than six months. Previous vaccines that had been found to be effective against Ebola in mice and guinea pigs were not effective in primates.

The researchers had earlier developed the guinea pig vaccine by using DNA strands that encode Ebola virus proteins, leading to

an immune response in the animal. In the current research, a weakened second virus, modified with a protein of the Ebola Zaire strain (the most virulent), was used to boost the immune response, the which, combined, protected the experimental subjects.

Scientists point out that this research is needed not only to protect the population of Africa from Ebola, but to prepare for yet-undiscovered viruses.

Banking

British Regulator Warns On Telecom Debt Exposure

The British Financial Services Authority (FSA) has sent a letter to chief executives of more than 50 British banks, warning them to carefully monitor lending to telecommunication companies "amid fears that a credit crunch could slow the construction of third-generation mobile networks," the Dec. 8 London *Financial Times* reported.

So far, European telecom firms have already borrowed more than \$170 billion, about \$100 billion just to buy third-generation mobile phone (UMTS) licenses from European governments. On top of that, the companies will now have to finance another \$100-180 billion for the new mobile phone infrastructure. But, as it becomes ever more difficult for the telecoms to find creditors for these giant investments, any income from the UMTS operation is being delayed further into the future, which, in turn, increases their liquidity problems. The FSA letter calls on the banks to be "particularly alert" to any deterioration of conditions in the telecom sector.

On Dec. 6 and 7, rumors about liquidity problems of the telecom companies heavily involved in the UMTS business, the German Mobilcom and British-based Hutchison, were shaking up European stock markets. Stock prices of Mobilcom, which in August paid 16.5 billion deutschemarks to the German government for its UMTS license, after trading at 200 euros in March, have collapsed since the July UMTS auction, from 140 to 50 euros, and, on Dec. 6-7, plunged as low as 30 euros. The company, as well as its international creditor

group, headed by Merrill Lynch, Deutsche Bank, Société Générale, and ABN Amro, issued statements denying that Mobilcom is about to go bankrupt.

'New Economy'

Computer Sector Hit by 'Second Apple' Shock

Personal computer sales in the United States fell 12-15% in November compared to a year ago, and computer manufacturing firms may be forced to slash prices, cutting into profits. Such bad news has fuelled declines in stock prices. For example, the day after the biggest ever one-day rally on the Nasdaq, stock markets around the globe fell back to reality. Immediately after the stock market close on Dec. 5, Apple Computer shocked investors yet again with another sales and profit warning. When Apple Computer, on Sept. 29, lowered its expectations for the fourth quarter, its stock price crashed by 52%. But now, the company has had to admit that even these revised expectations have turned out to be too optimistic. In particular, pre-Christmas sales seem to be very disappointing. Instead of \$1.6 billion, sales in December will probably be just \$1 billion. Even worse, Apple Computer now expects to post a loss for the fourth quarter, which would be the first quarterly loss in three years. The company also lowered its expectations for next year, saying that they are being hit by three major problems simultaneously, including company-specific issues, a general slowdown in the PC market, and an "overall worldwide economic slowdown."

In electronic trading in Europe and Asia, Apple stocks on Dec. 6 were down about 20%, and in midday trading in the United States were down by about 15%. Thereby, Apple stocks fell to less than one-quarter (\$15) of what they were at the beginning of September (\$64).

In late November, the second-largest direct seller of computers in the United States, Gateway, Inc., came out with similar disappointing sales and profit warnings and even pointed to a price war in the PC market erupting by New Year, triggered by sluggish con-

sumer sales. Recently, Dell Computer and Micron Electronics also had to sharply revise downward their expectations for the fourth quarter and next year.

Intel, which makes the Pentium chip, which is the main driver in many computers, warned that fourth-quarter results would fall short of expectations, and blamed cancelled orders by PC makers. The chip-maker now expects sales to be unchanged from the third quarter, making the current quarter its worst in years.

Currency

Thailand Restrictions To Curb Speculators

The Bank of Thailand (BOT) announced on Nov. 27, that local banks are forbidden to sell the Thai currency, the baht, to Thailand's offshore facilities (the site of the speculative attacks on Thailand in the late 1990s and, again, today), unless they demonstrate an underlying commercial purpose. The bank allowed a three-day grace period, during which all dollars purchased from offshore were to be sold to the BOT at a discount. After the three days, proof of commercial transactions was required. The short selling over the past weeks had further dropped the baht's value against the dollar.

The BOT also suspended several unnamed banks from the "repo market" (the market for repurchase of Treasury bills) for ten days, for breaching the already existing restrictions with offshore facilities on foreign exchange, which limited baht sales to non-residents to 50 million baht (about \$1.1 million). Several foreign bank branches were recently reprimanded for breaching such restrictions.

The new measures are important, but, without establishing fixed rates with Malaysian-style controls, the speculators will continue to find ways around the rules. The Thai daily *The Nation* reported on Nov. 28, "One thing is certain, they [the banks] will continue to play catch-me-if-you-can with the regulators and take advantage of any loopholes in the BOT regulations in order to make a hefty quick profit."

AL-ARAB International on Nov. 24 covered the release of Lyndon LaRouche's book, *Now, Are You Ready To Learn Economics?* "Lyndon LaRouche is the founder of *EIR* magazine, whose unique and remarkable studies and forecasts for the American economy have been the most accurate and precise in the history of economics," the daily commented.

AZERI OIL will be transferred to the West via Russian pipelines beginning next year, the two nations agreed in November. In the first phase, 3 million tons of oil will be pumped from Baku to Russia's Black Sea port of Novorossiisk, and provide Azerbaijan revenues that "will exceed \$500 million." For that sum, you can buy 10 billion cubic meters of gas, solving many domestic problems, he said.

JAPANESE consumers, fearing another round of layoffs, have cut spending, such that overall consumer prices fell 0.9% in October and 0.8% in September compared to the same months in 1999, despite the doubling of oil prices. Finance Minister Kichi Miyazawa warned, "A downturn on this scale involves structural issues."

U.S. IMPORTS now account for 18.5% of the world total, an "historically unprecedented level," the World Trade Organization reported in late November. While world trade has increased 10%, more than half the expansion is due to the increase in U.S. imports and exports.

INDIA is serious about a manned mission to the Moon. Space Research Organization Chairman K. Kasturirangan said on Nov. 30. "It is not a dream project," he said, indicating that it will take seven to eight years to bring the project to fruition.

THE RUSSIAN government is backing President Vladimir Putin's call for addressing Russia's demographic crisis by attracting immigrants from the former Soviet republics, *Vedomosti* reported on Nov. 28.

The Fraud Against Edward Teller

What's behind the latest round of attacks against the Strategic Defense Initiative? Lyndon H. LaRouche, Jr. traces their origins to the "world government" doctrines of the evil Bertrand Russell.

I have read two, related hoaxes, which rewarm the old frauds against the SDI which were circulated by now deceased Lt.-Gen. (ret.) Daniel P. Graham and his Heritage Foundation accomplices back during the 1982-1984 interval. The first of these is a piece titled "The Odd Couple and the Bomb," authored by London School of Economics graduate in politics William Lanouette, which appeared in the November 2000 edition of *Scientific American*. A more disreputable hoax, crafted by one T.A. Heppenheimer, appeared in the Winter 2001 edition of the periodical *Invention and Technology*. The political significance of this pair of hoaxes now, is their bearing upon the current geopolitical rage paraded as current proposals for nuclear ballistic missile defense. Both are, revealingly, attacks upon the original SDI policy.

Lanouette's hoax is a puff piece for the memory of Bertrand Russell cat's-paw Leo Szilard, and, thus, a cover-up of the legacies of such Szilard accomplices as the late John J. McCloy, McGeorge Bundy, and Bundy's lackey Henry A. Kissinger. Heppenheimer's hoax is the relatively more interesting of the two, chiefly because it is even worse: more anti-scientific than Lanouette's elimination of all reference to the fact, that in all relevant matters touched upon in that article, no mention is made of the actual authors of the nuclear-weapons doctrine, that created by H.G. Wells and Bertrand Russell, on behalf of which Szilard was steered, every step of the way, by his master, Russell. Heppenheimer's vicious and fraudulent

attack upon Dr. Edward Teller requires a bit more explanation. Since I was a central figure in opposition to the way in which the Heritage Foundation set up Teller and Lawrence Livermore National Laboratory, I am better situated than the principals of that laboratory to pin-point the nature of the hoax perpetrated by *Invention and Technology* magazine.

The original design of SDI was a product of my initiatives of the 1977-1983 interval, into which Dr. Teller figured, from Autumn 1982 onward. Although the name of "Strategic Defense Initiative" first appeared in President Ronald Reagan's address of March 23, 1983, what became known as the policy of SDI was first publicized by me in a widely attended Washington, D.C. conference of mid-February 1982, and presented in a widely circulated attack on Henry A. Kissinger's détente policies, which first appeared in print during March 1982. From no later than Summer 1982, I came under frantic attacks by a Daniel Graham then deployed as a stooge for the Mont Pelerin Society's Washington, D.C.-based Heritage Foundation. During the Autumn of 1982, Graham's bile was also directed against Dr. Teller.

President Reagan's initial version of SDI was consistent with what I had introduced into U.S.-Soviet back-channel discussions over the period beginning February 1982. However, immediately thereafter, the mice went to work. Daniel Graham, the leading opponent of SDI up to that time, now proclaimed himself the virtual author of the policy, and was

used, thereafter, to remove all of the crucial elements from the original policy.

A critical turning-point came during the Summer of 1983, when a compromise was reached between the partisans of Graham and Dr. Teller. Graham, typical of his personal character (or, lack thereof), attempted to use his peace-agreement with Teller to attack me publicly, presenting Teller, by fraudulent cropping of a letter which Teller had issued, as having repudiated Teller's own disagreements with Graham. Graham's fraud resulted in a temporary patch-up of relations between me and the circles of Dr. Teller.

Meanwhile, many among the key backers of SDI from inside the Reagan Administration, were shunted aside, excepting, as a discomfitted Soviet General Secretary Gorbachev was reminded in October 1986, the President himself. Under the de facto peace-treaty between the Heritage Foundation and Lawrence Livermore Lab, the laboratory was boxed into what proved to be a predictably untenable position. The predictable result, was the circumstance used by Heppenheimer's fraudulent account.

How the Hoax Was Done

The original design of SDI was premised upon two crucial premises: 1) the necessity of seeking cooperation from the Soviet Union, and 2) that the realization of the goals of strategic ballistic missile defense would depend upon a quality of relevant "crash scientific program" whose economic spill-overs would reverse the current depressing trends in the world's per-capita physical productivity. Even after Andropov's peremptory, irrational rejection of President Reagan's proffer, the President and I typified, in our respective statements, a continuing commitment to reaching the point at which the Soviet Union would change its posture and agree.

The fatal error of Teller and Lawrence Livermore Lab, was never scientific; it was political. Instead of sticking to their guns, and insisting that only a "crash scientific program" of the type of the Manhattan Project, for example, could gain the performance projected for SDI, they allowed themselves to be boxed in politically, to putting up a few selected hardware targets as the basis on which the validity of methods other than Heritage's axiomatically incompetent insistence upon "kinetic weapons only" could be "justified." Lawrence Livermore National Lab's "brilliant pebbles" is an example of the fruits of submission to that rotten political compromise. Thus, the feasible X-ray laser conception was reduced to a specific framework of development and testing, the kind of target which no scientific program would ever tolerate. The result was predictable, and intended by the Heritage Foundation side.

The key to understanding how and why this hoax was perpetrated by the pro-Heritage faction's demands upon Lawrence Livermore National Lab, lies in recognizing the fully witting character of the fraud by the Heritage gang. The

U.S.A. has never, yet, produced a competent design of a strategic ballistic missile defense, and, under present policies, never could, and never actually intended to do so. From the beginning, in 1982, Graham never really claimed anything different. Graham's argument was pure double-dipping, to create a bonanza for existing arms manufacturers, by enriching their opportunities for peddling their existing, off-the-shelf sales!

Only a "science-driver crash program" could do what SDI proposed to do, and every competent authority in the world, including "crash program" veteran Dr. Teller, knew that. The minute SDI was degraded to a specific set of hardware, rather than a continuing development program, the technical success of the program was foredoomed to fail. Thus, by its Summer 1983 "peace agreement" with Graham's crowd, Lawrence Livermore National Lab set itself up for the trap which the enemies of SDI then closed.

In my opinion, Teller made no scientific error; he sacrificed himself on the altar of politics, in the effort to save the continued existence of Lawrence Livermore National Lab (his people) from the vengeance of Lawrence Livermore National Lab's enemies.

Heritage's Fraud

This returns us, in conclusion, to the relevant implications of *Scientific American's* hoax. The Mont Pelerin Society is the world's leading political spokesman for the political-philosophical standpoint of the nuclear-weapons policy created jointly by H.G. Wells and Bertrand Russell. The objective was always "world government," exactly as Russell had agreed publicly and fully to the political basis for the nuclear-weapons doctrine of H.G. Wells, as expressed in Wells' *The Open Conspiracy*. The purpose, as Russell summed this up in the September 1946 edition of Szilard's *The Bulletin of the Atomic Scientists*, was to use the threat of nuclear terror to bully the nations of the world into giving up their sovereignty, and accepting rule by a new global Roman empire, called "world government."

It was Russell's lackey Szilard who, at the 1958 Quebec conference of Pugwash, laid out the doctrine which became the life's work of such figures as McCloy, Bundy, and Kissinger. Build up the threat of a general barrage of thermonuclear ballistic missiles, but prohibit the development of any competent defense against such a barrage. This was not a policy born during the post-World War II period; it was already Wells' stated nuclear-weapons policy prior to World War I, and dominated the Solvay conferences' Russell-led efforts to suppress crucial lines of scientific progress, during the 1920s.

Neither then, nor now, does any political force, inside or outside the U.S.A., which is allied politically with the Mont Pelerin Society, intend to develop and deploy any capability for actually defending nations against nuclear ballistic missile

assault. Russell's crew acted to suppress the development of nuclear physics during the 1920s, and in the 1930s turned to organize nuclear weapons-policy as an instrument for creating world government. Atoms For Peace, never; atoms for world government, always.

Daniel Graham's only interest in ballistic missile defense, was to create for Wall Street's defense contractors but another opportunity to loot the public till.

What poor wretches Lanouette and Heppenheimer appear to be, when the facts are taken adequately into account.

'Brilliant Pebbles' Are Not That Smart

In its April 13, 1990 issue, EIR published this assessment, by Charles Stevens and Carol White, of the "Brilliant Pebbles" idea for anti-nuclear missile defense, referenced in LaRouche's memo above as a proposal of Lawrence Livermore National Laboratory.

The idea of going with a kinetic energy weapons (KEW) ballistic-missile defense, as a first stage to precede deployment of an ABM system based upon directed energy weapons, was devised by Dr. Edward Teller and his associate, Dr. Lowell Wood, in collaboration with other Strategic Defense Initiative (SDI) scientists, as a means of breaking through the apparent impasse which had stalled the SDI, as the pace of disarmament negotiations with the Soviets increased. These 100-pound missiles would each have advanced computing capabilities which—so the proposal went—would obviate the problems of centralized systems control for targeting, allowing for flexibilities and significant cost reduction.

Since 1982, and particularly after President Reagan's March 23, 1983 policy statement which established the SDI as such, Lyndon LaRouche and we, his associates, have been extremely critical of basing an anti-ballistic-missile defense system on kinetic-energy weapons. LaRouche's proposals, which had been instrumental in President Reagan's original definition of the SDI, had all been based upon the use of new physical principles—lasers, electron beams, and other applications of what are fundamentally plasma processes. We were particularly critical of proposals by the High Frontier grouping, whose major spokesman was Lt. Gen. Daniel Graham (ret.).

High Frontier advocated the use of off-the-shelf KEW technology for a spaced-based anti-missile defense system. At that time, we proved conclusively that his system would not be effective, and would also be prohibitively expensive. Recent studies have shown that despite its apparent advantages, the Brilliant Pebbles design bears all of the hereditary flaws of a KEW system. We therefore submit that going with a flawed system, as a means of keeping the SDI alive politically, is the reverse of having one's cake and eating it. It's a situation of: If I win, I lose.

The resources required to put the Brilliant Pebbles into place would prove, in the not-too-distant future, to have been misspent. This would not redound to the political benefit of the program, and, most important, it would not give the United States, and any allies who adopt it with us, an adequate defense against a Soviet missile attack. . . .

The Problems with the Pebbles

Detailed simulations have already shown that Brilliant Pebbles don't make it as missile defense systems. Summarily, this can be stated as: Shooting bullets with bullets is a very hard thing to do, even in the case where the bullet—the Brilliant Pebble—is actually travelling at twice the speed of the missile which it is attacking.

A satellite in low-Earth orbit travels at about 7.61 kilometers per second (kps). An intercontinental ballistic missile (ICBM) at burnout travels at about 6.5 kps. The Pebble could accelerate to a velocity of 11 to 14 kps, only about twice the speed of the missile which it is attacking.

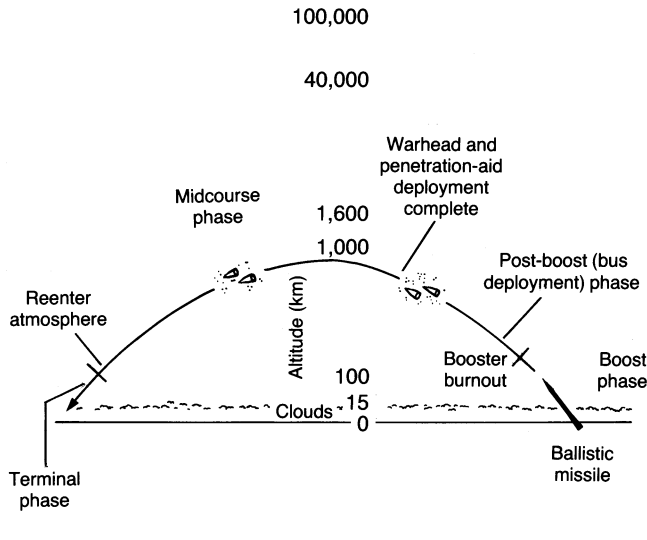
This question of the relative speed of the Pebble versus its target missile, means that a considerable number of missiles must be orbiting over the Soviet Union at all times, in order to have any chance of effectiveness. The ratio of missiles in position to fire at ICBMs, to those in orbit in more distant locations, is known as the absentee ratio. For every ten Brilliant Pebbles which are deployed, about one will have an opportunity to intercept a Soviet booster.

It is necessary to consider all four of the phases of flight of a ballistic missile (see **Figures 1** and **2**). In its first, booster stage, it is an extremely attractive target. This phase can last up to five minutes. The large missile is launched and is slowly accelerated to the velocity of 6-7 kps needed to travel "ballistically" from the Soviet Union to the United States.

During this boost phase, the missile, with its large engine exhaust, makes an easy target to see and track. In the second, post-boost phase, the post-boost reentry vehicles (RVs), which actually carry the thermonuclear warheads, are deployed by the last rocket stage of the missile—what is called the post-boost vehicle (PBV). It resides in the nosecone of the ICBM. This deployment leads to having each RV take an entirely independent course, which sometimes means toward

FIGURE 1

Phases of a Typical Ballistic Missile Trajectory



During the boost phase, the rocket engines accelerate the missile payload through and out of the atmosphere and provide intense, highly specific observables. A post-boost, or bus deployment, phase occurs next, during which multiple warheads and penetration aids are released from a post-boost vehicle. In the midcourse phase, the warheads and penetration aids travel on trajectories above the atmosphere, and they reenter it in the terminal phase, where they are affected by the atmospheric drag.

separate targets that are hundreds of miles apart.

This final stage of the rocket and its PBV is much more difficult to detect and track than the booster, because there is no large, hot, rocket-engine exhaust. The post-boost phase can last up to ten minutes.

In the third phase — midcourse — the RVs fly ballistically, that is, they literally fall to their targets in the United States. Because the RVs are flying through the relative vacuum of space, light-weight balloons and other decoys, which look like or hide the RV, can be deployed and fly along with the RV until the atmosphere is re-entered. This is the most difficult phase for detection and tracking. The RV is cold and has no exhaust. Sensors designed to find and track RVs can even mistake stars for RVs. Decoys and other penetration aids greatly increase this difficulty.

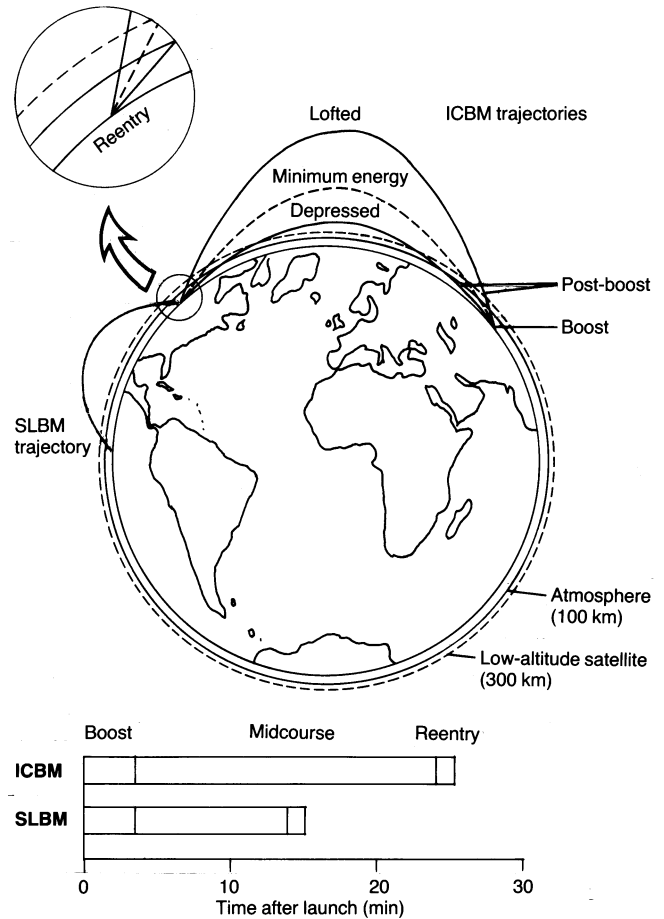
Finally, in reentry or terminal phase, RVs return to the Earth's atmosphere travelling at high speed. This causes a large heat wave to engulf the RV, which makes it easy to see and track again. This phase lasts only a few minutes.

Absentee Ratios

Brilliant Pebbles are thousands of small satellites that orbit the Earth once every 90 minutes. All of these orbits taken

FIGURE 2

Trajectory Phases



The above diagram gives a truer picture of the trajectory of an intercontinental ballistic missile (ICBM range = 10,000 km) traveling from Siberia to Chicago. A submarine-launched ballistic missile (SLBM range = 5,000 km) trajectory is also shown in the lower left. Because of its much shorter path, the SLBM spends less time in space and moves at speed many times less than that of the ICBM. Because of its shorter time in space, the SLBM is less able to make use of lightweight decoys. The diagram also shows the rough trajectory of a low-Earth orbit for a satellite. Various ICBM trajectories can in principle be utilized: 1) depressed, 2) minimum energy—the trajectory that involves the least amount of rocket fuel, 3) lofted.

together form a constellation. This constellation can be considered to lie on the surface of a sphere whose radius is the radius of the Earth plus the Pebbles' altitude. The orbit of each Pebble forms a ring around the sphere. Relative to the center of the Earth, the sphere and the orientation of each Brilliant Pebble orbit, or ring, is fixed; it never changes.

The Earth spins on its axis within the Brilliant Pebbles

constellation sphere once every 24 hours. At any moment of the day, there is roughly a fixed number of Brilliant Pebbles over any part of the Earth, such as the U.S.S.R. In general, they must be in the vicinity of their targets if they are to achieve a kill.

This is particularly so for the easiest kill, the boost-phase missile. Only Brilliant Pebbles near or over the U.S.S.R. during ICBM launches can intercept boosters. Roughly, only one in ten pebbles are over the U.S.S.R. during a ten-minute ICBM launch and are able to intercept boosters. This 1:10 figure is known as the boost-phase absentee ratio. Only about two out of ten Pebbles will have an opportunity to intercept the final rocket-stage PBVs, and only about four of each ten Brilliant Pebbles will be able to intercept RVs in their midcourse.

These intercept capabilities can be found by knowing the flyout range of the Brilliant Pebbles, the volume of space encompassing the trajectories of the targets, and the distribution of Pebbles over the Earth. For example, take the case of the absentee ratio for boost-phase interception. We begin an approximate calculation by taking the land area of the Soviet Union compared to that of the entire Earth: 8,650,000 square miles divided by 197,000,000 square miles. [More detailed calculations of this and other technical issues are discussed in the technical appendix, not reprinted here—ed.] This equals 0.04, or 4%. This means that, given a Brilliant Pebbles deployment to cover the entire Earth, only 1 in 25 will be over the U.S.S.R. at any given time.

Since a Brilliant Pebble passes over the U.S.S.R. in about six minutes, the entire set of Brilliant Pebbles over the U.S.S.R. is replaced by a new set every six minutes. If boost phase lasts for about six minutes as well, then 2 out of every 25 Brilliant Pebbles will be able to engage the boosters.

Countermeasures

Because Brilliant Pebbles achieve kills by colliding at high speed with their targets—a kinetic energy kill—they are highly susceptible to countermeasures and decoys. Since a PBV can deploy decoys, flares, and other countermeasures, and since RVs are surrounded by penetration aids and the like, the probability of Pebble kill against PBVs and RVs is much less than against boosters. Countermeasures for boosters are not practical since they are such a “hot,” i.e., easily located, target. A decoy for a booster would have to essentially be a booster itself.

