

EIR

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Derivatives Write Epitaph for Financial Markets
British Colonialists Misfire in Zimbabwe
South Korea's Kim Gets Bush To Back Silk Road

LaRouche: Is Enron 'Cluster's Last Stand'?

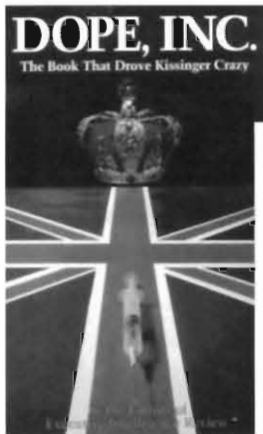


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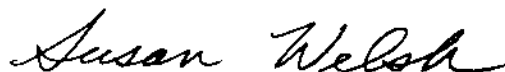
From the Associate Editor

No, that's not a typo on the cover. What's "Cluster's Last Stand"? What's a "Cluster-Bust"? To find out, read Lyndon LaRouche's speech to the Presidents' Day weekend conference of the Schiller Institute and International Caucus of Labor Committees, our *Feature* story.

For the thousand people who attended the conference, and many more who tuned in over the Internet, this was an intense and uplifting weekend of struggle over ideas. One woman's response: "Do you realize that this was the longest time I have ever concentrated in my life?" And an African journalist: "Your cause is, simply speaking, sacred. In this time of insanity, it is enlightening to see such courageous, sane people. . . . All I can say is, Americans should wake up!" Many of the young people who attended stayed up all night for impromptu seminars on music and history—and somehow made it back the next morning for more. "How can we defeat the media blackout of LaRouche?" they wanted to know. "Weren't the Founding Fathers racists? If we build the Eurasian Land-Bridge, aren't we imposing our values on other nations? How do you organize other people? How do you organize yourself every day?"

The speech to the conference by Zimbabwe's Ambassador to the United States, Dr. Simbi Mubako (see *International*), gave eloquent testimony to the effect that the LaRouche movement is having worldwide. "We have learned that, after all, there is life after the IMF," he said. "We have learned that we should encourage everybody to join the movement for the establishment of a New International Economic Order." Many other nations, currently cowering before the blackmail threat of the International Monetary Fund and the "financial community," need to learn that lesson, fast.

Elsewhere in this issue, we have extensive coverage of the Anglo-American drive toward war, notably against Iraq—and the backlash against that. Almost no one outside the United States supports the idea of war against Iraq: not even Kuwait, whose Defense Minister said nervously on Feb. 20, "We do not interfere in the internal affairs of any country." Even in Britain, there are establishment voices being raised, denouncing Tony Blair for having gotten the U.K. into a mess in Afghanistan which is only going to get worse in the months to come.



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Lyndon H. LaRouche, Jr.'s keynote speech to the Presidents' Day weekend conference of the Schiller Institute and International Caucus of Labor Committees, in Reston, Virginia. "We've come to a momentous weekend, as I promised you, when I issued the title for today's remarks: The Enron crisis would be 'Cluster's Last Stand.' That we are now on the weekend of the Great Cluster-Buster; the day that the walls fall down. Not that the falling is completed today, but, to many people around the world who are paying attention, it's obvious that this financial system, as a whole, is in the process of disintegrating."

The solutions—the Eurasian Land-Bridge, the New Bretton Woods—are on the table. "All it requires, at this point, is . . . a leader of vision and understanding, who's willing to break glass, the glass imprisonment of popular opinion, and say: 'We are going to Hell. Would you *like to survive?* Will you *join me* in surviving?' And, what I need from you, and from many other people, is a simple, 'Yes. We want to do it.' "

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Correction: In last week's issue, an editorial error was introduced into the article "Scalia Backs Feudal Law Against Democracy," by Marianna Wertz (p. 79). Scalia told the Pew Forum, "The Constitution I apply is not living but dead or, as I put it, 'enduring.'"

Derivatives Write Epitaph For the Financial Markets

by John Hoefle

It has been said that by the time you see the termites eating your kitchen table, your entire house is gone. That is the case with the economy in the United States and internationally. Since the collapse of Enron, a series of revelations are warning that underneath the visible spectacle of large corporations going bankrupt, are tens of trillions of financial termites—derivatives contracts—threatening to bring down the biggest banks in the world. As reported in eye-opening Senate testimony in late January, and in many nervous articles in the world's financial press, derivatives failures in the wake of Enron's implosion are eating the supporting financial structure away. They are ready to collapse at the first strong shock, in what Lyndon LaRouche on Feb. 16 called "a cluster-bust."

The physical economy of the United States—and the world—is collapsing at an accelerating rate. Layoffs have hit record levels, ominously concentrated in manufacturing; corporate profits are plummeting; and corporate and personal bankruptcies are setting records. At the same time, asset values are deflating, and debt continues to grow. The Fed's wall of money has not only failed to save the day, but has made the situation worse.

Under such circumstances, all of the top financial derivatives banks—by far the most exposed is J.P. Morgan Chase, America's second-largest—are bankrupt, certainly in reality and perhaps even by Arthur Andersen's rose-colored standards. There is no safe haven, as the deepening collapse of Japan's economy is ending a decade of massive yen support for the dollar. England is a rotted hulk with a parasite attached, and even the German economy has been largely destroyed.

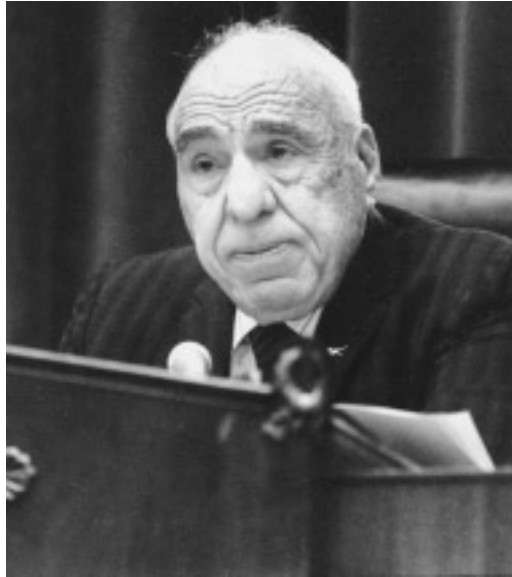
The desperate nature of the situation can be seen in the rapid growth of the credit derivatives market—bets against interest-rate changes and bond defaults—which now totals half of the more than \$100 trillion in derivatives contracts on and off the books of the big banks. Credit derivatives function

as a form of insurance policy; someone who owns a bond issued by Acme Loophole Co. can buy a credit derivative which pays off should Acme default on its bonds. Such tricks can appear to work with isolated failures, but when large corporations start falling like dominos, these "hedges" are revealed to be an illusion, worthless pieces of paper backing up other worthless pieces of paper, a monument to monumental stupidity.

Since 1993, LaRouche's movement has distributed millions of pieces of literature, proposed legislation to tax and dry up the derivatives bubble, and delivered Congressional testimony warning that this vast cancer would destroy the financial system. The Federal Reserve and Congress chose to systematically strip away all regulation of derivatives, forcing out top regulators, such as Commodities Futures Trading Commission head Brooksley Born, who disagreed. The American population accepted this as a "free-trade axiom," despite well-known disasters like the bankruptcy of Orange County, California in 1994.

The Cancer Spreads

When LaRouche, in the early 1990s, began demanding action against the derivatives menace, the notional value of such financial bets held by U.S. commercial banks was about \$9 trillion, and growing at a rate of about \$1 trillion each quarter. As of Sept. 30, 2001, the derivatives *known* to be held by the commercial banks had risen to \$52 trillion, over five times the level in early 1993 (the real total may have been far higher). Moreover, the increase in derivatives in the third quarter 2001 alone—\$3.5 trillion—was equal in size to the entire asset base of the U.S. commercial banking system back at the end of 1992. We are now adding the equivalent of the entire 1992 banking system to the derivatives markets every three months! And that's just for the



In 1993, only Rep. Henry Gonzalez of Texas (right, chairing hearing of the House Banking Committee on financial derivatives) heard the warnings of Lyndon LaRouche (left, in 1994 press conference) to regulate and dry up the derivatives markets. Now, ten times as large and shaking, they are ready to bring down the banks.

commercial banks. Throw in the investment banks, the insurance companies, the finance companies, the energy pirates, and the Enron-style off-balance-sheet entities, and the U.S. derivatives total is likely well north of \$80 trillion, an amount equal to eight years of U.S. Gross Domestic Product at the current level.

One potential derivatives bust drawing sudden attention now, is what the *Wall Street Journal* on Feb. 20 called, “Fannie Mae Enron.” Even the White House’s proposed Federal budget has a section on the “increased risk” at “Fannie Mae and Freddie Mac,” the two huge Federally-backed real-estate mortgage agencies. Already last year, these agencies wrote down \$7.4 billion due to derivatives losses; the *Journal* warned that their dependence on derivatives is increasing. Others, fearing a derivatives blowout now, point to the large American Insurance Group (AIG). And the most-exposed institution, J.P. Morgan Chase, wrote down \$100 billion in assets in the fourth quarter of 2001.

Many among the general public, and even some among those who read *EIR*, may have believed the claims that the 1990s was a decade of economic growth and prosperity. After all, the stock market boomed, the derivatives markets soared, the money flowed like wine; from the standpoint of the fleas, it was a grand old time, but for the dog, it was a disaster.

The derivatives-based financial system is essentially a looting mechanism in which markets are manipulated for the benefit of the financial oligarchy and its representatives. The extortion aspect of derivatives is similar to the old mafia protection racket, in which a brick is thrown through a shopkeeper’s window, followed by a visit from a mafioso offering the shopkeeper protection against further vandalism. This is, essentially, the nature of the currency and interest-rate derivatives markets: Markets are manipulated in order to make them fluctuate wildly, then derivatives are sold as a measure of

protection against volatility. Like the shopkeeper, the business which buys derivatives to hedge against volatility is paying tribute to the mob.

Derivatives are also used in financial warfare, as was seen in the so-called “Asian Crisis” of 1997. In response to a derivatives disaster in the City of London in early 1997, the Anglo-American financiers launched a currency war against the “Asian Tiger” economies. Though lucrative for the financiers, it was devastating to the assaulted nations, and to the world as a whole. By bankrupting the fastest-growing sector of the world’s economy, the financiers accelerated the physical-economic decline; a similar process hit Russia, already weakened by the International Monetary Fund’s (IMF) “shock therapy,” leading to the Russian crisis of 1998 and the global derivatives gridlock known as the Long Term Capital Management (LTCM) crisis.

Senate Told: New Shocks Will Dwarf LTCM Bust

LaRouche described the blowout now rumbling just underground of the economy, in a Feb. 13 statement: “Enron was the flagship of a flotilla of Congressionally legalized pirates—sometimes called ‘privateers,’ which, taken all together, has marked similarities to what biologists recognize as a ‘slime mold.’ The result was a gigantic financial interbreeding among hedge-funds, totalling to what some of the world’s best financial sources have reported to be \$100 trillions or more in financial derivatives. Somewhat like the participants in a slime mold, each of the corporate entities involved combined to form a gigantic cluster of variously ‘bisexual,’ ‘multi-sexual,’ and even, according to some testimony, ‘asexual’ counter-party ‘hedgies.’ ”

Enron was multiply interlinked with the world’s largest derivatives banks, led by J.P. Morgan Chase, Citigroup, Mer-

rill Lynch, General Electric, and the usual suspects, who not only arranged the sale of Enron bonds to the public, but were also partners with the company in a number of the partnerships and special-purpose entities.

In testimony before the Senate Committee on Governmental Affairs on Jan. 24, 2002, University of San Diego law professor Frank Partnoy described Enron as, “at its core, a derivatives trading firm,” whose activity “makes Long-Term Capital Management look like a lemonade stand.” Partnoy detailed how Enron used derivatives dealings with “its 3,000-plus off-balance-sheet subsidiaries and partnerships” to “shield volatile assets from quarterly financial reporting and to inflate artificially the value of certain of the company’s assets.” Enron used these measures to “hide speculator losses it suffered on technology stocks, hide huge debts incurred in financing unprofitable new businesses,” and “inflate the value of other troubled businesses.”

According to Partnoy, “most of what Enron represented as its core businesses were not making money. . . . It appears that some of its employees began lying systematically about the profits and losses of Enron’s derivatives operations.” “In a nutshell,” he continued, “it appears that some Enron employees used dummy accounts and rigged valuation methodologies to create profit and loss entries for the derivatives Enron traded.”

Those with long memories in the derivatives world might recall the case of Bankers Trust and Gibson Greetings. Bankers Trust, the prime derivatives sharpie of its day, had sold some complex over-the-counter (OTC) derivatives to Gibson Greetings, the gift-card company. As with many OTC derivatives, only the seller could tell the buyer what they were worth, and Bankers Trust systematically lied to Gibson, telling the company that contracts upon which Gibson had lost millions, were making money. That was in 1994, and Bankers Trust’s corruption was revealed in order to provide the pretext for the Treasury and the Fed to take over the bankrupt bank and unwind its derivatives portfolio. The similarities between the Bankers Trust case and the Enron case illustrate how derivatives can be used to fraudulently inflate the value of assets, to help companies seem solvent.

Partnoy shocked the Senate committee by telling them that the 1997 failure of the large LTCM hedge fund—later acknowledged to have caused a near-meltdown of the international financial system—was “a backyard lemonade stand” compared to the Enron bust, and others now occurring. “The financial system, as a whole, is in the process of disintegrating,” LaRouche stated on Feb. 16. “We have come to a point that the entire system, from the top down, is in a process of self-disintegration.”

LaRouche Warned of Almost Unimaginable Consequences

The global derivatives market officially contains some \$100 trillion in off-balance-sheet bets, according to the Bank

for International Settlements. *EIR* estimates that the size of the derivatives market is actually some three times the admitted figure, but since \$100 trillion is more than enough to wipe out the financial system, the difference is academic.

In the Spring of 1993, Lyndon LaRouche warned that the growing use of financial derivatives would lead to what, to most people, were unimaginable consequences, and proposed a tax of 0.1% on all derivatives transactions, as a way of beginning an orderly dismantling of the market. Few people had then heard of derivatives; in Congress also, the level of awareness was also dim.

One extraordinary exception was House Banking Committee Chairman Rep. Henry Gonzalez, an old-line Texas Democrat who understood the damage that rampant financial speculation was causing to the physical economy upon which human life depends. In June 1993, Representative Gonzalez took to the House floor on several occasions to call for action against derivatives, and included an article on the subject written by this author into the *Congressional Record*. “I wish to acknowledge the source of the contribution of the enormous exposure on what is known as off-balance-sheet accounts of our largest banks . . . the publication known as *EIR*, and, in my opinion, a very eminent writer and expert on banking matters,” Gonzalez told the House.

The collaboration between LaRouche and Gonzalez deepened in September 1993, when Gonzalez asked the author to testify at a House Banking Committee hearing on the financial side of the North American Free Trade Agreement (NAFTA). *EIR* testified that “the purpose of NAFTA is to open up Mexico and eventually all of Latin America for unbridled speculation and looting, of the sort that has already devastated the American economy and bankrupted our banking system. When are we ever going to learn that the answer lies not in more deregulation, but rather in the abandonment of the policy of deregulation, and the return to rational rules and regulation?”

Gonzalez, a lone giant in a timid Congress, continued his fight against speculation, convening the House Banking Committee’s first-ever hearing on derivatives in October 1993 to, in his words, “unwind this mystery called the derivatives market. . . . My purpose today is to ensure that regulators understand the systemic and operational risks posed by derivative activities.”

Gonzalez hauled Federal banking regulators before the hearing and forced the Comptroller of the Currency and the Federal Deposit Insurance Corp., for the first time, to publicly reveal the derivatives exposures of U.S. commercial banks. *EIR* provided written testimony to the hearing on the need for a transaction tax to dry out the derivatives market.

Unfortunately, the Congress chose contributions over reason, and capitulated to the demands of Wall Street, passing NAFTA and continuing to pump out bills further dismantling regulation of the financial markets. It has proved to be a tragic mistake.

South Korea's Kim Gets Bush To Back Silk Road

by Kathy Wolfe

South Korean President Kim Dae-jung, showing, as he did in Washington, the patient courage of Daniel in the lions' den, on Feb. 20 turned the subject of U.S. President George Bush's East Asia trip to the building of the "Iron Silk Road," and away, for now, from the "axis of evil." Creating a strong sense of optimism, Kim brought Bush to a major appearance at Dorasan Station, to which Seoul has built the Silk Road at the southern edge of the Demilitarized Zone (DMZ). There, Kim and Bush, under a huge sign reading "Trans-Korean Railroad," focussed on rebuilding Eurasia. This was precisely the invitation to Bush to become a "peacemaker," proposed by *EIR* (Feb. 8, p. 20).

"If this railway is extended by only 14 kilometers northward, the two Koreas will be reconnected," President Kim said, repeating his speeches last December in Europe which expanded on the ideas of U.S. Presidential pre-candidate Lyndon LaRouche. "That means a train that has left Pusan [at Korea's southern tip] will be able to travel all the way to [North Korea's capital] Pyongyang," across China, and on to Europe. Bush responded, "Kim Dae-jung has put forward a vision that can illuminate the whole peninsula. . . . We want all Koreans to live in the light." Bush also endorsed President Kim's Sunshine Policy toward North Korea for the first time, and stated that he has "no intention of invading" North Korea. Since Bush's "axis" speech, "there have been public concerns about peace and stability on the Korean peninsula; President Bush's visit lifted those concerns," said a spokesman from Kim's office.

It seemed that Bush's tours in Japan on Feb. 17-19 and in China on Feb. 21-22 were also tempered by the optimism radiating from Seoul's Blue House. While the pro-war media have reported only negative comments, this is a distortion, as is clear from the speech transcripts. Although he made warlike remarks to U.S. troops in Alaska and Seoul, Bush was milder with Asian audiences. In Tokyo, Bush repeatedly praised Japan's key Meiji Restoration, in an unusual speech to the Diet (parliament). In Beijing, President Jiang Zemin on Feb. 21 hailed Bush's visit as a "highly meaningful" celebration of Nixon's trip to China on the same day 30 years ago. President Jiang announced, "We have reached consensus on many important issues." Bush invited Jiang to visit the United States this Fall, and confirmed the May visit of Vice President Hu Jintao, China's next President.

Window of Opportunity

Asian leaders now have a window of opportunity to move ahead to build the New Silk Road across Eurasia—and they should also take the chance to call for the New Bretton Woods monetary system. President Kim's achievements show that it is foolish to use American bullying and talk of war, as an excuse for inaction. The Bush Administration does not have a real Asia policy, and it can be swept along by a forceful reconstruction movement.

The window won't stay open long: The problem with President Bush, is that he will say whatever a speechwriter puts in front of him, LaRouche commented on Feb. 21. If the speech attacks the "axis of evil," Bush will attack the "axis of evil." If the speech has glowing praise of Korea, he'll turn around and say that, too. If the speechwriter attacks "the axis of ketchup," Bush will attack ketchup. His words don't last long.

The danger of war from what LaRouche, in his Feb. 16 Schiller Institute conference address, called the "utopian" faction of "fascists" in the U.S. military, banking, and policy establishment, is still extremely high. U.S. Defense Secretary Donald Rumsfeld announced on Feb. 21 that he will visit Japan, South Korea, and the Philippines in March. Obviously annoyed at the direction Bush took on his Asia trip, Rumsfeld told Japan's NHK-TV that he wants to "solidify efforts to halt the development of weapons of mass destruction through in-depth discussions on the military situations in Iraq and North Korea."

Utopian Deputy Secretary of Defense Paul Wolfowitz told the U.S.-Japan Business Council in Washington on Feb. 18, that Japan has got to fix its economy because Japan has got to re-arm. "Let me be blunt," he said. "Economic recovery in Japan is every bit as important to the security of Japan, the security of the United States, and the security of the region as are the contributions of the [Japan] self-defense forces" to Afghanistan. "The question for Japan is not whether it has the means. . . . The question is whether it has the will." He repeated at length the attack on North Korea, "a regime arming with missiles and weapons of mass destruction while its citizens starve. . . . The world's number-one exporter of ballistic missiles and related technology."

Japan's new Vice Foreign Minister Yukio Takeuchi has already protested. He told the press on Feb. 22 that Japan cannot quickly join any action against Iraq, because legislation used to send ships to assist in Afghanistan "is not applicable to anything other than the precise circumstances of Sept. 11." Regarding North Korea, Takeuchi said that Japan should "open the window as wide as possible" to establish new ties with Pyongyang.

Yet, there is a clearly fight in the Bush Administration over whether and where to extend the war—and that also helps keep open the current window for Asia to act. Secretary Colin Powell's State Department wrote some rather "Asia friendly" speeches for Bush on this trip. War hawk Deputy

Secretary of State Richard Armitage, who is supposed to run Asia policy, was not seen in public in Tokyo, Seoul, or Beijing, something entirely unexpected. Cold Warrior Defense Secretary Rumsfeld is unhappy enough about the Bush trip, that he feels the need to go and re-start the war fever personally.

‘Linked to Eurasia’

Arriving in Beijing on Feb. 21, Bush asked President Jiang to convey to North Korean leader Kim Jong-il “that the United States is willing to engage in dialogue,” China’s official Xinhua news agency reported. “I told him [Jiang] the offer I made yesterday in Seoul was a real offer,” Bush said, “and I asked his help in conveying that message to Kim Jong-il. . . . He can assure him that I am sincere in my desire to have our folks meet. My point is that not every theater in the war against terror need be resolved with force. Some theaters can be resolved through diplomacy and dialogue. And the Chinese government can be very helpful.”

The day before, South Korean President Kim had brought Bush to the DMZ before the entire South Korean cabinet, hundreds of Korean senior citizens separated from family in the North, and some 200 journalists from around the world, all bussed in for the occasion. “If this railway is extended by only 14 kilometers northward,” Kim said, “tensions between the South and the North will diminish, and people-to-people and commodity exchanges will increase dramatically. I hope that the railway will open at the earliest possible date so the 10 million separated family members will be able to visit their relatives. . . .

“That is not all. The train will be able to continue to China, Siberia, Central Asia, and finally to Europe,” Kim said. “When that day comes, this Republic, which has remained a virtual island, will be linked to all of Eurasia and promises to emerge as a distribution hub connecting the continent and the Pacific Ocean.”

“Mr. President,” Kim said to Bush, “I expect that you will also be remembered forever in the hearts of the Korean people as a leader who played a decisive role in settling peace on the Korean Peninsula.”