In midcourse, the RV deployed by an ICBM is a cold target. This means that countermeasures, decoys, and the like, need not expend much energy to be effective. If decoys or countermeasures can confuse the Brilliant Pebble just enough so that its intercept trajectory is slightly in error, it will miss its target.

Boosters are the highest-value targets for Brilliant Pebbles. The booster carries upwards of 10 to 20 RV warheads.

Therefore, one Brilliant Pebble intercept of a booster is equal to 10 to 20 Brilliant Pebble intercepts of RVs. Also, the probability of a kill is highest for the booster stage.

If the boost-phase kills of the Brilliant Pebbles can be mitigated, the effectiveness of the entire Brilliant Pebble defense constellation can be called into question. This is especially the case when decoys and countermeasures are utilized during the PBV post-boost and RV midcourse phases. . . .

The Question of Cost

In order to be an effective anti-ballistic-missile weapon, the Brilliant Pebbles must prove that they are cost-effective relative to countermeasures. Are Soviet countermeasures potentially as costly as a Brilliant Pebble system? This is hard to answer, but likely not.

The more intelligent backers of Brilliant Pebbles do not directly address this cost issue, but go on to say, “Let the Soviets respond to Brilliant Pebbles with fast-burn boosters and single-RV PBVs. While they are switching over to these new ICBM systems and diluting their own directed-energy beam-weapons research and deployments, Brilliant Pebbles have bought us enough time—and have gotten the foot in the door—to begin deployment of Phase 2 of the SDI: lasers and particle beams.”

That is, the Brilliant Pebbles backers reply that directed-energy weapons could then be deployed. And that only these speed-of-light weapons have the firepower, range, and mobility needed to shoot PBVs and RVs (and all their decoys and penetration aids, if they have to) in an efficient, effective, and economical manner.

Some Brilliant Pebble proponents then say that since the Soviets know that U.S. capability to go over to directed-energy systems exists, this will dissuade them from converting their ICBM systems and leave Brilliant Pebbles forever as an effective defense against Soviet missiles. In other words: “We guarantee Brilliant Pebbles’ effectiveness by threatening to deploy a more capable SDI.” This is more reminiscent of Mutually Assured Destruction than of strategic defense.

In conclusion, Brilliant Pebbles does not offer the kind of missile defense advertised. It is also a poor substitute for an upgraded and more survivable surveillance, intelligence, and communications satellite system. Most significantly, Brilliant Pebbles does not involve the sort of breakthroughs in science and technology represented by directed-energy laser and particle-beam weapons—breakthroughs which promise to revolutionize the civilian economy and help lead to the reindustrialization of the United States.

We know that the Soviets are developing these directed-energy weapons. Our commitment in the West, therefore, should be to outpace them in this area, not to delay U.S. laser and particle-beam development by deploying Brilliant Pebbles.

What Were Those Torpedos on the Kursk?

From the EIR Alert, Europe

Russian President Vladimir Putin gave an immediate pardon, on Dec. 9, to American businessman and just-convicted spy Edmond Pope. The pardon represented further reasoned efforts by Presidents Putin and Bill Clinton, as in the case of the sinking of the Russian submarine the *Kursk*, to prevent an adversarial relationship from hardening between Russia and the United States. The two Presidents had discussed Pope's Moscow conviction by phone on Dec. 8—as they had immediately discussed the *Kursk* sinking on Aug. 14, when it threatened a full nuclear crisis.

New evidence has kept the issue of how the *Kursk* was destroyed, simmering between the two nations. On Dec. 6, Norway's TV-2 reported that a U.S. nuclear submarine did arrive damaged in Bergen, Norway on Aug. 17, fresh from the site of the sinking of the *Kursk*, as Russia had asserted; and a Norwegian Rear Admiral confirmed that Norwegian interceptor aircraft had to chase off Russian planes which were entering Norway's airspace in pursuit of the American sub.

And, Pope's conviction for espionage involved his acquisition of data about an extraordinarily potent Russian torpedo, known as the "Shkval" design, two dozen of which had been installed on the *Kursk*, as well as on other hulls of Russia's much-reduced submarine fleets. Russia's defense budget has fallen, as its economy has been looted during the 1990s, to less than 5% of the defense spending of the United States. In 1991, Russia had about 180 nuclear submarines in action, and now less than half that number. But, during the second half of the 1990s, they were equipped with a "super-torpedo" which NATO has neither been able to match, nor to copy. Pope was convicted of purchasing documentation about the "Shkval" from Prof. Anatoly Babkin, himself also convicted of espionage and then freed, though not allowed to leave Moscow.

The "Shkval" ("Storm") torpedo travels through the water at speeds variously reported at 200-300 miles per hour, four to five times the speed of any torpedo fired from NATO submarines; fast enough, in exercises, to accomplish the "kill" of a submarine or surface ship before the NATO commander even knows that it is under attack. The "Shkval" can be fired from distances up to 7-8 miles, and at water depths to 400 meters. The breakthrough did not come from any advanced computer hardware or software, as witness the fact that inten-

sive NATO-nation study groups have been unable to replicate it. Rather, it is the fruit of actual discovery of physical principles in hydrodynamics, beginning nearly 40 years ago with the work of Mikhail Merkulov at the Hydrodynamics Institute in Kiev, Ukraine, and continued by Soviet and then Russian scientists. In that, it is a reminder of the remaining great potential strength of Russia and Ukraine, ruined as they have been economically—the broad and fruitful Riemannian scientific tradition of their technical elites.

German Reports

The most informative general coverage of the characteristics of the "Shkval" appeared in the German daily *Frankfurter Allgemeine Zeitung* on Dec. 8. German intelligence expert Udo Ulfkotte wrote that for years, America has been seeking the secret of the Russian super-torpedo, first displayed at military exhibits in 1995. According to *International Defense Review*, American researchers intensified work at the Naval Undersea Warfare Center in Newport, Rhode Island, where they have made progress on a comparable torpedo technology, but lack the long-term technological experience to develop it.

The problem involves what is called cavitation, a process accompanying all motion of solid objects through water.

The friction of the layer of water lying against the moving body's surface (1,000 times the drag of air resistance) increases its drag in proportion to the cube of the object's speed; so, each improvement in propulsion technology produces a smaller and smaller increase in underwater speed. Cavitation, the formation of bubbles and pockets of air around the underwater object, has always been seen as a second barrier to speed, because the propeller of the ship or torpedo cannot generate propulsion to the extent it is surrounded by air. Cavitation also generates pressure causing "pitting" erosion of the metal surface of propellers and hulls.

The breakthrough begun at Merkulov's Ukraine NII-24 research center in the 1960s, was to view cavitation not as a menace to propulsion, but an aid to it. Under certain conditions, *supercavitation* replaces ordinary cavitation: A single giant bubble, or supercavity, envelops the entire moving object. Paradoxically, a *less streamlined nose and shape for the torpedo* at higher speeds, seems to be required. When the body, moving through the water, is encased in a supercavity of air, like a shock front, the frictional drag of the water disappears everywhere except at the nose of the torpedo. An Indian scientist familiar with the concept, Rudra Pratap of the Indian Institute of Science in Bangalore, was quoted, "Now, if you ask me why, I would not be able to answer. It is complicated, and I am not sure if the fluid mechanics community understands it yet."

The question, offering also the possibility of supersonic submarine travel in the future, is a useful matter for U.S.-Russian strategic cooperation.

Monetarists Take E. Europe's Central Banks By Storm

by Alexander Hartmann

A properly functioning national bank is a powerful instrument to build an economy and to preserve economic sovereignty. Look at the national bank of the United States, founded by the first U.S. Secretary of the Treasury, Alexander Hamilton: With money creation tightly controlled by the state, through the Bank of the United States, cheap credits were steered into those areas of the economy which were of the greatest benefit to the *common good*, and the nation prospered.

But, if the national bank is in fact just a central bank, as is customary today, it will be an efficient instrument to loot economies at the behest of the international financial community. For ten years, this has been the policy of eastern European governments and central banks. Unlike the former communist regimes, this policy had the cover of "democratic legitimacy."

This has been the case in Poland, where then-Finance Minister Leszek Balcerowicz, in cooperation with Harvard's Jeffrey Sachs, so dismantled the productive parts of Poland's economy in the early 1990s, that the country could not find the money for its army to fight the floods, in 1997, when heavy rains caused the Oder and other rivers in southern and western Poland to overflow their banks.

To be fair, it has to be said that Eastern European governments did not choose these policies on their own: They were always demanded of them by Western governments, as conditionalities upon which credits and assistance from the International Monetary Fund (IMF), or membership in the European Union (EU), NATO, or other organizations, depended.

The End of 'Democratic' Austerity Policies

But, as American think-tanks such as the Rockefeller and Ford Foundations knew already back in the 1970s, austerity can only be imposed by democratic means up to a certain point. When this limit is reached, the population's acquies-

cence to being looted will end, and proponents of this policy will be voted out of office. Exactly this is happening now, in more and more countries in eastern Europe.

In Poland, the leading reformist candidates for the Presidency, Balcerowicz and Solidarnosc's Marian Krzaklewski, came in far behind post-communist President Alexander Kwasniewski. In the Czech Republic, arch-monetarist Vaclav Klaus was voted out as Prime Minister already several years ago, and replaced with a minority government of the Social Democrats under Milos Zeman. But, unfortunately, the Social Democrats chose to conclude a toleration pact with Klaus, essentially continuing the latter's policies. Hence, in recent elections for the Czech Senate, the Social Democrats have lost eight of their nine seats up for reelection.

In Romania, the biggest party in the governing coalition, the Peasant Party, in the elections on Nov. 26, failed to even make it into the parliament (see "Western Europe Fails To Address Worsening Balkans Crisis," *EIR*, Dec. 8, 2000). None of the reformist candidates reached the Presidential runoff, leaving voters with a choice between "Greater Romania" chauvinist Vadim Tudor and post-communist "Social Democrat" Ion Iliescu, or, as one news commentator put it, "between cancer and AIDS."

Labor Reawakens

In many countries in eastern Europe, this rebellion of the voters has been accompanied by an upsurge of labor activism not seen for a long time, especially among public-sector workers.

In Poland, the Federation of Nurses and Midwives has been striking against low wages and bad working conditions for weeks. Up to now, strike actions were tailored so as not to endanger the life of any patient, but that may change. Dozens of nurses are on a hunger strike, as they had been on strike

last year, and none of the government's promises given at that time were honored. Polish nurses earn about \$150 per month, which is only one-third of the average wage in Poland. At the same time, 300 miners occupied the Economics Minister's office, protesting plans to consolidate the country's mines into three companies, which are to be privatized next year.

In Hungary, 10,000 health workers staged a demonstration on Dec. 9 against the government's health policies. The latest budget passed by the Hungarian government assumes that there will be no pay raise in the health sector next year.

In Belarus, some 168,000 teachers signed a petition demanding that their wages be increased to the average level of industrial jobs. The head of the Trade Union of Education and Science Workers has not ruled out a strike, but said that the union is too poor to support striking members financially. Similar demonstrations against poor living conditions were reported in Estonia, Croatia, Bulgaria, and Greece.

Turning Central Banks into Reformers' Fortresses: Poland

Faced with actual or prospective election defeats, "reformers" are attempting to hold onto power by taking over eastern Europe's central banks. As under the present monetary orthodoxy, central banks are to be "independent" of the state and not subject to democratic control; in effect, they become "*Statthalter*" (i.e., plenipotentiaries) for the international financial oligarchy, guaranteeing the continued looting of the respective countries, like the colonial royal governors or vice regents of the British Empire.

President Kwasniewski appointed Balcerowicz as head of the National Bank of Poland, after the latter secured a majority of support in the Sejm (parliament) from his own Freedom Union and the governing Electoral Action Solidarnosc (AWS). The post had conveniently been cleared, when the former head of the National Bank, Hanna Gronkiewicz-Waltz, was named a vice president of the European Bank for Reconstruction and Development.

Reportedly, the AWS's support for Balcerowicz was part of a deal to postpone new elections to the Sejm, to gain time for the AWS to "regain voters' confidence." But, Balcerowicz's policies would doom any government that supports them, and the AWS, like the Romanian Peasant Party, soon might well go down the road to oblivion. A split has already emerged between the Solidarnosc trade union and two other AWS member parties. After all, Solidarnosc is a trade union, and the nurses' and miners' unions are part of the Solidarnosc movement.

President Kwasniewski will wash his hands of blame, saying that he was obliged by Poland's Constitution to appoint the candidate for central bank governor whom the parliament elects. Thus, his party stands to profit from the failure of the reformers, once elections come. But, the move might backfire: Kwasniewski is known to be a proponent of Poland's joining the European Union, with all this entails. As Romania

demonstrated, voters' disgust can produce unpleasant surprises.

The Czech Republic

In Prague, there was a change at the helm of the Czech National Bank on Dec. 1. President Vaclav Havel, formerly known for literary qualities (whatever one may think of them), discovered his expertise in monetary policies. When the Czech government under Milos Zeman introduced a new law, which included putting the Central Bank under government scrutiny, Havel vetoed it, saying that it would endanger the Czech Republic's joining the EU. In fact, the new law was designed to adapt the Czech laws to EU standards.

Conveniently, just a few days after Havel vetoed the measure, Central Bank Governor Joseph Tosovski, who had been in office for 11 years and is a close friend of Havel, resigned, choosing employment with a Western investment fund. Thus, Havel had an opportunity to name a new Central Bank governor under the old law, which provided that the Central Bank governor is to be named by the President. The government cried foul play; according to the new law, the Central Bank governor would have been named by the government.

President Havel appointed hard-line monetarist Zdenek Tuma as Central Bank governor. At first, the Czech government threatened to contest Tuma's appointment in the constitutional court, saying that Havel needed the government's signature for the appointment to become valid. But, Havel turned the tables, saying that he had made all earlier appointments without the government's signature, and if the government insisted, he would invalidate *all* his earlier appointments. At that point, the Czech government gave in. Only a few days later, the Czech Chamber of Deputies overrode Havel's veto. But, Tuma will be in office for the coming six years, to impose the monetarist policies that the EU and the international community like.

Other Countries

In Romania, Prime Minister Mugur Isarescu, whose party was voted out of Parliament in the Nov. 26 elections, announced that he will return to his former position — as national bank governor. It is well known in Romania, that then-Central Bank governor Isarescu was made Prime Minister one year ago at the behest of EU Commission President Romano Prodi, as a precondition for negotiations for Romania's admission to the EU. At the time, it was transparent that the days of the Romanian reformers were numbered, and Isarescu accepted the premiership only on condition that he could resume his former position once he left the Prime Minister's office, which was granted by the Parliament at the time.

Now, the newly elected President Ion Iliescu's Party of the Social Democracy has announced that it wants to change both the leadership and the laws under which the Romanian national bank operates. But, it remains to be seen whether these are more than empty words: Iliescu has been President

of Romania before (1990-96), and it was under his Presidency that the so-called “reform” policies were introduced. After he had won back the Romanian Presidency, he pledged to work toward EU and NATO membership, and said that he hopes to come to an agreement with the IMF soon.

New bank governors have been or will be appointed in Yugoslavia and in Hungary, too. In Hungary, Prime Minister Viktor Orban has announced that he will not reappoint the current head of the Hungarian National Bank, Gyoergy Suranyi, but replace him with current Finance Minister Zsigmond Jarai, who has announced that he will accept the job only if a law is passed which adapts the Hungarian national bank law “to EU standards.”

In Yugoslavia, Mladjan Dinkic was elected head of the Yugoslav National Bank by the reformers in the Yugoslav Parliament around President Vojislav Kostunica. When the Parliament wanted to vote in Vuk Ognjanovic as Dinkic’s deputy, Dinkic objected, claiming that Ognjanovic had been involved in the Slobodan Milosevic regime’s hyperinflationary policies. Finally, acceding to Dinkic’s demand, the Parliament voted in Radvoje Rasovic as vice governor of the National Bank.

What Is To Be Done?

In order to prevent monetarist central bank governors from ruining the economy, national parliaments have to turn central banks into Hamiltonian national banks. If there are such clear and precise laws to follow, the central bank governors can choose: Either, they obey the law and act as national bank governors, in which case they will cease to be dangers to the national economy, whatever their private opinions may be. Or, they will “stick to their principles,” and resign from offices, which they, by law, will be prevented from running according to monetarist theology. Or, if they abuse their positions, imposing monetarist policies in violation of the national bank laws, they will open themselves up to impeachment.

If the EU or other international organizations object to this, they should be told: “So what? Under its current monetarist ideology, joining the EU is like joining a suicide club. We would rather found a ‘Survivors’ Club,’ and you are invited to join *us*, on condition you stop messing around with our economy.” Thus, the fight about economic policies can still be fought democratically. If this is not done, the public reaction to the monetarists’ looting will lead to disasters similar to Hitler’s accession to power in 1933.

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

Israeli Elections: To Bibi Or Not To Bibi?

by Dean Andromidas

Just at the point the Middle East is poised to explode in a regional conflagration, Benjamin “Bibi” Netanyahu has returned to the political stage. Riding on the crest of popularity polls giving him a lead over Israeli Prime Minister Ehud Barak in the upcoming elections, Bibi, himself a former Prime Minister, appears as the right wing’s Mephistopheles, with promises of political power, but at a devilish price. His announcement on Dec. 10, that he will seek the nomination for Prime Minister, is a dramatic demonstration how the Middle East situation, and the Israeli political scene in particular, has degenerated since the collapse of the Camp David summit last July and the launching of religious war by Ariel Sharon’s Temple Mount/Al Haram Al Sharif provocation on Sept. 28.

Although his announcement was not unexpected, it was premature, and, in fact, prompted by Prime Minister Barak’s surprise resignation only the night before. Barak’s decision appears to have been a tactical move to save his own political skin. Unwilling or unable to make the concessions required to facilitate the restarting of talks with the Palestinians, Barak had been under pressure from the “revolt of the doves,” as it is being called by Israeli political commentators. This revolt reportedly involved members of the peace camp in Barak’s government, including Minister for Regional Economic Cooperation Shimon Peres, Justice Minister Yossi Beilin, and Speaker of the Knesset (parliament) Avraham Burg. Rumbblings were heard calling for an alternative candidate to Barak, one who would work harder for a peace agreement.

At the same time, on the right, Netanyahu was busily involved in intrigues, both in Israel and abroad, plotting his political comeback.

On top of this, negotiations for an emergency or national unity government between the Barak’s Labor Party and Netanyahu’s Likud, were under way. The biggest promoters of this option have been Likud Chairman Sharon, unaffectionately known as the “Butcher of Lebanon,” and Barak himself, along with other more hard-line Labor ministers.

Barak’s resignation, which mandates a special election for prime minister to be held within 60 days of his resignation, has put a halt to attempts by the peace camp to seek his replacement, while at the same time calling Netanyahu’s bluff and forcing him to declare earlier than he would have liked.

Israel Needs Another Ben-Gurion

The only way Barak could win an election, is with a signed and sealed peace agreement with the Palestinians that he could bring to the electorate. But, without help from the U.S. Presidency, and left to his own devices, many in the peace camp see Barak as incapable of negotiating such a deal. Without it, the Arab Israelis, who account for 15-20% of Israel's electorate, and much of the peace camp, would simply not go to the polls in the election, ensuring Bibi's victory.

The Israeli settlements, and the right-wing support from the United States, as has been the case for the last two decades, continue to be crucial stumbling blocks to peace. One senior Israeli political commentator told *EIR*, that the problem with Barak is that he is "interested in a peace deal that will give him another term in office." He is trying to "maneuver between the minimal demands the Palestinians will accept and the maximum concessions he thinks Israelis will accept and still allow for his political survival." The "problem," this source added, "is there is no such equation. . . . There cannot be a deal with the Palestinians without alienating the 2-3% of the population that represents the [Jewish] settlers," living the occupied West Bank and Gaza.

Although Barak thinks that he beat Netanyahu in the 1999 elections, this source pointed out, "Barak is not a good campaigner. It was not Barak who won the last election, it was Netanyahu who lost it." He said, "What is needed in Israel is leadership. Israel needs a leader like Ben-Gurion, who can make these decisions, like Ben-Gurion made the decision in support of the partition of Palestine" in 1948. David Ben-Gurion was Israel's founding father and first Prime Minister.

The commentator underscored the necessity for economic development, especially water development, to be at the center of the negotiations, in particular from the standpoint of convincing Israel to make the critical territorial concessions.

Will Netanyahu Be Able To Run?

As of this writing, it is not known whether Netanyahu will be able to run, because of the technicalities of the election laws. Furthermore, he might decide not to run, if the Israeli Knesset is not dissolved, opening the way for new Knesset elections as well. Netanyahu is concerned that if he wins without a new, more right-wing Knesset, any coalition government he could form would not be stable. The real question here is: Can any government with Bibi at the helm be "stable"? A brief review of his previous term in office is a cold reminder of what may be expected from a "Bibi II."

How can one forget Sept. 20, 1996, when Bibi almost sparked a Middle East religious war by opening a "tourist tunnel" at the base of the Al Haram Al Sharif/Temple Mount? The resulting Palestinian-Israeli clashes left more than 100 Palestinians and Israelis dead. Or, Sept. 25, 1997, when he deployed assassins from the Mossad intelligence service to



Former Israeli Prime Minister Benjamin Netanyahu. His record is a cold reminder of what could be expected from a "Bibi II."

kill Palestinian Hamas leader Khalid Mashaal in Jordan. Although the attempt failed, it almost led to the overthrow of King Hussein, a development that could have triggered a Middle East war. Or, the botched attempt to send assassins to Switzerland to kill Lebanese Hezbollah militants, that, again, almost triggered a war.

Despite the apparently short memories of the Israeli electorate, Bibi is the only Prime Minister who has been investigated several times for criminal corruption. There were accusations that his 1996 election campaign illegally received massive funding from Australia diamond tycoon Joseph Gutnick, a strong supporter of the ultra-religious Lubavitcher Hassidic movement. Then, there was the infamous "Bar-On affair," in which he was accused of trying to appoint an Attorney General who would close a criminal investigation against a coalition partner in his government. He was also accused of smoking no less than \$3,000 a month of cigars, paid for with taxpayers' money. After he left the Prime Minister's office, he and his wife Sarah were the targets of a massive corruption and fraud investigation.

All of this made Bibi highly "recommended," not for a

new bid to the highest political office, but for indictment. But, all such recommendations were denied by Attorney General Elyakim Rubinstein, who was appointed under Netanyahu's term. Although no one in Israel would publicly accuse Rubinstein of "corruption," many would agree that he suffers from such proclivities.

Then there are Bibi's financial and political patrons who reside outside of Israel. These are primarily among the most extreme "religious Zionist" supporters, who are committed to blowing up the Al Haram Al Sharif/Temple Mount in order to build the Third Temple of Solomon or bring on Armageddon. Others among his supporters just want to annex the West Bank, expelling its Palestinian population and turn neighboring Jordan into the new Palestinian state. These include financiers of the Temple Mount fanatics such as California bingo parlor king Irving Moskowitz, and Gutnick. The latter is believed to have lent Bibi his luxury apartment in Tel Aviv in 1991, while Bibi was serving as Deputy Foreign Minister.

Another overseas backer is Ron Lauder, heir to the Estée Lauder cosmetics empire, who not only helped finance Netanyahu's 1999 campaign, but also introduced him to powerful American Republican political figures and financiers. This group includes Hollywood bigwig Merv Adelson, who deposited \$20,000 into Bibi's bank account when he was Prime Minister. Shortly after that contribution, Bibi appointed Adelson to chair the American Association for Israel's 50th Jubilee, a prestigious appointment for an aspiring Jewish philanthropist.

Netanyahu is bipartisan when it comes to U.S. politics, and he has cultivated supporters on both sides of the political aisle, including the Christian right and right-wing Republicans, and also right-wing Democrats, particularly supporters of Al Gore. Bibi is personal friends with Gore's Vice Presidential running mate, Sen. Joseph Lieberman (Conn.).

Among his U.S. financial backers are those who want to turn Israel into a totally deregulated, privatized, and globalized financial center, complete with casino gambling. Among this class of supporters, one finds New York financier Jay Zises and leveraged-buy-out king Henry Kravis. There is also Steven Wynn of Mirage Resorts, one of the largest casino operators in the world. One of the more colorful supporters, is Likud activist Sam Domb, a New York landlord known for throwing many of his welfare-recipient tenants out into the street. One of Domb's former business associates was reputed Russian mafia boss Grigorii Loutchanski. Under Netanyahu's prime ministership, the Russian mafia made deep inroads into Israel. According to official Israeli police statements, these inroads only receded after Netanyahu left office.

War Danger Escalates

According to a recent article in the Israeli daily *Ha'aretz*, fears are beginning to surface in the Israeli defense establishment, that the excessive force being used by the military in the West Bank and Gaza, could irreparably damage Israeli-

Palestinian relations, thus threatening to end the possibility of a negotiated settlement. This view is not only held among retired and serving military officers, but also by the former head of the Shin Bet internal security service, Ami Ayalon.

One officer is quoted, saying, "Nobody can convince me we didn't needlessly kill dozens of children." Another unnamed recently retired senior commander told *Ha'aretz* that the Israeli Defense Forces (IDF) has "adopted a harsh, uncompromising line toward the Palestinians—the brainchild of Deputy Chief of Staff Maj. Gen. Moshe Ya'alon, and to a large extent also Chief of Staff Shaul Mofaz."

These fears are guaranteed to increase if one considers the fact that Mofaz, known to be a military hot-head, won his appointment to Israel's highest military post, from Netanyahu. The settlers, one of Netanyahu's key constituencies, have been calling for even more "excessive force" with the slogan, "Let the IDF Win." Furthermore, there have been reports of collusion between the IDF and the militias of the right-wing settlers in provocations against Palestinians. In many cases, this collusion violates standing military orders, but no one has been punished, despite the fact that these actions have led to the death of Israeli soldiers. This activity would soon become the norm under a Netanyahu government.

Already the IDF has adopted a policy of assassination of whoever it believes are Palestinian gunmen and leaders of groups of gunmen. In recent weeks, this has led to the assassination of various low-level alleged Palestinian militia activists. Under Netanyahu, these types of assassinations would include the highest levels of the Palestinian Authority, even President Yasser Arafat. In fact, Arafat has not travelled to the West Bank for fear of assassination by settlers.

With the number of deaths rapidly approaching 400, time is running out.

While all these political developments are coming to pass, reality is exerting itself in a way that confirms the absolute necessity to implement Lyndon LaRouche's Oasis Plan for Middle East peace, which is based on regional economic development, and especially the provision of abundant water by nuclear desalination. The same week that Bibi announced his return, the Israeli water authority, Mekorot, released a report indicating that, in the event of a shortfall in rainfall this Winter, "it will not be possible to supply drinking water" to the Israeli population. Israel is facing a 90 million cubic meter (mcm) shortage, at a time when mountain and coastal aquifers and the Sea of Galilee are all at dangerous lows, with salt water already infiltrating the coastal aquifer.

Sara Haklai, the manager of a Mekorot water supply division, called for the immediate construction of desalination plants. "The reserves are completely finished, and there is no time left for long-drawn-out and exhausting procedures," she said. She urged decision-makers to rapidly implement measures for the desalination of 100 mcm of water as a first step. But even this will not prevent the water emergency expected next year.

German Lawmakers To U.S.: End Death Penalty

by Rainer Apel

It is a rare occasion to see all of Germany's legislators united, across party lines, on a highly sensitive issue. The resolution which all 662 members of the national Parliament in Berlin passed on Dec. 7, has been such an occasion, and it deals with ending the use of the death penalty in the United States.

This resolution had been discussed over several months, but when the French national legislature voted for a resolution against the U.S. death penalty in July, the Germans decided to keep their initiative on hold during the U.S. Presidential campaign. Most executions this year have occurred in Texas under Gov. George "Dubya" Bush, and Germans were afraid that taking a position against the executions would be read as gross interference in the U.S. elections.

But, four weeks after the U.S. elections, German lawmakers put their resolution on the parliamentary agenda, and government and opposition alike voted for it. Whereas it denounces the practice of the death penalty and executions in clear language, the resolution is packaged in the context of an urgent call from Germany to the United States to abolish the death penalty as a relic of inhumanity, and for the United States to revitalize its historic tradition as a promoter of human progress internationally. Given its form, the resolution could also gain the support of long-standing friends of America among Germany's politicians. A simplistic denunciation of the death penalty would not have gained the unequivocal support of the legislators.

The legislators first reaffirm a resolution to the same effect, passed during the previous four-year term, "which states that the death penalty is a violation of the most fundamental right of man, namely, the right to life. It is an unjustifiable form of gruesome, humiliating, and inhuman treatment or punishment." In the introduction to the Dec. 7 resolution, the lawmakers also make reference to the United Nations resolution of April 2000, on the protection of the lives of children and the mentally disabled, as proclaimed in the General Declaration on Human Rights.

The legislators state: "Although the trans-atlantic code of values is congruent on many fundamental questions, there is considerable dissent on the death penalty, between Europe and the United States, which is an expression of differing traditions of law. Because of that, the German Government has intervened with the U.S. Administration on numerous impending executions.

"The development of death sentencing and the executions in the United States of America is reason for concern. Since the death penalty has been re-allowed there in the year 1976, 666 human beings have been executed. Since the early 1990s, an enormous increase of executions has occurred: No fewer than 485 death sentences have been carried out since 1993. In 1999, 98 humans were affected. By mid-November this year, already 75 persons have been executed. More than 3,600 prisoners in the United States are faced with an execution. . . . However, the state of legislation in the U.S. is not homogeneous: In already 12 out of 50 states, the death penalty has been abolished."

Gross Inequalities

Based on the fact that some states have abolished the death penalty, the legislators appeal to Americans to abolish it in those states where it is still practiced. The resolution points to surveys in the United States, for example the June 2000 Columbia University report commissioned by Sen. Joseph R. Biden (D-Del.), "A Broken System: Error Rates in Capital Cases, 1973 until 1995," which document that 68% of all death sentences during this period were declared void on grounds of legal flaws, and that 7% of prisoners executed during the same period proved to be innocent. Moreover, it said, "socially underprivileged defendants usually cannot afford a competent, meaning an expensive, legal defense." The large discrepancy between the fact that 12% of U.S. citizens, but 42% of all prisoners sentenced to death, are non-whites, is also referenced.

The German legislators expressed particular concern about three prisoners of German, and another three of other European origin, who face execution in the United States. The Germans are the brothers Rudi and Michael Apelt, imprisoned in Arizona, and Dieter Riechmann, who sits in a Florida jail. Avoiding any remarks concerning the crimes with which they are charged, the resolution states that the imprisoned Europeans have been denied adequate legal counsel, which is in violation of the Vienna Agreement on Consular Relations—an agreement signed by the United States. The fact that these Europeans have been on the death row for more than ten years, is referred to as an "inhuman and humiliating practice," on which a 1989 ruling of the European Court of Human Rights exists.

The German legislators emphasize that they "oppose any execution of a human being," and that they hope that by dropping the death penalty, the United States will give more political clout to its global campaign for democracy and human rights. For the time being, the German lawmakers call on Americans to declare a moratorium on executions, and to enter a debate on the final abolition of the death penalty. In particular, they urge that prisoners on death row who, at the time of the crime with which they are charged, were under age 18, and prisoners who are mentally disabled, be exempted from the death penalty.

Zimbabwe Vice President Defends His Nation Against British Slanders

Zimbabwe Vice President Joseph Msika was interviewed by Lawrence Freeman by telephone to Harare, on Nov. 29.

EIR: I understand that you are the person overseeing the national settlement of lands in Zimbabwe. I have read that the first phase of the project — approximately 3.4 million hectares of land — was distributed to 72,000 families, and that over the last year or two, you've entered into Phase II, which has also been called the "fast track." Could you tell us what has happened on the last settlement, since this has been such an important issue, discussed in the international press?

Msika: Yes, the question of land, as you are aware, is a resolution of our liberation struggle, where we had to resort to the use of arms to get the whites here to accept that there was a need to share land. They have taken the land of our forefathers forcibly, with no compensation whatsoever, removed them from all productive use, into non-productive land, where there was low rainfall and poor soil. This, we had to live with for over a decade, during the colonial era. And our people here tried to fight for it, and because they used stones and axes and spears against guns, they were subdued. But as the new generation came up, we started formulating the idea that we have got to fight for this land; and we dedicated ourselves to sacrifice our own life if necessary, in order to bring this land back to its owners.

We did that, and at the end of the liberation struggle, we were forced to go to London for talks with the British government. In talking to them, we insisted that, unless we agree on the land redistribution, there will be no end to this conference. And this question of land almost broke the Lancaster House constitutional conference. We were flown back to Africa, where we met with the front-line states' leaders, like [Tanzania President Julius] Nyerere. They persuaded us to compromise. We went back to the U.K. We then said, "Okay, what is your position with respect to this question of land?" They said, "You go and start having land redistributed, on [the basis of] 'willing seller, willing buyer.'" We knew very well, that the whites here would not part with their land. That's when we got the number that you were quoting, in those years. We got over 3 million hectares; we settled 72,000 families, and so on. And that was all.

Now, the British, at Lancaster House, had promised that if we are going to have ten years of "willing seller, willing buyer," at the end of the ten years, they would come with a

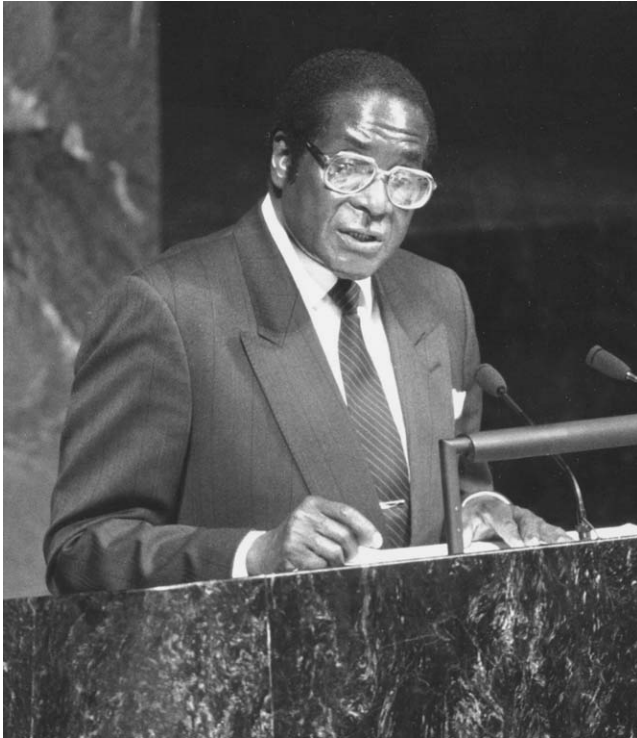
package; and there, the Americans said that if the British agreed, they would support it. I must say, the Americans still stand on that today; but the British are now prevaricating, they are turning and twisting, they don't want to come up — instead, they have now infiltrated our nation; they are working now to bring out a puppet kind of opposition, which used to be the Labour Organization, led by a man called Morgan Tsvangirai. And this man, at the formation of this organization, was whisked to South Africa, where he attended [a meeting of the] South African Chamber of Commerce, where a blockage of investment in Zimbabwe was advocated. From there, he was flown to London, where the so-called MDC [Movement for Democratic Change] was hatched, by people like [R.A.C.] Byatt, [Baroness Lynda] Chalker of Wallasey, John Collins, Chester Crocker, Evelyn de Rothschild, [Lord] Geoffrey Howe, [Lord] Douglas Hurd, and many others. They signed a note calling on Zimbabwe to have acceptable election strategies. Tsvangirai was one of the signators. We are aware of that, and that's why we say this so-called opposition was not a genuine Zimbabwe opposition: It was hatched in the U.K.

EIR: Could you say what the situation is, currently, on the "fast track" land program?

Msika: We then started on this land distribution. We had not then brought up the "fast track." We just wanted to distribute land. We sat down, worked out a criterion. We said, "Since there are people in this country with more than 5-8, up to 18 farms — one person, or one company — we have this criterion: Only land belonging to absentee landlords, to people with more than one farm — we are going to have their land acquired for settlement. If a person has one farm here, we are not going to take his farm." We agreed with the white farmers here; we agreed with the non-governmental organizations here. They said we should talk to ambassadors and commissioners overseas. We did that; we agreed. They said we should now call for an international donor conference; we did. We put our case there, and it was agreed upon, that it was fair and reasonable, and that everyone should support it.

EIR: What year was that?

Msika: 1998. We then thought it was going to go through. To our surprise, the farmers, who had earlier on agreed, went behind our back, and went to use the courts. Through the



Zimbabwe's President Robert Mugabe addressing a session of the United Nations General Assembly.



courts, they blocked over 1,000 farms that we had identified for the settlement. This is what was the beginning of the problem. The people who had fought for land—the ex-combatants, and the peasants who want land—got angry, and were annoyed. They said that now, in anger, they were going to go into the farms, as a protest of what the whites had done. This was the beginning of people going into the farms.

I must admit, when they went into the farms, now, they didn't follow what we had planned. But our action was [to say], that the rural people had gone into the farms; we accept that it's a protest; there must be no violence; there must be no interference with the farmers; there must be peaceful staying there, in your protest. As far as we are concerned, it was just a protest. But then, at the end of it all, the whites acted violently. That's why, in certain cases, although we had said there was not going to be violence, there was a bit of skirmishing here and there. But we quickly stopped that, because we knew that if there was violence, it would be blamed on us, and not on the people who are instigating it.

At the end of it all, we then decided, that in order to solve this situation—the courts had said we should forcibly remove these groups from the farms—we realized that if we removed these people from the farms, by sending police, or any group of people who were going to forcibly remove them, there was going to be bloodshed between our police and the ex-combatants. And we thought it would be very foolish to do that. They only [way] we would deal with it, was to allow these people to stay there: When we acquire the farm, we

remove them from where they are not supposed to be, and settle them where they ought to be. We did not get the cooperation of the white farmers on this.

Then we decided to have the “fast track,” to enable us to shift these people as quickly as possible, to the farms that we would have acquired by “fast track.” And again, the white farmers did not cooperate; and they, persistently, wanted to cause trouble. We warned them: “There is no going back on this question of farm resettlement. It's a right of the people of Zimbabwe; they went to war, blood was spilled, and they sacrificed their lives, and all that. So, we are not going to give up land.” And as I speak now, we are not going to give up this land. We are going to continue to settle people, whatever happens, because this question of land is not a legal issue: It's a political issue.

EIR: How many farms have been taken over, and how many families have been resettled on them, in the last year or two, since 1998?

Msika: We have taken over 2,000 farms. The question of how many families, since it is a “fast track,” we are working on that just now. Because what we are doing—in “fast track,” we estimate the number of people that are going onto a farm. But we realize, also, that the farm has got to have a sustainable carrying capacity. We revisit now, and make sure that the right number of people who should go on this farm, are on the farm. And this is the exercise we are carrying on now. But we have settled people in excess of 100 farms—acquired, settled, and not contested; and the number of families we have yet to determine, because it's a fast track.

EIR: Two thousand farms in the entire period, or just in the last couple of years?

Msika: In the last couple of years we have identified more than 2,000 farms, yes, but we have not finished settling people on them. We have settled people on about 200 farms.

EIR: I have three questions related to that. Are the white

farmers being paid anything in compensation? Is there farm machinery, irrigation equipment, tractors being given to the families that resettle, so that they can be productive on the farms? And also, I've read allegations that the farms are going to ministers of the government, and not to the people.

Msika: Okay, I'll start with the first one. Farms that we have acquired, we have put the people there, the peasants. These peasants are being selected by the local leadership: the chiefs, the headmen, the councillors, and the governor, at the provincial and district level. They select people of their own choice, who come from the congested areas. That's number one.

Now, you are saying that we are giving ministers, and other high-placed people, and so on and so forth? We are not giving any ministers or civil servants, or any such middle-class people [land] on this particular scheme. This is a resettlement. We call it "model A," for congested people, in what we call the communal areas—what the regime used to call reserves for black natives. Now, this is where we are getting the people we are settling now. But, when we finish, when we have covered sufficient mileage on these people, we realize that there cannot continue to be a monopoly of white people on commercial farms. We intend settling people—anybody who wants a farm. We know, according to our history, this means the Vanderbildes, Mr. Becker, and all the ministers [of the previous regime] got farms. Some of them still have them today, and nobody raised eyebrows. And if we now resort back to these commercial farms, anybody who has an aptitude for farming, who wants to farm, will get that farm. And that kind of a program, the commercial farming program, will be what we call, full cost effective. That is to say, people will be enabled to acquire land, but will pay a deposit, and they will pay money every year, on which they will agree with the government, and that money will go to purchasing the land. At the end of it, after they've paid for their land, they will get their title deed. We have two programs going parallel.

You talk of us giving irrigation schemes, and facilities for farming—yes, we are trying. There are some Zimbabweans, black and white, today, as I sit in my office, who have made a proposal to create a bank where we can give people facilities to borrow money. We have agreed in principle; we are discussing it. If that works, then we'll be able to give people money, to enable them to farm productively. But, as we are now, we don't have such resources. We are putting people on the farms; we are helping them through our District Development Fund, to plough one hectare per person, and we are also using another organization—we call it the Agricultural Rural Development Organization—both of these organizations exist to plough for the people, and we are trying to give these people a package of seeds, and a little bit of fertilizer, to help them, but they should fend for themselves, as much as possible.

You are also talking about the compensation to the white farm owners. We settled; we compensated the farmers, but we realized that because the British were not forthcoming with what they promised—the package they promised, into which we were going to put our own portion, and then we

realized that theirs was not coming—then we said, we don't have the resources; we are not going to compensate for land—although we wanted to compensate, but we don't have resources. But what we are doing, we are going to compensate for improvement. If a person has built a dam; if a person has built barns for tobacco, or something like that, which he has developed toward agricultural development, the government is going to pay that as compensation, not for the soil, until and unless resources come from outside. We are not refusing to pay, but we are saying, we don't have resources—on our own, we may not pay.

EIR: Some of the land in Zimbabwe is owned by some of the large cartels that are connected to the British oligarchy—what we call the Club of the Isles in our magazine—such as Anglo American, and others; they own land, and I assume, own mining and valuable resources in mineral wealth, in Zimbabwe as well, which is not just agricultural land. Are there any plans for some of these lands, or these resources, to be turned over to the Zimbabwe government?

Msika: The question of investment, we are not touching. We are inviting people to come and invest in mining, and in other investments, and what have you. But on the question of land, as you rightly say, Anglo American has a lot of land here. Absentee landlords, the aristocrats of the United Kingdom, still have land here, and this is why they are doing everything to frustrate this program, because they have interests here, against the interests of the people of Zimbabwe. And we are saying—that land, where Anglo American for instance, through Lonhro, they [own what are] called the Charter Estate, 18 farms consolidated into one farm.

EIR: How many acres?

Msika: A huge, huge tract of land for one company, when black Zimbabweans do not have even an acre to eek a living out of. Now, we are saying: That is immoral; it will not be allowed. It doesn't matter how much we are called to pay for this, even if it means paying with our lives—we will fight it out, and we can't allow that situation to continue.

EIR: So your plan, as I understand it, is that you are going to take some of the land that is used, and give to people strictly for agriculture, but you are not going to touch the land that has mining and other mineral wealth on it. Is that correct?

Msika: Yes, that's correct. We are not going to touch land which people have taken for investment. As a matter of fact, we are calling on more people from outside to come and invest in our country. We realize that on our own, we cannot develop this country as we want to develop it. So, we are asking outsiders to come in, and invest. If they invest, and we give them a certain area of reasonable land to build their businesses, or anything like that, we have no quarrel with that. Our quarrel is with the land that was forcibly taken from our people by colonial people. I have a document here, where land was taken by colonial settlers, and their reason for taking this land is

because they are better people; they come from a better civilization. And they say that this is their reason for taking this land. So, we can't allow that to go unchecked.

EIR: The founder of *EIR*, Lyndon LaRouche, has forecast that this current financial system, dominated by London and Wall Street and the International Monetary Fund, is on its last legs: It's going to collapse in the very near future. What he has said is, "Don't try to save this bankrupt financial system; let's have a New Bretton Woods, which would have all of the countries of the world, including Africa and Asia, in a community of principle, to develop the people, the citizens of their countries." This would require massive infrastructure development, in Asia, Russia, and throughout Africa—north-south and east-west railroads, pipelines, electricity grids. Do you see the potential for Zimbabwe and other countries to join in this New Bretton Woods, as a way to, finally, break the lock of colonialism?

Msika: As I said before, we will have to carefully study and analyze such moves, to see if they are in the interest of our own economy. We'll not rush into condemning this in favor of that, and so on. But, what you have said is true. The Western countries are not working in order to assist in developing the underdeveloped countries. Look at prices. We grow very good agricultural crops here. Tobacco—we don't determine the price. We have a very good cotton fiber here—we don't determine the price. We have got good mineral resources—we don't determine the price; they determine the price. And usually, in determining that price, they don't take into account the inputs that we use, in producing these minerals, these agricultural crops. They don't care about the inputs that we put there. They don't let their price reflect our inputs. They just announce what they think is the price, and that is it, take it or leave it.

That is not in the interest of developing countries, for sure. If we get a grouping of countries that is advantageous to our own country, we will look into it; we will carefully consider it.

EIR: I would like to move to the political sphere. The MDC, the opposition political group, headed up by Morgan Tsvangirai—they were recently in the United States, I understand, hosted by the International Republican Institute, to meet with Congressmen. And I believe Tsvangirai met with Assistant Secretary of State for Africa Susan Rice. They're advocating actions against Zimbabwe, and against the present Mugabe government; it appears they are trying to overthrow the government. In October, Tsvangirai is reported to have said, "We should violently overthrow the government." There was just an election. The opposition did win many seats in the Parliament. Why are Tsvangirai and the MDC working with the United States and others to overthrow this government, when they pretend that they want a peaceful change through the parliamentary system?

Msika: The so-called MDC is not a genuine Zimbabwe party. Since 1980, we have had . . . many other parties, genu-

ine Zimbabwe parties. We are a multi-party state. But this so-called MDC is not a genuine Zimbabwe party. This party was hatched from outside Zimbabwe, by people who want to create a puppet regime, that they can tell what to do. A regime that will agree to be told by Western whites, particularly from the United Kingdom, what policy to pursue. A regime that will want to insist on the status quo.

You know, that from Europe—Germany, France, and so on—there was a land-redistribution program at one stage of their history. But not in Britain. In Britain, the land is all for aristocrats, and they want *us* to emulate that kind of a thing. We will not do that.

They don't want our President, comrade [Robert] Mugabe, because he's a man of principle. He's a man who is carrying out a program based on our revolution, the gains that we have fought for, that we have promised people during the fighting. That is what we are trying to implement. They don't like that. We know that they are doing everything possible to topple our government. But let me tell you, they'll have to work very much harder to do that. They may be surprised that they failed to do so.

We have just had a bi-election, which we have won against this sell-out, puppet, so-called opposition party.

EIR: In the elections, earlier this year, for Parliament in Zimbabwe, there was tremendous scrutiny by various countries around the world. There were delegations that came in to monitor the election, from within and without Africa. Everyone who was there and is honest, admits that there was a fair election. The opposition did win some seats, and now there is a government to go ahead. But in the United States, we are now in the 22nd day after our elections, and we have not picked a President. There are allegations by both Democrats and Republicans—

Msika: It is very interesting.

EIR: —of vote fraud. How do you, as a senior politician from Zimbabwe, look at the U.S. election?

Msika: First of all, let me say that the external forces that are against us—I don't want to say that all Americans are against us; I've been in America, myself, three weeks ago. I've seen, surprisingly, some people that really support us there. But the majority of them don't support us. The British are leading all that campaign against us, being supported by certain personalities in the United States.

They had predicted that, in the elections we held in June, the opposition party was going to win a landslide majority. They had predicted that, because they poured in a lot of resources, they organized the campaign, their headquarters was in South Africa—we know it all, now. And they had organized the farm workers; they had done all sort of things, to make sure that the whites, and those puppets of theirs, were going to win the June elections. But they dismally failed, as far as we are concerned, if you take into account the efforts they put [in], they failed to achieve their goal.

Now, they were accusing us, for lack of a parliamentary system that will bring about free and fair elections. Now, listen: We have been holding elections since 1980; this election here, was our fifth election. And all our elections since 1980 (every five years we hold elections), the international community were coming here as observers. And at the end of all four elections we held, they said the elections were free and fair. No violence. They were carried out freely and fairly. And the people of Zimbabwe expressed their views, and elected their own government.

This time, they came in predicting violence, predicting all sorts of things: To their surprise, except for what was instigated by their agents a few weeks before the elections, there was no violence. We realized that if you allowed violence, it would be deliberately hatched out, so that they could not support the election as free and fair, and therefore cause problems here. We realized that, and we pleaded with our people: Never mind what happens! If necessary, turn the other cheek; don't respond in violence. And I'm glad to say, our elections were free and fair, and they said it themselves—they pronounced it.

You are asking me what I think about America's elections. All I can say is, that I'm surprised to hear what I'm hearing about the American elections, of people who think they are holding the democratic pattern for the whole world, and that they know better, how to organize elections. And up to now, they have not clearly announced the results of their elections—how many days now?

EIR: 22 days.

Msika: That is very surprising. We realize that election democracy is a process. There was no democracy in Rhodesia. There was no free play in Rhodesia. There was no human rights in Rhodesia. There was no rule of law in Rhodesia. We have introduced all these things. And we realize that democracy is a process. We perfect it as we go forth. And we intend to go about it like that. We have never said we are perfect.

EIR: Is there anything else you want to say to the American public?

Msika: We are a young country, a developing country. We have set ourselves to correct the ills of the colonial era. We have established a democratic, young state; and we don't deserve the treatment we are getting from certain individuals in the Western world. We want to develop, as Zimbabwe, on a non-racial basis, where people of different ethnic groups, across the color line, can live together happily. We have established, since 1980, a peaceful country, with stability, and we would like to sustain this stability. Please, people from outside, don't come and give us your evil thoughts. We want to live together as a people of Zimbabwe, whether white or black. As long as you respect our laws here, you have a home, which will be the envy of our enemies, if we are allowed to pursue our own policies as we see them.

LaRouches in Budapest, Invited by Hungarian Freedom Fighters

by Birgit Vitt

At the beginning of December, American economist and statesman Lyndon LaRouche and his wife Helga Zepp-LaRouche, founder of the international Schiller Institute, were invited to Budapest, the capital of Hungary, to commemorate the tenth anniversary of Schiller Institute activities in Hungary. LaRouche spoke at a seminar which was organized by Dr. Tibor Kovats, representative of the Schiller Institute in Hungary.