President Bush then placed his signature, with those of thousands of divided families, on a railroad tie, and wrote: “May this railroad unite Korean families.” “Mr. President,” Bush said to Kim, “your love of democracy and example of courage have changed Korea, have challenged Asia, and inspired the great respect of my government and my country. All your life you have seen the hope of change and progress where few could imagine it. You have shown that sometimes the conscience and will of a single individual can move history. . . . President Kim has just shown me a road he built—a road for peace. . . . That road has the potential to bring the peoples on both sides of this divided land together, and for the good of all the Korean people, the North should finish it.”

“Travelling south on that road, the people of the North would see not a threat, but a miracle of peaceful development,” Bush said. “Asia’s third-largest economy, that has risen from the ruins of war. The people of the North would see more than physical wealth, they would see the creativity and spiritual freedom represented here today. They would see a great and hopeful alternative to stagnation and starvation. And they would find friends and partners in the rebuilding of their country. South Korea is more than a successful nation, it is an example to the world. . . . Kim Dae-jung has put forward a vision that can illuminate the whole peninsula. We want all Koreans to live in the light.”

Meiji Restoration

Bush’s speech on Feb. 19 to Japan’s Diet delivered the expected bad economic advice of Wall Street deregulation and “missile defense.” Bush even presented his father’s deregulation of U.S. banking as the model for Japan. “In the late ’70s and early ’80s, our competitiveness was weak, our banks were in trouble, high taxes and needless regulation strangled innovation,” Bush said. “America overcame these difficulties by reducing taxes and by reducing regulations.” Nonsense. In fact, we survived by borrowing from everyone else, something which is now coming to an end with a loud crash.

But surprisingly, Bush’s speech was framed within long references to Japan’s Meiji Restoration, the 1860s-80s era when Japan adopted many ideas of the American Revolution. “A century ago, our two countries were beginning to learn from one another after a long period of suspicion and mistrust,” Bush began. “The great [Meiji] Japanese scholar and statesman Inazo Nitobe . . . wrote, ‘I want to become a bridge across the Pacific.’ That bridge has been built—not by one man, but by millions of Americans and Japanese.” True. But Bush just used this to push for further deployment of Japan’s military, as with the Japanese Navy near Afghanistan, something very damaging to Japan’s cooperation with China and Korea.

“One of the heroes of the Meiji Restoration, Yukichi Fukuzawa, was a student of the economic ideas that transformed the Western world,” Bush later said. “He saw these ideas spark prosperity and lift millions out of poverty, and he sought to introduce them to his people.” That started out on the right track, but then he insisted that Fukuzawa was a champion of free trade, which is very far from the truth.

Bush, of course, does not understand the Meiji era. During that time, Japan in fact adopted the economic planning ideas of America’s first Treasury Secretary, Alexander Hamilton, who fought against Adam Smith, his Opium Wars and rapacious free trade. *EIR* is the only publication in the world to repeatedly propose a return to Meiji planning, instead of Wall Street “free-market fundamentalism.” White House mention of the Meiji idea, shows they feel the need to respond to LaRouche’s influence in Japan. There is no other explanation of why they would even dream of bringing it up.

Ibero-America and The World Land-Bridge

by Dennis Small

The Eurasian Land-Bridge is the most ambitious infrastructure project that mankind has undertaken to date. Four billion people in more than 20 European and Asian countries—that is to say, the majority of humanity—will benefit from this great project. Its main feature is some 27,000 km of rail lines that connect Chinese and Russian ports on the Pacific, with European ports on the Atlantic. In the design first presented by U.S. Presidential pre-candidate Lyndon LaRouche, these thousands of kilometers of rail lines would actually be the center of 100-kilometer-wide development corridors, which would bring industrialization and advanced technology to the furthest corners of the planet.

Today, there are already three functioning corridors (see **Figure 1**):

A. **The Northern Corridor**, which connects the Russian port of Vladivostok in the east, with Moscow, Berlin and Rotterdam. This route, also known as the Trans-Siberian Railroad, is already in service.

B. **The Central Corridor**, which runs from Lianyungang, China to Tashkent, Uzbekistan; from there, a northern branch runs through Moscow, Berlin, and Rotterdam, and a southern one goes to Tehran, Istanbul, Berlin, and Rotterdam. This route is also open (the southern branch, only since May 1996).

C. **The Southern Corridor**, which will connect Shanghai to New Delhi, and extend from there to Tehran, Istanbul, Berlin, and Rotterdam. This route is not yet open, as two key connecting stretches remain to be constructed, as can be seen in the map.

Unbuilt Spans of the Land-Bridge

These infrastructure projects are not only helping to develop the nations of that region; they are also the locomotive for world economic transformation. They are the alternative to the dying system of the International Monetary Fund, an alternative which all of the nations of Ibero-America, and Africa, in particular, must embrace, both politically and economically, if they are to survive.

In Figure 1, one can also see what remains to be constructed, to turn the Eurasian Land-Bridge into a true World

Land-Bridge; especially obvious, is the lack of rail infrastructure in Africa and Ibero-America. Shown circled are the principal bottlenecks that have to be overcome, in order to join the continents in a single, integrated, global network. These are:

1. **The Bering Strait:** This is perhaps the nodal point of the entire world network, since it is here that the world's two hemispheres will have to be linked, through a bi-national rail project between the United States and Russia. There are already studies which show the feasibility of building a tunnel under the Bering Strait, which would be approximately 85 km long. Fortunately, there are two islands in the middle of the Strait—Big Diomedes and Little Diomedes—that can serve as stepping stones, and which would reduce the longest span of the tunnel to only 35 km.

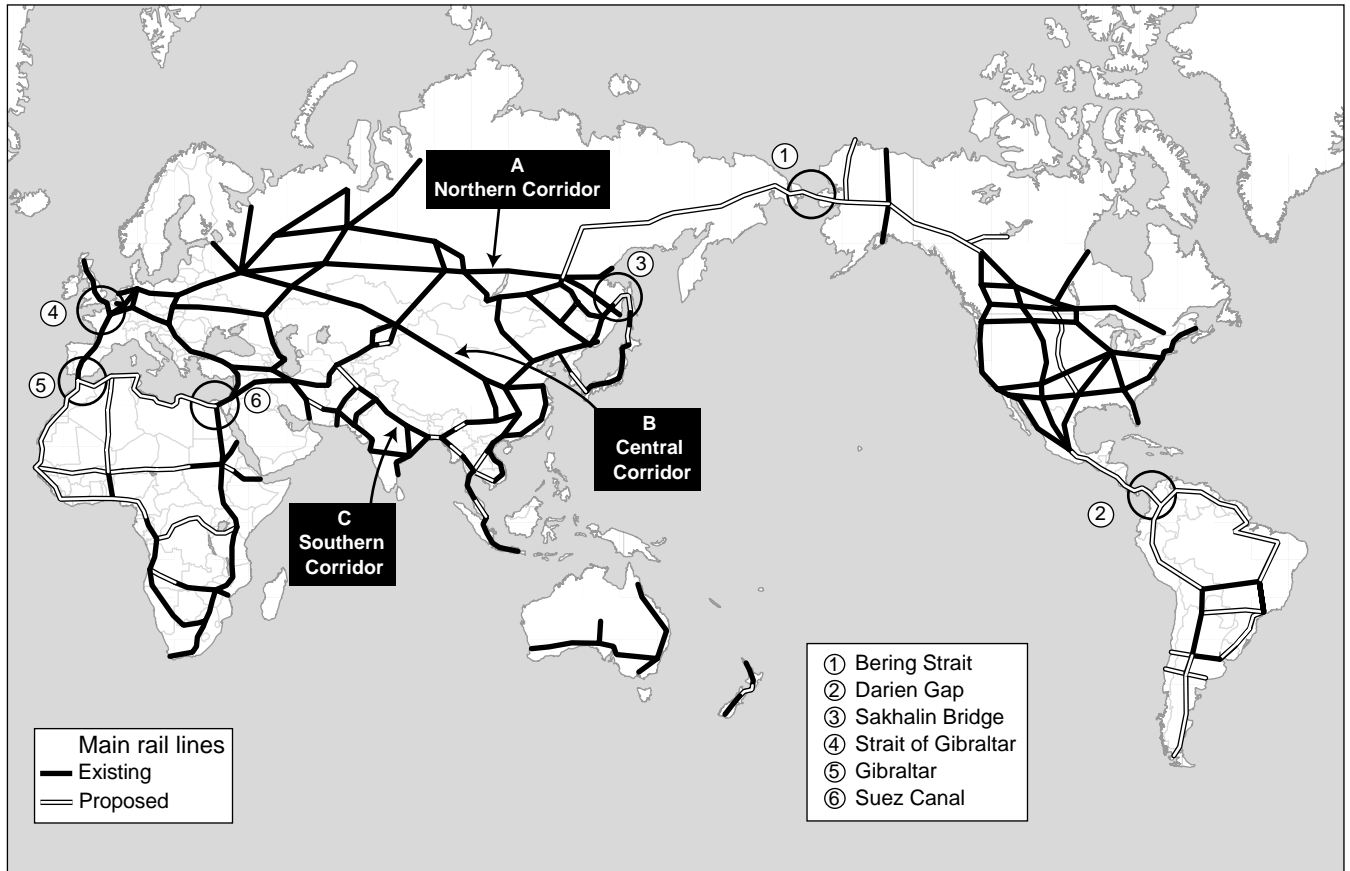
For purposes of comparison, consider that the tunnel opened in 1994 under the English Channel between France and England—known as the Chunnel—is 50 km long; that is, it is longer than the longest span of the Bering Strait tunnel. It is estimated that the Bering Strait tunnel would have a maximum depth of 54 meters, while the Chunnel is slightly less, at 45 meters depth. As for the difficulty of construction, engineers who have studied the matter, believe that the ground under the Bering Strait is actually better suited for tunnel construction than that under the English Channel.

It is true that the weather in the Bering Strait is not very hospitable, but this is nothing that modern engineering cannot overcome. With this project, the world would move definitively from the era of the U.S.-Russia Cold War, to what we might dub the era of the U.S.-Russia Cold Railroad.

2. **The Darien Gap:** This is a region of some 100 kilometers length, covering the border region between Colombia and Panama. It is generally considered to be impenetrable (although, if truth be told, it is today overrun by the FARC narco-terrorists, among others). The Pan-American Highway, for example, extends down through all of Central America and Panama, until it reaches the Darien Gap, and goes no further. Environmentalists and other pessimists have insisted that, first of all, it is technically impossible to build a highway or railway there, because “the jungle will swallow it up.” Second, they say, even if it were possible, it should not be

FIGURE 1

World Land-Bridge



built, because the Gap is a “natural barrier” between North and South America, which man should not breach.

Both problems can, and should, be overcome. If not, there is no way, geo-economically to link South America with the Eurasian Land-Bridge. The technical problem is that the region is swampy, with very heavy annual rainfall. Any highway built in the ordinary fashion, sinks into the mud with each rainy season—which lasts the better part of the year. Inhabitants of the region have learned that the only way to build a road there is to first lay down *tree trunks*, and then build the road on top of them. The trunks then float when the solid land turns into marsh. This principle should be applied to building a semi-floating Pan-American railroad and highway on pontoons, for a span of about 100 km, which would open up the Darien Gap. Brazil could supply technology it has developed for building highways through the Amazon jungle, under very similar conditions.

This new east-west route along the Colombia-Panama border should be joined to another great infrastructure project

on the Colombian side of the border, which would run north-south: the *Atrato-Truandó Canal*. This canal, some 80 km in length, would use two semi-navigable rivers in the region—the Atrato and the Truandó—to create a sea-level canal between the Atlantic and Pacific Oceans, through which ships larger than 65,000 tons—the current limit on the Panama Canal—would be able to travel.

In this way, what is today perhaps the most inhospitable region of the Western Hemisphere, would be turned into a unique world crossroads for north-south and east-west transport and commerce. Another important advantage of these two projects is that they would establish the basis for uniting Mexico and Central America with South America, not only politically but *geo-economically*, enabling a Common Market for all of Ibero-America to be forged.

In its turn, Ibero-America must join with the United States and Canada around the construction of a railroad network that would connect all of the Americas with the Eurasian Land-Bridge, as shown in Figure 1. Does the politi-

cal basis exist for constructing such economic links? The answer is yes.

Unlike Great Britain and its colonial system, the United States was founded by Benjamin Franklin, George Washington, and others on the basis of establishing a community of interests with the sovereign nations of the South, around the industrial development of all nations. In the 19th Century, Abraham Lincoln revived this orientation; in the 20th Century, Franklin Delano Roosevelt did the same; and today, Lyndon LaRouche represents that same tradition within the United States.

3. **Sakhalin Bridge:** Very soon, Japan—the second-largest economy in the world—will be directly linked to the Eurasian Land-Bridge. At the end of 2001, the Russian government announced that, in a matter of months, they would begin construction of an 8 km bridge between continental Russia and the island of Sakhalin. The Japanese island of Hokkaido, at the same time, is only 40 kilometers from the southern tip of Sakhalin, and there are already proposals to build a bridge that would connect them. Hokkaido, in turn, is already linked with Honshu, Japan’s largest island, through the 54 km Seikan tunnel, the longest underwater tunnel in the world.

It is estimated that, once these projects are finished, rail transport from Tokyo to Rotterdam would take only nine days to cover a distance of 13,600 km. Today, the maritime route between these same two cities is 20,000 km, and takes some 26 days. The implications of this for the economic productivity of all the nations along the route, are clear.

4. **The English Channel:** The Channel Tunnel connecting France and England was opened to both car and rail traffic in 1994, and it is an engineering marvel that gives us an idea of what can be achieved in the rest of the world, once the *political* obstacles to such enterprises are overcome.

5. **The Strait of Gibraltar:** Here only 14 kilometers separate Europe from Africa. It is crucial to build a tunnel here, so that Africa can become a part of the World Land-Bridge. This is technically feasible, although the depth of the water at this point is such (some 300 meters) that the length of the tunnel would have to be 50 km or more, in order to achieve such depths.

6. **The Suez Canal:** In November 2001, two 1 km-long bridges crossing the Suez Canal were inaugurated, providing Africa a rail link with the Middle East and Africa.

Physical-Economic Requirements

Figure 1 gives us a clear idea of how the continents of the planet will form a single continuous continental land-mass, connected by a great spiral of railroads, a spiral consisting of *development corridors* some 100 kilometers wide along each of the routes. As Lyndon LaRouche has explained, such an approach would inaugurate a new era in the history of humanity. Until the present time, the great civilizations have all

TABLE 1

The World Land-Bridge

Continent	Double-Track Railroads To Be Built (kilometers)	Steel Required (millions of tons)	Cement Required (millions of tons)
Ibero-America	25,800	11.8	8.5
Africa	25,000	11.6	8.3
Asia	7,750	3.6	2.6
North America	5,100	2.4	1.7
World total	63,650	29.2	21.0
Total world production		847	1,520

Source: EIR.

been fundamentally maritime or riparian, and population and economic centers have generally been concentrated along the coasts or in river valleys. But with the World Land-Bridge, the *inner space* of the different continents would become the new frontiers of development.

Apart from the main bottlenecks we have indicated, there are many thousands of kilometers of rail that will have to be laid, to establish a true World Land-Bridge. In **Table 1**, we can see in quantitative terms what is otherwise evident from Figure 1: that the two continents most lacking in railroad infrastructure are Africa and Ibero-America. If we consider only the main trunk lines we have indicated—which will function like a kind of “skeleton” of the World Land-Bridge—we have the results as seen in Table 1.

Many will immediately wonder where the “money” to finance such enormous projects will come from. This is the wrong question to ask, at least in the form that the great majority of people would ask it. Credit, whether national or international, is an instrument created by sovereign governments, and with sufficient political will, it can be generated.

The more important question is: Does the physical-economic capacity exist to build these projects? Where is the steel, the cement, and so forth, that will be needed, going to come from?

In Table 1 we have applied parameters developed by engineers to break down the steel and cement requirements, for constructing the 63,650 km of rail that will make up the “skeleton” of the World Land-Bridge. These totals are then compared with current world production. In the case of steel, the 29.4 million tons required for double-tracked corridors, would represent about 3.4% of world annual production (847 million tons). In the case of cement, the 21 million tons required are 1.4% of world annual production (1,520 million tons). In **Table 2**, we present annual production of steel and cement in a number of major producing nations.

FIGURE 2

Schematic Representation of Main Rail Lines in the Americas

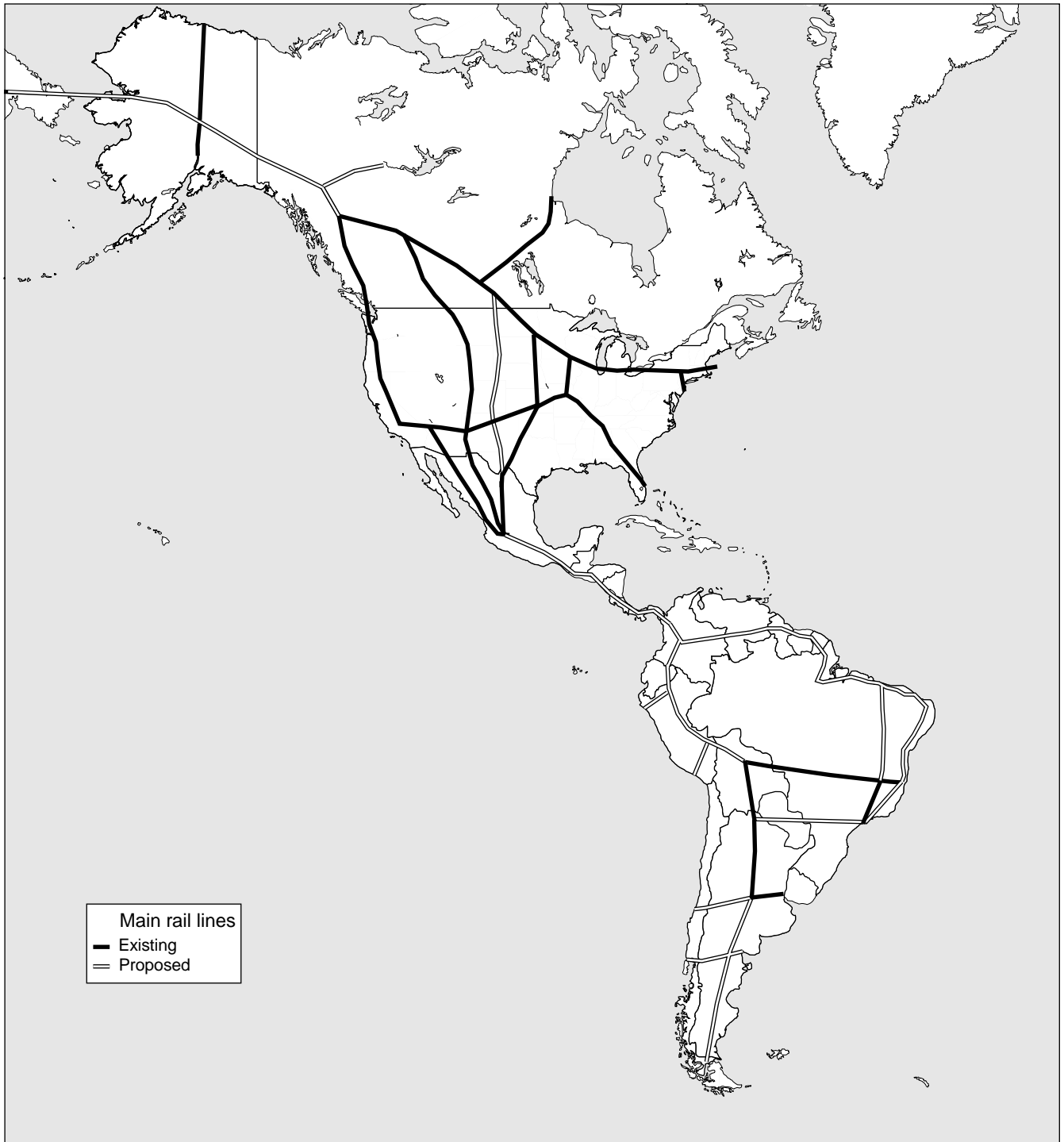


FIGURE 3

South America: Great Rail Projects



TABLE 2

Production of Steel and Cement

	Steel (million of tons)	Cement (million of tons)
China	141	520
Japan	103	80
U.S.	90	87
Russia	58	27
Brazil	27	43
Mexico	13	30
Argentina	4	7
Colombia	1	9
World total	847	1,520

Sources: www.worldsteel.org and www.global-cement.dk.

This addresses the *skeleton* of the World Land-Bridge. But in Ibero-America, as in the other continents, it will be necessary to build a series of secondary regional railroads, as well as domestic rail networks in each of the countries. We estimate that the total number of rail kilometers required will be about four times what we have denominated as the “skeleton,” that is, some 100,000 new kilometers of rail in Ibero-America. Today, the nations of Ibero-America already have about 100,000 kilometers of existing rail lines, so that the total would reach some 200,000 km. This would provide for a density of some 10 km of rail lines for every square kilometer of territory, on average, in Ibero-America. For purposes of comparison, consider that the corresponding rail density in the United States today is 30 km of rail for every square kilometer of land.

Ibero-America: It Can Be Done

Figure 2 presents a schematic picture of the main rail networks—both existing and proposed—in the Americas, according to the design of U.S. engineering specialist Hal Cooper. What is known as the “Al-Can Railroad,” which extends from Alaska to Canada, is already under discussion. By building that span, the U.S. rail network will be ready to link up with the Eurasian Land-Bridge, through the Bering Strait.

Although our map shows that there are three rail lines connecting the United States with Mexico City, in real economic terms that is not true; the three lines are ancient and dilapidated, and require major investments to bring them up to international standards.

Moving further south, a Pan-American Railroad must be built to run the length of Central America, through the Darien Gap and into Colombia.

Here we can clearly see how Colombia can be either a chokepoint or a linchpin: either obstructing, or enabling the physical integration of Ibero-America, as well as its link with the United States and, from there, with the Eurasian Land-

Bridge. Due to the circumstances of its unique geographical location, it is from Colombia that the various main rail corridors will extend (see **Figure 3**):

- The western corridor, which will run parallel to the Pacific Coast;
- The central corridor, which will connect Bogotá, Colombia; Saramirisa, Peru; Santa Cruz, Bolivia; and thence, by two branches, São Paulo, Brazil, and Buenos Aires, Argentina;
- The western corridor, which will unite Colombia, Venezuela, Guyana, Surinam, and French Guiana, and will extend down the Atlantic Coast, crossing Brazil until arriving at Buenos Aires.

Once this rail network is built, a train could be boarded in São Paulo, Brazil, for example, and ridden over 20,000 km of continuous travel to Berlin! This is the distance of present-day maritime travel between Japan and Berlin.