Dr. Kovats was a founding member of Pofosz, the organization of political prisoners, in Hungary. Pofosz represents those courageous people who participated in the famous 1956 uprising. In this function, Dr. Kovats was the first foreign guest from the former East bloc who visited Lyndon LaRouche in prison during his political incarceration. On Oct. 23, 1990, Zepp-LaRouche was invited by Pofosz to speak at the occasion of the first celebration of Hungary's national holiday, Oct. 23, after the demise of communism in Eastern Europe. Since that time, the relations between the Schiller Institute and Hungarian patriots have intensified. Mr. and Mrs. LaRouche, on this visit, had discussions with politicians, scientists, and representatives of church organizations. The Prime Minister of Hungary sent greetings welcoming the Budapest event at which LaRouche spoke.

Hungary, as one of the so-called transition countries, is a victim of International Monetary Fund austerity policy. The living standard of the majority of the population is very low. The inflation rate of 10%, and rising costs for telecommunications, electricity, and other services, are hard to bear. The domestic industries have either been bought up in large chunks by foreign investors or have ceased to exist. Stock markets are collapsing. As result of the war in former Yugoslavia, Hungary has been economically damaged. The government coalition of the liberal-conservative party FIDESZ-MPP, and the Small-Holder Party, FKGP, is straddling all chairs politically. In addition, the country is shaken by scandals. Because of its very close ties to the United States (Hungary is a NATO member), Hungarians reacted to the election crisis in the United States with *Schadenfreude* (gloating), but at the same time expressed their concern about the future.

So, the thoughts and policy proposals of Mr. LaRouche find an open ear in sections of the Hungarian political and economic elites. Guests at the seminar came from embassies, were representatives of political parties and economic institu-

tions, scientists, students, and other friends of the Schiller Institute. Dr. Kovats welcomed Mr. LaRouche as “a friend of Hungary,” and thanked him for coming to share “his wisdom and advice with us, the Hungarians, on questions of economics and politics.”

Mrs. LaRouche, in her short remarks at the seminar, reflected upon the fact that Mr. LaRouche and the Schiller Institute forewarned people in Eastern Europe of what is happening now. And that Pope John Paul II spoke about the “structures of sin” which exist both in East and West. She compared the collapse of the system today with the collapse of the Soviet Union in 1989-90. Today, however, as she emphasized, the situation is much worse, if you look at Africa and Ibero-America. Countries in Asia, suffering from the monetary crisis since 1997, are today joining together with the aim to build a regional bloc in which the policy of the Eurasian Land-Bridge, which was formulated by the Schiller Institute, is politically being realized. “We will face very hard times. The shock will come, but the solution is on the table,” she concluded.

LaRouche’s Presentation

In the concluding section of his presentation in Budapest, given on Dec. 5, Lyndon LaRouche discussed the way nations must deal with the ongoing collapse of the “globalized” financial and monetary system. Here is his conclusion:

Now you have the United States, the so-called leading power of the world, which is part of a new Roman Empire, called globalization, dominated by the English-speaking parts. This is a great tragedy for all humanity. Great tragedies occur on stage, and we are supposed to learn lessons from them. Tragedians wrote the tragedies to enable people to see what the mistakes were, so that tragedies would not be made in real life.

Let me define the tragedy for you and indicate what the alternative to a tragic conclusion could be. In a sane situation, we would take the same approach to the current world depression, that the United States took under Franklin Roosevelt to the last depression.

The main principles of Western civilization, especially in the past 600 years, are two things, essentially: 1) Classical Greek culture as it was used by Europe, and 2) the taking of Classical Greek culture’s legacy in the hands of Christianity. The essential unity, as far as policy was concerned, was, in one aspect of this union, between the Classical Greek legacy and Christianity. This aspect is summarized by a famous chapter from the first letter to the Corinthians, Chapter 13, of the Apostle Paul. One should either be familiar with that and recall it, or should study it. It involves what is called in the Classical Greek, the principle of *agapē*.

Some people try to get a simplified explanation of the Greek term *agapē* and call it *caritas*. In English, it is translated “charity.” But in the minds of most people, that means giving

donations to the poor. *Agapē*, as a principle, does not prevent giving things to the poor, helping the sick, carrying for one’s neighbor—all these things are included under *agapē*. But, if you read this chapter from Paul’s Corinthian letter, you realize that there is something much deeper, more profound, involved.

What Paul makes clear is: Obeying the letter of the law, is not morality. It is rather the *intent* of the law, as Paul defines it, which is what is crucial. In Plato’s second book in *The Republic*, this means “truthfulness” and “justice.” The special nature of man as made in the image of God, means that truthfulness and justice require that we always behave toward mankind in that way. And any act of law which violates that principle, is wrong.

In the 15th Century, with the great Renaissance, that principle of Christianity became law, in the form of the sovereign nation-state. This is articulated in a very clear and influential way by a man who later became Cardinal, Nicolaus of Cusa, who developed in his *Concordantia Catholica*, the idea of the community of principle among sovereign nation-states, dedicated in effect to the principle of *agapē*. In the course of time, this principle was incorporated both in the Declaration of Independence and the Preamble of the Constitution of the United States. All great Presidents of the United States have been governed by their conscience in respect to this principle.

Roosevelt’s Legacy

In the Great Depression of 1929-31/32, Roosevelt took the Presidency to save the United States from disintegration, under the pressures of the great economic depression. The institutions he built before his premature death, intended to provide the extension of that principle for the rebuilding of the war-torn depression in the world. Before President Roosevelt’s dead body was cold, his successors had begun to destroy that legacy. But nonetheless, a nub of Roosevelt’s legacy persisted in relations with Western Europe. Through the influence of Jean Monnet of France, and the influence of others, the United States and Western Europe cooperated in an effort to rebuild the economy of both parts of the world.

Racists and others in the United States, as in Britain, have worked to destroy that policy. But now, we have come to a great world depression, far worse than that experienced over 1929-31. Very soon, the full force of that ugly fact will be apparent to everyone. It could be prevented; if I were President, I could prevent it now. But I am not. And none of the leaders of governments of the world presently have the courage and insight combined, to even try to do it. Even President Clinton, who is a very intelligent man, whom I try to help—he would not do it either.

We are faced with the question, what do we do, when it happens? And we can not operate without a plan of action. It can not be a detailed plan, but it has to be a conception of what are we going to do, what policies will we use. We have two things on which to rely in making such a policy. First, we have the legacy of Classical Greece, and we have the legacy



Lyndon LaRouche addresses the seminar in Budapest, Hungary.

of the 15th-Century great Renaissance, which brought Europe out of a terrible Dark Age. We also have the precedent of the United States' action under F.D. Roosevelt. A precedent in principle, principle as to law, as to natural law, as to man's law. We have precedents and examples of a practical nature, such as the experience of 1933 to 1965 in the rebuilding of the United States and Europe, as economies, out of the desperate Great Depression.

That a true statesman with those examples in mind would say, "That work that was right, let's do it again." I have hoped, without success, that the President of the United States, and specifically President Clinton, would take that kind of initiative. That he would take the initiative of bringing together, at least some leading nations and groups of nations in the world, to agree on a new monetary conference, to do on a world scale, what Roosevelt attempted to do in 1943-44. Again, the authority of the individual sovereign states, and a concert of a community of principle among sovereign states, to declare a bankrupt system financially bankrupt; it's what you would do with an individual firm, in fact. Under certain conditions, you can shut down a bankrupt firm, but you can not close down an economy. You say, What are the assets of a bankrupt firm? They are people, productive people, their existing means of production, there are functioning institutions, including banks, which will enable us to organize production again. A bankruptcy of the financial system, particularly a rotten one, is not a catastrophe; it's a blessing in disguise.

Once you do that, and set up a new monetary system, and set up a process of bankruptcy of bankrupt institutions, what do you do next? Your purpose is to maintain stability, maintain social stability, maintain justice and growth. You make

a listing in the states, and you do the things that were right, and continue to do them. Then you adopt missions of cooperation within nations and among nations, to begin a process of real growth. This I worked on, on a world scale. What I have written on this subject, you can read in the publications which discuss the New Bretton Woods and other proposals.

A Perspective for Central and Southeast Europe

I want to focus, in conclusion, on one point. Naturally, in my discussions here, there has been frequent reference to an evil treaty called Trianon, which the area from the Danube Valley, the Carpathians south, called the Balkans, to Greece. This area has been torn, under Trianon, in a way in which the economy of the region has never been functioning as it could. The answer is obvious. What

we need as a part of a just, new world system, is an organization for the economic development of this region, as a cooperating unit. The very establishment of such an agreement, will tend to cause growth in and of itself. This means building up the infrastructure in the region—transportation, power, and so forth. It means protection for the growth of independent farmers and small entrepreneurs. It means the organization of credit to build up trade within the region itself. It means building up the education system. It means building regional blocs like the ASEAN-Plus-3, not as a division of the world into competing blocs, but as units of cooperation to participate in establishing a new form of cooperation on a broader scale.

I think that the area from the Carpathians and the Danube Valley, south to the Black Sea and the Mediterranean Sea, is an area for a zone of cooperation of this type, and can be one of the great building blocs of a new world monetary system of cooperation. And I would hope, that in this situation, the very fact of the great crisis warns us, that what we've been doing for 35 years is largely wrong—If we cease doing that, we must use the examples from the past, to give us models on which we can build a sounder system, to replace this bankrupt old system. And build with a sense of mission and justice for the entire world, and build that on the basis of cooperation among regions in the world and cooperation among the regions in the world. Building a world which is just. It may not be perfect, but at least it will be just. And enjoy and take satisfaction from the fact, that we of a generation which is now about to die, in a decade or so, that we can leave to our children and grandchildren a legacy of which they need not be ashamed. That is my purpose. Thank you.

'Globalized' Defense

Australia's military is being restructured to enforce globalization upon Asia-Pacific nations.

On Dec. 6, Australian Prime Minister John Howard presented to Parliament a new Defense "White Paper," which he called "the most comprehensive reappraisal of Australian defense for decades." Entitled "Defense 2000—Our Future Defense Force," it calls for a \$23.5 billion boost in defense spending over the next decade, including an extensive catalog of new equipment—airborne early warning and control (EAWC) aircraft; light tactical aircraft; Army reconnaissance and attack helicopters; air-to-air refuelling aircraft; and either upgrades or new outfitting for existing Navy and Air Force craft.

Most significantly, the White Paper plans a 6% increase in the number of soldiers in the Army, from 51,000 to 54,000, and an expansion in the number of rapid deployment infantry battalions from four to six, each with improved mobility and firepower. This will be complemented by an expanded Army Reserve, which, for the first time, can be deployed overseas. According to official commentaries, this is part of a "major strategic change" toward mobile, rapid-reaction forces, "refocusing the military's emphasis on Australia's immediate region." In fact, it reshapes the military for deployment against its neighbors, as well as, under conditions of global economic collapse, against Australia's own citizens.

In its Executive Summary, the White Paper spells out the new globalization, anti-sovereignty mission: "At the global level, two inter-related trends seem likely to shape our strategic environment most strongly—globalization and U.S. stra-

tegic primacy. These factors will help strengthen global security and promote economic, social, and political developments that align with Australia's interests and values. *Increasingly, the United Nations has been responding to a growing sense in the international community that crises causing avoidable human suffering cannot be ignored just because they happen within the borders of a sovereign state.* The trend to a more active and effective UN security role is also welcome" (emphasis added).

The impetus for this military build-up is Australia's professed concern about the growing "arc of instability" surrounding Australia ever since last year's East Timor crisis. That arc includes the whole of Indonesia, and Irian Jaya (West Papua) in particular; Papua New Guinea, and its troubled Bougainville province (now occupied by Australian peacekeepers); and the Solomon Islands and Fiji, both recent victims of political coups d'état.

However, as *EIR* has documented (see Jan. 28, 2000 issue), that instability is of Australia's own making, particularly the East Timor crisis, which was triggered when Howard pressured then-Indonesian President B.J. Habibie to hold a referendum on independence, despite the high risk of deadly violence. Thus, the crisis was *planned*, as Howard virtually admitted in introducing the White Paper. "Early last year we took what proved to be a prudent and far-sighted decision to increase the readiness of our land forces, so that we were ready to meet the crisis in East Timor when it arose," he said.

The other enemies implicitly tar-

getted by the new doctrine, are Australia's own citizens. In August, the Howard government, with the support of the opposition, rammed draconian shoot-to-kill laws through the federal parliament, authorizing the Australian military to use "lethal force" against Australian citizens to "protect Commonwealth interests." By adding domestic policing to the traditional military role of external defense, the new law gives the federal government the power to impose a military dictatorship.

On Oct. 17, the director of "future warfare" at the Australian Defense Headquarters, Col. Michael Goodyer, told an International Land Warfare conference in Melbourne that "urban warfare" will be the conflict of the future, because of population growth and the trend of poor people moving to the city. Under the new White Paper, the military's six new rapid-reaction battalions will be stationed in Darwin and Townsville, making them easily deployable to regional conflicts, and to the large southern Australian cities of Brisbane, Sydney, and Melbourne.

Coinciding as it has with the ascension of George W. Bush to U.S. President, the White Paper has also proved timely for Australia's warhawks. The potential of a war between the United States and China over Taiwan is virtually anticipated by its reference to "U.S. strategic primacy." Evidently, Australian military involvement is part of the new strategy: On Dec. 14, Foreign Minister Alexander Downer declared that Bush's election would mean an upgrade of U.S.-Australian military ties. And, on Dec. 7, notorious anti-China agitator Paul Dibb, the author of Australia's last Defense White Paper in 1987, gave the new strategy his blessing. "It is arguably the best Defense White Paper Australia's has produced," he raved.

International Intelligence

Europeans a No Show at 'Asia Europe Meeting'

For the first time in three years, the foreign ministers of the European Union and the tenation Association of Southeast Asian Nations (ASEAN) were to begin their two-day "Asia Europe Meeting" (ASEM) in Vientiane, Laos on Dec. 11. However, not one European foreign minister had arrived for the meeting, as all of them continued to be tied up in the debate in Nice, France on the structure, and possible new members, of the EU itself. The Vientiane meeting would have been the first major opportunity for the EU to get a first-hand report on the ASEAN-Plus-3 summit in Singapore on Nov. 24-25. French Cooperation Minister Charles Josselin was left with the task of making amends to ASEAN ministers.

ASEM meetings have been stalled since ASEAN admitted Myanmar as a member in 1997. The EU has stuck to a politically correct position of boycotting talks in protest of alleged human rights abuses against the "democratic" opposition led by Aung San Suu Kyi, whose strongest support comes from Britain and Scandinavia, which have underwritten significant exile Burmese operations. However, the lower-level EU ministers in Vientiane were taken by surprise, when Myanmar announced that it has lifted restrictions on some opposition leaders, and will lift restrictions on Suu Kyi and the president and vice president of her National League for Democracy, Aung Shwe and Tin Oo, respectively; Myanmar will also allow complete access to an EU delegation in January.

EU Nice Summit Shows European Paralysis

The European Union chose to entangle itself in petty, secondary issues at its summit in Nice, France on Dec. 4-7, rather than free itself from the straitjacket created by the Maastricht Accords. Especially guilty, in this regard, are the major continental powers, France and Germany, whose impotence allowed existing frictions among all 15 EU members to prevail. These issues have to do

with status problems, including the weighted voting power of larger versus smaller nations and the status of expected new members from East and Southeast Europe.

With these dominating the agenda even before the summit, the continental EU members that use the single currency, the euro, have been distracted from the major issue: regaining economic-monetary sovereignty, by sidelining the Maastricht budget criteria, which are effectively the same as International Monetary Fund conditionalities against Third World countries. The promising Franco-German initiatives during May-June, for a redefinition of core policy responsibility of the national governments over the supranational EU institutions, were drowned out, in the EU chaos that has developed. The same is true for France's May-June-July initiative to defend the euro against capital flight into a vastly overvalued dollar, and prevent overreaching by the European Central Bank. A good deal of the blame goes to Germany, which opposes interference with the existing monetarist rules.

The Nice "compromise," which postponed final decisions on status questions to 2004-05 and 2010 (when the 12 eastern states will have joined), not only carries the seed for protracted conflicts and political disarray, it has also weakened the EU further at this crucial moment. Precious time and diplomatic energies have been wasted, for the promotion of a chaos that cannot be brought under control: not by any individual government, not by groups of governments, nor by the EU as a whole, so long as the Maastricht scheme is adhered to.

Capturing the mood, the German daily *Die Welt*, on Dec. 10, devoted one full page to the deep paralysis in Europe and another full page to the deep paralysis in the United States.

Zimbabwe High Court Upholding Rhodesian Law

Many of the judges on Zimbabwe's Supreme Court were high government officials or appointed to the bench under the apartheid regime of Rhodesian Prime Minister Ian Smith, according to an article in the Nov.

30 issue of the Zimbabwe daily the *Herald*. When President Robert Mugabe is accused of violating the "rule of law," in his flaunting of Supreme Court decisions against his land-redistribution efforts, it bears taking a closer look at those laws.

In a November speech to a conference on law, Justice Minister Patrick Chinamasa accused High Court judges of not cooperating with the government, and pointed out that several of the judges either owed their appointments to the Rhodesian regime, or held high posts in the Rhodesian government in the 1970s, before majority rule was incompletely implemented by the Lancaster House agreements of 1979. Chinamasa asked, "How can personnel so high up in the pecking order of a regime grounded in a racist *grundnorm* faithfully serve a democratic state?"

Chinamasa gave some of the details: Justice Blackie was a member of parliament from the Rhodesian Front, since 1976; Justice George Smith served as cabinet secretary for the government of Ian Smith; Chief Justice Anthony Gubbya was appointed to the bench by the Ian Smith government in 1975; Justice Adam was part of Ian Smith's legal team at the Lancaster House conference, whose negotiation with Mugabe's insurgents implemented majority rule, but laid all the legal traps from which Zimbabwe is now suffering; and Justice Ebrahim was a state councillor in the Director of Public Prosecutions Department under the Smith regime.

Pakistan Regime Sends Nawaz Sharif into Exile

The Pakistan government of Chief Executive Gen. Pervez Musharraf decided to send former Prime Minister Nawaz Sharif, whom Musharraf overthrew in October 1999, into exile in Saudi Arabia, and, according to the Dec. 11 issue of Islamabad's daily *The Dawn*, moved quickly to seize the Sharif family's three major companies, residential estates, and 60 acres of agricultural land.

The decision to send Sharif to Saudi Arabia was primarily a deal worked out by Islamabad and Washington, with the help of

DUTCH lawmakers were warned against legalizing euthanasia, by the chairman of Germany's medical association, Dr. Dietrich Hoppe, on Dec. 13. They should be aware that "the euthanasia program of the National Socialists *also* began with the discreditation of the ban on active mercy-killing." German physicians, he said, "will oppose any attempt to turn medical doctors into euthanicians, legitimized by the state."

PAPUAN tribesmen from the central highland region of Irian Jaya raided a lumber camp, killing two, in the Indonesian province. The tribesmen are supposedly fighting on behalf of "independence" for West Papua (Irian Jaya), and are generally understood to be supported by Australian-based interests working through Papua New Guinea.

MOROCCAN authorities arrested members of the Ak-Akdl Wal Ihsane (Justice and Charity) organization, an outlawed Islamic party, following demonstrations by hundreds of Islamic fundamentalists on Dec. 9. Among those arrested were the children of the group's spiritual leader, Sheikh Abdessalam Yassine.

CHINESE Foreign Minister Tang Jiaxuan continued his tour through southeastern Europe, after his visit to Yugoslavia, visiting Albania, Hungary, and Poland, in mid-December. In Albania, he had talks to enhance economic cooperation with Albanian President Rexhep Meidani and Prime Minister Paskal Milo. In Hungary, he met President Ferenc Madl and Foreign Minister Janos Martonyi, inviting President Madl to visit China.

AUSTRIAN populist Jörg Haider's Austrian Freedom Party (FPÖ) has lost two state elections since it joined the Federal government coalition, and becoming engulfed in a police spy scandal. Two FPÖ leaders have lost parliamentary immunity, in the course of investigations into the illegal use of confidential police files, obtained from policemen who are party members.

Riyadh. Islamabad is hoping that Saudi Arabia will help solve Pakistan's huge budget deficit. However, Musharraf's government has come under attack for abandoning its earlier statement that Sharif will have to face the consequences for his "limitless corruptive practices." Moreover, Sharif has a significant band of followers in the military as well as in the establishment dominated by the Punjabis.

On the other hand, with two of Pakistan's main political leaders, Nawaz Sharif and his rival and predecessor Benazir Bhutto, in exile and self-exile, respectively, it is expected that Musharraf's military rule will now have an easier time domestically, and that no serious democratic challenge can be organized in the short term.

In addition, Musharraf, by releasing Nawaz Sharif from prison (while taking away his political rights), has appeased Washington. This may help Musharraf in dealing with the Kashmir issue, where India has declared a unilateral, month-long cease-fire on its side of the Line of Control.

Philippines President Vacates Death Sentences

Philippines President Joseph Estrada has celebrated the Jubilee by vacating all death sentences in the nation, and releasing all political prisoners, reported the *Straits Times* on Dec. 11. Estrada said: "I will order tomorrow that all those sentenced to death will be commuted to life imprisonment on the occasion of the Jubilee Year."

There were more than 1,500 people on death row, all of whom have been sentenced since capital punishment was restored in 1994. Estrada supported the first execution, against huge opposition led by the dominant Catholic Church. On Dec. 12, Estrada declared that he would push for the 1994 death penalty law to be repealed, citing overwhelming opposition to it in the country. Seven people have been put to death, and earlier this year, Estrada imposed a moratorium on the law's implementation.

Although the press and the opposition are screaming that Estrada is acting opportunistically, to save his own skin in the impeachment process already under way (with

the Church and Cardinal Jaime Sin leading the charge), the fact is, that the President has now set a moral standard internationally. (See article on the German Bundestag's resolution against the death penalty, in this section.)

Tensions High in South Serbia, after KLA Attack

Tensions remain high in the KFOR/NATO-patrolled "demilitarized zone" where southern Serbia borders Kosovo. On Nov. 26, Kosovo Liberation Army terrorists attacked and killed several Serbian policemen in the Presovo-Medvedja-Bujanovac region. Despite a cease-fire, two weeks later, Serbian officials still report sniper fire from "Albanian terrorists," and four mortar shells were fired at a Serbian police patrol.

Serbian police are under orders not to attack ethnic Albanian militants, unless in immediate self-defense, but, Yugoslav Prime Minister Zoran Zizic has pointed out that their patience has limits, saying, "We will not spend the entire Winter under such serious threats, if diplomacy does not succeed." Yugoslavia has demanded that the UN Security Council meet on the situation.

Yugoslav President Vojislav Kostunica has called on popular Kosovar Albanian leader Ibrahim Rugova, who backs a peaceful route for Kosovo independence, to join in negotiations on Kosovo's future. He further expressed his condolences to Rugova over the murder of Rugova's close adviser, Xhemajl Mustafa, who had been gunned down outside his home in the Kosovo capital, Pristina.

According to Agence France Presse, one of the "Albanian rebel" leaders is a Dutch volunteer, who goes by the name of "Qlirim," which means "Liberator." Earlier in his career, this individual had been involved in the war in Bosnia and in Kosovo, and in fighting with the Palestine Liberation Organization, after he had completed his military service in the Netherlands. Thus, one of the main "Albanian militants" is quite likely an *agent provocateur* controlled by Western and/or NATO-related intelligence agencies.

Presidential Election 2000: 'The Fall of Ozymandias'

by Lyndon H. LaRouche, Jr.

The following speech was presented to an EIR seminar in Washington, D.C. on Dec. 12, and webcast simultaneously on www.larouchepub.com and www.larouchespeaks.com. Another webcast seminar is scheduled for Jan. 3, 2001.

For many leading circles in the world today, the question is no longer, "Who is going to be the next President of the United States?," but, "What will the next President, whoever he is, become?"

The problem is that—you may not see it, but you should be able to feel it—the greatest crisis in modern history, at least in the past two centuries, is hitting the United States and the world right now, especially the United States, and this crisis is sitting on the White House steps, sitting like the ugliest monster, the hairiest monster, you ever saw, waiting to greet the next President when he arrives at the White House door.

The problem is that, at present, the United States, its political system, is almost totally unprepared to deal with reality. The mess in the Congress, the mess in the Presidential elections, has given us two candidates, one who can't think, and the one we hope will not try to think, as the contenders for the Presidential selection. The selection is not over. The Electoral College process has to be gone through, as I'll deal with that. The Congress has to be dealt with, before our next President is actually selected. And the onrushing crisis is going to weigh heavily in the minds of people, in the Electoral College, in the Congress, and elsewhere, who have to deal with finally determining who is going to be the next President.