Besides the Darien Gap, the other major technical difficulty in achieving the physical integration of the continent, will be that of building rail lines to cross the Andes Mountains. The lowest elevation of the Andes is in Saramirisa, Peru, with an altitude of about 2,500 meters above sea level. This would, logically, be one of the points where the east-west connection could be made. But it will also be necessary to build inter-oceanic railways further south, both in Peru and in Bolivia, where the altitude of the passes is some 3,000 or even 3,500 meters.

Will it be possible? Of course it will. Today, China is building a 1,118 km railroad that connects China’s western province of Xinjiang, with Lhasa, the capital of the neighboring province, Tibet, passing through what is known as “the Roof of the World.” Some 960 km, or 85% of the total route, is at elevations of more than 4,000 meters, and in some places surpasses 5,000 meters. Half of the project has already been constructed!

Furthermore, in Peru itself, there have been viable projects for crossing the Andes by railroad since the middle of the 19th Century. As demonstrated in a soon-to-be-published historic research study by a LaRouche associate in Peru, Luis Vásquez, the Peruvian government of Manuel Pardo (1872-76), in alliance with Abraham Lincoln’s networks in the United States, launched just such a railway project. Their enemies sarcastically dubbed it “the Train to the Moon.” But Pardo already knew, in 1860, the enormous role to be played by railroad infrastructure:

“Join the three central lines by means of the fourth, and decide if in ten years, a revolution will not have occurred in Peru, a revolution at once both physical and moral, because the locomotive—which, like magic, changes the face of the country through which it passes—also civilizes. And that is perhaps its main advantage: populations are put into contact. It does more than civilize; it educates. All the primary schools of Peru could not teach in a century, what the locomotive could teach them in ten years.”

Colombia's Pastrana Breaks With the FARC

by Valerie Rush

On the evening of Feb. 20, Colombian President Andrés Pastrana went on national television to declare an end to the so-called "peace process" with the terrorist Revolutionary Armed Forces of Colombia (FARC), and ordered the Armed Forces to re-take the 42,000 square kilometer safe-haven he had granted the FARC three and a half years ago. Thirteen thousand government troops are now deployed to secure the vast zone, liberate its 100,000 inhabitants, and at long last, engage the enemy.

Pastrana's decision, supported by 90-95% of the Colombian people, set the basis for this nation to recover its territory and dignity from the narco-terrorists. With Congressional and Presidential elections months away, the nation now has the opportunity, not just to wage war, but to win the peace. The congressional candidacy of Lyndon LaRouche associate Maximiliano Londoño Penilla, on Presidential candidate Harold Bedoya's "Fuerza Colombia" slate, offers Colombians a national reconstruction program, which can make winning the peace a reality.

U.S. Presidential pre-candidate Lyndon LaRouche supported Colombia's decision as obviously necessary. Anyone not taking measures against the FARC is not serious about fighting international terrorism, LaRouche said. Not to oppose the drug-running empire of the FARC, is not to be serious about one of the most important components of all international terrorism and irregular warfare.

A Long-Overdue Rupture

Pastrana's abrupt rupture of negotiations with the terrorists was triggered by that day's FARC-engineered hijacking of a passenger plane, and the kidnapping of Sen. Jorge Eduardo Gechem Turbay from that flight. But it was just the latest of an escalating wave of terrorist acts by the FARC since the latest peace pact signed only one month ago. As Pastrana told the nation Feb. 20, the FARC had carried out 117 terrorist operations, exploding four car-bombs, blowing up 33 electricity pylons, two sections of oil pipeline, three bridges, a reservoir serving the capital city of Bogotá, and more. They have revealed their true face, said Pastrana. "Now no one can doubt that, between politics and terrorism, the FARC opted for terrorism."

In the first three hours of the military operation dubbed "Operation Thanatos," 200 bombing sorties were carried out against 85 sites within the FARC-run "demilitarized zone,"

including training camps, coca plantations and air strips, and highways the FARC had built throughout the zone. The attacks were conducted by a combination of bombers and armored helicopters, including the powerful Black Hawks provided by the United States. Thousands of land troops have massed, and are awaiting orders to enter the zone. Operation Thanatos is projected to take four to six weeks to complete.

It is widely expected that the FARC will strike back across the country with terrorism, aiming at both civilian targets and strategic infrastructure, and Pastrana has already put military and police forces—and the nation as a whole—on terror alert. In a series of Presidential resolutions issued along with his order to re-take the safe haven, Pastrana also revoked the FARC's political status and re-instated arrest warrants against a score of FARC leaders who have been parading as "negotiators," while deploying an army of terrorists, drug runners, assassins and extortionists in the guise of "rebels."

That Pastrana made his decision in the midst of the nation's electoral campaign has dramatically altered the national geometry. Leading candidate Alvaro Uribe Vélez, known as the "hard-line" Presidential contender, was quick to back Pastrana's decision, but repeated his insistence that Colombia requires international mediation to force the FARC back to the negotiating table, and international military aid. In his campaign, he has insisted that Colombia needs UN "Blue Helmets" or other supranational forces, to intervene.

Former Armed Forces Commander and Presidential candidate of the "Fuerza Colombia" movement Gen. Harold Bedoya, also welcomed Pastrana's announcement, and even offered to "put on my uniform again, if called upon to do so." But Bedoya is adamant that the Colombian Armed Forces are fully capable of defeating the narco-terrorist enemy. He has insisted that any foreign troop involvement in Colombia could set the entire continent ablaze.

LaRouche, on Feb. 21, also emphasized that foreign troops would be a mistake. LaRouche assessed U.S. assistance to the Colombian military, if confined to logistical and intelligence support, as proper, because it would not affect the sovereignty of the Colombian government. The United States must not go into another country and conduct warfare there, even as an ally, breaching the sovereignty of that country, he said, adding that if Colombia gets sufficient logistical and intelligence support for its efforts, it can prevail. He stressed that candidate Uribe Vélez should bring himself up to speed on terrorism, by studying LaRouche's own important policy directives on dealing with drug-related international terrorism. The U.S. candidate referenced two documents for study: what became known as his "Guatusa" policy of the 1980s, which specified the parameters for cooperation in fighting narco-terrorism between Guatemala and the United States; and "A Proposed Multi-National Strategic Operation Against the Drug Traffic for the Western Hemisphere"—a document first presented in Mexico City in March 1985, now famous as LaRouche's 15-point warplan against drugs.

After the Collapse of Enron: Next Comes The Cluster-Bust!

by Lyndon H. LaRouche, Jr.

The following is Mr. LaRouche's keynote speech delivered on Feb. 16 to the Presidents' Day weekend conference of the Schiller Institute and International Caucus of Labor Committees, in Reston, Virginia. The full title is "Is Enron 'Cluster's Last Stand'? Next Comes the Cluster-Bust!"

We've come to a momentous weekend, as I promised you, when I issued the title for today's remarks: The Enron crisis would be "Cluster's Last Stand." That we are now on the weekend of the Great Cluster-Buster; the day that the walls fall down. Not that the falling is completed today, but, to many people around the world who are paying attention, it's obvious that this financial system, as a whole, is in the process of disintegrating.

Now, the significance of my saying that, is the fact that I've been saying that for some time: that this was inevitable. I said it, in particular, in August of 1971, when a forecast I had made 10 years, or 11 years earlier, came true: that during the second half of the 1960s—as I had forecast—the world financial system would go through a series of monetary crises, which, unless the appropriate response were made, these crises would lead to a breakdown of the post-war Bretton Woods system. And, what happened in mid-August 1971, was a breakdown of the world monetary system, as it existed at that time.

I said, in response to the confirmation of that forecast, that this meant that the United States and the world were faced with a choice: that 1971 would be the beginning of a process of disintegration of the U.S. and world economy, as a whole. And that, unless certain changes were made, from the policies which the Nixon Administration typified at that time, that this would lead to the alternative of *fascism*.

As of Sept. 11th, and looking at the events of Sept. 11th and what's behind them, we are at the edge of fascism, globally, right now. Sept. 11th was an expression of that. It had two aspects to it—actually three: One aspect, there was a coup. As



LaRouche told the conference, "We are going to Hell. Would you like to survive? Will you join me in surviving? What I need from you, and from many other people, is a simple, 'Yes. We want to do it.'"

experts know, this coup was not done by Osama bin Laden, or by anybody from that part of the world. It could not have been done; *technically, it could not have happened!* As anybody who knows anything about security systems (as I came to become somewhat of an expert back during the SDI days): *It could not happen in the United States, unless there was calculated, vast negligence, or deliberate orchestration, or a combination of both.*

The End of the West Point Tradition

However, there is something in the United States, which has been heavily operative, since about 1960, which began earlier, inside the U.S. military and other institutions. And this was a movement to overturn the U.S. tradition—including its military tradition; including the military tradition we associate with General of the Armies Douglas MacArthur, during World War II; and what we associate with Eisenhower, as Commander in Chief of U.S. forces in Europe, during World War II. The firing of MacArthur, was one of the first steps toward that; toward a new kind of conception of warfare. Instead of resolving the crisis in Korea, we protracted the Korean War, which, in effect, is continuing, still today; which the present administration is trying to re-activate, today, as a stepping-stone toward a strategic confrontation with China.

What happened in Korea, in the protracted war in Korea, became a model for what's called the Vietnam War, the U.S. war in Indochina—a protracted, no-win war, of the type contrary to all American military doctrine. But, other things were

happening at the same time. What was replacing the Mac-Arthurs, the West Point tradition, and similar kinds of things, which were U.S. military standards, before?

What happened was, there's a group in the United States, partly in the military, and concentrated in certain think-tanks, which have used as their model—of their goal, for the conduct of conflict, is the model of the Nazi Waffen-SS! The Nazi Waffen-SS, in turn, is a copy of the Grande Armée of Napoleon Bonaparte, who was the first modern fascist. The Grande Armée and the Waffen-SS were echoes of the Roman legions, legions drawn from many parts of the world, to herd or eliminate—by genocide and other means—entire peoples, and to control them, as the Waffen-SS did, as Napoleon set out to do, with his Russian campaign of 1812. And we have in the United States, today—especially in the United States, to some degree in Britain, and to a lesser degree in Europe—this tradition, traced from the ancient Roman imperial legions, through the revival of this, by Napoleon Bonaparte, with his Grande Armée; imitated, directly and wittingly, by Adolf Hitler, in the form of the Waffen-SS and what it did. These are called, in military parlance, in the United States, since then: the "utopians."

These were the people who were moving, in 1960-61, into the Bay of Pigs. These were the people who were deployed in the environment in which President Kennedy was assassinated. These were the people, in France, and in the United States, who were behind the attempted assassination of Charles de Gaulle, in France, as President of France, at that



Soldiers of the Nazi Waffen-SS, and their commander, Otto “Scarface” Skorzeny. A group in the United States today, partly in the military, but also in certain think-tanks, uses the Waffen-SS as their model for the conduct of warfare.

time, in 1962. These were the people who were behind the assassination of [Enrico] Mattei, in Italy—the leader there. These were the people behind the assassination of Martin Luther King, and so forth, and so on.

‘Universal Fascism’

So, we have, in a sense, a fascist movement, in the United States, which is concentrated in certain sections of the military, which has a policy. The policy comes from a source, which is really fascist; a source which is racist: the so-called Nashville Agrarians. So constituted in 1928, around a group of grandchildren of the founders of the Ku Klux Klan. The leader of this was William Yandell Elliott—the leader of this group. William Yandell Elliott was a British agent, by profession, who taught government at Harvard. At Harvard, William Yandell Elliott created, literally out of mud, creatures such as Henry Kissinger, Zbigniew Brzezinski, and Samuel P. Huntington—and a whole array of other people. You have foundations such as the H. Smith Richardson Foundation, the Mont Pelerin Society, the Heritage Foundation, the American Enterprise Institute, the Olin Foundation, and on and on. These powerful foundations, tied to powerful financier interests in the United States; tied to powerful law firms; tied to powerful accounting firms—which actually run the United States, or at least a good deal of it. And these people are the backing for the policies, which were consolidated under the succession of Henry Kissinger and Zbigniew Brzezinski, as successive National Security Advisers to the Presidents of the United States.

These are the fascists. Their policy is, what? Take the case of a close associate of Henry Kissinger: Michael Ledeen. Michael Ledeen, in Switzerland, studying there, wrote a doctoral dissertation, under the subject of “universal fascism.”

Ledeen is an associate of Kissinger’s. The policy of Brzezinski, the policy of Kissinger, has been consistently that identified by Ledeen, as “universal fascism.” Universal fascism means, instead of thinking as Hitler did, himself—or Mussolini—that fascism was for fascism in one nation, these fellows said, “No. That’s not good enough. We’re going to eliminate *all* nation-states, and have a one-world empire, based on universal fascism; *ruled* by a military force, in imitation of the Roman legions; in imitation of Napoleon Bonaparte’s Grande Armée; and, in fact, in explicit imitation of the Waffen-SS, under the Hitler regime.” They didn’t say “Waffen-SS,” because that was not considered “good taste”; but that’s exactly—if you read the books; if you study the policies; if you see the deployments; if you see the current policies, coming out of circles like Wolfowitz and Richard Perle, or John McCain (the so-called “Manchurian Candidate”), or Joe Lieberman: Here you’re looking at the image of universal fascism, explicitly presented in these policies. And you see two parties, the Democratic and Republican Parties, which are so infiltrated by these kinds of mentalities, that they can do almost *nothing* competently, at this time.

Since John McCain and Joe Lieberman met, in the Spring of this past year, the Democratic Party, which was trying to *do* something, in the first quarter of the year 2001, fell apart. *It has done nothing good since.* And it has done a few things that are bad. The Republican Party is torn apart. It’s got some of the worst of these fascists inside its own party, or their promoters; and the faction associated with Joe Lieberman, the DLC—Al Gore and so forth—*are* the same thing.

The Purpose Behind Sept. 11

Now, this operation, that happened on Sept. 11th, what was it? Well, what was its purpose? When you see a military

operation, or a quasi-military operation, you say, “What is the mission?” How do you understand a military operation? By looking at the mechanics? By counting the corporals? By seeing what the sergeants are drinking? No, you understand a military operation, in terms of *the mission to which it is dedicated!* It is a force in motion! What is the motion? Where is it going? Well, it’s obvious: the fight on the streets, right now. The question is: Is the United States going to get a legion from the United States and other countries, recruited to invade Iraq, to invade Somalia, to invade Iran, to invade Korea, perhaps to invade China? Is that what the United States is doing? Well, that’s the policy of Wolfowitz! That’s the policy of many people pushing this “Iraq policy.” This is the policy of Zbigniew Brzezinski: the policy of “Clash of Civilizations.”

This is the same kind of policy we ran into in European history, between 1511 and 1648. In 1511, Venice, which was trying to turn back the progress made by humanity during the previous century, the progress which had been effected, in France, by Louis XI—and actually, there were echoes of Jeanne d’Arc—the progress which had been realized in England, with the overthrow of Richard III, by Henry VII; the England which had been beautified by the personality of Sir Thomas More; the England of Shakespeare, later: That England, that France, that Italy, again, were to be destroyed! The instrument was Venice. The power of Venice, which was still, at that time, an international, imperial-style of financier maritime power; which controlled Spain; which controlled the Habsburgs, in Central Europe; which controlled Portugal; which had its agents in control, in every one of these countries.

So, the Venetians orchestrated religious warfare, from 1511 to 1648, throughout Europe. And plunged all of Europe, which had just come out of a Dark Age in the 14th Century, *plunged it back* into what has been described by Trevor-Roper and other historians, as a “new, little Dark Age.” Bloodshed and horror, nightmare, Inquisitions, witchcraft, terror—sheer terror and mass murder.

In 1648, Venice was defeated, by the Treaty of Westphalia, which reestablished the principle of the modern, sovereign nation-state. And, declared that warfare, heretofore, must be in the service of the promotion, and security, of the sovereign nation-state. And, defined a clear rule between justified and unjustified warfare. Despite all the difficulties, that has remained up until a recent time, up until developments of the 20th Century; when the Treaty of Westphalia, the 1648 treaty ending the Thirty Years’ War, and actually ending a hideous period, a “dark age” in European civilization, from 1511 to 1648—the *Habsburg horror of religious war*—was finally brought to an end.

Someone wants to return to that: to destroy the nation-state; to globalize, to eliminate the nation-state; to substitute for the General Welfare, the principle of our Constitution, with the notion of “shareholder value,” and that sort of thing.

And, that’s what has happened. That’s what’s brought us to this point—Sept. 11th.

Why did it occur? Well, it occurred, obviously, because the system was disintegrating. Take the case of what happened to poor President George W. Bush. George W. Bush was down in Florida, when Sept. 11th struck. He, obviously, and others, were targetted for potential *death*—not just people in New York City and the Pentagon, but elsewhere, were targetted for *death*—by a military coup, operated by a faction, inside the United States, of the utopian model. Now, he had what’s called “an epiphany.” Down in Florida, one day, he knows he’s the President of the United States, and for a poor boy from Texas, that’s *glory* itself. “I got all the power, now.” One day, he feels like *nothing*—the next moment! He flies to a base in Louisiana; he flies to “doomsday headquarters,” Offutt, Nebraska. And, during the trip to Nebraska, he gets a telephone call from the President of Russia; they have a conversation, to which President Bush has referred on a number of occasions, publicly—once with Putin, just standing beside him, as he recited the account. And, George Bush had an epiphany. The President of Russia, the only other credible, thermonuclear power on this planet, was backing up the President of the United States, and saving his butt. Now, that caused an epiphany in the other, unlikely, case of President George W. Bush.

And, for that moment, things began to go a little bit better. Bush went along with the policy—he was scared stiff. His advisers obviously pushed him into this Afghan war, which never should have been started; this myth of Osama bin Laden, which is a complete fraud: No fact has ever been presented, publicly, in any forum in the world, to give any backing whatsoever, for the allegation that al-Qaeda and Osama bin Laden caused the events of Sept. 11th, in the United States! *Not a single bit of evidence, was ever presented, publicly!* People said they *had* the evidence, and they believed it; but they couldn’t present it. “*You mean, you’re going to decimate half the world, and you can’t tell ‘em why?!’*”

So, the President was talked into that.

But, then, they had the cute idea, that by having a war in Afghanistan—. Since the United States has not got the ability to fight one and a half wars, if it’s all tied up in bombing Afghanistan—which is sort of a free target; almost no one’s there. It’s very difficult to find targets—in mountains, and hills, and fields; you might kill a few people in the process, but it’s not much of a target. We lost every bomb we had, practically. We began to run out of these missiles, these precision missiles. We were really crippled in our ability to conduct war anyplace else.

Global Religious War

So, that postponed what the people behind Sept. 11th *wanted*. What was the continued motion that came out, immediately? The United States must join, with the IDF and Sharon of Israel, *to launch a global religious war!* How were they going to launch the war? Very clear: from before Sharon

ICLC Conference: Continue The American Revolution!

The International Caucus of Labor Committees (ICLC) and Schiller Institute convened for their biannual conference in Reston, Virginia on Feb. 16-17, under the theme, "Continue the American Revolution!" Some 900 people attended, from many countries and walks of life, including a large contingent of youth, a number of representatives of foreign embassies, and a dozen American elected officials.

Before the first panel, Lyndon LaRouche's keynote, world-renowned baritone William Warfield, accompanied by Margaret Scialdone, sang "O Tod" ("O Death"), one of Johannes Brahms' "Four Serious Songs." Civil rights heroine Amelia Boynton Robinson then introduced LaRouche, whom she called "one of the greatest leaders,

ordained by God . . . endowed by God with a unique yearning to save the world." Zimbabwean Ambassador to the United States Dr. Simbi Mubako's address to this panel, is published elsewhere in this issue.

The evening session on Feb. 16 opened with a musical offering by the Schiller Institute Chorus. The panel, led by *EIR*'s Jeffrey Steinberg, was titled "Brzezinski and Huntington's Universal Fascism: The Special Case of Sharon's Israel." Harley Schlanger also spoke.

On the morning of Feb. 17, Helga Zepp-LaRouche gave the second conference keynote speech, on "The Dialogue of Cultures."

Following an afternoon of extended questions and answers between Mr. LaRouche and members of the audience, the closing panel was "The American Intellectual Tradition: Key to Economic Recovery." Chaired by Nancy Spannaus, the session included speakers H. Graham Lowry, Anton Chaitkin, and Richard Freeman.

became Prime Minister. This time, Sharon authorized an attack on the third holiest place of Islam—al-Haram al-Sharif. Now, if you start desecrating one of the sacred places of one of the major religions of the world, at the same time that you're killing Palestinian Arabs, en masse, in butchery, and launching attacks on other people, saying that Islam is the menace; if you conduct that kind of idiocy—which Europe has seen before, in the Middle Ages and earlier, and saw between 1511 and 1648—if you start that kind of fascist horror, again, you're going to have a global religious war.

Now, religious war has the peculiarity, that it *never really stops*. Remember, religious war in Europe, which was launched again, in modern times, between 1511 and 1648, *went on, during all that period*; with a few interruptions, but it kept on going! The characteristic of European civilization, for almost a century and a half, was religious war. The horror that happened in the Thirty Years' War, between 1618 and 1648; the example of religious war: When you start religious war, you're setting fire to civilization!

And, that's what these people are out to do.

So, you had a partnership, between those forces which launched Sept. 11th (that is, the actual action); those forces which *used* Sept. 11th, as continued motion to push for global religious warfare—Clash of Civilizations; and those in Israel, who—*admittedly*, now—copied the methods of the Nazi SS in Warsaw against the Jewish Ghetto, against the Palestinians in the Middle East! A war of genocide against Palestinians, launched, and mobilized with *witting use* of exactly the same methods, used by Stroop, the Nazi commander in Warsaw, in murdering and butchering the Warsaw Ghetto.

This gives you a sense of the morality of the situation. And these three things go together; they're all of one piece. There is not one element to Sept. 11th: There is the coup, the

military operation, which is the detonator; there is the bomb, which is the Clash of Civilizations war, which was being pushed from then, to the present time; third, there's the crucial role of a fascist dictatorship in Israel, nominally headed by Sharon, which Israelis are now revolting against—in Israel; a fascist coup, in Israel.

Disintegration of the System

And these three things are all coming together. Why'd they come together? Because of the urgency of the economic and financial crisis. The present monetary and financial system is doomed. In its present form, it could never be saved. And, what has happened during the past week, or the past ten days approximately, as the Enron case began to unfold, you found (as I shall describe this, shortly) a process in which the *entire world financial system is unraveling*.

What is involved in Enron, and Enron's counterparties, according to the best estimates of leading experts in various parts of the world, is this: *More than \$100 trillion of notional value of financial derivatives are in the process of imploding!* We're not talking about a \$35 billion collapse; we're talking about a *potential* notional collapse in financial derivatives, of *over \$100 trillion*, just because of the connections of the Enron collapse.

And that has been developing. When did it develop? Well, back in 1995-96, I did something, which I'll refer to shortly. I made a forecast: that we're entering a new phase of collapse of the post-1991 phase of the international monetary system. We're now heading to a chain-reaction collapse—not tomorrow morning, but as a continuing process.

This was the theme of my 1996 campaign for the Presidential nomination of the Democratic Party. The Democratic Party said, "No. It couldn't happen." From Clinton on down,

they said, “It’s not going to happen.” Well, it happened. It’s called the 1997 “Asia Crisis,” which was not an Asia crisis. It was a crisis of the entire system; a crisis in the hedge-fund system of the entire system. Then, they said, when that was over, this was a result of Asian mistakes, it would never happen again. Then, in August to September 1998, we had the GKO crisis; the Long Term Credit Management crisis, which almost brought down the entire U.S. system. They said, “No, this is only temporary. It’s a blip. We can fix it.”

So, they got the Treasury Secretary of the United States, and others, together, and they decided they were going to run a “Plunge Protection Committee.” They were going to prevent this from ever happening again; and they began throwing money, at rates never heard of before. They began making money—inventing it—at rates never dreamed of before, in order to try to paper over a collapse of a financial bubble.

So, what happened, in the year 2000, coinciding with the collapse of the so-called “New Economy” bubble—. Remember, the New Economy was set into motion in 1995, and it collapsed in the year 2000, and it is disintegrating now. It collapsed in the Spring of the year 2000. It was then pumped up, by Plunge Protection money, but it collapsed again, in 2001, and it was the collapse of the New Economy bubble, *before* Sept. 11th, which caused the present financial collapse, leading to the Enron collapse, and what’s coming out of that.

So, now we have come to a point that the entire system, from the top down, is in a process of self-disintegration. This is a situation, very much like, as I shall indicate, what happened in Weimar Germany in 1923, when a system of bubble-building, which had existed in Weimar Germany for more than a year—almost two years before then—which had not caused *hyperinflation*, suddenly, in the June-July period of 1923, began to become hyperinflationary. And, within less than five months from that point, the German reichsmark ceased, virtually, to exist; and was re-created by U.S. gold at a later point, under the Dawes Plan.

We’re in a period like that, in which the system is in the process of coming down.

The Science of Economic Forecasting

Now, let me shift gears, having said that much, and indicate what *you have to know*. I can tell you what the situation is. I can tell you what *we*, in the world and the United States, must *do*, about the situation. *You*, individually, will have to decide what you’re going to do about this, for yourself. All I can do, is describe the situation, and you have to decide how you’re going to respond to it. Now, that’s all that any economic forecaster could ever do.

Now, most people don’t understand forecasting. They think that somebody’s going to predict an event, like a gypsy tea-leaf forecaster, who tells you when you’re going to meet this mate, on a certain day, and how it will happen to you. Well, I don’t do that kind of forecasting, and never did. And people criticize me, and say, “But didn’t you forecast—?” I

said, “No, I didn’t forecast that. I didn’t forecast that Hillary Clinton is going to marry Bill Clinton. That’s a condition that existed of Bill Clinton, but I didn’t forecast Hillary.”

You see, we live in a world of human beings, and the problem posed by forecasting, is: The way events go in the world (apart from astrophysical events, and things of that sort), what happens in the world is predetermined by, what? By the free will of human beings! So, therefore, how do you forecast, if human beings have what is called “free will”? So, you do not forecast events; you forecast the *conditions* which will arise as a result of choices already made; conditions which will strike, unless those choices are changed. You forecast a *condition*. You can, then, also say, what your response to that condition should be. Not on a particular date, but in a time frame. And, you can also forecast what will happen to you (or them), if they don’t respond to that condition.

It’s like when the accountant says to Joe, the owner of the company, “Look, you keep this up, Joe, you’re going to go bankrupt.” Now, the accountant is not telling Joe when he’s going to go bankrupt. He might be able to, in some cases. It might be tomorrow morning—that would be an easy forecast to make. He knows the sheriff is already coming! But, generally, you can forecast a *condition*, and you can forecast what that condition implies, in terms of the response you must make, knowing that that condition is coming, or has happened. That’s all a forecaster can do, that’s competent. Anybody else, who tries to tell you anything else, is not a forecaster, they’re a fake. Because we’re dealing with free will.

And therefore, people can change their destiny, by will. They can not change it arbitrarily, because there’s a lawful process going on. They have to change, by understanding the process in which they’re *gripped*. And understanding what their choices are, under those conditions. They can even invent new choices; but those new choices they may invent will have to fit the condition, which can be understood. And, that’s what I’ve done.

In point of fact, in the past 35 years—actually 40, but I began to publicize my forecasts more generally beyond a few, certain narrow circles, only about the 1966-68 period, in which they became rather celebrated in certain quarters. So that, when 1971 hit, a lot of people knew, that I had forecast what was going to happen; and it happened. And nobody else had. Every other economist, who had forecast anything, in the United States or Europe, had said—especially in the United States—had said, that something like August 1971 *never could happen*. The textbooks: Take the case of Economics 101, taught in most universities, including MIT, which said that the “built-in stabilizers” would prevent a crisis of that nature *from ever happening again*. And, virtually everyone said so.

So, for about 35 years, at least, in a fairly broad, and increasingly public domain, I’ve been forecasting. And, I have never made a mistake. I have never made a forecast, which was not confirmed by events. *Never*. Not a single case. There’re some people, who try to say, “But, didn’t you

COLLAGE TO COME

grmble, mrrmble myah?” I said, “No. I didn’t say that. *Read what I said.* I put it in writing, repeatedly. *Read it!* What did I forecast?”

And I never made a mistake, in forecasting, because I understand how to do it. And, very few economists do.

Now, therefore, I mention that now, because I’m going to pull rank. Since all of you can have access, or should be able to get access, outside these doors, to documentation, which indicates this fact, to be a fact: that I never made a mistake, in an economic forecast. How can we understand how to deal with the present world problem, from the standpoint of my expertise, in forecasting? Because your ability to analyze the situation, is not some gypsy tea-leaf-reader’s version. You analyze the situation, by defining the process, in which, what you’re studying, occurs. In other words, if you’re trying to psychoanalyze a rock, you’re in trouble. So, you have to know what you’re investigating, the nature of what it is you’re investigating, and then you are able to make reasonable forecasts. And, you’re able to make reasonable decisions, knowledgeable decisions. And that’s what I’m going to get at.

The Roosevelt Legacy—and Its Betrayal

Now, the problem we have today, as I’ve already implied, is that we are living in a tragedy. Here we are, in the United States—the United States, which, at the close of World War II, was almost all-powerful, but, we made a few mistakes. Roosevelt died, and his body was not yet fully cold, before Truman connived with Churchill, to dump many of Roosevelt’s intended policies. For example: Roosevelt had intended, that at the conclusion of the war, colonialism would come to a screeching halt. Not only would we *end* colonialism, globally—that meant the Portuguese, the Spanish, the Dutch, the British, and the French colonies. Not only the vestiges of colonialism, but that the United States, with the great power it had accumulated during the course of the war, would use that power, as a leading force, not only to rebuild the shattered economies of continental Europe, but to launch great infrastructure development programs in places such as Africa! To give people in these areas, which had been subjects of colonialism, to give them the *right* to have the kind of economy, that we had. The right to have access—*real* access—to the technology they needed.

Well, that didn’t happen.

Truman immediately gave U.S. support to the British. And Truman and the British immediately, in that period, *reestablished colonialism* in areas of the world which had been destroyed: among the Portuguese colonies, the French colonies, the Belgian colonies, the British colonies. Immediately, colonialism was *reenforced, at the point of bayonets!* The Japanese Army was taken out of prisoner of war camps, in Indochina, given back its weapons, and told to reoccupy Indochina, until the British could take over, and the French could come in and take over from the British. In Indonesia, which had won its freedom with the defeat of the Japanese, the



President Franklin D. Roosevelt showed that it is possible to put a desperate nation back to work, with results that will be beneficial for the nation. “Did we lose money on the New Deal?” LaRouche asks. “No, the conditions of life of the American people and the economy were improved by the New Deal. The nation was saved.”

Dutch, supported by the United States and Britain, went in and conducted a bloody war, to recolonize Indonesia. And, so forth and so on. This was the policy.

But, there were some good things done. The good thing was, the post-war monetary system as it affected Japan, as it affected the Americas, as it affected Western Europe. Under the post-war monetary system designed by Roosevelt, as presented at Bretton Woods—not Keynes! Roosevelt. Keynes did not design the post-war monetary system. Franklin Delano Roosevelt did. There’s a fundamental reason for it: Keynes did not believe in national banking; Roosevelt did. We didn’t have national banking, but we had a national banking *policy*, which we used, and intended to use.

Under the post-war system, from 1945 to 1963 and slightly beyond, the United States and its partners, in this post-war system, this Bretton Woods fixed monetary system, with the gold-reserve-based fixed currency rate, this system resulted in general improvements, in the conditions of life of the nations and their populations, in every part of the world which was a full participant. This was the benefit. From the

middle of the 1960s, especially from 1971, the conditions of life of the people on the planet, who had benefitted from the post-war reconstruction, prior to 1964—their conditions of life began to reverse. From 1971 on, there was a reversal, a significant one. *There's been no net physical economic growth, in the United States economy per capita, since 1971-72.* We've been using up infrastructure and similar kinds of things. We've been living on the fat off our own backs!

The worst catastrophe, that happened to us, was called Jimmy Carter. Brzezinski's creation. And, you have to know Brzezinski's crazy, and that he created Carter—not God, but Brzezinski. Carter did more damage to the U.S. economy in four years, than all other malicious Presidents have done in the entire post-war period to date. Deregulation; the Volcker measures—“controlled disintegration of the economy”—all policies designed under the direction of Brzezinski! Ruined the economy of the United States! We've been going downhill.

Then: 1989-1991, the Soviet system was disintegrating. So, the Anglo-American interests, which were behind these anti-Roosevelt policies, decided they're going to build a world empire. They're going to eliminate the nation-state as an institution. They're going to use universal free trade, globalization, deregulation, New Economy, and similar kinds of swindles, in order to create a worldwide, permanent empire, run by an Anglo-American force, which would be essentially military in nature, like the Roman legions, or like what the Waffen-SS was intended to become under the Nazis. This has been the policy.

Under these conditions, from 1977 to the present, there has been a catastrophic collapse in the living standard, in the share of national income, of the lower 80% of the family-income brackets of the United States. There has been a similar destruction, which has occurred in Europe, especially since 1989. There have been countries, which we said are the “newly emerging markets.” They were not; they are in essentially a new form of colonialism, where some people are employed in industries in runaway shops—running away from Europe and the United States; shipping back to the United States. And we don't pay for it. We borrow money from the world, to pay for things that we consume, that we no longer produce. In the process, a vast bubble was set up, a financial bubble, and that's what has exploded right now.

Now, the point is this: We had a system that did work. It was neither just, nor perfect. The post-war system, from 1945 to 1963-64. It was not a perfect system; it was not a just system, but it worked from an economic standpoint. There was an improvement in the living standard, per capita, of the people. There was hope; there was hope that this could be continued; that the benefit could be extended, to include those who had been left behind, in the process. But it worked.

With Nixon's meeting with the Ku Klux Klan in Mississippi in 1966, in starting his campaign, based on a pro-neo-Confederacy campaign for the President, the Nixon campaign

of 1966 became a determining factor in the policy-shaping of the United States. And we began to go to Hell. And, Nixon's decision of 1971 was an inflection-point in this. And we've been going to Hell, ever since. And the institutions which I mentioned before, such as the Mont Pelerin Society and the Heritage Foundation, the American Enterprise Institute, the H. Smith Richardson Foundation, the Olin Foundation, and so forth—these institutions, have controlled U.S. policy, in the way I've indicated, and they destroyed the U.S. economy.

So, therefore, the problem today, is how do we reverse that? How do we get back to a policy which worked, without necessarily replicating the injustices or the other shortcomings in the system? How do we extend the policy to include the entire world, not merely some parts of the world, while leaving the others in the vestiges of neo-colonialism and colonialism?

Two Types of Forecasting

Now, just to give you an indication of this: Forecasting. How do we forecast? You have two kinds of economic forecasts—competent forecasts. One, are called “long-range forecasts.” By long-range forecasts, I mean forecasts of usually more than 10 to 15 years, and usually 25 to 50 years. That is, you take the conditions under which an economy is operating—a nation is operating—and, by extrapolating from those conditions, you can see what the trends are with that economy: its ups and its threatened downside, down the line. We talk about long-range forecasting, talk about a generation: 25 years. What's 25 years? Twenty-five years is the period from the birth of a child, until the biological maturity of that child at about 25, which coincides, in a society which is well developed, with a good educational system, to the professional maturation of a future professional. It takes about 25 years investment, in a child, to bring that child to the kind of maturity, which we should expect for *every* child in the United States, from here on out.

That's a cycle: You have to invest in that child, for 25 years! Maybe the child makes a contribution along the line. But net, *you must continue to invest!* The family must invest. The nation must invest, in the form of schools, in the form of educational systems, in the form of health-care systems, mass transportation systems—all these things. These are investments, which are necessary to carry our next generation of children, from birth to about 25 years, before they can begin to pay back. To realize the investment in that child, once reaching 25, takes another 30-40 years of work, by that adult, to *replicate* what society's investment in them was! And to bring society to a higher level.

Therefore, the basic element in policy-shaping, starting with things like education, and health care, which begin with the birth of a child (or even before), is the cycle—the long cycle. In fact, we find that, in most cases, in the development of nations, it takes *two* generations, not one, to realize a long-term, fundamental objective of improvement. One generation



The Tennessee Valley Authority (TVA), the greatest project of the Roosevelt era, transformed that whole section of the southern United States. Here, the Wheeler Dam Navigation Lock in 1942.

is developed. Its development enables it to contribute to the development of the next generation. So you have a cycle of essentially 50 years, as a time you must think ahead, in economics. And, the shortest period you must think in terms of, is 25 years: one generation. But, to really think ahead, long-term thinking, is two generations.

Now, we can predict, to a great degree of relevance, what the conditions, or changes in conditions will be, as a result of policies we are adopting today, on a well-organized society, 25 years ahead. That, we can know. Therefore, when we look at what we're doing today, don't look at what we are doing from moment to moment; look at what the effect is, of what we decided to do, on what the conditions will be, up to 25 years ahead. So, you're thinking in terms of, basically, 25 years, 50 years; you're thinking in terms of medium-term effects, like investments in a machine tool, or investments in buying a house, or other kinds of investments. These take, say, five to ten years. You're also thinking about how you manage in the two- to three-year, short-term period, as well. This is the way the economist, who is competent, thinks.

Now, the economist does not think in money terms. An economist thinks in physical terms. Don't tell me what the price of a railroad ticket is; tell me, "Does the train work? Can I get there? Will I be able to board it, when I need to?" And, what is it going to cost, in terms of the available resources of society, to maintain that railroad? I don't want to know what the prices are—I'll get to the prices later. I want to know, if

we've got a system that works! If it works, we'll pay the prices, and we'll set the wages and so forth, accordingly, to meet these prices.

So, that's the way you think about an economy.

Now, what happens in an economy, which is important—we'll come to that next. But, first, you get to this question of the short term. In the short term, since the conditions we're going to reach, will be chiefly the result of long-term cycles, you have to locate the possibilities you're going to face—the opportunities and challenges you're going to face, in the short term—you have to look it from a long-term standpoint. Where are we going?

Take, for example—as Richie Freeman will deal with, in a paper he's working on—the TVA, the Tennessee Valley Authority. The Tennessee Valley Authority was one of the greatest jobs ever done in the United States. It transformed that whole section of the United States—all the tributaries. It was the basis for a lot of things that happened during World War II, in terms of industrial capability. It is of benefit, still today. Al Gore would never have crawled out of the mud, if his father hadn't benefitted from the TVA. He'd still be down there, as a mud-worm, or something.

So, these kinds of projects, are the long-term investments, which determine the future possibilities—or lack of possibilities—for the conditions of life of a population. That's the long-term.

So, therefore, you try to situate: What is the relationship,

FIGURE 1

A Typical Collapse Function

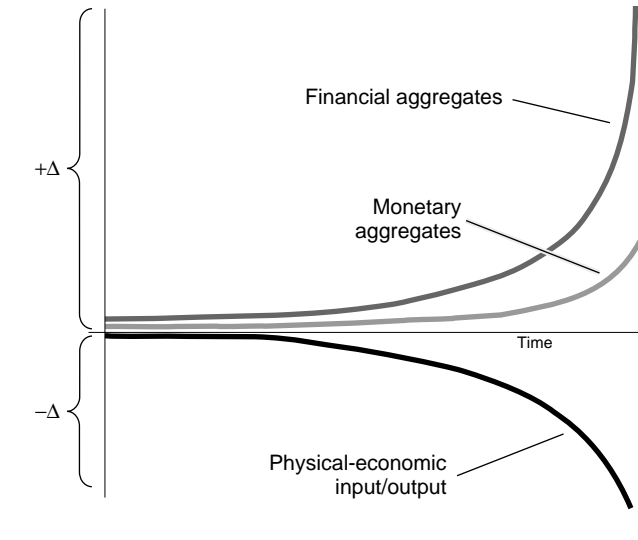
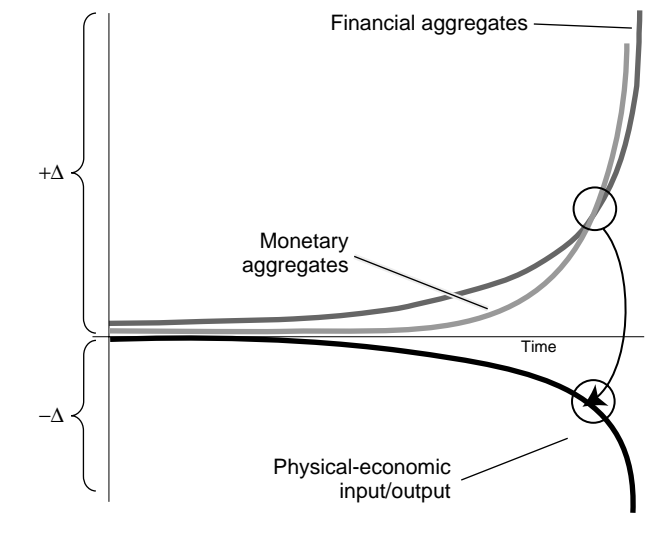


FIGURE 2

The Collapse Reaches a Critical Point of Instability



of your short-term behavior (or somebody else’s behavior) in terms of this cycle? Now, in that case, you can not exactly predict what’s going to happen, because what Joe Blow decides to do, within the cycle, is going to determine exactly what happens. I mean, a corporation goes crazy, and they fire all their employees; well, you don’t know that’s going to happen. But you can understand the event; you can understand how to respond to it. So, therefore, you have to make a distinction between *long-term* forecasting, in which you can be very precise, at least within economic policymaking decisions; and *short-term*, in which you can not be precise, in terms of events, or what’s going to happen, but you can be precise, in defining the conditions to which you must be prepared to respond.

A Case Study: The U.S. Economy

Now, what happened is this. Give an example of this—the first chart [Figure 1], just to get an indication of this. I had an appearance, an invitation, in the Autumn of 1995, to participate in a Vatican conference on health care. And, as my contribution to my hosts, I submitted a paper, and I said, “This is something I’m going to present, anyway. Let me present it, here; it may be useful to them,” to indicate what was going on with the world economy.

Now, very simply, this is the state of affairs in which the United States has been operating, during this period. That we have been on a downslide, in physical terms. That is, measured in physical quantities, as anybody who happens to be inhabiting the lower 80% of family-income brackets, knows: This is the way things have been going. The family standard of living, in *physical* terms, such as health care, for example, *has been going down*. So, this [lower] curve is not only going down, but it’s accelerating; it’s actually hyperbolic.

At the same time, the so-called “market values”—Wall

Street market values—have been galloping up, up until recently. The financial aggregates are growing, how? By stealing from people! That is, a corporation does a “cost reduction”: It pays people less; it steals. Or, it imports from a foreign country, from cheap labor, and steals. Therefore, the physical economy, per capita, of the United States, has been decaying, especially for the lower 80% of family-income brackets. While the financial value, per capita, of monetary aggregate, and financial aggregate, has been increasing, per capita. The stock market has been going up! “Everybody knows the stock market has been going up! It’s great! The economy’s fine!” So: The patient is dying, but the fever is rising!

Now, how this is done, in part, is by an increasing reliance on *pumping*—and printing—money, directly and indirectly, into the economy. Through the Federal Reserve System, for example. Or, by borrowing Japanese yen, at 0% interest rate. So, this has been feeding the growth of financial aggregates, which are growing, because of the looting of the physical economy, which is then turned into profit. And, by the leverage on growth in financial values, by monetary pumping.

All right, now let’s go to the second case [Figure 2], and see what the point is, here. Now, this is the condition, which the United States economy reached during the Spring of the year 2000. At this point, the amount of financial aggregate, which had to be poured into the economy, under the Clinton program of Plunge Protection—the amount of aggregate that had to be poured in, to keep the stock market, and related financial markets from collapsing—exceeded the amount of endangered financial assets, which needed to be rolled over. This is exactly what happened to Germany, in June-July of 1923, in which the German bank had to print money, more rapidly, than was accounted for by the amount of assets it was

rolling over. And that led to hyperinflation.

So, at this point, the U.S. financial system, in the Spring and Summer of 2000, went into a *hyperinflationary mode*. The real economy was collapsing at an accelerating rate. Look at the layoffs; look at the shutdowns, now ongoing. The physical economy is collapsing at an accelerating rate. The financial aggregate system—the market—is not. It is now collapsing. That is, the rate of expansion of financial market values, on stock markets and similar exchanges, is not *rising*, at the rate it was. And, since the value of these so-called “assets,” was based on the rate of growth, a slowing of the rate of growth, means an inevitable slowing, dropping, of the yield on these investments. At the same time, to *maintain* these levels of these investments, by cutting Federal Reserve interest rates, for example, the amount of money that has to be poured in, is *greater* than the amount of financial assets being supported, subsidized, by money-printing.

Now, the money-printing is both U.S., and it comes from places like Japan. The U.S. dollar hangs on the Japanese yen! The Japan government, and banking system, has been printing money, for the *benefit of the United States!* It has been loaning that money, at 0%, or nearly 0% borrowing cost. Can you borrow at 0%? This money is then issued as yen, alone; the yen, are then used to buy dollars, euros, and so forth. This money then comes back *into* the United States, into the U.S. financial market, and pumps up the U.S. financial market. So, *what happens, if the yen collapses?* What happens if the yen collapses? Argentina’s bankrupt, and so forth, and so on. What happens if Turkey collapses? It’s already as bankrupt as Argentina, it’s just being supported for military purposes, as in the case of Iraq operations, in Central Asia. What happens? The entire system, then goes into a chain-reaction collapse.