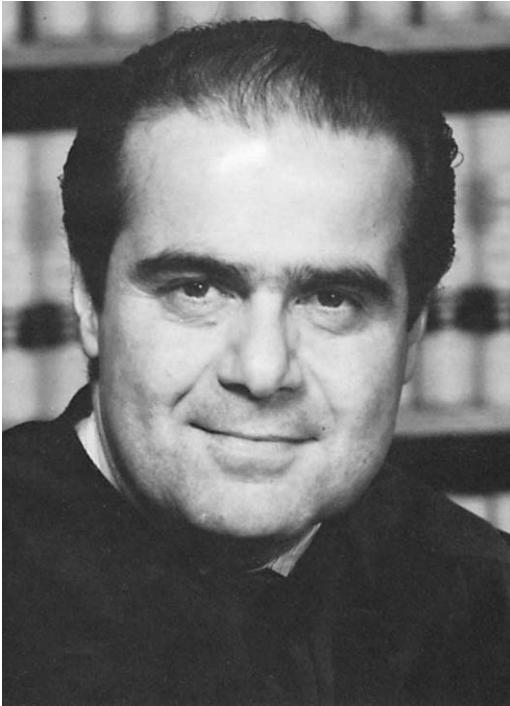
The problem at present is that, imagine that you have one of the two known cases selected as President, with their known incapacities, and their lack of attention, during the entire campaign, to any of the major issues which are going

to confront the world through this present financial crisis, and related things now. Not one of them during the campaign made any reference to the financial crisis. Not one of them during the campaign made any reference to the real issues of the lower 80% of our population. And now, suddenly, they're going into a Congressional setting in which nobody really knows what to do, and worse, nobody wants to know *what* to do, because all of them have come in with their prefixed agendas. They're like pair of guys, lunatics, sitting with sawed-off shotguns, holding the members of a couple families hostage, and trying to blackmail the government into giving them something they want, as the price for not shooting those hostages, who they'll probably shoot anyway.

That's the situation of the political machines which are coming into Washington, both on the Gore side, and the Bush side.

Yes, there are some intelligent people *in* these machines. But the overwhelming character of the machines is typified on the Republican side, by a nitwit like Sen. Phil Gramm, and Tom DeLay, the terrorist. The Gingrich types. These types will *not* listen to reason. They have an agenda. They're determined to ram it through at any price. And we have on the Democratic side some of the same kind of thing.

While you have intelligent people *in* the Congress, and will have in the next Congress, the question is: Will the next Congress be capable of returning a vote in favor of any of the kinds of legislation which will be needed? Or, instead, lacking the ability to make law, faced with a situation in which the President cannot make law—because the Congress won't agree to it; no sensible laws can be passed. What happens then, is that the tendency is to go to methods of dictatorships, sometimes called, euphemistically, crisis management. Which means that the U.S. and other governments will create



Birds of a feather: Associate Justice Antonin Scalia (left) and Chief Justice Roger Taney. Scalia is the worst of the two; in repudiating the Constitutional emphasis upon the general welfare, he is in the tradition of Carl Schmitt, whose doctrines were used to bring the Nazis to power.

crises, create a crisis, in order to force a crisis-management decision upon the President and other institutions.

That is dictatorship, and that's the great threat: a United States which is, presumably a superpower, the Ozymandias of our time, faced with a situation where it pretends to rule the world, but is incapable of effectively governing itself, and lashes out like a wild, desperate beast, trying to get the world to obey, when it doesn't even know what it wants to do.

That's the situation which frightens, should frighten us. A situation which is frightening people around the world. Now I've been, as you know, in touch with circles in many parts of the world: in Asia, in Eurasia generally, South America, as well as in our own country. I'm hearing what they're saying, what they're thinking. Very little of it gets across into the U.S. news media. Almost none gets on the lips of the politicians, although I do know that there are people in the White House, and elsewhere, who are seriously thinking. But the majority of the American people, the institutions of government and politics, are *not thinking*. Maybe some people are thinking, but not enough to do the job.

Now, given this situation, of a crisis-stricken government, which cannot face the realities it must face, and make the decisions it must make, what kind of a world do we have?

The problem is, essentially, that the world is gripped by the worst financial crisis in three centuries, since the end, approximately, of the Seven Years' War. Remember, Europe, after a grand and glorious 15th-Century Renaissance, slipped, beginning about 1510-1511, into a period of religious wars. Religious wars dominated Europe until the Treaty of Westphalia in 1648. Following that, with the coup in England by

William of Orange, we have a series of wars, concluding with the Seven Years' War in the early 18th Century. So, therefore, we had a period of about two centuries of chaos, in European history, affecting the United States. Which we came out of, with other troubles to follow. But we have not had, since the end of the Seven Years' War, in European civilization, and globally extended, the kind of crisis we now face.

And we have a situation in which, typically, among politicians, the question will be: How is the market going to react to this? Politicians are not thinking; they're saying, "Let's make the market happy." "If the market goes up tomorrow, that means it's happy; therefore, we've done the right thing. Let's not do anything to make the market unhappy." And the market is one of those hairy beasts, sitting on the White House and the steps of the Congress, which is trying to, threatening the next President and Congress coming in.

Judge Scalia's Treason

To get a picture of the issue, I turn to a comment yesterday, from one of the leading newspapers in Europe. It's a Danish newspaper, *Berlingske Tiedende*, which compared the situation in the elections in the United States today, to the kind of decision that was made by Judge Taney, Chief Justice of the Supreme Court Taney, in 1857, the so-called *Dred Scott* decision. Now the *Dred Scott* decision by Taney *caused* the Civil War. And the *Berlingske Tiedende* compares the behavior of the Supreme Court today, with emphasis on the person of Justice Scalia, Antonin Scalia, to the behavior of Judge Taney in the *Dred Scott* decision in 1857.

Now, that report in that press, which is an article that

came out of the United States, I understand, by a U.S.-based reporter, is accurate as far as it goes, but it doesn't go far enough.

If we want to understand the implications of what Justice Antonin Scalia represents, and his role in the current intervention into the election process, we have to compare him, and his cothinkers, to a fellow called Carl Schmitt, a famous romantic professor of law, and an official of the German government, in the 1920s and early 1930s. It was Carl Schmitt, with his emergency law provision, which was used, with Schmitt's personal approval, to bring Hitler into consolidated dictatorial power in Germany.

Now, Schmitt was a follower of a fellow called Savigny, but Schmitt was unique, in the sense that he believed, along with others of that century, that his faction in history, makes revolutions, then creates a state based on the revolution, and that law is merely the dictate imposed upon society by the state controlled by those revolutionaries. In that sense, Carl Schmitt argued that it is not the law, such as constitutional law, or the principle of natural law, such as the general welfare, which should determine what the state should become.

Remember, our Constitution, as expressed in the first three paragraphs of the Declaration of Independence, was a declaration of a new type of nation, but based on a principle of European civilization called the general welfare. That is, that no government has the authority to rule, except as it is efficiently committed to promote the general welfare of all the population, and its posterity.

That's a government based on law, and our Constitution was framed, very carefully, by some very thoughtful people,

to give us a form of government, in which the law would conform to that principle of the general welfare.

Now, Scalia is a fellow who rejects the idea of the general welfare. I was just reading the other day, a speech he gave to Catholic University in Washington, D.C., on the subject, in 1996, in which he explicitly outlaws the fundamental principle of the U.S. Constitution, the principle of the general welfare. And read the first three paragraphs of the Declaration of Independence. Compare that with the Preamble of the Constitution. Compare that with the arguments, and discussions, which filled it out, of the forming of the Constitution. Look at the Revolution which carried out this general welfare principle, the Civil War, led by Lincoln. Think of the revolution that Roosevelt made, to get us out of the Depression, and through World War II, and to lay the foundations for an economic recovery in the United States and Western Europe, over the period 1945-1965.

This was a government based on a principle of law called the general welfare. The function of government, is to recognize that every person is sacred, as made in the image of the Creator, and therefore government must treat *all its people* accordingly, to develop them, to nurture them, to ensure their rights, to ensure that they have a posterity of that quality. *That's our law.* And our notion of government is based on that principle of law, the principle of the general welfare, or what is otherwise called the common good.

Scalia rejects that. The so-called conservative majority, present majority, of the Supreme Court, has repeatedly rejected that.

There is the danger. When a government accepts the phi-

Scalia Repudiates Intent Of Founding Fathers

U.S. Supreme Court Associate Justice Antonin Scalia boasted that he doesn't care about the intent of the Framers of the U.S. Constitution, during a speech at Catholic University of America in October 1996.

In his speech, entitled "A Theory of Constitution Interpretation," Scalia described himself as belonging to "a small but hardy school, called 'textualists' or 'originalists.'"

"If you are a textualist, you don't care about the intent," Scalia declared, "and I don't care if the framers of the Constitution had some secret meaning in mind when they adopted its words.

"I do the same with statutes, by the way, which is why I don't use legislative history. The words are the law. . . .

We are not bound by the intent of our legislators, but by the laws which they enacted, which are set forth in words, of course."

On this basis, among other things, Scalia argued that the death penalty is constitutional, because it is mentioned in the Constitution ("No person shall be deprived of life, liberty, or property without due process") and because, he says, it was constitutional at the time of the adoption of the Constitution.

Scalia also scoffed at the notion of natural law, asking: "What does a judge consult, if not the original understanding of the text?" Any external standard applied by the judge, beyond the words, is simply prejudice, Scalia argued. "What is the standard? . . . I have never heard another one that has a chance of being adopted by more than two people? What are you going to use? The philosophy of Plato? Natural law? That's handy," he said sarcastically. "That will tell judges what to do." His conclusion: If you don't adopt his standard, of the words, then, as to another standard, "there isn't any."

losophy of a Carl Schmitt, or a Scalia, and faces a crisis of the type that we face now, you face a situation, as in Germany at the beginning of the 1930s, in which someone who thinks like Scalia today, or Carl Schmitt then, puts a Hitler into power. Maybe not as a dictator with a brownshirted mob, but a dictatorial government, which rules by crisis management, by crisis orchestration, by decree, in which the parliamentary process becomes irrelevant, and the judges become like Judge Roland Freisler of the Nazi court, merely a tool of official party policy.

And that's the danger. And that's what the world's afraid of: a United States which thinks it's a world power, it thinks it rules the world. We don't, actually. We've lost that ability. We're like Ozymandias. We rule the world, but the parts of us are scattered in the sand, and it's a desert sand at that.

Scalia's actions, in his personal concurring action in intervening in the recent Supreme Court intervention in the Florida case, has turned what was merely an election crisis, into a Constitutional crisis. If his argument is shared by the majority of the Supreme Court, then *we will have overthrown the Constitution of the United States, by this action*. Because we will have denied the principle upon which the authority of our government depends, the authority of the general welfare principle, as set forth very clearly in the first three paragraphs of the Declaration of Independence, and affirmed clearly in the Preamble of our Constitution, which is the fundamental law of the United States, which Justice Scalia does not accept, and others do not accept.

So, he's turned an election crisis, which we could have solved, into a Constitutional crisis. As a result of his actions inside the U.S., the situation is becoming dangerous, not only for our own citizens, but for a world in which we have mass-murderous lunatics like Zbigniew Brzezinski running loose.

Given the situation in the Congress, and the extremely poor quality of the two leading Presidential candidates, and given the fact that no one will ever know, probably, who actually won a legitimate vote, in what was one of the most corrupt elections in recollection. We're at the brink of a situation in which the lack of the Congress, to react effectively to successive crises, would degrade the United States to ruling by crisis management, and national decrees, rather than by action fit to be described as law. That's the implication of what Scalia has done, in his concurring opinion, on the question of the stay of action in the recent Supreme Court case.

If that action is continued, on that philosophy, then the Constitution of the United States is in danger. One would hope that some of us could persuade, directly or indirectly, some of the Justices of the Supreme Court, to repudiate that. Not as a matter of determining who should win the election, or the designation as President-Elect, but simply as a matter of preserving the process of law, in the United States, as our Constitution and Declaration of Independence define that principle of law.

Scalia is important not only because he's been an increasingly influential figure on the Federal bench, but because he represents, in the most shamelessly frank way, a philosophy of law which is contrary to every principle for which the heroes of our national past have fought and died. He is, in point of fact, *worse* than Germany's Carl Schmitt, the Schmitt who played a key role in putting Hitler into power in Germany. Because his version of nominalist law, is even worse than that of the Nazis. The Nazis were constrained to bend to the influence of what they regarded as German custom, at least up to a point. With Scalia, *no such constraint of custom exists*. No perception of custom exists. So this fellow is worse, Scalia, in his philosophy of law, than either Schmitt, or the chief judge of the Nazi system, Judge Freisler.

The Matter of the Florida Votes

Well, before going to other matters, which I want to take up sequentially, let us put to one side the issue of who should be designated as the President-Elect of the United States. I say, that for purposes of this discussion, of the Constitutional discussion, forget that. Right now, *it makes no difference*. If Scalia's law, or similar law, determines who the President of the United States is going to be, we're not going to have much of a government anyway. And neither of the candidates is worth shucks anyway. One is just worse than the other. Pick one, the other one's worse. Either way, both ways.

We should not be tied up with a fantasy, like a football fan fantasy, of trying to say, which guy is going to win the position of President-Elect. That is not the question before us. The question before us is what kind of a Presidency, and President, are we going to *create* out of this crisis?

Now, let's look at this election for what it really is.

This was the most hypocritical, and corrupt, piece of hypocrisy, ever seen, and the issue of voting rights, as raised by both candidates, and also by the Supreme Court, is a farce, at the best.

Had the representatives—for example, in the case of Gore. Had the representatives of Vice-President Gore, and the Federal Court, not acted as they have done, to overturn the 1965 Voting Right Act, the situation which arose in Florida would *not have happened*.

It was a longtime adversary of mine, and of the Voting Rights Act, Don Fowler, a Democrat, South Carolina, who, in 1966, took the first step to nullify the Voting Rights Act. Fowler was one of the charter members of what became known as the Southern Strategy for the Democratic side. He's a hidebound racist, and that's what governs his policy in that state, and throughout the area.

Now, he acted, in 1996, in his capacity as Democratic National Chairman at the time, to nullify that act—the 1965 Voting Right Act. *He acted then to nullify it!* At that time, Fowler did this in the interest, or for the convenience of, Vice-President Gore's year 2000 Presidential ambitions. Later, it was the Democratic Party officials working for Gore, in 1999,



LaRouche Presidential campaign workers at the Texas Democratic Party State Convention, June 9, 2000, organizing to reverse Al Gore's theft of LaRouche's votes in the Arkansa primary.

who *pushed* the Federal court to officially, formally nullify the Voting Rights Act.

Now, the attorney for the Democratic National Committee went to court, and specifically said to the court, it wants the court to nullify the Act. And said that Scalia, and similar people on the bench of the Supreme Court, are willing to nullify that, and will! They succeeded. Judge Sentelle, one of the Southern Strategy types of judges in the system, supported Al Gore's candidacy to nullify the Act. The Voting Rights Act of 1965 has been nullified, with the tacit consent of the Supreme Court. Now, what is the Supreme Court doing, talking about the Voting Rights Act now, talking about what happened in Florida, talking about anything else?

Now, for example, in the case of Florida, we had a great number of citizens who, according to the evidence submitted—it has to be tested, but it's submitted—that a company, working on behalf of the Governor of Florida, made an investigation to try to determine what kind of unqualified voters might be trying to vote in the next election. They hired a private company, which specializes in this. And they nullified the voting rights of a lot of citizens, saying that they had been previously felons, and couldn't vote. And they didn't care whether it was true or not.

So, a lot of people were prevented from voting in Florida, because of a fraudulent act by the state government.

Now, this came up to Al Gore's attention: He didn't care about that. He was *talking* about voting rights; he didn't *care* about voting rights.

In fact, the irony is that Al Gore, on the basis of Sentelle's

nullification of the Voting Rights Act of 1965, stole, openly, 53,000 certified votes for my nomination in the State of Arkansas. Now, if he hadn't done that, if Gore hadn't done that, Gore would have probably carried the State of Arkansas. He lost it by fewer votes than he stole from me.

If he had won Arkansas, there wouldn't be any discussion of Florida, because the Electoral College votes he had from other states, plus Arkansas, would have put him over the top with over 271 electoral votes.

What goes around, comes around. That's what happened.

In addition to the great amount of irregularity, in the conduct of this national election, you had the following situation. People were not voting for candidates—they were voting against candidates. The majority of Americans who were eligible to vote, didn't want either one of those two jokers! Those who voted for Gore, voted because they were afraid of Bush. Those who voted for Bush, were afraid of, or contemptuous of Gore. So, who voted *for* Bush, and who voted *for* Gore? The two candidates together probably do not represent a majority of American opinion.

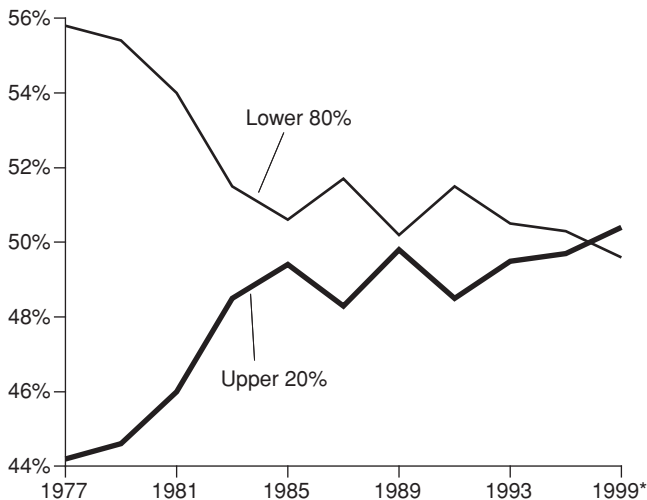
Furthermore, in the course of the election, neither of the candidates had *anything* important to say.

Now, if you look at the curve [**Figure 1**], we have 80% of the lower-income brackets of the United States, are in vastly worse condition today than they were in 1977, when a Southern Strategy Democrat, Jimmy Carter, became President. The lower 80% of the income brackets used to be the overwhelming majority of the national income, which is represented by that. Now, it's no longer the case.

FIGURE 1

America's Richest 20% Now Make More than the Other 80%

(Percent)



*Projected

Sources: Congressional Budget Office; EIR.

If we look at the condition of housing, we look at the condition of education, we look at the situation in health care, we look at the situation in power sources in the community, urban housing, rent, housing in general—you look at these conditions, the conditions of life of the American family, the lower 80% of income brackets, is far worse than it's been at any time since the 1960s.

This is not prosperity! What did either of these candidates say about this? They promised more cuts. But they promised to give a few free handouts on the side, while the cuts go on. The health care problem is not cured. The housing problem is not cured. The human rights problem not cured.

The Constitutional Solution

So, for this situation, in which nobody is really sure who really voted for what, because of the very nature of the way the campaign was run, the founders of the Constitution had a clear vision. They created the Electoral College.

Now, if you study the way the Electoral College was put together, the concept was hard fought during that period. An Elector, once elected, once selected in any state, is supposed to vote that Elector's conscience. To qualify as an Elector, they have to demonstrate that they will *vote*, as a member of the Electoral College, without fear or favor, without partisanship, but on the basis of their conscience, and what they think is best for the country.

That's what the Electoral College was designed to do. It's a body of citizens, independent of the legislature, actually; independent of the parties; independent of any corrupt influence, who are qualified to stand as Electors, and say, "I am prepared to take the fact of the vote, as cast. I'm prepared to vote my conscience in selecting the next President-Elect of the United States." That's what the Electoral College is supposed to do. It's supposed to do that *now*. And that's what we should do.

We should simply insist that the Electoral College, as followed by the Congress, who follows up on whatever the Electoral College does, should simply determine, on the basis of its *conscience*, taking all facts available to it into account, to say *who should be the President-Elect of the United States*.

And between January 3rd and 6th, they should report that to the Congress. And the Congress should take that finding, by the Electoral College, and act upon it, as the Constitution specifies. If there are objections in the Senate or the House, they should be heard. And finally, of course, the thing goes back to the House of Representatives to make the final determination. I think, perhaps, by January 20th, we *could* have a President-Elect. I don't think it would be a great crisis if we got a President by that process.

So, let's not be concerned in the meantime, by betting everything on which horse, running backwards, is going to win the race.

The Real Nature of the Crisis

The crisis we face is of the following nature: As I've said, this is the worst financial crisis in world history. That is, the financial collapse that's coming down is bigger than any in world history. *There's no soft landing*. Unless it's Alan Greenspan falling on his head, from a high-story building. That's the only soft landing you'll find. This is going to be a very hard landing.

And that means that we are in a situation, in which we require a President who picks up where Franklin Roosevelt left off.

Now, Franklin Roosevelt inherited a depression, which came from the policies of a number of predecessors: Teddy Roosevelt, Woodrow Wilson, Calvin Coolidge, and also from help of Andrew Mellon. These guys put the United States into a depression. It couldn't have happened without them.

Roosevelt came into the situation, basing himself on the principle of the general welfare, basing himself on knowledge of the history of the United States. Remember his great-great grandfather was one of the collaborators with Alexander Hamilton in New York, on behalf of things like the National Bank, and so forth. So, he knew what he was doing. He may not have been a perfect man. You may criticize him for many things, but he knew what he was doing. He, by taking leadership, at the same time that Hitler was coming into power in

Germany, saved the United States from something like that which happened in Germany.

He got us through the Depression. He led us through World War II. He laid the foundations for the re-creation of the economy of Europe and the United States in the postwar period. He represented, from 1933 to 1965, one of the great success stories in American history. There were a lot of faults, a lot of things wrong, granted. But the net effect was, that the condition of life of the American people, got *better*. The welfare of people in Europe, western Europe, got better. The world had a better chance.

In the past 35 years, we've gone in the other direction, sliding down again, the way we did from the assassination of McKinley, until the election of Franklin Roosevelt. The United States overall, was degenerating, morally and otherwise. And Franklin Roosevelt pulled us out of it.

Not saying he's perfect. But the lesson is this: What he did *worked*. What was done before he came in, in this century, did not work. What has been done since 1965, has not worked. We're in the worst financial situation, and economic situation, globally, in modern times. We face the worst crisis, globally, in modern times.

And therefore, at this point, we have to go back to Franklin Roosevelt, not as a perfect model of what we should do, but as an object lesson in history, of what this country can do under its Constitution, with its tradition, both to solve our problem here at home, to put our nation back together, to bring justice back to people who are denied justice, and to enter into forms of cooperation with the rest of the world, which are to our mutual advantage, most nations' and our own.

That's essentially what we have to do.

The Insanity of 'The Market'

Now, in order to do that, we have to recognize that we wouldn't have gotten here simply because we had bad politicians. Because increasingly over the years, the past 35 years, the American people have gone nuts.

For example, I mentioned earlier: market. How many people say: "You've got to keep the market happy. You've got to vote, you must vote, to keep the market happy. You've got to keep the Nasdaq up! You've got to keep the Dow up! You've got to keep the shareholder value up, even if it means killing people, taking away their health care and everything else!"

It's insanity. We saw this kind of insanity before, in European history. In the beginning of the 18th Century, remember there was the John Law bubble in France, which bankrupted a lot of people in France. There was a similar bubble, the South Sea Island bubble, in England; it bankrupted a whole class of people in England.

We saw it in the end of the 1940s in the United States, what's called the Pyramid Club scandal. Where people acted

like maniacs, insane maniacs, about what their Pyramid Club letter was going to do for them. The same thing is happening today. People are talking about their stocks, their stocks! We have no economy. We don't have power. Power outages are a thing of the present, not of the future. And they're growing.

Look at the housing situation, all of these conditions! People say the economy is better off?

Now, let's take one little fact. Presently, according to my best estimate, the current account deficit of the United States is running to about a rate of \$600 billion a year. In other words, as an economy, we're operating at a big loss, building up a big debt, with no prospect of every repaying it. In the meantime, we're taking in trillions of dollars each year, or have been until recently, into the United States, to prime the pump on the Wall Street and other markets.

What happens when the U.S. dollar collapses? And a 40% collapse in the dollar is a possibility, in the market—it's a possibility, a real one. Look at what happened to the Nasdaq. The Nasdaq has gone down about 50% in its index value, in a recent period, and it's going to go down a lot deeper. The Dow is also going to go down, because banks are in trouble. And you've got a prosperous economy, because the market "feels good" today? Because some jerk from Wall Street told you the market feels good? The Congress is going to do this, or not do that, because it wants to make the market feel good?

What's the market? It's nothing but a big gambling operation. It doesn't produce any wealth; leads people to starvation.

That's one of the problems.

The other problem is, we're in what we call a post-industrial society. The United States went into a post-industrial society, about 1966. About the same time that Richard Nixon was meeting with the Klan down in Mississippi, and so forth, founding what became the general electoral policy of the Republican Party, called the Southern Strategy. And in 1976-77, Jimmy Carter from Georgia, became the flag-bearer for the Southern Strategy, the racist policy, inside the Democratic Party.

In 1982, we had the formation of Project Democracy, which was the union of the top layers of both the Democratic and Republican party, both of whom adopted the Southern Strategy, and they called it "democracy." And they try to sell that stuff around the world.

You should see the effect of it in Africa, the genocide, it's hideous.

So, these kinds of fads, these myths, which the American people have come to tolerate: They think the Democratic Party is democratic at the top—they don't know the party! They should get acquainted with the party. They think the Republican Party is a democratic organization? They should meet the Republican Party at the top. They should go down to Mexico, to Peru, to Colombia, to Brazil, to Argentina, to Chile, to Venezuela, and meet the Democratic Party abroad. Go to Africa, and meet the Democratic Party, the Republican

Party. Go into Asia, and meet the Democratic and Republican parties. You call that democracy? They don't want any more of it. They want freedom!

They don't want that.

And that's the problem.

Malthusian Genocide

Now, let me just take this one thing, because what happened, when people came up with this post-industrial idea, which they pushed through in 1966—which is the first time that a change in the budget was made in the foreign policy part, in which it was specified that the United States would take into account “excess” population growth, in foreign countries, in its foreign policy, economic policy, toward countries such as in Africa.

So, the policy of genocide was actually introduced as an official policy in 1966, in that small degree. In 1974, Kissinger made it official policy, of the Republican Party and the government. Scowcroft made it the official policy. With *Global 2000*, Carter made it the official policy. *Genocide is the policy of the United States today!* It says that there are too many people in Africa, in South America, and elsewhere, who are sitting on top of natural resources, and Kissinger argued this explicitly in 1974. “They're sitting on natural resources. We, pure whatever—democrats—will want those natural resources in future generations. We can't allow these people to continue to multiply, and eat these resources up! We can't allow them to have technological development, because they'll use more natural resources. We've got to keep that population down!” And population control, since Kissinger, has been the policy of the United States.

You want to understand U.S. policy toward Africa? That is the policy toward Africa. You want to understand the policy toward Mexico? Toward South America? That is the policy of Kissinger and his type, toward South America and Africa. That's the policy in Asia, the same policy.

Post-industrial society. We're no longer committed to the general welfare. We're no longer committed to what we were committed to in the time Roosevelt was President. To cooperate with other nations, to increase the general welfare, not only of our own people, but to cooperate with other countries, so they might serve the general welfare of *their* people. And that we, as cooperating sovereign nations, would cooperate in ways which are beneficial to *all* of us, the general welfare. The common good. The common good of our republic. The common good of humanity. That is the policy we should have.

When you deny that policy, you're committing genocide, just by denying the policy.

When you accept post-industrial society, and Malthusianism, the way Al Gore did in his *Earth in the Balance*, you are promoting genocide.

Call things by their right name—that is genocide. If you say, that baby does not have a right to live; that population

does not have a right to grow; that population must reduce its numbers; that population may not have the technology on which survival depends; it may not have the health care; it may not be allowed to have the immunization, the drugs, the health care facilities in general, on which survival depends—that's genocide!

Don't call it by something else! Some other name. It's genocide.

So, in 1966, we adopted the policy. No more industrial progress. Slow it down. Cut it out. No longer is the United States going to be interested in promoting technological progress for the people of Africa, or South America, Central America, or Asia. We're going to cut that down, for the sake of population control.

The Fraud of the 'New Economy'

Then, what did we promise the American people? Well, we promised them two things: Feel good. You go out, and *do* anybody you want to. Feel good. We won't give you any money, but you go out, and *do* anybody you want to, anyway you want to.

We also gave them an illusion. Just like the Romans or other people had popular opinion, we gave them an illusion. We gave them mass entertainment, which no longer contained ideas, but contained fantasy, sensual fantasy. We also gave them, what is called today the “new economy.” We gave them what was called, at first, “information society.” We said, “Well, the old economy, the smokestacks, the farms, these things are things of the past! They're old hat. We're tired of these things. We want a *new* society. We don't want to be forced to eat so much, or wear so much. We want a *new* society. We want a new freedom.”

“Oh, we want a lot of money. We want comfort when we want it. We want it on demand. Instant comfort, instant gratification. We want it *now*.”

So, people were given an illusion. They said, “Well, you don't *have* to have it.”

See, the way to have wealth is to have *money*. If you've got *money*, whether you earn it, or you borrow it, you've got *money*. And with money you can buy all kinds of things. So what you need is more *money*.

So people became interested in *my money*. They didn't care whether they could have any health care from it. They didn't care whether they had a house. They just wanted *my money*.

So that became, in recent times, the new economy, the so-called new economy fad.

And let me tell you about the new economy.

Barnum, P.T. Barnum, was never the kind of faker, he would never have been as corrupt, as the kind of faker who invented new economy, such as the Nasdaq. Couldn't have happened.

Now, computers are very useful things, properly used.

Communications equipment, which is maybe connected to computers, is also useful. One would hope that this computer technology would improve. That people would improve it. We would hope that the use of communications would improve. Fine.

But that is not what we're talking about. We're talking about "information theory."

And here's where the problem lies. Now, I'm an economist, as most of you know. And the way in which the human race has managed to prosper, especially since the 15th Century—I think we've got that curve there, the population curve [Figure 2].

The population curve shows you the changes in world and European civilization's demographic characteristics since the 15th Century.

Now the 15th-Century Renaissance in Europe had two characteristics. Centered in Italy, but it spread throughout Europe. As a matter of fact, the discovery of America was based on that revolution in statecraft. First of all, it created for the first time, the modern nation-state. A state committed to the general welfare. That is, government has no legitimate right to exist, except as it is officially committed to promoting the general welfare of present and future generations. That means *all of the people*. That means the conditions of life—betterment of the conditions of life of all the people.

Now this was first established as a form of state in France under Louis XI in the 15th Century, and in England, under Henry VII. And this was the founding of a perfectly new institution in humanity: the sovereign nation-state republic, based on the principle of what was called the general welfare, or otherwise, the common good. This principle of the sovereign nation-state was unique, and was in contrast to all known previous society, in which some people, a relatively few, treated most of the people as human cattle: that is, ruling groups of oligarchs and their lackeys, such as armed lackeys, would take most of the people and treat them in the same way that farmers treat cattle. You got them, and used them when you wanted them, and you killed them when you didn't. And that's the condition, that was the condition of the Mesopotamian Empire, ancient Babylon, it was the condition of Rome, of the Roman Empire, that was the condition of feudalism, in which the great majority of humans were human cattle. That was the condition of slavery in the United States: the treatment of human beings as *cattle*. You farmed human beings the same way you farmed cattle. And I think the cattle were sometimes treated better.

So, the modern nation-state was a break from earlier forms of society, which finally brought true justice to the form of society. Now, the ability to bring this justice about, depended upon another great discovery, which was made during the 15th Century: the idea of modern, experimental scientific progress, in which the discovery of universal physical principles, and the cooperation in their use to the benefit of mankind, made possible, with the support of the nation-state, the ability

to raise the standard of living and life-expectancy of the people. And that's what that chart means. That in Europe, in the 15th Century, in the great Golden Renaissance, a new form of society, political society, was formed. One based on the sovereign nation-state, one based on a commitment to fostering and utilizing scientific and technological progress. It is typified, for example, by our dear friend Leonardo da Vinci, who was typical of the science that came out of that. Johannes Kepler was typical of the science that came out of that. Leibniz is in that tradition. The great Gauss is in that tradition. Riemann is in that tradition. This is the great tradition of scientific and technological progress, which enables us to meet the challenge of disease, of hunger, to meet the challenge of the conditions of life, generally. Therefore, these two things together are what make an economy work.

The characteristic feature of this—you look at the chart—that progress means an increase in not only the number of people you can sustain and the standard of living in which they exist, but an improvement of the demographic characteristics of the population as a whole, and of the members of households. It means the means to increase the number of years that a child spends in educational and later development. It means the richer development and opportunity for the mind of that child as they develop.

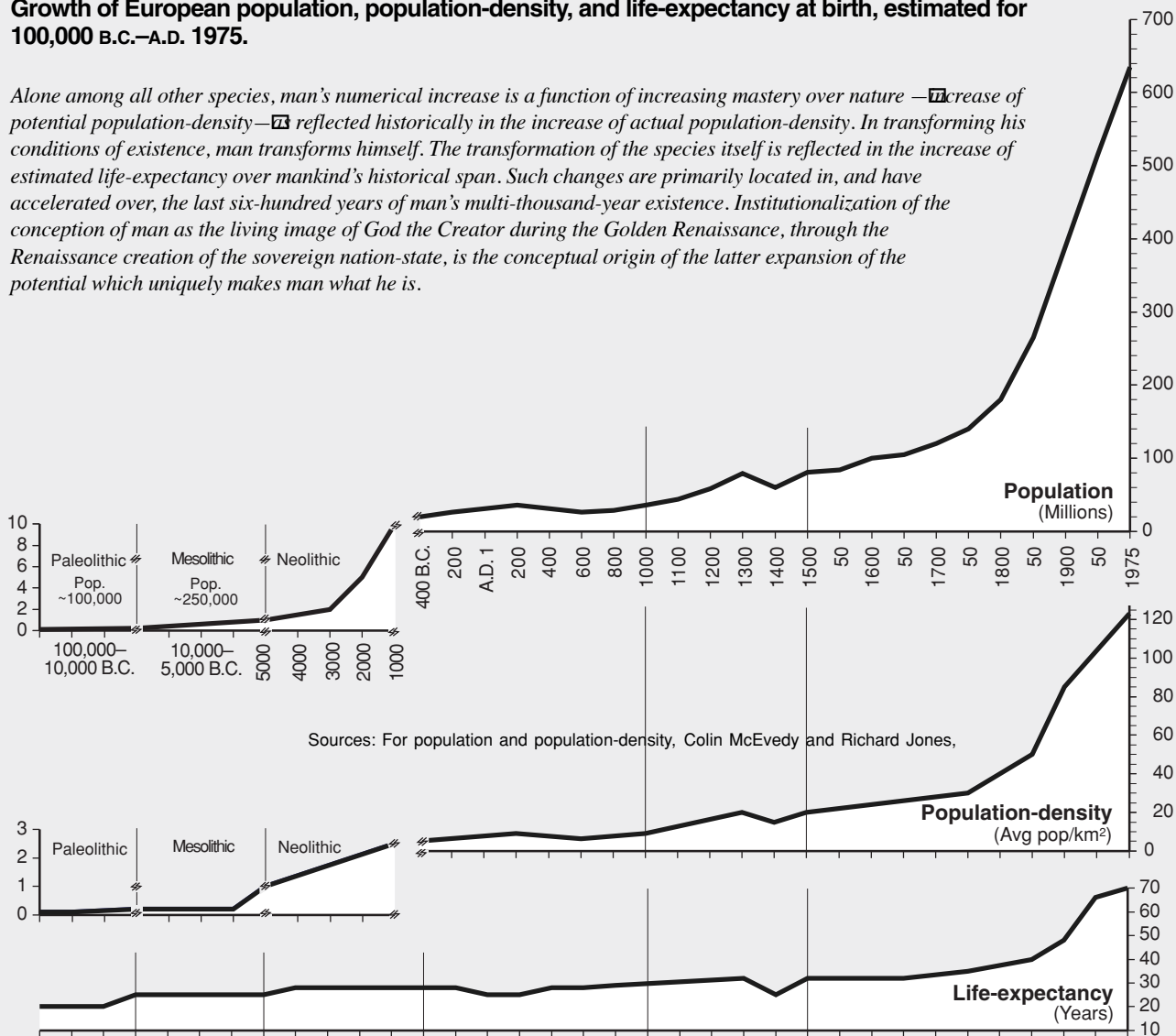
Now, what came along here, in information theory, was based on the work of a fellow called Bertrand Russell, who was probably the most evil man of the 20th Century. Russell was the man who invented the policy of developing and using nuclear weapons as a way of destroying sovereign government, and establishing world government. That was his life's purpose. That was the policy we've been living under for a long time. That was the policy of John J. McCloy, who was the boss of Kissinger at one point; McGeorge Bundy, who was a boss of Kissinger; and Kissinger himself. That's the policy they were based on. This policy is a complete hoax. It's based on the assumption that merely by transmitting *information*, without any discovery of a physical principle, that you can increase the wealth of society. It's not true. If you base a society on transmitting information, without the experience of scientific discovery, without the utilization of scientific discovery, you will have a collapsing condition of life in society.

And what has happened, is this information theory—what does it do? Look at the school system. Years ago, in any good school, the characteristic of a good school was that the student, in education, would re-experience, in the child's own mind, the actual original act of discovering a universal physical principle. For example, like the principle of universal gravitation, or other physical principles. The child was not told to learn this in a textbook, or to learn it from the teacher, or to learn it from the blackboard. The child was told to experience the circumstances of the person who made the original discovery. When the child had made that discovery again for himself, or herself, in his or her own mind, the child *knew* the

FIGURE 2

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

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



Sources: For population and population-density, Colin McEvedy and Richard Jones,

All charts are based on standard estimates compiled by existing schools of demography. None claim any more precision than the indicative; however, the scaling flattens out what might otherwise be locally, or even temporally, significant variation, reducing all thereby to the set of changes which is significant, independent of the quality of estimates and scaling of the graphs.

Atlas of World Population History; for life-expectancy, various studies in historical demography.

Note breaks and changes in scales.

discovery. The child could share that discovery with others. It wasn't a matter of learning how to behave, it was a matter of *knowing*. Being able to prove, physically, that that principle was true. And through that, man increased his power in the universe. Which we increased also, by educating our children that way. We increased that power to make discoveries. We increased that power to master new technologies, to improve our new technologies. We created the machine-tool principle, whereby an entrepreneur with a small plant, with a lot of skill, a lot of brains, a lot of friskiness, would make technological

inventions, repeatedly, and would make a living out of being useful to the community, or to his customers, industrial customers and others, in providing improved technologies not otherwise available. These technologies which came from scientific discoveries, are what made it possible to improve the condition of life.

And thus, we were able to increase what we produced over what we consumed. Consumed not only as household consumption, but in terms of machinery, improvements, water systems, power system, transportation systems, all the

other things that were essential. And that's what a real economy is.

The Real Economy Is Collapsing

What we have done, in the past 35 years, is to reverse that, to undo it. Look at our education system. Look at the changes in education introduced beginning about 30-35 years ago. *We no longer teach children competently.* We may have a few stubborn teachers still holding out here and there. But the new crop of teachers not only does not want to teach that, but is not capable of doing so. We have created a situation where our children don't have family life any more. The parents, the adults work too many jobs. There's no one at home most of the time. The streets are hell. The child has no leisure in which to think and experience as he used to. To play at home, to consult with the parents, to have a home life, where friends came in, ideas were exchanged. Doesn't exist any more. We destroyed it. We destroyed the educational system. Then what'd we give our people? We gave them *mass entertainment.* What is the mass entertainment? Teaching a six-year-old kid to kill! With six head-shots the first time he used a gun! Nintendo-style games like Pokémon. And the things like the Columbine assassinations, and the other kinds of killing. Look at the games, look at the television set. What is happening on the television set? What is happening in the movies? As a substitute for education.

So, somebody decided to turn the human race into a bunch of what a famous author, Jonathan Swift, called in *Gulliver's Travels*: "Yahoos." Our people have been turned into yahoos. Sensual, unthinking, rutting, rolling in the dirt, looking for one orgy of one kind or another to the next. No longer concerned for ideas. No concentration span. No skills.

Look, for example: The United States is going down. What does that mean? That means, in the Internet area, as many people are now telling you, there's going to be mass unemployment among a stratum, which were formerly a large part of the upper 20% of the family-income brackets in the United States. You're going to see that in the area around greater Washington. You're going to see glorified tarpaper shacks, going at \$400,000 and up, mortgage, which the termites will turn down, that's how they'll starve! But these things will suddenly go vacant, or tend to go vacant, as the people who occupy these so-called development areas have lost their jobs and lost everything. And have no skills for any kind of employment by which they can sustain their former standard of living. They're desperate people. That's what this has done to us.

An example of this process is in industry. About ten years ago, in the United States and in Europe, but especially in the United States, they decided to eliminate machine-tool employment in automobile and other factories of that type, other industries. They said, we will now use computer modelling instead of machine-tool specialists. I'm not going to name the product. Some of you know it. But there's some vehicles and

some tires that killed a few people, which are the result of introducing this policy called "benchmarking" into the automobile and related industries internationally. If you look throughout the world today, compared to 1988-1989, you'll find, around the world, a *terrifying loss of the ability to produce a quality, reliable product which we had in 1988.* We've destroyed it in the past dozen years, by eliminating the machine-tool category of employment, in large amount, from existing industries, and eliminating also, by not reproducing the quality of machine-tool specialists, who used to make our industries, in western Europe, the United States, and Japan, work. And that is what has been done.

What We Must Do To Solve the Crisis

So this is a great mythology, which has been imposed upon us, this "New Economy," and we're going to have to go back to the old way of doing things. What we're going to have to do is very simply, we're going to have to eliminate what I've indicated. We're going to have to do essentially what FDR did. In the United States itself, the President of the United States is going to have to put the entire financial system, including the banking system, into bankruptcy reorganization. *There is no way that can be avoided.* It's absolutely necessary. The banks are bankrupt. Now, if you don't do something about it, they're just going to go belly-up! Now, a bank is not merely a financial institution; it's also a service institution. People use banks to deposit savings. They use banks as vehicles for getting credit to run businesses, to meet payrolls, things of that sort. Communities depend upon this service.

So, the government is going to have to act in a condition in which the entire Federal Reserve System is collectively bankrupt, and the government, as the responsible agency, is going to have to step in, and put the Federal Reserve System into bankruptcy reorganization. The first objective, which is much like what Franklin Roosevelt did in the 1930s, is to have a *bank reorganization act*, which will enable us to keep useful functioning in communities, to guarantee access to small savings in these institutions, and provide credit to keep the communities going, through these institutions. It has to be done. We have to create, essentially, a national bankrupting agency, under the Treasury Department, which will take over the process of overhauling the bankrupt Federal Reserve System, and cooperating with the state governments to ensure that banks that are needed will continue to function as service organizations in those communities, and will continue to provide those essential services on which the local economy and community depend. That, we have to do. It's a drastic action, but it has to be done. Because the general welfare demands we do it. We can not have this country go into chaos; we can't have the world go into chaos.

We're going to find a need; we're going to have massive unemployment in certain categories, with the Internet/Nasdaq area as one of those categories, along with services, and fi-



The collapse of urban infrastructure and health care are vital issues which were ignored by both leading Presidential candidates. Here, what used to be a hospital in New York's South Bronx.

nancial services, employment and so forth, it's going to go by the boards. What are we going to do with the mass unemployment? Well, in part, we can absorb it, because people are working too much. People working two or three jobs to try to hold a family together: that's too much. There's no room for family life in that. It's bad. What we want to do, is to put people back to useful work. So, therefore, we're going to have to have projects, either started by, or stimulated by the Federal government, in cooperation with the states, largely in areas of infrastructure, which will provide immediate mass employment, and provide the basis for restarting a threatened private economy.

That is, for example, if you have a railroad you're rebuilding, if you're building a water system, or you're building a municipal infrastructure program, whatever, this sort of thing is done, by either the Federal or state or local government, or in cooperation with these agencies, with a line of credit, organized by the Federal government to make sure these things get done. Now, when you implement such a project, you rely upon employing local resources, not just personnel, but local resources, to implement these projects. This means that you are immediately stimulating employment and growth in already existing industries, and also some new industries. This is the way these projects work all over the world. So, you're going to have to have a rebuilding program, which is based on some conceptions of national policy on employment, housing, energy, transportation, things of that sort. And that's going to have to come from the Federal government, in large

part. Even though the states and localities will do a lot of it, a lot of it will involve private agencies, but *the Federal government must organize the financial system and the credit system, by which we can get these things going.*

We are also going to require a fundamental change in foreign policy. I can not tell you how disgusted the world is with the United States at this time. I think perhaps the President of the United States may share that disgust, particularly as the incumbent President of the United States. Because, we are pretending to be a superpower. People were afraid of us, and that's why they said, "You are a nice, friendly superpower." Because they were afraid of us. They thought we had a lot of power. And because we were often very nasty, as Madeleine Albright is. As Brzezinski is. Now, when the election crisis occurred, and people throughout Europe and Asia knew that the United States was going belly-up very soon, with a financial crisis, then you had a certain amount of gloating and glee, especially on Nov. 7 and the day after, when the election crisis became obvious. People all over the world began laughing: "The United States is getting it! Good for them." And then they said, "It's not so good for them, because the United States going down the pit is not good news for the rest of us." But the attitude is, the United States has actually become increasingly disliked, even hated, throughout the world, because of the kind of abuse which has been imposed under the influence of the Southern Strategy and similar kinds of policies.

We're going to have to suddenly reverse that. We'll have

opportunities. There are people in Europe, in western Europe, people in Russia, who want to make that kind of change, who want that kind of new relationship with the United States. There are people among 13 nations of South and East Asia—including Japan, Korea, China, Malaysia, the Philippines, Indonesia, Thailand—who are already working for such a change, to build up a regional zone of economic and financial cooperation, partly to defend themselves against the terrible policies of the United States, but also simply to survive. *These people from these 13 nations desire cooperation with the United States.* People in Europe desire the kind of cooperation I'm talking about with the United States. In Russia, there is presently a desire to find that kind of cooperation with the United States. Among the people of South and Central America, there's a desire to return to a kind of relationship which existed under Franklin Roosevelt and Jack Kennedy. They want that. In Africa, there's a desperate hope, against hope, that the United States might change its policies, and work with other nations to bring to Africa some kind of hope. It is quite feasible. All these things are feasible.

What we have to do as a nation, is we have to take the legacy of our independence, what we were once admired and beloved for around the world. We have to use the moral authority of the American Revolution and its legacy—not the bad things we've done in the meantime, but our legacy—and hold out a hand of cooperation with our friends in western Europe, Asia, Russia, Africa, South and Central America, and say to them all, "Look, we're all in a common mess. The world is going under. It's sinking. The time has come for us to cooperate."

Now, the leading nations in the world are members of an organization called the International Monetary Fund: Seven members dominate that, especially the United States and the United Kingdom. Now that International Monetary Fund is as bankrupt, or perhaps more bankrupt than the Federal Reserve System. But the IMF being bankrupt: Who is accountable for its bankruptcy? Well, the nations which created it are responsible for it. The IMF has no authority, except the authority given to it by its member nations, member governments. These governments, led by the United States, I would hope, would *reorganize* the IMF to put back in the kinds of policies that worked prior to 1965, and worked very well up till 1958. To restore protectionism. To restore regulation. To restore capital controls, exchange controls, fixed exchange rates, long-term credit at low rates in international trade, 20-25-year agreements on infrastructure development globally—these kinds of policies. And return what is the IMF today, as a taken-over institution by the authority of these governments, to make it an instrument of cooperation, in which we can do for today, what Roosevelt, Franklin Roosevelt did, between 1933 and the time he died in 1945. To make a success of improving the world for its inhabitants in a way which, in net effect, is good. And which stops the slide into Hell, which we're going into now.

That's what we have to do. That is what you need a President for. Under our system of government, the President is a very important person, very important institution. It has a kind of moral authority that no other head of state in any other part of the world has. And if we have a good President, and we've had a few, the institution shines. It's the best form of government in the world. What you have to do is select a President who has that kind of vision, the kind of vision that Franklin Roosevelt typifies for us in our recollection of the '32-'45 period. And the kind of thing that I've outlined for you today.

What is needed is for the *people of conscience in the United States*, in government, in positions of influence outside government, to say: *We must have a President who performs that kind of function in a time of crisis, who brings us together, and brings the nations together for that. Because if we don't do that, we're all going to go to Hell together.* The way Roosevelt used to do it. I'd probably be tougher than Roosevelt. But that's the way it should be done.

And that's what we need: Don't sit back and say, "What kind of garbage are we going to have to eat?" Go into a greasy spoon and eat the garbage on the table? No. Go into a different restaurant. Get something that's fit to eat. Get a President that's fit to eat, so to speak. Make the President—define the President: You get some joker in the White House, and I tell you that joker in the White House is going to behave, generally, the way he thinks the people demand he behave. See the people like you, all of you, you want a President who is going to do what you really expect of him, or her. You may not know what that is, but you want a President, who on the morning after he's done, you're going to say, "Hey, that's my President. Who's done what I was afraid wouldn't be done. He's taken some action of the kind we need."

You know, take the case of Johnson, and the Civil Rights bills, under his administration, the '65 Voting Rights Act, for example. Johnson took a position. Now, Johnson wasn't a perfect man, but Johnson, when he woke up in the morning, had done the day before, what you wished he'd done. And you were glad for that. We were all glad for it. And that's what you expect of a President. You want someone that's an individual who has the confidence and commitment, and wants to think of himself as that kind of person, to do that kind of thing. And you want that fellow to be tough enough to take on any institution which is trying to prevent him from doing what he should do. You want to say, "*That is my President.* Yes, I understand exactly what he's doing in office. He's my President. He's my man. He's doing the job for us. And he's using the office *we created*, we the people created, to get that job done."

I tell you, and I could explain it in many ways from my experience: The world as a whole, at least most of it, wants the United States to have that kind of President. So why don't you get the Electoral College to give us that kind of President, by your demanding it.

Thank you.

LaRouche to Congress: Form Committee To Investigate Fraud

In response to a question asked by two Congressional offices during his Dec. 12 webcast, former Democratic Presidential pre-candidate Lyndon LaRouche called for the formation of a special Congressional Committee to investigate two issues which have been raised in the course of the electoral crisis: first, the question of the possible significance, of evidence of misconduct in the case of the Florida Presidential vote; and second, whether the kind of ballot confusion, generated by the many types of ballot designs and methods used in Florida, is an impairment of the elections. And should it not be required that some *standard* of ballot, and voting, be provided?

LaRouche expressed his confidence that President Clinton, like President Grant in the 1876 impasse, would be disposed to appoint such an independent commission.

While the questioners had indicated that they were under pressure *not* to pursue allegations of fraud, due to alleged considerations of international standing, and even the markets, LaRouche's first point of emphasis was that the Congress had an obligation to address the truth.

"First, our responsibility lies to the truth. The truth. The truth is, that we have evidence, in the case of Florida, as I referred to earlier, which should have been processed. You

have the allegations, and the very strong indications of evidence supporting the allegations, that there was a general canvass of prospective voters, in the area in question, and that a number of people were wrongly disqualified by an essentially incompetent procedure, which denied them the right to vote, on the false allegation that they were convicted felons. That is, it was a made-up fact, or just an inference."

Don't worry about what effect these revelations will have on the election, *per se*, LaRouche emphasized. You don't ask that question when you are faced with evidence of a murder. You investigate.