Now, that’s not the end of it.

‘The Cluster-Buster’

Now we get back to “Cluster-Buster.” Now, this whole system, of Enron and what it typifies, is one, gigantic swindle. There was never any merit to it; it was pure theft. And it had another aspect of pumping to it. Enron, and similar kinds of firms, were giving contributions, to finance election campaigns and party finances. So this money was going in, to buy Congressmen! And, as the value of the Congressmen went lower and lower, the price went up! So, how did they maintain the system? There was never any value in this system. It was pure theft and swindle, and there is nothing but *criminality* in this whole thing! Leading accounting firms? Can you trust an accounting firm? Would you trust a leading accounting firm? Would you trust a banker? Would you trust a Congressman? What they invested in, is what’s called “hedgies.” What they would do is, they would take a stream of money, and make a deal with each other—a bunch of people. And these hedgies became more and more complicated, and more and more of the world—especially in the funny-money area—became involved in deals with each other.

Now, the security for all of these notional values on financial derivatives, is not based on real assets. It’s based on the assumption that Joe Dokes is going to be able to pay Joe Schmoe. And if Joe Dokes commits suicide, then Joe Schmoe goes bankrupt. Now, if you have a system of this type, in which all of these characters are in these derivatives partnership deals—counterparty relationships—and they’re entangled, like the biggest, dirtiest spider web you ever imagined—what happens is, when it starts to collapse, the whole thing comes down in a chain-reaction collapse. What we’re dealing with now, is over *\$100 trillion of notional values* in derivatives, sitting on top of a bubble, in which there’s Global Crossing, and so forth. Many of these things like that, are in Bermuda or the Jersey Islands, or so forth. They’re purely shell operations.

Many companies in the United States, have become entangled in energy deals, and also derivatives agreements—including one in Pennsylvania, recently, that just went under: A power company, which was not engaged in derivatives, as such, became involved and entangled in these contracts with Enron—they weren’t going under! So, what you have now, is, we’re at the verge of a chain-reaction.

‘This Is a Slime Mold’

Now, I’ll tell you what this is like, to give an image. There’s a critter, in nature, a very interesting critter, which sometimes acts like an animal, and sometimes acts like a plant—sort of like an Enron executive. It’s called a “slime mold.” There’re many kinds of slime molds, and you’re going to see a picture on the Internet of this; at this point, in this address I’m making, we’re going to stick it in on the web, so people can see what I’m talking about, about a slime mold. What happens, is: This thing, which you find in swamp waters and things like that, in one phase of its existence, it’s running around like individuals, and behaving like an animal; and, in another point, all these animals come together in a cluster, and they form a real piece of *slime*. *Ugly slime*. And, this is what’s called a “slime mold”; it goes through these two phases, back and forth: “Well, it’s only us individual partners, here, at Enron,” right? Then you start looking at the partnerships, and you say, “Wait a minute! This is a slime mold!” Then you look at the counterparty relationships which Enron has, through these financial derivatives markets, with this totality, and you say, “We’ve got a \$100 trillion notional value slime mold, which is sitting on top of the world and suffocating it!” Did you ever see a slime mold die? They do, sometimes.

And, that’s the problem we’re faced with, right now. That’s what I mean by the “Cluster-Buster” and “Cluster’s Last Stand.” We’re at that point. There is nothing left to support this: Production is down; the system is collapsing—it’s finished. And, this is what I’ve foreseen. That’s what I presented with this in 1995-1996, and again, with the second phase in 2000, on the question of this Triple Curve.

This is the nature of the situation. We’re at the end.

The Lessons of Classical Tragedy

Now, what is this? This is a Classical tragedy. Now, contrary to what many of you may have had, who still had an education, in days when they used to teach Shakespeare, and things, in universities and high schools, when people knew something: In those days, you were mis-taught about a tragedy. And you had the usual Romantic interpretation of tragedy. The explanation was, that *Hamlet failed*. Hamlet made a mistake, and that caused Denmark to get wiped out in that period. Not true! Hamlet didn't make a mistake. The only thing that could have saved Denmark, was, if Hamlet *would* have made a mistake.

What Hamlet did—and this is summed up in two locations: in the famous Third Act soliloquy (“To be or not to be”); and then, again, in the closing scene of the play, where you have this peculiar, skewed dialogue, between the Norwegian prince and Horatio. In which the prince is saying, “Let’s go on, and do more of this!” They carry Hamlet off-stage, dead, and a lot of other corpses are being carried off-stage, dead. And here, Fortinbras is saying, “Let’s have more of this!” Horatio says: “Let’s *stop*. And think, now, on what has happened, so we don’t do this some more.”

Then, you go back to the Third Act soliloquy. Fernando—uh, Hamlet—I thought you’d like that!). And Hamlet is saying, “I know what to do, but I gotta think about, what if I die? What if it doesn’t work? So, I’m gonna go back, and conduct myself the way I was trained to act.”

Now, in every tragedy, it’s the same thing. Every true tragedy, the death of a nation is caused, not by its leader, or the failure of its leader, as such. The failure of the nation, is caused by the people. And the failure of the leader, is: He does not go against the will of the people. In point of fact, in real history, the failure of all pragmatists—every pragmatist is a potential, walking tragedy! Because no culture, no civilization was ever destroyed by itself, except by its own opinion; except by adapting to its own popular opinion. The leader who fails, the tragic figure, is the leader, who does exactly as popular opinion demands. And, people that fail, are those who choose leaders, who are slaves to popular opinion.

That is the tragedy of the United States today. That is why none of the two major parties work. That is why they’re failures. Because, as long as people go by popular opinion in the United States, the United States is, to that degree, *doomed*. Only a sudden, and revolutionary, change in popular opinion, can save the United States from Hell, at this point. And, Hell is looking at us, in the form of this Clash of Civilizations war. Europe is about to distance itself from the United States; it may not do it, but it’s at the threshold of threatening to do something that it has not threatened to do, in more than five decades: break from the power of the United States. Because Europe knows the United States is *doomed*, and wonders if it has the guts to break from that doom.

That’s the reality.

Because, all the solutions, would mean a violation of popular opinion. It would mean, saying that your friend, who

believed in the New Economy, was a suicidal idiot. That your friend, who believed in free trade, was a tragic idiot. That your friend who believed in globalization, was a tragic idiot. Your friend, who believed that you had to go by popular opinion polls, was a tragic idiot. When you find the whole nation, is behaving like a horde of mythical lemmings, about to go over the cliff, you don’t want to follow lemming opinion! If you care about lemmings, you’re going to try to get them to change their opinion, and you’re going to be very rude, when it comes to discussing their present opinions. That’s the challenge that faces us.

I’ve watched us. I’ve been around for a fairly long time. I’m still frisky, along with a couple of other people, like Bill [Warfield], who are still frisky. We’re still able to do our job! But a lot of other people have passed on. And, we’re among the survivors—people like me, in my position. We know what happened to this country: in the 1920s, the 1930s, during the war, the immediate post-war period, the 1950s, and the 1960s; and we know what happened since.

The Failure of the Baby-Boomer Generation

Most people in positions of power, today, who are members of the Baby-Boomer generation, that is, who were born during or after World War II, *have not a clue*, as to what has been going on in the world, in this period. Because they were raised as children, under the influence of what we called then, “McCarthyism”—it was actually “Trumanism,” but somebody decided to call it “McCarthyism”; they couldn’t pronounce “Truman.” And, under this thing, parents would tell their children, “Get out of the cities. Get out into the suburbs. Get a white-collar job. Get away from those blue-collar jobs. Get out there, and get behind a desk—not a machine tool. Don’t get your hands dirty, there’s no future in that. That’s for poor people—not for *you*. Go to the right schools. Be careful what you say. Never say things that might get back, and get our family into trouble. Don’t say something, that might result in your father being fired, as an engineer at that plant. Learn to go along, to get along.”

And, so, it’s not the Baby Boomers’ fault, in a sense: They were *raised* that way! They don’t *know* any better. They were never educated any better. When they’re faced with something they don’t want to face, they say, “I don’t go there!” “Don’t tell me about that, I don’t want to hear it!” “I’m not going there!” “I don’t go there.” “I don’t believe in that.” “Don’t tell me about Dead White European Males”—for example. “That’s not allowed in our university.”

And, therefore, what’s happened, is, we have a deprived population. You could not do this to my generation, while we were running the show. You couldn’t do it. Our generation was not that stupid. My generation committed a lot of crimes—and they’re actual crimes; there were moral crimes. They submitted to things they should not have tolerated. They capitulated to public opinion, or what they thought was public opinion, which generally was manufactured by a billionaire mass media—not to their own consciences. But, you couldn’t

have fooled us, the way this Baby-Boomer generation has been fooled.

Now, our problem—and my problem in particular—is to speak like an old prophet, who comes from my generation, which is about as close as we get to sanity, these days. And, my job is to tell you, who predominantly represent a younger generation, that once upon a time, we knew better than what you believe, today. We would never have accepted globalization; we would never have accepted shipping our jobs overseas, and taking them away from us; we would never have accepted these ideas of destroying infrastructure—this sort of thing. We wouldn't have tolerated it. But, you, the younger generation, have. You've now considered the toothpaste, that you can't put back in the tube. You go along with it.

And, some of us, who are older and wiser, and have the benefit of experience, and have a tendency to look back to our ancestors, too, and think about our situation, in respect to people who came before us—people who were born in the last century (the 19th Century, that is). I can go back about 200 years, in terms of my family experience, in terms of dinner table personalities—cultural contacts. I had an ancestor, who was a dinner table topic, who was born at the same time as Abraham Lincoln. There are many people of my generation, who think in those terms; who can think in terms of family background, back to the 18th Century and the early 19th Century. They have a sense of the present, in terms of things that have happened over these intervening generations. They compare things, *in the long term*. They think of where we came from, and ask, where are we going?

An Opportunity for Change

Now, we have before us, an opportunity. If folks of the younger generation will come to their senses, and realize the present political parties in the United States—neither of them work. There are some decent people in those parties; decent leading people. But the parties, as organized institutions, now under their present conditions—of “getting along” with each other: They just don't work. The Republican Party and the Democratic Party are equally stupid and incompetent. You would think there is no chance of saving this nation, if you think ahead, and think that, if *these* parties, in their present constitution, their present state of mind, if they are going to run the future, even the immediate future, there is no chance for this nation or this civilization.

But there are things we can do, if people will come to their senses. If they have an epiphany—maybe the majority of Americans will be better at taking an epiphany than George Bush was, after Sept. 11th. Maybe they'll take one that sticks. And realize they came close to destruction of everything they'd fought for. And, maybe they will change their ways, or be willing to change their ways, because they find that certain values are more important to them, than sticking to their old habits. They might want to change.

The first thing they might want to do, is, go back to—as I said, at the outset, here—go back to what the United States

once represented, under Franklin Roosevelt; and continued to represent, in a certain, significant degree, during the first 20 years after his death. And say, “That was a better way of doing things. Why don't we take that, as a point of reference?” And tell the Baby Boomers: “Look, it was better under those conditions. That's how you were able to get to college—because of *us*, and because of these policies.” If you've been like the children today, who've had almost no chance—they can get to a college, but they can't get anything out of it; there's nothing in there, to take. We can change.

We have to change, in the way we think about the world. Unfortunately, we live under a British monarchical cultural influence, a Hobbesian influence. We think the secret of everything, is: How do you get ahead, at the expense of the other fellow? People say, “Well, don't our interests compete with those of other nations? Don't they conflict? How can we beat these other nations?” Idiots talk about a conflict between Europe and the United States, on the question of economy: There is no such conflict! Except in the mind of idiots! There's no conflict between the euro and the dollar! The euro's bankrupt and the dollar's bankrupt: What's the conflict?

We have to think in terms of humanity. And we have to understand, that the nation-state is the necessary institution, because it's only through references to a national culture, that a people can deliberate together efficiently, on highly sensitive questions. But, at the same time, the nations must deliberate, as a family of nations. And the nations must agree upon policies *among nations*, as we, in a nation, must agree upon policies among ourselves, based on *our* language-culture; *our* traditions; the things we can share with our neighbors, and friends and family; so that we can make references, which people understand, which is more difficult for people who live in different countries, with different cultures.

But, we're all human, and we all have essentially the same interests as human beings. We have the same distinction from the animals, that every other human being has. We are *human*: We have access to immortality; to *ideas*, which no animal has, except as they're adopted by a human being. An animal dies; where does it go? Nowhere, unless some human being loved it. Where does a human being go when they die? If they were a person of ideas, a person who contributed to the development of a person with ideas, they have an immortality, in the transmission of these cognitive discoveries and ideas, which they transmit. What they have done, as living human beings, becomes a permanent part of humanity; a permanent legacy. They live forever, in that legacy! They have immortality, in that legacy! When they look back to their ancestors, in the cultures that came before them, and think of the struggles which we have behind us, in earlier generations, we try to think about bringing justice to those who are departed. We try to think about the injustices, that were done, and to do something now, which is an act of justice, for those who suffered injustice before: And, thus, the living must provide justice for the dead, and the living must provide a future for the coming generations.

We have that kind of immortality. And, therefore, let us think of the human family, in those terms: as the families of sovereign nation-states, of people who are based on that conception of themselves.

We Can Get Out of This Crisis

And, look at the world: What's the situation? Can we get out of this financial crisis? Yes! We can. It'll be hard work; it will be satisfying work, but hard work.

We have vast unemployment, now, of two kinds: We have the actual unemployment, of people who are unemployed, or underemployed. We have people who are not counted. Or, people, also, who are employed, but they're employed in useless things! We have too many white-collar workers, who are unskilled. They should be able to do something productive, not something unskilled, which they find difficult to justify as human beings. We have a vast labor pool of unemployed people. We have vast needs, in infrastructure. Look at our cities. Look at our power systems. Look at our water management. Look at our environment, in general. Look at our educational systems. Look at the buildings. Look at the conditions of life, the basic infrastructure. Look at our health-care system, which is almost broken down. Look at these things! *We need these things fixed!* And fixing them will be useful—worth being paid for.

We can put the American people back to work, in the sense that Franklin Roosevelt showed: You can put people back to work, and the result will be useful, and beneficial, for the nation. Did we lose money on the New Deal? No, the conditions of life of the American people and the economy were improved by the New Deal. The nation was saved. The standard of living was increased; the economic power and profitability of the nation was improved—by the New Deal! That was not make-work! That was not useless. We put people, who were idle, or wasted, into employment, *to build a future. And they did build the future!* Maybe not perfectly, but they built it.

We have before us, great opportunities, in terms of technological progress. We can make revolutions in technology. We can't do it all at once, because we don't have the people with the skills needed to that, that rapidly. But, we can crank up the space-mission program! We can crank up other things, that will put juice back into this economy.

Build Up the World Economy

But, we also have several great tasks before us: We have the Americas, for example, and that's simple: All you have to do, is, put the system back, under a just mode, and the Americas can come back quite nicely. There are a lot of messes down there, in Central and South America, but the way it was once supposed to work, *will work*, if we put our minds to it. We have also, two other areas of the world, that are most important to us—and I'm not ignoring Australia, but the Australians can speak for themselves. They're known to

be able to do so.

We have Eurasia: The vast Eurasian continent, which is the greatest source of mineral resources on this planet—most of these untapped, or virtually untapped. This includes Western Europe, which used to be a concentration of technological progress. This includes Japan, which *was*, until it was ruined by Brzezinski, was also a fountain of technological progress—until Brzezinski ruined it, back when he was National Security Adviser, controlling Carter.

We have China, which is emerging, but, which is not, by itself, doing too well: because China has well over a billion people, and it's not going to deal with that problem of population, merely by the means it's applying now. It needs help. You have India, which is approaching a billion people: It also is a strong nation, in some respects, but it needs help. You have Southeast Asia, in general. You have Central and North Asia. You have the Middle East. These are areas of potential development, which require large infusions of modern technology; capital-intensive investments, in the life-period of 15-25 years—like big water projects, and things like that; transportation projects.

Therefore, we can rebuild Eurasia, by combining those centers of Eurasia, including centers in China and in India, which have a technological potential, for producing capital goods and technologies, needed, desperately, by the vast masses of Asia, which are underdeveloped, and by areas of Asia, such as Central and North Asia, which have never been adequately developed, but which could be developed, with programs, which we have specified. Therefore, we have the means in this area. If we get an economic recovery program, of the type that Roosevelt envisaged for the United States, in the 1930s, for Eurasia, we can combine the idled potential of Japan, of Western Europe, and other locations, and parts of China and India; we can take that potential, and mobilize it to deliver in the long-term credit, the technology required by the vast masses of Asia—including the masses of people, and the masses of areas, such as Central and North Asia, which are areas of largely *untapped* resources, which can not be tapped, without development.

We have, also, the case of Africa, which is a different case, in some respects: Africa is a looted and destroyed continent, especially sub-Saharan Africa. Roosevelt intended to change that, but, with Truman's accession—who didn't understand the problems of African people—that was dropped. Africa is now looted; it is being looted, largely, as an area of raw materials. The South African Shield, is one of the richest sources of mineral resources in this planet. It also has other "natural," so-called, potentials. The Anglo-Americans and their Israeli partners, have been looting that part of the world, massively. Looting it, and destroying what remained of nation-states; to loot the people; to set forth wars, fratricidal wars, and things of that sort, in that part of the world. The people are destroyed. They're looted to death.

We have to bring justice to Africa. Africa has tremendous



Huge areas of Central and North Asia are underdeveloped, and require inputs of capital goods from the United States and Europe, to achieve their vast potential. Here, an official of China's Lianyungang city government, in November 1998, gives a briefing to foreign delegations, on the route of the Eurasian Land-Bridge, linking his city to Europe.

potential: It has large mineral resources, which it could develop—not simply to export raw materials, but to export finished materials, and semi-finished materials, of its own production. To develop its own towns and industries. What it needs, to do this, is a very rapid injection of a large-scale major trunk, infrastructural system. But, this is an old story: In the 1890s, the British planned to build a railway system, from Cape Town to Cairo. Never was built! The French, until 1898, had planned to build a railroad, across the sub-Sahel region from Dakar, in Senegal, to Djibouti, on the Indian Ocean—never built. There's a need for combined water systems, power systems, and transportation systems, and also new urban areas, throughout Africa, as a precondition for the development of Africa.

Under the conditions provided by such infrastructure development, Africa has one of the great food-producing potentials of the world: its active farms. But the farms are not productive, for reason of diseases, for lack of technology, to make these areas fertile and productive. We have a vast market, a requirement for food, in the burgeoning populations of South and East Asia. So, therefore, there *is* a future for Africa: *We* have to give them that future. We have to give them, as Roosevelt projected, the basic economic infrastructure; the aid to develop that; the ability of them to maintain their own system, and build their own system. That we have to do.

A Question of Leadership and Vision

So, therefore, we can say, that over the next quarter-century, we, as Americans, if we come to our senses—and we still are a political power in the world; if we could do things

right, the world would listen to us. Africa would listen to us. I think Africa would trust *me*. I think Central and South America would trust me, and would probably not trust any other candidate in the United States—and for good reason, too! They're not dumb. Europe and Asia would probably trust me, where they would trust no other figure in the United States.

If the United States, as *I* understand it, were to offer this option, to the people of the Americas, Africa, and Eurasia, we could say, that we can adopt a 25-year *mission*, not for some kind of imperialism; not some kind of hegemonic system. We can organize a *partnership*, among perfectly sovereign nation-states, which might be called a "multi-polar world": a multi-polar world of cooperation among nation-states.

All it requires, at this point, is leadership of *vision*, under conditions of great crisis, as Roosevelt reacted in 1932-33, to the Depression in the United States. A leader of vision and understanding, who's willing to break glass, the glass imprisonment of popular opinion, and say: "We are going to Hell. Would you *like to survive*? Will you *join me* in surviving?"

And, what I need from you, and from many other people, is a simple, "Yes. We want to do it." We have a great vision before us: Twenty-five years of coming out of Hell, to a future. And we, who are not going to live to see it, can think 50 years ahead—two generations—and say, "At last, we have within our reach, the possibility of establishing an order on this planet, which is fit for the human beings, and *all* of the human beings who live in it."

Thank you.

New Nuclear Designs Ready To Power Economic Reconstruction

In America, Russia, and South Africa, companies have designed new nuclear reactors—small, inherently safe high-temperature modules, ideal for industrializing underdeveloped regions. Marjorie Mazel Hecht reports.

The fourth-generation high-temperature gas-cooled nuclear reactors are supersafe (actually meltdown-proof), modular, efficient, and cost-effective—and they can be on line within this decade. Their fuel is in the form of tiny particles encased in ceramic spheres, which serve as “containment buildings” for the fission products. The overall design of these reactors prevents them from ever getting hot enough to split open the ceramic spheres that contain the fuel. These reactors also have inherent and passive safety features, which shut the reactor down safely, without any human intervention, if there is a problem.

The new form of fuel containment—tiny ceramic spheres—also precludes the kind of terror scenarios projected in the case of an airplane attack on a nuclear plant.

The modular designs make these new reactors ideal for use in a developing country, where one module can be constructed at a site where others will be added, later, as the country’s power grid expands. Their higher output temperatures also make them efficient to combine with industrial centers that can make use of their process heat. Modular high-temperature gas-cooled reactors are also most suitable for powering the proposed industrial corridors of the Eurasian Land-Bridge.

Enormous Potential Worldwide

Sixty years after the beginning of the fission age, the enormous potential of nuclear technology is still waiting to be explored and developed. Worldwide, instead of building 2,000 nuclear plants by the year 2,000, as envisioned by the optimism of the Atoms for Peace program in the late 1950s and early 1960s, the world has only 420 operating nuclear

plants. The United States, which has 103 reactors, supplying about 20 percent of the nation’s electricity, is in the midst of an energy crisis.

Although the rest of the world has continued to go nuclear, if at a very slow pace, no new nuclear reactor has been ordered in the United States since the 1970s. This was the result of a massive public relations campaign, scaring the public away from nuclear power, funded by the oligarchs who ran the ecology movement, including Prince Philip, Prince Bernhard of the Netherlands, and the huge U.S. foundations. At the same time, the Carter Administration, run by Zbigniew Brzezinski’s Trilateral Commission and its plan for a post-industrial economy in the United States, paralyzed long-term investment with interest rates of 20% or more, and time-consuming regulations that dragged out nuclear construction, vastly increasing the cost of nuclear plants. The last U.S. nuclear plants built took 20 years to come on line. In contrast, French nuclear plants of similar size were put on line in five years.

The fourth-generation modular nuclear plants can begin to fulfill the intentions of Atoms for Peace in this decade. South Africa intends to develop a capability for mass producing as many as 30 Pebble Bed Modular Reactors per year for export! General Atomics, in the United States, is also interested in mass production for the GT-MHR. Other advanced reactor designs are available—from conventional light water reactors to breeder reactors—and, in fact, such reactors are under construction now in India, China, and Japan, with many other nations, from Vietnam to Mongolia, discussing going nuclear.

Described here are two fourth-generation reactors, the Gas Turbine-Modular Helium Reactor (GT-MHR), under de-

velopment by the San Diego-based General Atomics company, and the Pebble Bed Modular Reactor (PBMR), which is being developed by the South African government. The reactors are similar in concept, but have different fuel configurations.

Walter Simon, a senior vice president at General Atomics who has worked with high-temperature gas-cooled reactors for 40 years, discusses why GA's reactor is being built in Russia, and will use weapons-grade plutonium as its fuel source.

South Africa's PBMR Is Moving Ahead

The Pebble Bed Modular Reactor (PBMR) now under development by South Africa's electricity company, Eskom, is a 110 megawatt-electric (MW-e) design. This type of reactor was developed in Germany, but Eskom has added new technologies, such as the direct-cycle helium turbine, to make the reactor more efficient.

Eskom's partners in the PBMR project include South Africa's Industrial Development Corp., British Nuclear Fuels Ltd., and the U.S. company, Exelon.

The initial feasibility report for the PBMR in South Africa has been completed, and the detailed feasibility report has been reviewed by the investor groups, and is now before a 14-member panel of international experts appointed by the South African government.

According to PBMR spokesman Tom Ferreira, "The feasibility study has confirmed that there are no unresolvable issues. The investors have indicated that they remain positive about the PBMR's potential and toward the end of the year will make decisions about the way forward for the project."

Ferreira said that "the investors are taking a cautious and prudent approach to satisfy themselves that all the remaining technical and organizational uncertainties surrounding the project are resolved to the appropriate degree, before committing funds to the construction of the first reactor."

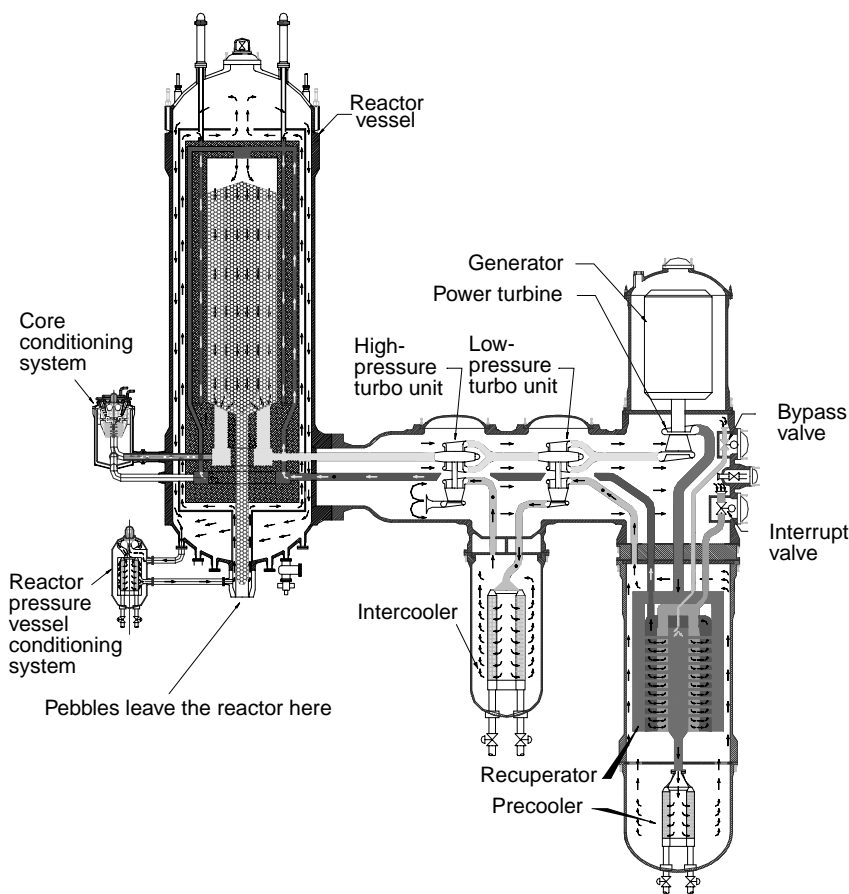
The next phase of the project is more

detailed engineering and planning work. In addition, there will be a round of public meetings on the environmental impact assessment early this year. "It is hoped that the South African government and the shareholders will give the green light for the building of a construction module before the end of 2002," Ferreira said.

Because of its small size and low cost, the PBMR is an ideal design for developing nations, which have electricity grids that may be too small, initially, to handle a larger plant. These countries or regions can add PBMR modules as needed. To reach higher powers, Eskom envisions siting as many as ten PBMR units at one location, with a common control room.

Eskom anticipates exporting up to 30 PBMR modules a year once the program for mass production is under way. Because of the economies of mass production of standardized modules, Eskom has estimated a total cost of PBMR-generated electricity at less than 1.6¢ per kilowatt hour. (Now, most U.S. consumers are paying 8¢, or more.)

FIGURE 1
Cutaway View of the PBMR



Source: Courtesy of Eskom.

A Supersafe Reactor

The steel pressure vessel of the PBMR (see **Figure 1**) is six meters in diameter and about 20 meters high, inside a building that is 21 meters below ground. The walls of the vessel are lined with 100-cm thick graphite bricks. Inside the vessel are 310,000 fuel balls (“pebbles”) which are the size of tennis balls, plus 130,000 graphite balls, which moderate the reaction.

Each fuel ball contains about 15,000 fuel particles, and about nine grams (about one-quarter ounce) of uranium. The total uranium fuel in the reactor is 2.79 tons. Each fuel pebble generates about 500 watts of heat, when the reactor is in full operation. The reactor is continuously refueled, with new fuel balls added at the top, and spent fuel balls removed at the bottom. Each fuel ball passes through the reactor about ten times. The continuous refuelling eliminates the weeks-long down-time necessary for large light-water reactors, when they are refueled.

The fuel particles, which were pioneered by General Atomics in the United States in the 1950s, are constructed with a tiny particle (0.5 millimeters) of uranium dioxide at the center, surrounded by several concentric layers of temperature-resistant materials—porous carbon, pyrolytic carbon, and silicon carbide. These coatings “contain” the fission reaction of the uranium, even at very high temperatures (up to 1,600°F). In fact, the fuel pebbles can withstand temperatures at which the metallic fuel rods in conventional light-water reactors would fail.

How It Works

To produce electricity, helium gas, at a temperature of about 500°C, is inserted at the top of the reactor, and passes among the fuel pebbles, leaving the reactor core at 900°C. From there it passes through three turbines, the first two driving compressors, and the third the generator. There, its thermal expansion is transformed into rotational motion to generate electricity. The expanded helium is then recycled into the reactor core by two turbocompressors. The helium leaves the recuperator at about 140°C, and its temperature is lowered further to about 30°C in a water-cooled precool.

The helium gas is then repressurized, and moves back to the heat exchanger to pick up heat before going back to the reactor core.

This direct-cycle helium turbine, with a highly efficient recuperator, simplifies the reactor operations, eliminating the need for heat exchangers and secondary cycles, which are required in conventional light-water reactors.

The net thermal efficiency of the PBMR is 45%, compared to 30-35% for conventional light-water reactors. This is one of the main reasons that the PBMR is projected to produce electricity so cheaply.

The outlet temperature of 900°C is far higher than that of conventional light-water reactors (280°C to 330°C), which gives this type of reactor its name: high-temperature reactor.

Safety Systems

The inherent and passive safety systems of the PBMR are designed to make it “meltdown proof.” The physical characteristics of the reactor are such that it shuts itself down, without any additional safety systems, in any imaginable accident scenario. As in the GT-MHR operation, there is a self-stabilizing temperature effect. If the temperature of the reactor core should heat up, the large amount of U-238 in the fuel particles absorbs more neutrons without fissioning. Thus, if the core heats up, the reaction slows down and stops, automatically stabilizing the temperature of the core.

The spent fuel from the PBMR also has built-in safety features. Because it is encapsulated in several coatings, including silicon carbide, the radioactive fission products which remain when the fuel has been burned, are fully captured and contained inside the same fuel pellets, and can be stored relatively inexpensively.

Interview: Walter Simon

Russia's GA Reactor To Burn Weapons Plutonium

Mr. Simon is a nuclear engineer and Senior Vice President for Reactor Projects at General Atomics (GA) in San Diego. He is in charge of the joint program GA has with Russia to build a high-temperature gas-cooled nuclear reactor, which will use weapons-grade plutonium as fuel. He was interviewed by 21st Century Science & Technology managing editor Marjorie Mazel Hecht at the end of 2001.



Q: What is the status of the General Atomics project to build the Gas Turbine-Modular Helium Reactor, the GT-MHR, with the Russians?

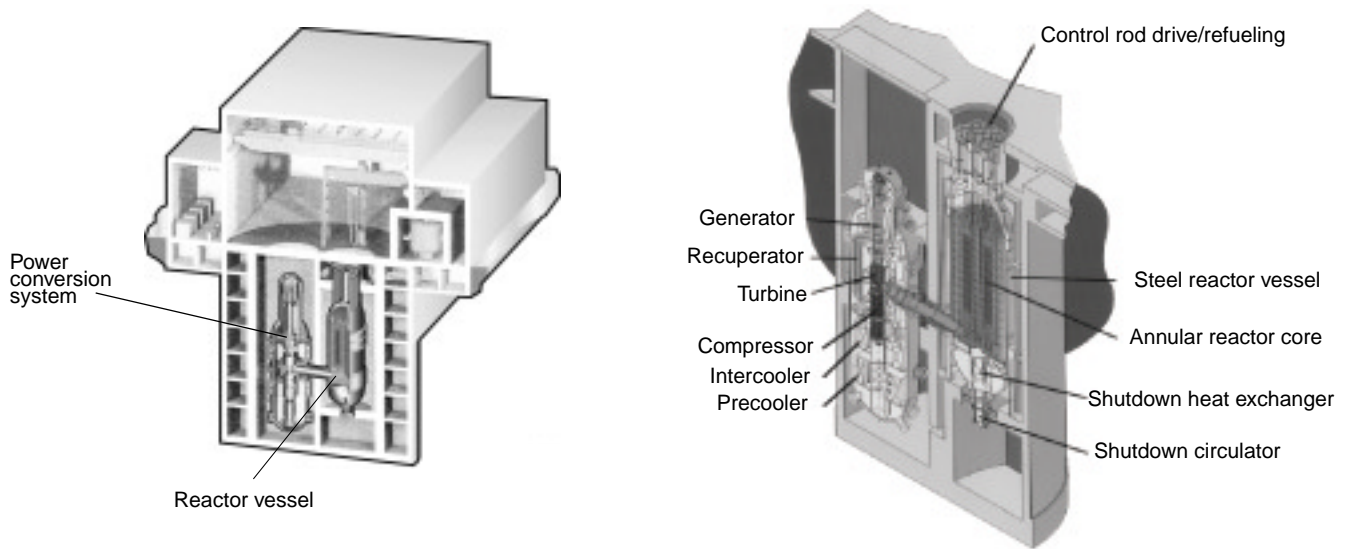
Simon: Our schedule right now is that by early 2002 we will have completed the preliminary design. The Russians have been working on it. There are somewhere between 700 and 800 people in Russia working on this program right now.

Q: Can you describe the reactor design?

Simon: The design itself hasn't changed much [see **Figure 2**], but we have much more detail on it than before. It is a

FIGURE 2

Cutaway View of the GT-MHR Reactor and Power Conversion Systems



Source: General Atomics.

This is the current design for a 285 MW-electric power plant (600 MW-thermal), and shows how the layers of hexagonal fuel elements are stacked in the reactor core. The helium gas passes from the reactor to the gas turbine through the inside of the conducting duct (vessel system), and returns via the outside.

The reactor vessel and the power conversion vessel are located underground, and the support systems for the reactor are above ground.

high-temperature gas-cooled reactor coupled to a gas turbine. The gas turbine drives the generator, as well as the compressors that circulate the gas. That is basically what we are working on. In addition to that, we need to do fuel development, since we are talking about plutonium fuel.

Q: Because you will be burning weapons plutonium in Russia?

Simon: Yes, weapons-grade plutonium. That is the purpose of the project in Russia. They have started to do some testing on reactor components, and we are marching on; the next step is to go into the detailed design, what we call the final design, and then, when that is done, we'll make the plans to start getting the construction work done.

Q: When do you expect a demonstration reactor to be completed?

Simon: The goal is still to have the first module on line in 2009.

Q: Is the site in Russia already selected?

Simon: Yes, the site that we've discussed with the Russians is Seversk. This is the former Tomsk-7, about 10 or 15 miles out of the city of Tomsk in Siberia. This used to be a closed

city, but it is not closed any more. The Russians still have two plutonium production reactors running there, because they need the power, to heat the city and provide electricity. These reactors will be shut down soon.

Q: So, the GT-MHR, when it is built, will begin burning up the surplus weapons plutonium, of which there is a great deal.

Simon: There are many tons of weapons-grade plutonium on both sides—U.S. and Russian. The two governments—actually Presidents Boris Yeltsin and Bill Clinton—each had declared a total of about 34 tons of weapons-grade plutonium as surplus, and now, after the recent discussions that President George Bush had with Russian President Vladimir Putin, they want to reduce the whole weapons inventory further—I haven't seen any specific numbers yet.

Q: It would take a long time for you to get through 34 tons of plutonium fuel.

Simon: Yes, the history of that goes way back. The alternative to burning plutonium as fuel (which we continue to work on), is the use of MOX fuel (mixed oxide fuel). The idea was to use MOX fuel in Russian light-water reactors, as well as—they have a fast breeder reactor—doing it with the fast breeder. The number that came out was that the capacity is

somewhere between 2 to 2.5 tons per year that could be burned as MOX.

Now, of the material that has been declared surplus, the 34 tons all will be burnt.

Q: Who is funding this part of the project now?

Simon: Our project has one unique characteristic: that in the beginning, GA and the Russian nuclear agency, Minatom, shared the cost. That's how we started.

When the U.S. Congress began to support this program, starting in fiscal year 1999, the Congress required that of the first money it made available (a total of \$5 million), \$3 million would have to be spent in Russia, but under the condition that the Russians match the amount of U.S. money going into the project.

Well, the Russians have done that, and I'll have to say right now, that this is the only plutonium destruction program with the Russians (and there are several; the light-water reactor program with MOX is still ongoing) where the money is being paid 50-50. The gas-cooled reactor program is, and will continue as, a joint program, which means that for every dollar that the United States puts in, the Russians put in an equal amount. This goes back to the contract we negotiated in 1994-95.

Q: What are the prospects here in the United States for the gas-cooled reactor?

Simon: Earlier this year, GA decided that after the electricity problems we had in California, and the energy plan that came out, spearheaded by Vice President Dick Cheney, that we should move forward here with the GT-MHR on the commercial side. First of all, the U.S. Department of Energy started looking at what to do to get nuclear power back on track. Clearly in the long term, and even in the relatively short term, this country is going to need more power, and this means that new power generation sources will have to be built. Even though a lot of coal and gas will have to continue to be burned, the renewables (solar and wind) will not be able to close the gap.

Q: Hardly.

Simon: And so, nuclear power has to come back. I'm sure you have seen the numbers. They are talking about 100,000 more megawatts in the next 20 years. And so, we decided that we should also follow a parallel branch here, to what we are doing with the Russians. Even though the Russian design is mainly focussed on the plutonium disposition, in the end, it will be the prototype for a commercial unit. That's the way we look at it.

And we have now started to go in a commercial direction, in parallel to the Russian program.

There will have to be some design changes made relative to the plans we are designing with the Russians. One example is that we would not use plutonium, particularly not weapons-

grade plutonium, as the fuel for commercial U.S. applications.

We will put together a consortium of companies which, hopefully, will work together and modify the design as may be necessary. The plan is really now to march on toward a commercial unit.

We formed a utility advisory committee, led by Entergy, and including Omaha Public Power District, Nuclear Management Corp., Dominion, PSE&G, and Constellation. We have several additional companies that have joined, but which have not yet been announced.

The bottom line of all this, is that the Utility Advisory Committee represents about 35% of the U.S. nuclear-generating capacity. These people are active. These people are in Washington, D.C., fighting for the gas reactor, together with us, or by themselves. It is quite clear that Entergy, for instance, is very interested in getting the gas-cooled reactor moving.

Q: Is the plan, that you would move forward here in parallel, and perhaps have another prototype built in the United States?

Simon: Yes, in the end we will have to have a prototype in

General Atomics' GT-MHR

The GT-MHR produces higher process heat (1,000°F, compared to the 600°F limit of conventional water-cooled nuclear reactors). This makes it more efficient for a wide range of industrial applications, from making fertilizer to refining petroleum. It uses a direct conversion gas turbine to produce electricity from the flow of superheated gas, thus simplifying the reactor system and increasing efficiency.

The 285 megawatt-electric (MW-e) reactor is small enough to be mass produced in standardized units, thus making the cost very competitive.

How the GT-MHR Works

The GT-MHR reactor consists of two steel pressure vessels, one for the reactor system, and the other for the power conversion system, both of which are housed about 100 feet underground in a concrete building (**Figure 2**). Above ground are the refuelling machine for the reactor and the auxiliary systems for operating the reactor.

Fuel system: Tiny fuel particles that are shaped into finger-sized rods are stacked into a column, and then inserted into the hexagonal fuel element block (**Figure 3**). The GT-MHR is designed to burn uranium fuel, or plutonium.

The cylindrical reactor core is made up of stacks of hexagonal fuel element blocks of graphite (each about a

the United States. However, the prototype we are talking about for the United States is about a year or so behind the Russian plan. We would go ahead and build the Russian plant, and then, after that, we would start construction on a U.S. plant.

There are certain things that we would just take over and utilize. For example, the fuel element here would be loaded with enriched uranium rather than with plutonium. And there will be a few other things that will have to be modified: for example, the whole documentation structure that has been adopted in this country for a nuclear plant. Basically there is a common way of doing that, no matter what type of reactor you build. The Russian rules are different, and the information that will be there, will have to be reworked to meet our requirements.

Secondly, of course, we'll have to start talking with the Nuclear Regulatory Commission (NRC).

Q: Have you begun to do this?

Simon: We had our kickoff meeting in December 2001 in Washington; it's what we call the pre-application kickoff

meeting, the first dialogue with the NRC to get this whole thing moving.

Q: The pebble bed modular reactor [PBMR] design has already been brought before the NRC by Exelon, which is working with the South Africans, and it seems to me, just from observing from the outside, that the reaction on the part of the NRC is favorable to these new reactors.

Simon: Fundamentally, I agree with you. These are different types of reactors—the PBMR and GT-MHR. They are quite different from the traditional light-water reactors. I can only go back—and I'm putting a little bit of caution in here—in the sense that we had been dealing with the NRC some years ago on the early modular HTGR [high-temperature gas-cooled reactor], and we had submitted a preliminary safety information document on the design, and we asked for a safety evaluation report and we got all that.

But when the NRC came down in the end, there were maybe something like ten items or so on the table that would apply for both the conventional light-water reactors and the

foot wide and three feet long), into which fuel rods are inserted in vertical columns. The core is ring shaped (annular). It has 61 columns of graphite reflector blocks at the center, 102 columns of fuel blocks surrounding the center, and a ring of unfuelled graphite blocks near the outer rim. There are also helium coolant channels in the fuel elements.

In the three-year fuel cycle of the GT-MHR, refuelling takes place for half the core every 18 months. (In the Pebble Bed design, the refuelling is continuous.)

Helium coolant: The helium gas flows down through the coolant channels in the fuel elements, mixes in a space below the core, and then carries the reactor heat through the inside of a connecting duct to the power conversion system. It circulates through the power vessel, and returns back to the reactor vessel via the outside chamber of the connecting duct. The helium enters the reactor core at 915°F, and is heated by the nuclear reaction to 1,562°F.

Safety systems: Control rods at the top of the reactor vessel regulate the fission reaction. The rods are lowered into vertical channels in the center and around the rim of the core. If the control rods fail, gravity-released spheres of boron automatically drop into the core to stop the fissioning.

There is a primary coolant system and a shutdown coolant system. If these systems both fail, the reactor is designed to cool down on its own. First, there is a passive back-up system, whereby coolant on the inside of the reactor walls uses natural convection to remove core heat to an

external sink. The concrete walls of the underground structure are also lined with water-cooled panels to absorb heat, and should these panels fail, the concrete of the structure alone is designed to absorb the heat. The natural conduction of heat to the underground structure surrounding the reactor will keep the core temperature below 2,912°F (1,600°C), which is far below the temperature at which the fuel particles can break apart, releasing fission products or other radionuclides. The graphite blocks retain their strength up to temperatures of 4,500°F.

In any type of loss-of-coolant accident, the reactor can withstand the heat without any human operator intervention.

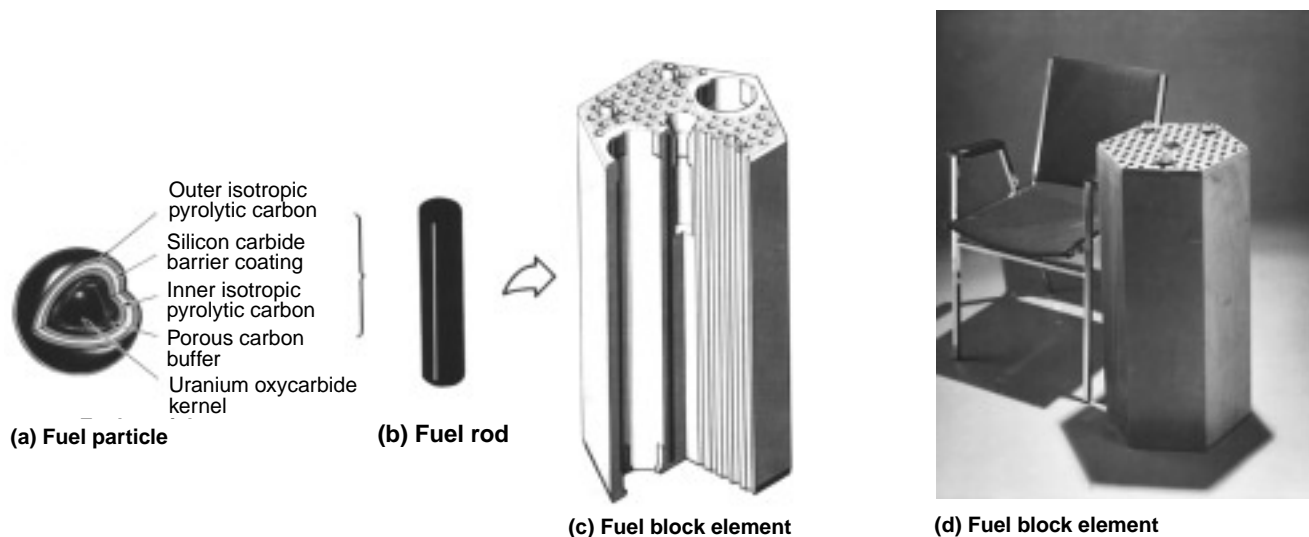
Increased Efficiency

The GT-MHR system efficiency is about 48%, which is 50% more efficient than the conventional reactors in use today. Its increased efficiency comes from its use of recent technological breakthroughs: new gas turbines developed for jet engines, like that of the Boeing 747s; compact plate-fin heat exchangers that recover turbine exhaust heat at 95% efficiency; friction-free magnetic bearings, which eliminate the need for lubricants in the turbine system; and high-strength, high-temperature steel vessels.