Second, he raised the question of the responsibility of the Congress:

"Suppose the Congress wants to get really serious. Appoint a Special Committee of the Congress, probably with the encouragement of President Clinton—he probably would do it. From judging the man from a distance, I think he'd do it. The way Grant did this in Tilden-Hayes. A special commission of the Congress, to look at two questions. The question of the possible significance, of evidence of misconduct in the case of the Florida vote, the Presidential vote. And also, willful misconduct.

"Secondly, to look at this issue, which is a legitimate issue of Federal law, as to whether the kind of ballot confusion, generated by the many types of ballot designs, and methods used in Florida, whether that itself is an impairment of the elections. And should it not be required that some *standard* of ballot, and voting, be provided? A uniform standard, which the states can implement, but they must state that standard, so that in the national election, we know who's elected. And let the Congress investigate that.

"Let the Congress consider these two questions, as part



Michigan Democrats at their party caucus in March 2000. State party officials, on orders from the Democratic National Committee, excluded LaRouche voters and delegates from selection of state delegates. Violations of the Voting Rights Act, and non-uniform standards, are not only a problem in Florida, but throughout the United States.

of its duty, and certify who they consider to be the President-elect of the United States, as of January 20th of next year. And that, I think, is the only procedure which I think is Constitutional, and which would work.”

The full text of LaRouche’s webcast address is available on www.larouchespeaks.com. For more information, call 888-347-3258.

LaRouche to Webcast: Scalia Has No Regard For the Intent of Law

The following is an FDR PAC press release, issued on Dec. 13.

During the Dec. 12 Washington, D.C. seminar and Internet webcast, former Democratic Presidential pre-candidate Lyndon LaRouche was asked to respond to a question submitted by a high-ranking official of the U.S. government’s Executive branch. The question was, “What is the most efficient way to limit the potential damage that the [recent] Scalia opinion implies?”

LaRouche, who had singled out the Scalia opinion as a mortal danger to the survival of Constitutional government in the United States, replied:

“Most people, unfortunately, have forgotten what law means. They have forgotten the relationship between the concept of *agapē*, as developed by Plato in his dialogue on Justice in Book II of *The Republic*, among the characters Socrates, Thrasymachus, and Glaucon. They have forgotten the same principle of *agapē*, in the same form, using the same term *agapē*, used by the Apostle Paul, in such exemplary locations as *I Corinthians* 13: that, law does not come from written law. Written laws are often wrong! Judgments are often wrong! You cannot deduce law from literal principles. That’s the fallacy of Glaucon.

“Or, in the case of Scalia, you can say that Scalia is a true student, as was [Nazi Germany’s] Carl Schmitt before him, of the Thrasymachus of Plato’s dialogue. . . .

“The intent of law means the effect of the act for mankind, in the sense that *I Corinthians* 13 exemplifies that distinction between a literal law, which is like the Babylonian tradition, as opposed to the Christian conception of law, which is that of *agapē*; that of Paul. . . .

“What is the intent of law? The intent of law—in Judaism, Islam, and Christianity—flows from the conception of the individual person, as made in the image of the Creator of the universe. And, by image, we mean not a physical image, as such, but rather the *identity* of the person, which inhabits that

physical being. That is, the creative power, by which man, and man alone, is able to increase our species’ power in and over the universe, as reflected in the ability of the human species to increase its numbers, and its quality of existence. . . .

“So, *the law must love the human individual*, in that sense, and with those qualifications. If the law does that, it is then *just*, because it is serving *the intent* of all true law, as the Declaration of Independence, in its first three paragraphs, reflects this. Or, as the idea of the General Welfare clause—the very same thing—does in the Preamble to the Constitution; what is otherwise called ‘the common good’—*that* is the basis for law!

“Now, people lose sight of this, when they get scared. They become like the plea bargainer, going into a crooked court. They ask, ‘What do I have to say, to get out of this trouble? What lies do I have to tell? Whom do I have to betray, with what lies, to get some mercy from you, you evil fellow, you judge?’

“That is the way a typical person reacts to law these days. They are afraid of the Law! It’s not a friend; it’s a killer! The law under these judges, of judges like Antonin Scalia.

“What is needed, is that people have to realize, that we need the protection of law! The protection provided by a government and a legal system, which is committed to the principle of *agapē* as *I Corinthians* 13, for example, exemplifies that. We must act with love for mankind; love for the quality of man, as an individual, which makes the individual in the likeness of the Creator. We must act accordingly. And, whatever we do as government, we must do accordingly. And if it’s not done that way, it’s wrong.”

LaRouche pointed to the imposition of the death penalty—a penalty imposed by a grossly imperfect system of justice—as such a wrong.

He concluded, saying, “We have to have people, including, I would hope, people of the rank of the President of the United States, who would come out at this time; people like concerned attorneys, other statesmen, who understand what I’ve said. And who, in their way, will make clear to the American people and to the institutions, especially to the Supreme Court itself—to the Federal Court itself—*make clear* what this principle of ‘intent of law’ means. And, recognize that, perhaps Antonin Scalia is so deeply embedded in these fascistic beliefs . . . that he is incurable! And, perhaps there are other people on the Federal bench, who are so attached to these unlawful beliefs, that they should simply retire from office, to make way for people whose temperament is more in keeping, for example, with the spirit of *I Corinthians* 13.

“That’s the solution. And, if that were to happen, *and happen rapidly*, I think we could avoid a great catastrophe, in the selection of the next President of the United States.”

The full text of LaRouche’s remarks is available at www.larouchespeaks.com and www.larouchepub.com.

Fact Sheet: LaRouche On U.S. Supreme Court Election Ruling

by Edward Spannaus

The following Fact Sheet summarizes what the U.S. Supreme Court said in its ruling in *Bush v. Gore*, issued December 12, including what the dissenting Justices said; we interpolate Lyndon LaRouche's points of agreement, and disagreement, with the various points made in the opinions.

The Majority Opinion: In their argument to the U.S. Supreme Court, the Bush camp made two intertwined arguments, with the emphasis on the first. The first argument was that the Florida Supreme Court had made a wholesale revision of Florida state law as passed by the legislature, and that the Florida Supreme Court had usurped the legislature's authority and had no authority to get involved; and secondly, that the recount scheme ordered by the Florida Supreme Court violated the equal protection clause of the U.S. Constitution.

(Ironically, the equal-protection clause is part of the post-Civil War 14th Amendment, ratified in 1868, intended to ensure equal protection of the laws to blacks.)

Justice Antonin Scalia's concurring opinion, issued on Saturday, Dec. 9, when the stay was issued, argued that the Florida Supreme Court's interpretation of Florida law was wrong, and he made the mischievous argument that to count "legally cast votes" threatened irreparable harm to Bush, "casting a cloud upon what he claims to be the legitimacy of his election." Additionally, Scalia raised the issue of varying standards used in the recounts, i.e., the equal protection argument.

The majority opinion issued on December 12, representing an apparent agreement among five Justices (Rehnquist, Scalia, Thomas, Kennedy, and O'Connor), was only based on the second (equal protection) argument, not the first (usurpation) argument. But the hardliners: — Scalia, Rehnquist, and Thomas — went beyond the equal protection argument, to attack the Florida Supreme Court for "departing" from the Florida legislative scheme for Presidential elections. Moreover, they said that there is no way that the entire recounting process could be completed by December 12 — which was undoubtably true, given that they had ordered a halt to the recounting process three days earlier.

Some court-watchers surmise that the Rehnquist concurring opinion was first drafted to be the majority opinion, but that during debate among the Justices, O'Connor and Ken-

nedy dropped away from the more extreme position being taken by the three hard-liners.

The Courts, Electoral College, and Congress

The Dissents: (Stevens, Ginsburg, Breyer, and Souter)

All four dissenters agree: The U.S. Supreme Court should not have intervened, and should not have issued the stay on Saturday; if matters had been allowed to take their course in Florida, it is likely that the disputes could have been worked out by Congress, under the provisions for objections to Electors. Leave it to Congress. All four say that, now, the U.S. Supreme Court should vacate the stay, and remand the case to the Florida Supreme Court.

All four cite the federal statute enacted after 1876, which says that after states have tried to resolve disputes, through judicial or other means, then Congress is the body authorized to resolve any remaining disputes.

All four agree that the argument, about the Dec. 12 deadline, is not a serious argument, since the statute does not mandate states to be finished by that time.

LaRouche agrees that the federal courts, and the U.S. Supreme Court, should have stayed out of it, and he agrees that the proper place for ultimate resolution of the issue is the Congress. And LaRouche agrees that the only real deadline is January 6, when Congress meets to consider the Electoral votes.

LaRouche differs from the dissenters, in that they omit the crucial role of the Electoral College. In LaRouche's view, the Electoral College should function as intended by the Framers of the Constitution: Electors should vote their conscience, without fear or favor, and without partisanship. If the selection of a President is not resolved within the Electoral College, then it goes to Congress.

LaRouche notes that there are, under the Constitution, three levels in which an election dispute should be handled, and that there exists a separation-of-powers relationship between these three: (1) The states, including the state courts, which have a limited role, but which can intervene as state courts; (2) The Electoral College, which is a temporarily-constituted, independent body; and (3) The United States Congress.

Scalia's Method

Dissenter Breyer, joined by the others, explicitly goes after Scalia's method of resorting "to plain text" in saying that Article II of the U.S. Constitution grants the power to appoint Electors exclusively to the state legislatures; Breyer contends that nothing in the text or subsequent U.S. Supreme Court decisions leads to the conclusion that this power is unlimited and unfettered by any state constitutional limitations (i.e., judicial review).

Breyer says that no one will ever know if the recount could have been completed in time.

LaRouche agrees as to Scalia's "plain text" nominalism,

Carl Schmitt Paved The Way for the Nazis

Carl Schmitt (1888-1985) earned the title “Crown Jurist of the Third Reich” because he provided the legal rationales for each step in the devolution of the post-World War I, Weimar Republic into the Nazi state.

Schmitt, a law professor in Bonn and, then, Berlin, was a philosophical Romantic and follower of Mussolini. He published numerous popular polemical tracts and advised Weimar officials, advocating rule by decree under Article 48 of the Weimar Constitution in the face of the economic collapse in Germany under the Versailles reparation regime.

According to Schmitt, all politics consists of the relationship between friend and foe, and the state achieves

legitimacy through its ability to identify and exterminate foes. True democracy consists of the complete identity between the ruler and the ruled, requires an ethnically homogeneous population, and can be better served by a dictator, ruling by decree and subject to periodic popular plebiscites, than by parliamentary democracy. Under Schmitt’s theory, the sovereign decides what the law is through a “primal act” of “decision” about revolutionary or exceptional moments. Schmitt identified “equality” and protection of “property” as primary values, simultaneously advocating total political control of the population and free enterprise. His dogma of law can be glimpsed from the titles of his books: *Political Romanticism*, 1919; *Political Theology*, 1922; *Constitutional Law*, 1928; *Legality and Legitimacy*, 1932.

Like Friedrich Nietzsche, Schmitt has been the subject of a recent popular academic revival, particularly among “conservative revolution” figures in U.S. politics.

but LaRouche insists on taking the argument much further: Scalia must be compared to Carl Schmitt, the professor of law in Germany in the 1920s and early 1930s, who paved the way for Hitler to come to power, with his romantic notion of law, that law is the dictate imposed by the state, and rejecting any concept of natural law. Scalia absolutely outlaws the fundamental principle of the Constitution: the promotion of the general welfare. Scalia’s radical nominalism is, in fact, worse than Schmitt, for reasons LaRouche elaborated in his Tuesday webcast (see accompanying box on Carl Schmitt).

Lack of Uniform Standards

Dissenters Souter and Breyer agree with the majority that there is an equal protection or due process issue with respect to the differing standards used in the recounts, but they differ from the majority five, in contending that they should remand to the Florida Supreme Court with instructions to establish uniform standards, and they believe this could be done, and the recounts completed, by Dec. 18.

Ginsburg and Stevens think there is not a substantial equal protection issue; even if there were, there is time to resolve it. Dec. 12 is not a crucial deadline; most important date is January 6, when Congress determines the validity of Electoral votes.

All four dissenters agree that there is no justification for halting the recounts altogether. As to variations in the recount standards, there are already variations in the original certification, because of different types of voting equipment; e.g., there is a much higher rate of undervotes with punch cards than with other systems.

LaRouche agrees that there is an issue of uniformity of standards for counting, and he also agrees with those who

note that different voting systems involve different standards, but LaRouche adds that Congress should examine this lack of uniform standards and ballot confusion. And, when it comes to the Voting Rights Act, LaRouche emphasizes the enormous degree of hypocrisy on all sides, especially on the part of Al Gore, who has supported the nullification of the Voting Rights Act. (See additional comment below.)

Furthermore, LaRouche includes the issue of the purging of the Florida voter rolls, with the aid of a private firm hired by state officials, which resulted in the disenfranchisement of many black voters—an issue on which Al Gore has said absolutely nothing.

Dred Scott Case Compared

Dissenter Breyer says “we do risk a self-inflicted wound—a wound that may harm not just the Court, but the Nation.” This is an unmistakable reference to the Dred Scott case—which has often been characterized as the Supreme Court’s “self-inflicted wound.”

LaRouche concurs with the comparison to the Dred Scott case, as also raised in the *Berlingske Tidende* column from its U.S. correspondent, but again, he argues that this does not go far enough.

The Winner and the Loser

Dissenter Stevens says that the majority’s decision to terminate the recounts “in the interests of finality . . . orders the disenfranchisement of an unknown number of voters whose ballots reveal their intent”—which were legal ballots under state law, but which were rejected by the tabulating machines.

And Stevens says that the majority are making an unwar-



Lyndon LaRouche and part of the Washington, D.C. audience for his Dec. 12 international webcast.

ranted attack on the judges of the Florida Supreme Court, which “can only lend credence to the most cynical appraisal of the work of judges throughout the land.” He says confidence in judges is essential. “Time will one day heal the wound to that confidence that will be inflicted by today’s decision. One thing, however, is certain. Although we may never know with complete certainty the identity of the winner of this year’s Presidential election, the identity of the loser is perfectly clear. It is the Nation’s confidence in the judge as an impartial guardian of the rule of law.”

LaRouche sees this as a fair comment on what the majority did. And as to the disenfranchisement of voters, LaRouche says that it would be impossible to determine who actually won, because of the massive fraud and corruption on both sides. But the issue of disenfranchisement of voters, and other violations, should be taken up and examined, preferably by a Congressionally mandated commission, entirely separate from any issues of counting the votes.

Death Penalty and Civil Rights Jurisprudence

Dissenter Ginsburg (along with the three other dissenters) points out the irony, that in *habeas corpus* and death penalty cases, the U.S. Supreme Court usually declares that state court judges are as competent as federal judges. And she castigates Rehnquist for lumping together what the majority is doing today, with civil rights cases involving recalcitrance by state courts of the “Jim Crow South.”

LaRouche agrees on this point.

Fundamental Issues

Beyond this, LaRouche continues to emphasize that the question is not “who” won, but “what” will the next President,

whoever he is, become—and “what” will be the character of the next Presidency. He warns that the crisis is not over, but that what Scalia and the hard-core “text maniacs” have done, is tending towards transforming an election crisis into a constitutional crisis. And he stresses that the constitutional role of the Electoral College and the Congress is critical, to ensure that whoever ascends to the office of the President must be qualified to deal with the present crisis, and must be fundamentally committed to the principle of the General Welfare—as neither Bush nor Gore are.

The Equal Protection Paradox

Additionally, LaRouche notes with interest and a sense of irony, the majority’s reliance on the equal-protection clause, for example their statement: “Having once granted the right to vote on equal terms, the State may not, by later arbitrary and disparate treatment, value one person’s vote over another.” A number of commentators have noted that this potentially has implications for opening up many state election procedures to constitutional challenges.

If the majority is right about the application of the equal-protection clause in this case, LaRouche asks, then should not this also apply to LaRouche’s previous challenges under the Voting Rights Act, where state authorities allowed the Democratic Party to ignore votes cast for LaRouche in Democratic primaries and caucuses, and to refuse to grant LaRouche delegates which were lawfully won under state election laws and Democratic Party rules? Does this not provide a basis for asking the U.S. Supreme Court to reconsider their refusal to review Judge David Sentelle’s nullification of the Voting Rights Act of 1965 in the case *LaRouche v. Fowler*? Does this not also imply that the courts were

wrong to permit the Democratic Party to throw out over 53,000 lawfully-cast votes for LaRouche in the May 2000 Democratic Primary, and to refuse to award LaRouche the convention delegates which LaRouche won in that state-run primary election?

Power Politics and The Supreme Court

by F.A. Freiherr von der Heydte

The following excerpts are taken from “The Thornburgh Doctrine: The End of International Law,” published in the May 25, 1990 issue of EIR. The late Professor von der Heydte was a noted expert on civil and international law, and is the author of the book Modern Irregular Warfare, published in English in 1986. In 1962, he was named Brigadier General of the Reserves for the West German army; during 1966-70, he was a member of the State Parliament of Bavaria for the Christian Social Union (CSU). We reprint these excerpts here, because of their extreme relevance to the doctrines of Chief Justice William Rehnquist and Associate Justice Antonin Scalia, which are even more evident ten years later.

The so-called Thornburgh Doctrine, according to which all traditional international and constitutional law is strictly subordinated to considerations of power politics and opportunism, a doctrine pushed aggressively by the Bush administration and already used on a grand scale in the invasion of Panama, received the blessing of the Supreme Court, the highest court of the United States, in a ruling of Feb. 28, 1990. . . .

With the aforesaid decision in the case *United States v. Verdugo-Urquidez*, the Supreme Court decided that American officials abroad can undertake searches and can seize materials without restriction and in circumvention of orderly legal proceedings. The court quashed an earlier decision of the Ninth Circuit Court of Appeals which decided that, without a court-ordered search warrant and without observing the limitations of the Fourth Amendment in a search of a Mexican residence, the evidence found by the appellant could not be used against that Mexican citizen. The Supreme Court, by a majority of 6-3, found that the Fourth Amendment, which prohibits unlawful government search and seizures, cannot be claimed by foreigners in foreign countries, since the relevant activities of American officials are not subject to the provisions of the U.S. Constitution and the Bill of Rights.

The decision follows a line of development of U.S. legal opinions and justice policy that has been recognizable for some time. . . .

With equal clarity, the justification written by Chief Justice William Rehnquist shows a conscious rejection of any legal principles that are superior to positive law; indeed, they show a total absence of principled legal-ethical considerations. . . .

Justice Rehnquist’s legal argument, which derives a whole structure of argumentation from two words, is the expression of an extreme legal positivism that must necessarily come continually into conflict with constitutional principles founded on natural law. . . .

The U.S. legal positivism criticized here, does not attempt to appeal to this sort of superior principles of law. The principle unmistakably applied—“might makes right”—is subject to only one restriction, that of utilitarianism. What is justified, is what “serves the national interest.”

Thus, we find repeated reference to pragmatic considerations in recent legal opinions of the U.S. Department of Justice and the Supreme Court decision under discussion here. Abraham Sofaer, then legal adviser to the State Department, to shore up his legal position, used a quote from former Secretary of State Henry Kissinger in which Kissinger speaks of “moral and practical imperatives” and the parallel goals of “law and pragmatism.”

Purely pragmatic grounds are also drawn upon for the selective application of U.S. penal law without simultaneous consideration of all constitutional provisions: Justice Rehnquist thinks that any other decision would too sharply impair U.S. activities abroad. . . .

Justice Kennedy goes even further in his pragmatic evaluation of the case. In general, he does not want to contest the validity of constitutional provisions in foreign countries, but believes that the specific form of the case makes an application of the Fourth Amendment appear to be “not practical and anomalous.”

Quite in the spirit of the Thornburgh Doctrine, Justice Rehnquist comes to the conclusion that the highest necessity is the ability of the government to act in “the national interest.” Germans who read this cannot help recalling the time of the National Socialists and their leading legal ideologist, Carl Schmitt, who considered any action in “the national interest” to be justified.

However this so often belabored “national interest” may be defined, it has nothing to do with the law, even if there are many historic examples for such pragmatism being the determining factor of government actions or even legal opinions. . . . Complying with the Constitution may in individual cases appear to be “impractical” and complicated; but violating it—even if in the supposed “national interest”—is always illegal. Law is the counterpole to power, and the mixing of the two can never establish law.

U.S. Machine Tools: Collapse Intensifies

by Richard Freeman

The U.S. machine-tool industry, a critical feature of which is the machine-tool-design sector, is headed, once again, downward. According to a Dec. 11 press release by the Association for Manufacturing Technology, during October, U.S. industry consumed \$484.2 million worth of machine tools, which is a fall of 14.1% from the previous month's level of \$563.6 million, and a fall of 16.6% from the level of October 1999, of \$580.9 million.

It is through the machine-tool-design sector, that mankind transmits the most advanced scientific discoveries of validated fundamental physical principle to the entire economy. These revolutionary scientific ideas are incorporated into the machine-tool design. Thereby, this design is stamped into that of other basic machines, and used to upgrade the scientific-technological matrix of the entire economy.

Without that machine-tool-design capability, an economy cannot grow. That has been the condition of the U.S. economy especially since the heavy-handed devastation that then-Federal Reserve Board Chairman Paul Volcker inflicted on the whole U.S. economy, and the machine-tool-design sector in particular, during 1979-83, through implementation of the financier oligarchy's policy of "controlled disintegration."

First, we look at the United States' machine-tool consumption, and then at machine-tool production. Consumption is defined as U.S. machine-tool company production of machine tools, minus the amount exported, plus the amount imported. It is the level of machine tools that U.S. industry consumes, in the form of capital formation, during a certain period. U.S. machine-tool production represents solely the level of U.S. production of machine tools, and does not deduct exports, nor add in imports.

TABLE 1
U.S. Industry's Machine Tool Consumption Year-To-Date (January-October)

(Billions \$)				
1996	1997	1998	1999	2000
\$6.070	\$6.580	\$6.075	\$4.890	\$4.944

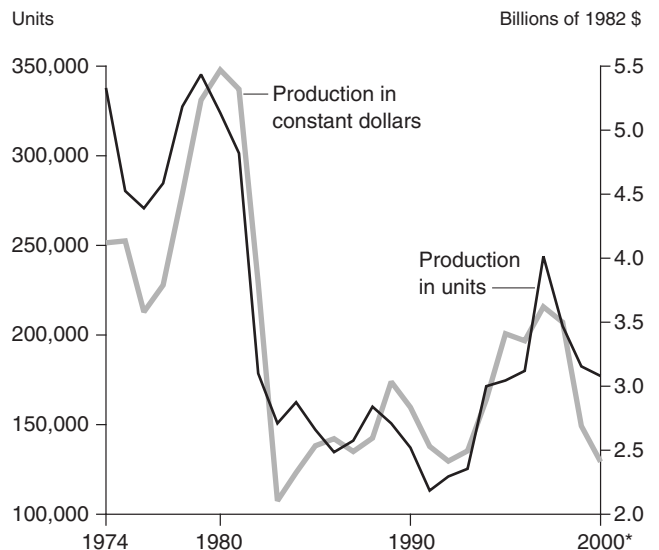
Source: Association for Manufacturing Technology.

Table 1 shows that for January-October 2000, U.S. industry's consumption of machine tools, at \$4.944 billion, was 1.1% higher than U.S. industry's consumption of machine tools during the same period for 1999, at \$4.890 billion. But, 1999 was a collapsed year. For the comparable period, U.S. industry's consumption of machine tools in 1999 was down 24.9% from 1997. Therefore, those machine-tool industry spokesmen who point out that levels for the first ten months of this year are still 1.1% above 1999, slide over the fact that machine-tool consumption is down one large notch from 1997.

A Deeper Level of Collapse

But 1997 was itself not a highpoint. To examine this, we focus on U.S. machine-tool production. In the mid-1960s, the City of London-Wall Street financier oligarchy imposed upon the United States the policy of the post-industrial society. This contracted manufacturing, agriculture, and infrastructure, while building up non-productive services and a large financial bubble. In October 1979, Volcker instituted a policy of "controlled disintegration" as an extreme form of the post-industrial society policy. He began sending interest rates into the stratosphere, so that by December 1980, the prime lending rate charged by U.S. commercial banks rose to 21.5%. As a result, Volcker broke the back of the machine-tool industry.

FIGURE 1
U.S. Machine Tool Production, in Units and in 1982 Constant Dollars



* First six months, annualized.

Sources: Association for Manufacturing Technology; U.S. Department of Commerce; *EIR*.

Tens of thousands of machine-tool shops closed in the Midwest and New England, never to open again.

Figure 1 shows U.S. machine-tool production for selected years. By 1985, U.S. machine-tool production had fallen by more than half from its 1980 levels, as stated in both 1982 constant dollars and in units. Though there has been a limited recovery since 1990, what this represented was the bouncing up and down around a trough; the level of production never equalled that achieved in 1980. Annualizing the output of the first six months of 2000, the machine-tool industry will produce machines worth \$2.412 billion (in 1982 dollars), and totalling 177,050 units, which will be steeply below the levels of 1980, by 55.9% and 45.3%, respectively. An indispensable sector for the upward development of the U.S. physical economy has been destroyed.

There are two points that are in order. First, what is happening now in the machine-tool sector represents a new phase of accelerated downturn within a 30-year process of U.S. physical economic collapse. Second, a number of commentators have hit upon the idea that the U.S. economy could have a mishap and end up in recession in the first quarter of 2001. But, the devastated level of U.S. machine-tool production, as well as the collapsed level of machine-tool consumption, shows that the U.S. physical economy is not "about to enter a recession." It is flat on its back.