A more detailed description of how the new fourth-generation nuclear reactors work can be found in the Spring 2001 issue of 21st Century Science & Technology magazine, which is available at \$5 per copy from 21st Century, P.O. Box 16285, Washington, D.C. 20041, or online at <http://www.21stcenturysciencetech.com>.

FIGURE 3

GT-MHR Fuel Components



Source: General Atomics.

The tiny fuel pellet (a) is about 0.03 inch in diameter. At the center is a kernel of fissile fuel—uranium oxycarbide. This is coated with a graphite buffer, and then surrounded by three successive layers of pyrolytic carbon. The coatings contain the fission reaction within the fuel kernel and buffer.

The fuel pellets are mixed with graphite and formed into cylindrical fuel rods about two inches long.

The fuel rods are then inserted into holds drilled in the hexagonal graphite fuel element blocks. These are 14 inches in diameter and 31 inches long. The fuel blocks, which also have helium coolant channels, are then stacked in the reactor core.

advanced reactors, in which I would count the liquid metal reactor (LMR), which at that time was on the table, and the HTGR. The NRC spent quite a bit of time on these items, but in the end they came out with rulings whereby it turned out that if there was any doubt of how to do something, they always favored the existing methods for light-water reactors. And we were not enthused about that.

These issues will have to be revisited. But I think the attitude of the NRC, in the meantime, really has changed. They recognize that these machines—the GT-MHR and the PBMR—have passive safety characteristics that make these reactors literally meltdown proof, and there are no other reactors that can do that. This is an example of the things that we will have to discuss and work on with the NRC.

Q: These new designs are really a completely new concept. It's been around for a while, but is very different from the existing conventional reactors.

Simon: That's right. For example, there is the fact that we have in both of these designs only ceramic material for the reactor. This is all material that can tolerate fairly high temperatures. From a safety standpoint, we have chosen our reactors in terms of physical size and physical shape, such that even if

you lose all the cooling, you get fuel temperatures which can basically not exceed 1,600°C, and that compares to a fuel particle that can take at least 2,000°C.

So, we have chosen design parameters, from the geometry to the material, in such a fashion, that you may attack the fuel particle's integrity, but you can never destroy it.

Q: So the fuel particle's coating is an impermeable containment.

Simon: That's correct. The coated particles are one of the barriers [to a fuel meltdown], but of course they are the most significant one.

Q: To go back to the NRC—

Simon: In December, we had a whole day meeting with the NRC. That's something that the PBMR already has started.

I would say that we have one advantage, and that is, GA had the experience of the Fort St. Vrain HTGR. This nuclear plant operated in Colorado, and had a steam cycle [not a direct conversion gas turbine], and had hexagonal block fuel elements—about 14 inches across the flats and about 70 inches tall.

We are going to use the same graphite fuel element con-

figuration for the Russian design as well as the U.S. design. Why? Well, we have irradiated in total about 2,500 fuel elements in this reactor, where we found only two blocks which had a hairline crack, just two webs.

We had a lot of discussion about this with the NRC at that time, but in the end, the NRC accepted that there was no reason for serious concern, that we could continue to operate with the cracked blocks, because the cracks just relieve the stresses. That's what it came down to.

So we are going to use the same fuel elements, the same shape, with the only difference being that in the United States we'll use uranium fuel instead of plutonium.

The other part that we had the NRC look at in the late 1980s and early 1990s, was the large-scale modular gas-cooled reactor, which had the same fuel elements. In the big scheme of things, in terms of design philosophy, as well as the design itself, things haven't changed that much, although there have been changes in details.

And so, my point is that the NRC already has familiarity with our kind of reactor design, but in the case of the pebble bed reactor, the NRC has never reviewed a pebble bed design. And so I think they may have to do more things for the NRC.

Q: In general, in terms of the PBMR, your design has an advantage in terms of the power density. Can you say something about that?

Simon: Maybe the simplest way to talk about that is historically. The Germans started out with the modular pebble bed design, and there were some very simple rules that they began with. Number one, there should be no control rods in the reactor. This was an experience from the AVR, a smaller research reactor at the Jülich Research Center, and the THTR [thorium high-temperature reactor], a 300-megawatt electric power reactor, both pebble beds. I did not work on them, but I am reasonably familiar with them.

In the larger reactor, to keep the reactor under control, they had to push the control rods into the pile of pebbles, and this actually damaged pebbles, so therefore, they decided that in the next plant they wanted to build—a modular reactor—they didn't want to have any control rods that had to go into the pebble bed. So, that means, basically, that you have to control the reaction with control rods in the reflector [which surrounds the reactor core], which means that you have to control the reaction by its neutron leakage—because you catch the neutrons in the reflector outside the reactor, and if you catch more, they can't come back [to make more fissions]. This is how you deal with the reactivity.

So this is rule number one. To do that, however, you'll find that the size limit is somewhere around 10 feet—3 meters—in diameter for the reactor core.

The next item is the power density. In a graphite reactor core that is 3 meters in diameter, you do not want to exceed the 1,600°C (the limit in case you lose all coolant), and these

parameters basically determine the power density in terms of kilowatts per cubic foot, or watts per cubic centimeter, whichever way you want to do it. It turns out that you come up with something that is about 3 watts per cubic centimeter, and so now you have fixed the diameter and you have fixed the power density.

The only way you can make more power is to make the core taller. Typically, if you look at these numbers, they come out between 8 to 10 meters, and so you have a tall, skinny core. Well, we at GA went through this too. And now comes the question of how you choose your parameters, specifically, by the condition of not having control rods in the core, nor exceeding the 1,600°C temperature during an incident where you lose all your coolant, at which point the reactor would shut itself down, all by itself. However, in such an incident, the decay heat will still build up. And that can only be removed by conduction from the inside of the reactor to the reactor vessel surface, and then radiated away from the reactor vessel surface to cooling panels which surround the cavity in which the reactor has been placed.

So, if you look at the PBMR, I think the commercial modular version of the design was somewhere around 10 meters high and 3 meters diameter, and if you multiplied this out and then figured the efficiency to convert the heat to electricity, the design should have come out at around 100 or 110 megawatts power.

Later, the word came out that the South Africans actually went to an annular core. And I have to say, that whether it's a pebble bed or a prismatic block-type core, if you apply these rules that I mentioned, they are equally restrained by the power level. You have exactly the same problem. You can only go to a certain reactor diameter, because that's all you can control. And once you have that, you can only choose the same power density. So, there is literally no difference in the design limitations.

It turned out, that when GA started working on the modular high-temperature reactor, at the suggestion of Congress, we actually started with the pebble bed reactor. However, we realized within the first few months, that from our vantage point from this part of the world, these plants were too small.

Q: Was this back in the early 1980s?

Simon: Yes. We got a letter from Congress in 1984 suggesting that we look at reactors that would be much safer. It took us less than a year, before we said that with this small reactor, we will not be competitive against these big 1,000-megawatt light-water reactors. And so we were looking to go to higher power levels.

The first thing we went to was an annular core. The whole trick with the annular core, is that you keep the path short from where the heat is generated to the place where you can radiate the heat off. That is basically the whole idea behind the annular core.



The AVR experimental pebble bed reactor in Jülich, Germany, came on line in 1967 and operated successfully for 22 years. It demonstrated many safety effects of the high-temperature reactor. One test with the AVR showed that in a total sudden shutdown, the plant cools down and the fuel pebbles remain intact.

Sometimes people ask, why don't you fill the inside of the annular core with fuel, rather than putting in graphite blocks. Well, if you do that, you would have to reduce the power, for temperature reasons, to the same size that we would have to go to for a much lower power density, and the total power level would be the same as that of a fully loaded pebble bed reactor without an annular core.

In other words, if you make a larger core, and you want to meet the requirements mentioned earlier, you'll get the same power level you would get if you had a smaller core with a higher power density. And in that case, if there was a loss of coolant, the heat would have to go from the center of the core to the outside, and that heat path is much longer. To drive that heat, the temperature in the center will have to meet the 1,600°C criterion, and you don't gain anything. You do gain, however, when you go to an annular core.

Q: Is that because the space between where the heat is produced and where it gets taken off, is very short in the annular core?

Simon: That is correct. That's the bottom line of this. And it turns out that if you go to an annular core, in the annulus, where the fission takes place, we now have a power density over 6 watts per cubic centimeter.

Q: So that's twice the power density of the PBMR.

Simon: Well, if the PBMR is just a cylinder, that is correct. But the PBMR has also done something here, and has gone to an annular core.

Q: So is their power density now better?

Simon: I think that the power density in the PBMR annulus

has gone up to about the same level as our design. They are now talking about 120 to 150 MW electric for the small core.

Q: As opposed to their previous 100 to 110 MW electric?

Simon: Yes, and this is a 10 to 30% increase in power. They basically took that path. Now, I'm really speculating, because I don't know the facts in that detail, but my assumption, is that they did this because they wanted to get the cost down; meaning, if you think in terms of dollars per kilowatts, if you have more kilowatts in the denominator, then the cost comes down. And also, of course, the additional power that you get out helps.

Q: So, your design is larger.

Simon: Our design has 600 MW thermal, 285 MW electric.

Q: This size, as I understand it, is about the limit of what can be mass produced. For example, if you wanted to turn out several modules in a factory assembly line, if the reactor were much bigger than 285 MW, you couldn't do it.

Simon: I think there is only one company in the world that can at this time give you the steel forgings for the flanges, etc., for such a reactor, and that is a Japanese company.

Q: So that's the limitation on size right now.

Simon: That's where we are right now. We are up to something that's about 26 feet in diameter, which is not so easily transportable. Theoretically, you could build a 1,000 MW annular core. But then you have other manufacturing and assembly issues that will have to be dealt with.

Q: I think that the United States has completely dismantled any of its capacity to build a large reactor vessel. The same is true for the fusion reactor program. So what we need is a renaissance to get this program off the ground, and not have just one reactor—we're talking about a need for many reactors in the United States.

Simon: That's right, and I wouldn't mind having 10, or 15, or 20 under construction at the same time.

Q: I think that's the direction we have to go in. I don't know how familiar you are with the concept of the Eurasian Land-Bridge. This is a development program, a rail-vectored development corridor, for the Eurasian land mass, which stretches from the east coast of China to the west coast of Europe. The design for this was proposed by Lyndon LaRouche, and is now being undertaken by many of the countries involved—China, Russia, Iran, for example. As developed by LaRouche and his wife, the design includes industrial corridors, and the model nuclear plant selected to power those corridors is the HTGR—either the pebble bed or the GT-MHR. The development area is vast enough so that we would need both designs. So we are very interested in getting mass production capabilities for these reactors.

Simon: There is room for both of them. And, in the end, the question is really the cost of the electricity that comes out.

Q: I would also look at it another way, not the cost-accounting way: What is the cost of *not* doing this for our society and for the world?

Simon: I was rather referring to the stuff that will be built in the end, the machines that will be built will be the ones that produce the lowest-cost electricity.

Q: Yes, but, I also think that in looking at that formulation, one also has to consider what will happen if we don't do this, where the cost will be incalculable if we don't proceed.

Simon: Absolutely. We have to proceed. And I think it may take a little bit longer than we would like to see, but in the end, there is just no way around building these new reactors.

Q: I hope we do it within our lifetimes, and I—and you—have probably been saying that for at least 20 years.

Simon: Make it 40.

Q: How did you get started as a nuclear engineer?

Simon: I graduated from the University of Aachen in Germany in 1961, and in those days we were still part of the Mechanical Engineering Faculty. I always wanted to come to the United States, at least for a few years, and General Atomics had an office in Zurich and one in Düsseldorf. I applied there, and after an interview, I was hired, in 1961.

Then, in June 1964, they sent me to the United States for a year, for training. I always say that I'm a slow learner, and that's why I'm still here.

Q: So now you direct the joint GA program with Russia for the development of the GT-MHR.

Simon: As a matter of fact, I negotiated the program and put it all together.

Peach Bottom [in Pennsylvania] was GA's first reactor. I was there, during the initial physics tests—after the first criticality, all sorts of tests have to be made—and I was out there for about a month. Then, shortly thereafter, I became responsible for the nuclear design of the Fort St. Vrain plant. And then, later on, for the start-up program. I was the guy from the GA side, who took the reactor critical for the first time.

Then, we had sold ten large HTGR reactors that we were designing in those days, and I was responsible for the entire core design, not just the fuel and physics part, but the thermo-hydraulics and the structural design, and all of that. That was in the mid-1970s, when everything went down.

Q: In the mid-1970s, with the oil crisis.

Simon: Then the utilities cancelled their reactor orders. As a matter of fact, it's an interesting oddity, in the sense that the day we got a license, a construction permit, for the first of these big ones, the order was cancelled.

Q: It was a very sad time. I don't know if you saw our article on this [Marsha Freeman, "Who Killed U.S. Nuclear Power," *21st Century Science & Technology*, Spring 2001]. Although people think these nuclear plants were cancelled because of Three Mile Island, in 1979, it actually had started long before that, with the Wall Street interest rates and the environmentalist demands in combination making it impossible for the utilities.

Simon: That's exactly right. The last reactor that was sold in this country was in 1974.

Anyway, after that, I kept watch on gas reactors on the international side, trying to get things going there, with the Europeans and the Japanese, and I did a few other things in between, but basically I spent my life on the high-temperature gas-cooled reactor.

Q: Let's hope that this current effort succeeds, so that before your career ends you will see many of these reactors in operation.

Simon: I don't mind looking at them even if I'm retired.

Q: Your career with the HTGR has really spanned a cultural shift, from the optimism of the 1960s to the cultural pessimism of today. In the 1960s, you assumed that you could do the impossible, that you would simply solve every problem that came up. And now, this attitude is gone. The environmentalism that has taken over has brought a total scientific pessimism, that we have to protect the birds and the bees, even at the expense of human beings, and that these are insurmountable problems, and people are a nuisance, as opposed to being the solution.

Simon: Yes. I have nothing against the environment. I think we should do everything to protect the environment.

Q: Yes, but what is "protection"? You want to protect it against real things. Not against phony ideas. And, of course, nuclear would protect the environment.

Simon: Definitely, it's about the only source, certainly, that can do that, other than the renewable resources, like solar and wind.

Q: And they will never have any power density, to speak of.

Simon: That's correct. If people would do the arithmetic, they would find out, literally, that they would have to build forests of windmills. . . . The other thing that is not new, is that the Sun doesn't shine at night.

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British Colonialists Misfire in Zimbabwe

by Lydia Cherry

As Zimbabwe's March 9-10 elections approach, Africa's former colonial masters, led by Britain, have so accelerated their war of propaganda and manipulation against the Zimbabwe government, that they run the risk, not only of having their candidate *not* win this extremely important election, but also of losing some of their control elsewhere in Africa. The Feb. 17 decision of the European Union (EU) to slap selective sanctions on the Mugabe government, after a disagreement about election observers, and a like action by the United States, are being seen by some African leaders as parallel to President George Bush's "axis of evil" speech. The assumption in each case is that whatever the Europeans or the United States demand, will be accepted by the world.

The two major contenders in the election are the ruling ZANU-PF party led by President Robert Mugabe, and the Movement for Democratic Change (MDC) led by British puppet Morgan Tsvangirai. The underlying issues for the British are that Zimbabwe is important for British leverage on South Africa, and that Mugabe is exposing the International Monetary Fund (IMF). Mugabe's program of taking back land for Africans from large European holdings, however, has been Britain's political "bloody shirt."

The Continent Opposes British Policy

There is a strong thrust for African unity in the organizing for the founding summit of the African Union, in South Africa in July. The continent is nearly unanimous in opposing the British attack on Zimbabwe's election.

African leaders all across the continent called the sanctions against President Mugabe and his cabinet ministers "unfortunate" and "unwise." The pro-Western President of Nigeria, Olusegun Obasanjo, told a news conference in

Rome that it was sad that the EU had rejected Mugabe's request that the group of African, Caribbean, and Pacific (ACP) countries take the lead in a joint observer mission. "I think we must understand that this country is a sovereign country," he said. The Mugabe government had invited nine European countries—France, Belgium, Italy, Spain, Greece, Luxembourg, Ireland, Portugal, and Austria—to come as part of a joint mission led by the ACP group. Those not invited were Britain, Denmark, Finland, Sweden, Germany, and the Netherlands.

Obasanjo said the EU's pullout would make no difference. "If because [the EU election monitors] would have to leave, you expect that the elections in Zimbabwe will therefore no longer be free and fair—I would not say that the fact that there are no European observers, means an election anywhere would not be fair and free." No one complained at the absence of European observers in the U.S. Presidential elections in 2000, he said.

South Africa said the EU's decision was "difficult to fathom." Deputy Foreign Minister Aziz Pahad, who speaks for President Thabo Mbeki, told SABC radio, "We're really surprised at this decision, because if there are allegations that elections might not be free and fair, then it is important to ensure that many neutral, objective, impartial observers are in place." The official statement from Pretoria on Feb. 18 said the EU sanctions were "regrettable and unfortunate." It accompanied the announcement of the South African observers going to Zimbabwe, along with those from the Southern African Development Community (SADC) and the Organization of African Unity. The Mbeki government has consistently refused to play the role that its Western friends have wanted concerning Zimbabwe.



Tony Blair's (right) British government has let out all stops to prevent re-election of Zimbabwe's President Robert Mugabe (left) in the March 9 elections, despite unanimous opposition from the African nations, to British Commonwealth colonialist tactics.

The West has mounted “a vicious campaign to vilify President Robert Mugabe because he was stepping on the corn on the foot of the West,” said Kedibone Molema, national secretary and leader of a small political party in South Africa, the Azanian People’s Organization, in response to the sanctions. “The ZANU-PF government will go on distributing land, no matter what.” She noted it was common practice and a “very African tradition” for leaders to stay in power for long periods of time.

Tanzanian President Benjamin Mkapa on Feb. 20 characterized recent British and EU moves as “neo-colonialism and economic colonialism.” At a village rally in northern Tanzania’s Kilimanjaro region, he urged African countries not to let themselves be manipulated by the EU and other powerful nations.

Mkapa likened the EU move to the balkanization of Africa at the 1885 Berlin Conference, where Europeans parcelled out Africa among themselves, adding, “I’m saying this because some are beginning to forget that it was in Berlin where they had gone to decide on the balkanization of this continent, into countries which they later came to colonize.” Mkapa stressed that Mugabe was right to defend his country’s policies in defiance of the “donor community,” stressing that Zimbabwe is an independent nation and should be let alone to decide its destiny.

Just days before the EU pulled its election monitors from Zimbabwe, African Union Secretary General Amara Essy, speaking in Lusaka, the Zambian capital, said that Zambian President Levy Mwanawasa acted within reason when he rejected the EU report on his country’s Dec. 27, 2001 general elections. He suggested that the continent would be much better off if African countries monitored their own elections: “They do not ask or invite us to go to the United States or

Europe to monitor elections there,” Essy said. “I hope this will not continue.”

The Stakes

The March 9-10 elections are not just an exercise in “multiparty democracy,” but a crucial choice of policy direction. President Mugabe made his policy direction clear as early as his December 2000 speech at a special party congress of the ruling ZANU-PF party. He said it was a mistake to adopt the IMF policy orientation, saying, “The hardships we endure today arise from the programs of adjustment in which we acquiesced at the beginning of this decade, which have had the terrible effect of simply wiping off the phenomenal social gains we had made during the first decade of our independence. . . . For the past decade, we adjusted and liberalized the economy. . . . The question we could not answer is: For whom are we adjusting the economy? By hindsight and by sheer deepening misery of our people, we can now answer that question. We adjusted the economy to serve the external interests, which is why our people have nothing to show, ten years into the adjustment.” At that congress, Mugabe laid out his land redistribution program as central to the policy he hoped would address the failure of IMF “adjustments.”

Against Mugabe is the two-year-old opposition MDC, which wants cooperation with the IMF. The British Conservative Party’s shadow deputy foreign secretary, Richard Spring, filled in the picture in addressing the Cape Town Press Club on Feb. 19. Spring said of the MDC, “We are very close to them; we are in virtual daily contact,” according to SAPA news service. The same day, a Conservative Party spokesman told BBC that Zimbabwe is on its way to becoming a “rogue state,” unless Mugabe does as he is told regarding election monitors.

Zimbabwe Under Siege

by Dr. Simbi Mubako

With Zimbabwe's March 9 scheduled Presidential elections only days away, Dr. Mubako, the Ambassador of Zimbabwe to the United States, gave this report of the country's fight for sovereignty against a global British campaign. The speech was delivered to the Presidents' Day weekend national conference of the Schiller Institute, on the Feb. 16 panel keynoted by U.S. Presidential pre-candidate Lyndon LaRouche.

These days Zimbabwe is always in the news, but rarely do you ever get news about anything positive. A wise person has said, bad news is better than no news at all. However, as Ambassador for Zimbabwe these days, I would gladly swap anybody's "no news at all," if he will accept my "bad news."

There has been a veritable media blitz on Zimbabwe by the Western powers in the last three years. Yet for the previous 19 years, the West showered endless praises on Zimbabwe and its President, as a beacon of stability and democracy in Africa. Zimbabwe won many international awards for its advanced agriculture and economic management. American universities awarded President [Robert] Mugabe several doctorates, adding to his own six very good degrees in education, economics, law, and international relations. Now, suddenly, the West condemns the country, and portrays Mugabe as a leader who has developed the horns of a demon, and a tail. He is called a tyrant, a thief, and a corrupt monster, with all the epithets that the West heaps upon Third World leaders.

Why This Sudden Assault on Mugabe

What are the reasons for this sudden turn of events? The reasons are not far to seek. They are mainly two.