Boston Fails to Act: Its Citizens Will Pay

by Suzanne Klebe

With the wolf of Winter at the door, and Boston citizens strongly backing a City Council call for national emergency action to control soaring energy prices, the Boston City Council failed, on Dec. 13, to vote on the emergency resolution, bowing to the pressure of slanders against economist Lyndon H. LaRouche, Jr. Councilman Chuck Turner had put up the emergency resolution, after studying LaRouche's memorandum on emergency state-to-state oil trade to stop the wild speculation in energy prices (see *EIR*, Dec. 15, 2000). LaRouche's memo has been circulating internationally since early September, with the prices of most Winter fuels doubling, or worse; and he had urged Boston to "fire a shot that would be heard around the world" against the energy speculators and cartels.

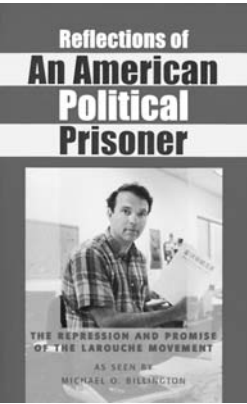
In a tragic piece of comedy, the Boston Council members excused their failure to act, by citing the recent fall in the international oil price—while the Massachusetts Regulatory Committee on Energy approved further 10-14% increases in energy prices across the board in the state! One Boston church pastor, after petitioning for the resolution and seeing it tabled by a vote of 8-3, told the Councilmen to "get their pens ready" to send condolence letters to families who die of space heater fires, or relatives of elderly citizens who freeze.

The Council bowed to obvious, strong pressure from three forces: Boston banks and financial powers, known locally as "The Vault"; the Anti-Defamation League of B'nai B'rith, sending anti-LaRouche slanders through Councilman Mike Ross; and energy multitis speaking through think-tanker Daniel Yergin, who put forward the absurd fig-leaf about "falling oil prices." Even Energy Secretary Bill Richardson in Washington had to declare, that very day, that energy prices were a national emergency, and Richardson has himself bungled the Winter energy crisis by insisting on leaving prices to "the market."

The Councilmen capitulated after a majority of them had previously agreed that the resolution was needed, and after Councilman Michael Flaherty, who chaired a full day of hearings on energy price speculation on Dec. 4, publicly called them the most informative hearings he had ever attended.

'Public Opinion' as Defined by the ADL

A "picture worth a thousand words" in the Beacon Hill/Back Bay *Chronicle* neighborhood paper on Dec. 13, showed Flaherty and Ross, arm in arm, raising funds at the Boston



Political Prisoners in America?

You bet these!

Michael Billington was sentenced to 77 prison, ~~consisting~~ to go against the ~~read~~ Reflections of an American Political Prisoner and ~~the~~ of the LaRouche Movement.

<p>\$20 plus shipping and handling</p> <p>ORDER FROM:</p> <p>EIR News Service, Inc.</p> <p>P.O. Box 17390</p> <p>Washington, D.C. 20041</p> <p>OR Order by phone, call 888-EIR-3258</p>	<p>Visa, MasterCard</p> <p>OR Send e-mail with MasterCard number and expiration date to: eir@elacpub.com</p> <p>Shipping and handling: \$4.00 for first book, \$.50 each additional book</p>
---	---



Boston City Councilmen Chuck Turner (left) and Michael Flaherty at the Council's Dec. 4 emergency hearings on Turner's resolution to call for national action against the crisis of soaring Winter energy prices. Despite support in the Council and from the citizens for emergency actions first proposed by Lyndon LaRouche, the Council failed to take action, due to pressure and slanders from the Anti-Defamation League.

restaurant called “*Vox Populi*” (“popular opinion”). Flaherty had buckled to massive pressure from named and unnamed sources, dropped his support for the resolution, and acted to prevent its passage. Rather than recommend the resolution, which he had initially enthusiastically supported, Flaherty moved to block it in committee. Ross acted as an Anti-Defamation League asset on the Council, and played a significant role in the failure. He spread long-discredited slanders against Lyndon LaRouche among members of the Council, in a naked effort to intimidate them into dropping the LaRouche-authored emergency plan for dealing with New England and America's severe Winter energy emergency.

When two longtime LaRouche supporters, *EIR* counterintelligence editor Jeffrey Steinberg and Brooklyn, New York Rabbi Gerald Kaplan, travelled to Boston on Dec. 11 to meet with City Council members and directly tackle the ADL slanders, Ross not only refused to meet, but, according to sources close to the Council, intimidated other members against sitting down with the LaRouche representatives. The same sources indicated that the Council members had come under other, even more severe pressure—from well-placed figures in the Boston financial establishment—to drop the LaRouche-inspired resolution.

In fact, there has been a complete uproar behind the scenes in the Council on this issue, *EIR* has learned from a wide range of sources in the city. Charges from ADL and “Vault” networks have attacked the resolution for daring to expose the speculative forces behind the oil price hike, and for using LaRouche as the authority to do so. “The Vault” is the term

used by Bostonian insiders for the group of bankers, insurance company magnates, and other New England patrician financier circles, that long have dominated policymaking in the region from behind the scenes.

But the “Vault” and the ADL are not the only political factor in town. More than 4,000 signatures have been collected supporting the resolution, in the past three weeks, with people calling into LaRouche's Boston office throughout the day to report their calls to the Council, and sending in more petition signatures. This growing support for the ideas in the resolution added to the tension in the Council, which came to a head at the final meeting of the body on Dec. 13. It was here that the church pastor warned the Council they will have on their hands, the lives of New England citizens who die, this very cold Winter, because of the unprecedented hyperinflation under way in fuel and energy prices.

On Dec. 13, resolution sponsor Turner attempted to thwart its rigged death in Flaherty's committee, by making a motion to have the resolution removed from committee without

a recommendation one way or the other, and voted on by the whole Council.

After a torturous City Council meeting, his motion was heard, and voted down, 8-3, with two Councilmen conspicuously absent just at the point of the vote. The motion and the vote were both done very quickly, in the proverbial “blink of the eye”—even with the sponsor demanding a polling of the vote. However, at the end of the meeting, the aide of the resolution sponsor commented: “Oh, you got three votes? I'm totally shocked. That's a lot more than I expected, with all that's been going on around here.”

The vote means that the resolution must be resubmitted to a new committee, and this process will probably not be possible until late January. A spokesman for the LaRouche political movement in Boston, Bill Ferguson, vowed that the mobilization will be greatly expanded during this time. Indeed, during the Dec. 13 Council meeting, there were dozens of citizens in the audience with large stickers announcing their support for the bill. Another church turned in petitions just before the hearings, and sent their elder to attend, as did the executive board of the city's American Federation of State, County and Municipal Employees Unions. State Sen. Bill Owens faxed a letter to all the Councilmen, and then called them to urge that the resolution be passed. Several residents of subsidized housing reported that their heat subsidies have not come, and their families are suffering from cold. In short, the population of Boston can be counted on to continue to mobilize support for the resolution—until such time that appropriate emergency measures are taken.

Energy Hyperinflation Leaves White House Scrambling ‘To Keep Lights On’

by Marcia Merry Baker

As of mid-December, hyperinflation of U.S. energy prices (electricity, natural gas, petroleum products) and shortages were so wild that Federal emergency intervention was announced for California, and officials in other states called out for help. In effect, these are moves in the direction of *re-regulation*, after years of push for deregulation of the power base of the nation. At present, 26 states have some form of energy deregulation—mapping closely where the power crisis is most extreme. The lead state to deregulate, California, had its second Stage-Three power emergency this month on Dec. 14, forcing involuntary electric outages because reserve power was less than 1.5% of use (5% is the danger level).

Prices are going off the charts. In California, Washington, and other Western states, spot wholesale market electricity prices have gone up to \$1,200 per megawatt hour, from \$30 a year ago, even hitting \$3,000.

Double-digit rate hikes for electricity are being implemented in various states. For example, in Everett (Snohomish County), Washington, the Public Utility District on Dec. 13 approved the second-highest increase in its residential and commercial rates in the utility's 51-year history. On Jan. 1, the average residential customer there will see his monthly bill increase by 33%; commercial users by 39%. As of Jan. 1 in Massachusetts (where deregulation started in 1998), households will “merely” pay 12-14% more for electricity; this comes on top of unpayable heating oil prices.

On Dec. 13, the Clinton Administration took the rare action of invoking emergency powers for California. Energy Secretary Bill Richardson announced that the government would require power generators (out of state) to make electricity supplies available. “Our objective is to keep the lights on in California,” he told reporters after meeting with California Gov. Gray Davis and Sen. Dianne Feinstein (D). Richardson used the authority available under the Federal Power Act. Recently, 13 out-of-state generators and power “marketer companies” have refused to sell to California, either getting higher prices elsewhere, or fearing that California utility firm purchasers couldn't pay. The generators are now under Federal orders to sell.

On Dec. 11, Seattle Mayor Paul Schell and City Councilwoman Heidi Wills denounced deregulation at a press conference, reporting how costs of power on the open market are sky high. Prices have spiked to \$5,000 a megawatt hour in recent days, when they usually were around \$30-50! Mayor

Schell said he was asking President Clinton to direct the Federal Energy Regulatory Commission to put a lid on the power costs.

Basic functions are threatened. On Dec. 11, to keep the critical waste-water treatment plant operating in Renton, Washington, King County (Seattle) Executive Ron Sims asked the County Council for an emergency \$10 million budget supplement. Just two weeks before, the County was paying 4.5¢ per kilowatt hour for power, but that price has recently shot up to as much as \$5 per kilowatt hour—*more than 100 times higher*. Operating the sewage treatment plant is now costing about \$549,000 a day. How long can this go on?

On Dec. 14, the Boeing Corp. and other industrial users asked the Washington Utilities and Transportation Commission for emergency relief from the high electric prices charged by Puget Sound Energy. The companies' attorney, Melinda Davison, said, “We have to have immediate relief,” and gave the example that one of her clients paid \$60,000 for one day's power on Dec. 11, 1999, and a year later, that customer faced a projected cost of \$6 million for the same amount of power the same day!

Weimar-Style Hyperinflation

This is the kind of “Weimar-style” hyperinflation of which Lyndon LaRouche forewarned, and specified must be combatted, in his Emergency Energy Memorandum of Sept. 19. That memorandum, particularly addressed to the ongoing oil and natural gas price and supply crisis, is the basis for an emergency resolution recently passed by the Camden City Council, and debated before the Boston Council.

Many state and local government bodies are meeting in special sessions on the power crisis—even though in calendar terms, it is “only December,” with four more months of Winter ahead. On Dec. 12, in Washington, D.C., the U.S. Senate held a see-no-evil, do-nothing show hearing on the power crisis. During Dec. 13-16, the National Conference of State Legislatures' Standing Committee on Energy met in Washington on a “National Energy Policy.” In California, the Legislature has reconvened, with energy the top issue.

Nationally, natural gas prices went up 45% in November alone. As of Dec. 11, gas (Louisiana Henry Hub) on the New York Mercantile Exchange hit \$8.50 per 1,000 cubic feet, up from \$4.50 in August. Last year the price did not exceed \$2.75. In California, at one point recently, natural gas was



Energy Secretary Bill Richardson (at podium) is not smiling, because he has just had to declare electricity prices in the U.S. to be a national emergency, and he has bungled the energy-price crisis at every step by leaving it to “the markets.”

selling for \$40 per 1,000 cubic feet!

Moreover, the various fuel and power price rises create mutual upward pressure. Overall, 16% of electricity generation comes from natural gas, 3% from petroleum, 51% from coal, and the rest nuclear and hydro (with a small amount from “alternate”).

On the political side, those making super-profits off these energy price spikes and scarcities are the cartel energy conglomerates that came to dominate during the 1990s deregulation shift. Most conspicuously they interconnect with the Bush candidacy, but they have the same kind of continuity back through the Clinton/Gore Administration, and earlier, as energy deregulation was put into place since the 1970s.

The leader of pack is Texas-based Enron, the foremost energy futures speculator and global power conglomerate. Enron gave \$100,000 to the George W. Bush campaign, and cumulatively has given \$550,000 to Bush family campaigns. After it was widely mooted in November that a Bush Cabinet could well have Enron CEO Kenneth Lay as Energy or Treasury Secretary, Lay chose to announce on Dec. 13—right after Bush’s “victory” speech—that he will remain at Enron as Chairman of the Board, and not go to Washington. Too conspicuous?

California Energy System Breakdown

California is the paradigm for how the deregulation rip-off was put in place, and is blowing out the power base, all in the name of “competition,” “privatization,” “options and choices,” etc. The background for deregulation was the lack of construction of new power capacity in the 1990s (increases of 1% per year, or less, nationally), resulting in an inadequate power supply, and then the power system was chopped up by

deregulation. Beginning in 1996, the California deregulation law mandated that the largest investor-owned (regulated) utilities had to sell off some power plants, and do other divesting. Energy was henceforth to be bought and sold “on the markets,” and distributed by the divested utility companies. In moved Enron, along with just three other companies, Reliant Energy (formerly Houston Lighting and Power), Dynegy, and El Paso Energy Corp. The four now own about 25% of all the unregulated power generated in California. Wholesale electricity prices are setting new records daily. On Dec. 11, the average price paid for electricity was \$612 per megawatt. On Dec. 12, the average price hit \$904 per megawatt. But spikes have hit the \$3,000 per-megawatt range.

Utilities in the state have racked up, only since June, over \$7 billion in debt. This comes about, because despite the fact that some companies still generate a part of the power they sell, they have to go to the state wholesale “auction” for more, and pay spectacular prices. In early December, the credit rating agency Moody’s downgraded both Southern California Edison Co. and Pacific Gas and Electric (PG&E), because of their multi-billions of debts.

Out-of-state generators and electric “marketers” (also part of the cartels), formerly supplying 25% of California’s electricity, have held back supplies. They have claimed fear of non-payment from California utilities. Also, they wanted to sell elsewhere for much higher prices, because a wholesale price cap of \$250 per megawatt hour had been in place in California, on orders of the Federal Energy Regulatory Commission, in an attempt to hold down wholesale prices. When that crimped supplies in December to the crisis point, on Dec. 8 FERC lifted the cap, to induce electricity to come into the state, and record prices and continued shortages immediately

ensued. Hence, the state appeal for the Federal emergency intervention, granted on Dec. 13.

Power Cut-Back, Cut-Off at Factories

The scope of the national emergency is shown in the wave of factory shut-downs, based on energy shortages, high prices, and attempts to "cash in" on selling scarce electricity. The following are examples by region and industry.

The West: In Washington, Kaiser Aluminum, because energy prices soared so high on the spot market over the Dec. 9-10 weekend, decided it was more profitable to shut down its Spokane-area plant and sell its power, than use it to make aluminum. As of midnight on Dec. 10, some 400 workers had been idled for ten months at the Kaiser plant in Mead, near Spokane. The Dec. 11 Seattle *Post-Intelligencer*, in an article entitled "Kaiser Makes a Bundle by Reselling Power," reports, "Earlier, Kaiser had paid the Bonneville Power Administration \$22.50 per megawatt for power it was to receive this month. Yesterday, Kaiser announced it had sold those 190 megawatts back to BPA for more than \$500 a megawatt." In June this year, because of high energy prices, Kaiser shut down its Tacoma smelter. Smelters in Idaho and Montana have also been shut because of prohibitive energy costs, in the last few months.

In Bellingham, Washington, Georgia-Pacific is temporarily closing a paper mill, and laying off nearly 800 workers. Georgia-Pacific buys power on the spot market. Its monthly energy bill for Bellingham rose from an average of \$1.2 million to an anticipated \$10 million if the plant stayed open. So, it shut down.

Beginning on Dec. 10, four large Washington industrial concerns will cut back electricity use for six days, in voluntary compliance with Tacoma Power: Abitibi Consolidated, Pioneer Chlor-Alkali, Simpson Tacoma Kraft, and Praxair.

In California, the Shasta Paper Co., based in Anderson, shut down its paper mill indefinitely on Nov. 30, laying off 500 workers. Company officials stated that they are paying 572% more for natural gas than one year ago. Currently, they pay \$21 per BTU, compared with \$3 last June. Between Nov. 30 and Dec. 4, alone, the price jumped \$3 per BTU, from \$18 to \$21. Shasta Paper buys natural gas directly from TXU in Texas, and the gas is delivered over pipelines owned by PG&E. Other local industries are threatened, including the Pactiv Corp., and Knauf Fiberglass. Also affected are the Redding Medical Center, Mercy Medical Center, the Shasta School District, the Redding School District, and the Simpson Community Credit Union, all of which have been hit with identical, draconian price hikes.

The South: In Beaumont, Texas, Terra Industries, Inc. has halted production of ammonia, because at today's prices, it costs Terra \$270 for the natural gas needed to make \$200 worth of ammonia, for which natural gas is a feedstock. Terra makes ammonia for fertilizer.

In Arkansas, Terra Industries halted output at its 100-

worker plant in Blytheville. Terra, the fourth-largest (publicly traded) fertilizer-producing company in the United States, said it will keep four other plants open for the time being.

The Mid-Atlantic: In Beaver Falls, near Pittsburgh, Pennsylvania on Dec. 6, the steel fabricating plant owned by American Extruded Products (formerly Babcock and Wilcox) received a gas curtailment notice of only hours, to shut down. One hundred workers were laid off. The firm's gas broker, VP Co., caught between the market price of some \$8 per thousand cubic feet, and the metal-work mill's contract of under \$5 per unit, suddenly went out of business. For a new gas supplier, the firm faces paying up to \$30 per thousand cubic feet.

Canada: In Trail, British Columbia, the zinc smelter owned by Cominco Ltd. will reduce its output of zinc by 20,000 tons during the seven-week period from Dec. 11 to Jan. 31, while the company sells electricity saved from the smelting process to a major energy company in California. At today's prices (London Metals Exchange), the 20,000 tons of zinc would generate \$22 million in gross revenues, but the electricity is worth \$132 million, because of the soaring energy spot prices. Cominco is based in Vancouver, and 50% owned by Teck Corp., whose market share value leapt at the news of the energy sale coup.

For previews and
information on
LaRouche publications:

Visit EIR's Internet Website!

- Highlights of current issues of EIR
- Pieces by Lyndon LaRouche
- Every week: transcript and audio of the latest **EIR Talks** radio interview.

<http://www.larouchepub.com>

e-mail: larouche@larouchepub.com

Reform of Bankruptcy Code Passes, Faces Veto

On Dec. 7, the Senate passed the Bankruptcy Reform bill by a vote of 70-28. The bill makes Chapter 7 bankruptcy more difficult, and will force more individuals into Chapter 13, which requires the debtor to come up with a plan to pay off at least a portion of his debt. The bill was passed through the unusual procedure of substituting the text for that of an already-passed State Department Authorization bill in conference committee, a procedure some Democrats vociferously objected to. The House approved the bill, and implicitly, the process, by a voice vote on Oct. 11, but it was held up in the Senate by a filibuster.

The large margin of passage in the Senate did not prevent the bill's opponents from speaking out strongly against it. Paul Wellstone (D-Minn.), who has led an often lonely crusade against the reform, called the bill "significantly worse" than a version which passed the Senate earlier. He pointed out that not a single civil rights, labor, consumer, or women's organization supported it.

Richard Durbin (D-Ill.) conceded that the bill helps women and children with respect to child support and alimony payments, but said that "it also improves the position of credit card companies, competing with the women and children for limited funds." Durbin said that the bill "was written by a conference committee dominated by one party. It is being shoved down our throats."

While the vote in the Senate was veto-proof, the fate of the bill remains unclear in the face of a White House veto threat. Senate Majority Leader Trent Lott (R-Miss.) indicated on Dec. 12, that he would like the Senate to have the opportunity to override the veto, but he couldn't say whether the Senate schedule will allow for such consideration.

Budget Deal May Finally Close Out 106th Congress

On Dec. 12, White House and Congressional leaders reached an agreement centering on the appropriations bill funding the Labor, Health and Human Services, and Education Departments, indicating that the fractious 106th Congress may finally come to an end. The expectation was that the bill would be acted upon by Dec. 15.

The deal would fund those three departments at a level of \$108.9 billion, \$4 billion less than last month's agreement, but still \$14 billion more than last year. The agreement would also include an across the board 0.2% cut, including in the Defense Department, to generate another \$1 billion in spending reduction toward the Republicans' goal of \$5 billion in cuts.

As part of the deal, the GOP substantially dropped its tax-cut package, and the Democrats gave up on the Occupational Safety and Health Administration's new ergonomic rules and amnesty for illegal aliens from some Central American countries.

Not everybody was happy with the deal, but GOP leaders were confident that it would be passed and signed into law. Senate Majority Leader Trent Lott (R-Miss.) told reporters on Dec. 12 that "it's in the realm" that most GOP senators can accept.

GOP conservatives, however, complained that the bill still spends too much money. Rep. Pat Toomey (R-Pa.) said, "I think a lot of conservatives are going to have trouble with this." Not commenting was House Majority Whip Tom DeLay (R-Tex.), who had been pushing for a year-long continuing resolution at last year's budget levels, which Democrats have been vehemently opposed to. He dared Clinton, "If he wants to shut the government down, that's his problem,

not ours." However, DeLay's confrontational approach was not accepted in the Senate, by Democrats or Republicans.

Senate Ignores Free Market In Natural Gas Price Rise

On Dec. 12, the Senate Energy and Natural Resources Committee held a hearing on skyrocketing natural gas prices without ever considering the real reasons, primarily speculation, why prices have gone so high. GOP members of the committee called for a national policy on energy, but could only offer up tax cuts for the industry and criticisms of the environmentalist lobby for closing access to Federal lands. The half-dozen senators who spoke at the hearings, all from gas- and coal-exporting Mountain states and Alaska, had a congenial discussion with two gas-industry lobbyists. No one asked any embarrassing questions about record profits or why they were unable to meet demand.

Energy Information Administration chief Mark Mazur showed projections from two months ago that forecast natural gas prices only 50% of where they are now. He claimed that the only short-term solution is to give the market another year or two to bring more production on line. This saved the lobbyists from answering any uncomfortable questions about why the industry can't deliver gas supplies to people who need them.

While most speakers suggested that environmental restrictions on coal be eased, no one advocated nuclear energy. Committee Chairman Frank Murkowski (R-Alaska) mentioned that California's Stage III electricity emergency was lifted when a nuclear plant went back into operation, but otherwise claimed that nuclear energy providers can't handle their waste problems.

Buying Electricity From Bush

We republish here, our editorial of four months ago—Aug. 18, 2000—emphasizing its final line.

The joke goes, that if you pay electric bills, you might as well vote for George W. Bush for President, because you're already making big contributions to his campaign.

It's not just that a gang of energy-speculation conglomerates have been buying up the nation's power plants under the "electricity deregulation" policy; and that the circles of former President Sir George Bush, James Baker, et al., control the dominant conglomerates in the swindle.

Nor that the most important of these Bush "electricity robber barons," the Houston-based international conglomerate Enron Corp., is the biggest contributor of money (\$550,000) to George W. Bush's entire political career.

Nor that Enron itself, in many states, turned legislators' heads to enact deregulation, then led the buy-up of capacity and the "gaming" of wholesale electricity prices up by 10 times, 100 times, 1,000 times. . . .

This whole swindle is dissected in detail in the articles contained in *EIR's Feature* this week; we warned you in 1995, when electricity deregulation started its march through the states, that it would repeal 60 years' history of cheap and reliable power; we are now entering the "Third World" domain of regular brownouts, blackouts, shutdowns, and hyperinflation in the cost of electricity and natural gas.

But the real joke is, that the energy deregulation policy itself was launched by Jimmy Carter and his fanatical Energy Secretary, James R. Schlesinger, and thus it is the political inheritance of Carter think-alike, Al Gore. So, if you've been foolish enough to back the unelectable Gore, you're handing the White House to Bush the Younger and the economy to the global financial speculators around Bush the Elder.

Recall how Carter and Schlesinger exhorted us to turn our lights out, cut our thermostats down—"freeze in the dark," as Lyndon LaRouche and this news service

summed up their energy policy then. They wanted to deregulate the nation's energy supply; they insisted that the nation's reliable electric utilities had to open their grids to "competition," and let fly-by-night companies sell solar power, windmill power, etc.

How pathetic, then, to hear President Clinton recently—responding to protests against power cuts, blackouts, and sudden doubling of electric bills in deregulated California—calling on the residents of that state to cut their lights, fans, air conditioners. "Sweltering in the dark," with "freezing in the dark" to come this Winter.

Equally pathetic are the Commerce Department's month-after-month statistics, trying to elect Gore by announcing that inflation is under control, when hyperinflation is in fact beginning to hit.

What Enron and the other speculative conglomerates are doing to electric power plants, is exactly what has been done to hospitals during the 1990s, by the likes of Dubya Bush's financial angel and business partner, Richard Rainwater, and his Columbia/HCA conglomerate: buy 'em up; shut 'em down to reduce supply; then jack up the prices to whatever the desperate market will bear. Columbia/HCA was finally broken up after being caught stealing billions from the Federal government through Medicare fraud. But the United States has lost 15% of its hospital beds during the 1990s, as it is now losing its reliable electric power supply, to the financial predators of the "Bush league."

The poison of deregulation, in every industry into which it has been introduced, has destroyed the general welfare for which government regulation exists: eliminating needed capacity and reserves, raising prices, leaving reduced, less reliable service, and fostering not competition, but monopolization. Look at trucking; look at the airlines, or our disappearing railroads. Lyndon LaRouche and *EIR* have been fighting deregulation since it first arose, 21 years ago, as a twin of the 20% prime interest rates of Carter's Federal Reserve Chairman, Paul Volcker. We give you here one last, urgent warning, while you still have enough light to read it by.