The first one was the intervention of Zimbabwe troops in the Democratic Republic of Congo (D.R.C.). In 1998, the D.R.C. was invaded by Uganda and Rwanda, with the tacit support of the United States of America and Britain. The declared aim was to overthrow the young government of President Laurent Kabila. The D.R.C. appealed to SADC [the Southern African Development Community] for help; SADC agreed to send troops from Zimbabwe, Namibia, and Angola. The invading forces were checkmated, and the plan to overthrow the government of the Democratic Republic of the Congo, was foiled. The invading forces are still occupying, and exploiting the diamond and other mineral resources of the D.R.C., on behalf of the West. Two and one-half million people have died in the process, in the occupied territories, as a result of war, starvation, and disease. There has been no outcry in the West about the occupation, exploitation, and

atrocities committed by the occupying forces, and the deaths of so many millions of people. The West singles out Zimbabwe for vilification, because of their own failure to plant a puppet regime in Kinshasa [the D.R.C. capital].

Zimbabwe's presence in the Democratic Republic of the Congo was a SADC decision, aimed at saving the people of the D.R.C. from imminent danger and genocide; and this was part of the wider SADC goal, to assist the African people everywhere. Zimbabwe is proud of its role in the D.R.C., and we know that the Congolese people are happy and grateful for the assistance they receive from the government and people of Zimbabwe. Zimbabwe will continue to stand ready to assist, and to defend and consolidate the independence and territorial integrity of the D.R.C., as long as it is necessary to do so.

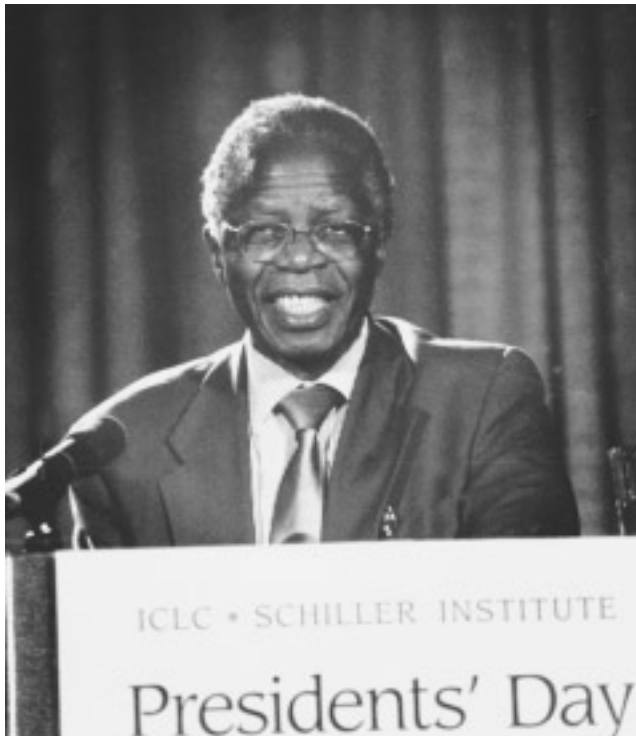
Land reclamation: The second and even more important reason for the West's assault on Zimbabwe, is that the Zimbabwe government decided to take control of its land; of the land which remained the monopoly of a small racial monopoly from the days of British colonialism. Land was one of the principal objectives of the war of liberation, through which Zimbabwe gained independence from Britain in 1980. Yet, 19 years after independence, that land was still in the hands of British settlers. The colonial racial division of the land left the white farmers owning 65% of the best farmland of the country, while over 9 million blacks [of the 11.7 million population] were crowded on small, infertile, sandy plots, or were made landless and jobless.

Moreover, [British Prime Minister] Tony Blair's Labour government decided to abrogate the pledge, which the previous government had made before [Zimbabwe's] independence [at the 1980 Lancaster House Conference], that they would fund a resettlement program, a land reform in Zimbabwe. Tony Blair's government unilaterally announced, that they had stopped funding the land reform and resettlement program in Zimbabwe.

The Zimbabwe government, therefore, was left with no choice, but to announce its own plan of land reclamation, at an accelerated pace. They embarked on that; and, as of now, 7,000 farms—or about 90% of the land which was formerly occupied by the white farmers—has now been acquired for African settlers. Most of the people who are being resettled had been landless, or jobless. And by the end of December 2001, over 360,000 families had been resettled on new land.

The government of President Mugabe acted with determination. This is the reason, why the West is punishing Zimbabwe. This is why the West is demonizing President Mugabe. The campaign against my country has nothing to do with democracy, the rule of law, or elections, as they tend to allege. Zimbabwe has always practiced these things, and is committed to democracy and good government.

In reality, the West itself does not care about these matters in Third World countries. If you look, their closest allies are the greatest offenders against democracy and human rights. I shall not name names, but you know the military regimes, and



Simbi Mubako, Zimbabwe's Ambassador to the United States, gave an urgent report to the Schiller Institute conference, with Zimbabwe's Presidential elections threatened by a global British pressure campaign to bring down President Mugabe. EU sanctions were added to that pressure on Feb. 18.

the one-party states, and theocracies, and so on, with whom they are in bed.

Escalation of the Vilification Campaign

President Mugabe has repeatedly said that there is no going back on the land reforms. Zimbabweans know that Mugabe is a man of his word. The British know this as well. So, they have decided to escalate their campaign of vilification against the people and the economy of Zimbabwe. The object is to make the people disaffected against their government, and to make the country ungovernable. This was all in preparation for the elections, which they knew were coming. They imposed informal sanctions on the country, including attempts to prevent oil deliveries from reaching Zimbabwe. We had gasoline queues, and closures of some factories, leaving thousands of people unemployed. They withheld spare parts for our machinery and aircraft bought in Britain, including parts for incubators and respirators for newborn babies.

They called on their cousins in Canada, the United States, Australia, and some European countries, to impose sanctions on Zimbabwe. As you know, the right wing in the United States jumped at the opportunity to punish an African country, whom they saw as being a "cheeky" one. They introduced the so-called Zimbabwe Democracy Bill, which was passed by

Congress last year. In so doing, they ignored the protests and advice from Zimbabwe itself, from all states of the whole of the SADC region, and from all the African states. All the African states were united against any form of sanctions.

In particular, they keep trying to divide Africans, to get some Africans to break off from opposition to the line they are taking. They keep on blaming President [Thabo] Mbeki, for example, of South Africa, for refusing to be used against a friendly African government, which has impeccable pan-Africanist credentials.

Last week, President Mbeki voiced his exasperation with the West, for treating African states like little children, who were either ignorant, or did not know what was good for them. He said that in Zimbabwe, the West's *interest is clearly not about democracy, but about their wish to control the country.*

Africa has decided that there is no case whatsoever, for sanctions of any kind against Zimbabwe; rather, there is a case for economic assistance, if anyone is inclined to assist.

Within Zimbabwe itself, Britain and its allies are trying to destabilize the elected government of President Mugabe in any way they can think of, in order to install a puppet government that will dance to their tune. They have now admitted, that through organizations such as the Westminster Foundation, the Amani Trust, and others, they—together with the white farmers, and white interests in South Africa—bankrolled the main opposition party in Zimbabwe, for a long time now.

You have, today, an opposition party, led by people who were formerly poor trade union leaders, which has now, arguably, more resources than the party in government. The leaders have become instant millionaires. They have managed to establish short-wave radio stations in Britain and the Netherlands, that nightly beam propaganda to Zimbabwe, in favor of the opposition and against the government.

However, all this does not seem to be working, at least in the estimation of the British government. The British fear that their three-year-old Zimbabwean baby might fail to win the election; hence, they have decided to interfere directly in the elections themselves. They demanded that the European Union monitor Zimbabwe's elections. This arrogant demand was made under threat of economic sanctions, and in complete disregard of Zimbabwe's laws and its sovereignty. They saw in this, an opportunity for them to be able to rig the elections, in favor of their favorite party.

The Zimbabwe government had no choice, but to reject this *diktat* out of hand. Next . . . the European Union is trying to impose a Swedish election observer, who was not invited by the Zimbabwe government. He just took the plane from New York, the United Nations, and flew into Zimbabwe, and said, "Here, I've come to observe your elections, on behalf of the European Union."

All these tactics will not succeed. They will not succeed in their attempt to break the resolve of the people of Zimbabwe, to be masters in their own house.

Continued British Colonialism

What emerges here, is that the British have not abandoned their old ideas of imperial domination over their old colonies. They now want to dominate by economic manipulation, and by installing puppet regimes, all in the name of democracy, human rights, and good governance. If they cannot do it alone, they summon the Americans and fellow Europeans, to subdue the disobedient developing country.

At the Berlin Conference of 1895, European powers signed a treaty, to partition and colonize Africa. We are now witnessing a process whereby Britain, a former colonial power, is turning the European Union into an instrument of neo-colonialism. The British regard the Commonwealth—their own Commonwealth of nations—as their same old British Empire, only by another name. Hence, their attempt (which failed) to use the Commonwealth to impose sanctions on Zimbabwe, even during the current Presidential election campaign itself.

No other country would tolerate a situation, where a foreign power would come and threaten sanctions against a party or government which is taking part in an election—clearly, they are showing that they are not an impartial group.

In all this, the public in the West is told, that their governments are intervening in the name of democracy. The British cannot now come back to Africa to teach us democracy, which they, themselves, didn't practice in 100 years of their own colonial rule.

What lies behind this continued arrogance and bullying, is the continued belief by the West in their inherent superiority over the developing nations. That belief is reinforced by the undemocratic and unfair economic order in which the young nations find themselves.

Unjust Economic Order

We are members of a United Nations in which nations are declared equal, but which is dominated by only a handful of powers, that won the Second World War. Hence, the United Nations serves the interest of those powers first, before the rest of humanity. That is the system, which condemns and punished aggression in Kuwait, very swiftly, but condones aggression in the Democratic Republic of the Congo. That is the system, which intervenes to stop wars in Bosnia and Kosovo, but did nothing to stop genocide in Rwanda; and now, does little to end the ongoing atrocities and genocide in the Democratic Republic of Congo.

The injustice of the international political order, rests on the injustice of the international economic order, represented by the International Monetary Fund [IMF] and the World Bank. Zimbabwe is a long-standing member of both organizations, and had come to rely on them for its vital development projects. We thought that we had rights in these institutions, provided that we followed the rules and paid our dues. However, we have since discovered, to our cost, that we were deluding ourselves. We are only insignificant pawns, that can

be cast away at the whim of the great powers.

In 1999, after our diplomatic quarrels with Britain had started, our annual application to the IMF was vetoed by Britain and the United States. The reason given, was that Zimbabwe—which had sent troops to the Democratic Republic of Congo—was too poor to involve itself in the war in the D.R.C.; and therefore, they should be denied any further funds, so that they could not indulge in those kind of adventures.

Yet, at the same time—in fact, on the same day—Rwanda and Uganda had their applications approved by the IMF. These two countries also have troops in the D.R.C.; they are the aggressors; and both countries are actually poorer than Zimbabwe. Yet, they received, and continue to receive, loans and grants from the Bretton Woods institutions, while Zimbabwe is quarantined. That is the effect of the big-power monopoly of these institutions.

Life After the IMF

The lessons to be learnt are two, for us: First of all, that even if you are a member of the IMF and the World Bank, you should not build your economy on the IMF prescriptions. Young and poor nations should rely on their own meager resources. Then you will not be blackmailed politically. This is a surer way to steady economic development, even if it is slower economic development.

Second, we have learned that we should encourage everybody to join the movement for the establishment of a New International Economic Order. That movement is already afoot. And it is in our interests as developing countries, to join these progressive forces, which already exist. We should join hands with the progressive forces of thinkers and policy-makers here in the United States—such as Mr. LaRouche; I have read some of his works. And we should join those in other countries, as in Russia, Italy, Malaysia, who have all shown that they are willing to embrace the establishment of a new international order. There is no long-term solution in the present system of international order.

Zimbabwe values its independence and sovereignty above all else. There is no going back on our land reform program, which is now almost complete.

Our economy has been under siege for about three years now. But now, there are signs of recovery and stability. We have learned a bitter lesson. We have learned that, after all, there is life after the IMF. We are beginning to realize, that the threatened sanctions against Zimbabwe, may actually turn out to be a blessing in disguise.

As for our Presidential elections, to take place on the 9th and 10th of next month: I am confident that they will proceed well, despite the threatened interference by our former colonial “masters.” The elections will be held freely and fairly, just as they have been held before.

I thank you all for listening to me.

UN Adviser Tells The Hard Truth About Africa

by Lawrence K. Freeman

While the world's public attention is focussed on the United States' "war on terrorism," the worsening economic holocaust of the African nations is virtually ignored. At a Washington seminar organized by the Africa Center for Strategic Studies on Feb. 4, an important review was given. Prof. Ibrahim A. Gambari, former Nigerian Ambassador to the UN, who is currently the Undersecretary General and Special Adviser on Africa to the Secretary General of the United Nations, described "Some Current International Issues and The Challenges Facing Africa." Professor Gambari is an honest and knowledgeable participant in Africa affairs. The most glaring omission from his otherwise constructive presentation, is the failure to recognize, that the only solution to Africa's horrific living conditions lies in a complete, and dramatic overhaul of the presently bankrupt global financial-monetary system.

The Challenges of AIDS and Poverty

The most urgent challenge facing Africa is "poverty prevention and development," according to Gambari, who provides the following facts and figures. "Over 42% of Africa's population lives on less than \$1 a day, and 40% in inhuman poverty. Out of 700 million Africans, 120 million women are illiterate, and 150,000 die every year as a result of complications related to pregnancy. Even worse is the death [in the last decade] of 22 million children who die before they reach their first birthday." This misery is concentrated in Africa's Sub-Saharan region.

Professor Gambari discussed the effects of "debt overhang" on Africa's development. "The heavy debt burden of many countries is robbing them of their sovereignty, and impeding their pursuit of economic and social policies. The sad part is that debt overhang is hitting generations that had little or nothing [to do] with its contraction. As the UNDP poverty report observes, the 'truth of the matter is that demands of debt servicing are no longer a matter of money, but a source of the excruciating impoverishment of people's lives.' "

Removing the constraints of diplomatic language, Gambari said that Africa's unfair debt burden is killing its nations' populations, and snuffing out the lives of their young and innocent babies before they have the opportunity to experience life.

While not attacking globalization directly, Gambari diplomatically discussed its consequences for African economies—"the unequal benefit from the globalization process."



A desperate picture of Africa's economies and loss of national sovereignty was drawn in Washington by Nigeria's Prof. Ibrahim Gambari, an adviser to UN Secretary General Kofi Annan.

Globalization, "driven by market and capital expansion, often pays little attention to governance of these markets and their repercussions on people," and does not guarantee "equity and human development." The results of globalization are that "Africa's share of world trade has declined from about 40% (1980s) to less than 2% at present."

"Africa," said Gambari, "also continues to be the least industrialized continent in the world. The factories are still being operated, generally, at less than 30% of installed capacity. Moreover Africa's share of private foreign investment continues to decline, from a peak of \$10 billion (1982) to about \$5 billion (1996)."

The HIV/AIDS pandemic, and the other diseases associated with it, is the other major challenge of Africa. Gambari told the audience that the pandemic has killed more than ten times more people than the total fatalities in armed conflicts on the continent. Since the disease was discovered, over 24 million people have died from AIDS and AIDS-related illnesses. According to one report released by UNAIDS in June 2000, there are about 25 million more people in Sub-Saharan Africa living with AIDS, and among those, nearly 4 million are children. The infection rate among people 25-49 years old exceeds 10% in 16 countries.

Sovereignty of Africa's Nations Challenged

Gambari reported: "There are about 17 ongoing conflicts in Africa at varying levels and degrees of intensity of violence. These conflicts have killed millions of people, destroyed homes of many more millions, and [destroyed] their economic and social infrastructures, such as factories, roads, bridges, hospitals, and schools. They have also created millions of internally displaced persons."

The UN official's summary leads one to take a hard look at the devastation of Sub-Saharan Africa. Wars, crushing debt, extreme poverty, and AIDS are literally devastating the continent, and most people—most Africans included—are unwilling to address this elementary truth.

One of the nations crushed by years of warfare and economic destitution is the Democratic Republic of the Congo (D.R.C.). Media coverage of the volcanic eruption in Goma in January, has brought some minimal attention and awareness of what life is like in the Congo. But as terrible as the hardships resulting from the flow of lava are, they are dwarfed by existing conditions that threaten the physical existence of tens of millions of Congolese.

Since 1998, the nation's sovereignty has been completely ignored by the West. Rebel armies backed by Rwanda and Uganda still control 50% of the Congo, looting its wealth: its precious minerals, its diamonds, gold, forests, and its people. The 1999 Lusaka Agreement between the Congolese and the Anglo-American-backed invaders has failed, because it refused to recognize the sovereignty of the government of the late President Laurent Kabila. Equating the armies of the Kabila government with the foreign invaders' rebel armies, Western governments justified their cynical acceptance of the destruction of the D.R.C., while calling for "all armies" to cease fighting. Now, the government of Joseph Kabila feels it has little choice but to accept the International Monetary Fund (IMF) austerity prescriptions, while upwards of 80% of the Congo's 50 million people are considered endangered!

The same lack of respect for the sovereignty of African nations is seen in the Anglo-American support for John Garang's Sudanese People's Liberation Army rebels against the government in Khartoum. The ongoing efforts by Zimbabwe's "made in London" Movement for a Democratic Change (MDC), led by British agent Morgan Tsvangirai against the elected Zimbabwe government of Robert Mugabe, is another example. Meanwhile, in oil-rich Nigeria, the nation is being torn apart by an escalation of violence fueled by a deteriorating economy. Since the celebrated democratic election of President Olusegun Obasanjo, and the invitation to the IMF to reside in Abuja, the capital, and take hands-on control of the economy, simple existence for the vast majority Nigeria's 120 million people has worsened.

Professor Gambari is correct when he says: "The continent's external debt is the major impediment of mobilizing resources that [are] needed to substantially reduce poverty. . . . There can be no genuine fight against poverty in Africa unless there is an international political solution to the debt." But we are well past the point where simple debt reduction or rescheduling will be sufficient to lift Africa from its current prostration. The devastation of all investment in the human population of the continent can only be reversed by a new international monetary system, a New Bretton Woods organized for physical-economic reconstruction.

Sharon's Two-Front War Against Peace

by Dean Andromidas

Israeli Prime Minister Ariel Sharon is now waging war on two fronts. The first is his ruthless attacks against the Palestinian Authority and its President, Yasser Arafat, and the second is Israel's growing peace camp, which continues to awaken from its decade-long slumber.

The conflict with the Palestinians has escalated dramatically, and has taken on the character of a guerrilla war. Many have compared it to Lebanon ca. 1980s, but a more appropriate comparison is Algeria's anti-colonial struggle against the French of the 1960s. In Palestine, as in Algeria, an entire people are united against an occupier. And as occurred in France, there is growing realization among the occupying power's citizens, that to continue in the role of overlords is to destroy the very soul of your own nation.

The stage was set for the current escalation in violence when Sharon refused to reopen negotiations with the Palestinians, after a lull in the violence for three weeks in January. Furthermore, the Bush Administration, despite the lull, put no pressure on Sharon to implement the Tenet and Mitchell plans to resume peace negotiations. Although the Bush Administration made clear that it would not allow Sharon to kill Arafat, it nonetheless has allowed Israel to keep him under house arrest in Ramallah. Sharon simply continued his policy of assassinations until the desired effect was in hand: the renewal of Palestinian attacks.

Against the targetted assassinations launched by the Israeli Defense Forces (IDF), Palestinian counterstrikes are more like a guerrilla war. In one week, Palestinian fighters managed to destroy one of Israel's most powerful and well-protected tank, the Merkava-3, with a land mine, using professional military tactics. The Palestinians also wiped out two IDF checkpoints in the West Bank, with their fighters being able to escape unharmed. Sharon's reaction was to order the IDF to launch "a new type of response": Chief of Staff Gen. Shaul Mofaz simply issued orders to step up the killing. Dozens of Palestinian policemen and civilians have been killed in operations, involving F-16 jets, helicopter gunships, tanks, and unprecedented numbers of ground forces. Mofaz is known for ordering his commanders "to bring back some dead bodies."

The Israeli daily *Ha'aretz* on Feb. 20 reported that Sharon's policy is being shaped by his agreement with the Bush Administration's intention to go to war against Iraq. "Sharon thinks the United States will attack Iraq within the coming

months and believes that Israel has a clear interest in a change in the regime in Baghdad. . . . In such a case, the geostrategic map will change to Israel's advantage. During his visit to Washington two weeks ago, the Prime Minister was told that the U.S. administration expects Israel to avoid escalation, lest it create obstacles to American plans. According to a government source in Jerusalem, 'The question is how to hold on for four to six months,' until that expected U.S. attack on Iraq."

On Feb. 20, the Director of Policy and Planning at the U.S. State Department, Richard Hass, arrived in Israel to meet with officials, including Director General of the Foreign Ministry Avi Gil, Minister Dan Meridor, National Security Adviser Uzi Dayan, and Sharon's foreign policy adviser, Danny Ayalon. He also met with Palestinian officials Abu Ala and Abu Mazen. It is doubtful that Hass' mission had anything to do with getting the Oslo peace process back on track, since Hass, as a member of the administration of George H.W. Bush in 1991, played an instrumental role in building the coalition that went to war against Iraq. Hass often seeks advice from old friends such as Henry Kissinger.

Peace Movement Expands

While Sharon is being told to "hold on for four to six months," opposition to his policies is growing in Israel. On Feb. 16, Peace Now and the Peace Coalition brought 20,000 people to a demonstration in Tel Aviv, under the slogan, "Get Out of the Territories, Get Back to Ourselves." It was held one week after a coalition of 28 peace organizations held a demonstration of 10,000 in support of the Israeli reserve soldiers and officers who have signed a letter refusing to serve in the occupied territories.

Among the speakers was Palestinian representative in Jerusalem Sari Nusseibeh. Speaking in Hebrew, he told the demonstrators, "Is there anyone to talk to? There *is* someone to talk to. He is the President of the Palestinian people," Yasser Arafat. "Is the question, what to talk about? [That] is also clear, and there's an answer: We talk about two states for two peoples. . . . The path to peace is through the return of the refugees to the state of Palestine and the return of the settlers to the state of Israel."

Yossi Sarid, the head of the Meretz Party, declared, "We call on Sharon and Arafat: Enough blood!"

The demonstrators chanted, "Brother, brother, get out of the territories."

Although the demonstration did not officially support the soldiers' letter of refusal, several speakers did so, including former Attorney General Michael Ben-Yair, who told the crowd that he supported the reservists' right to refuse service. Roman Bronfman, a member of the Knesset (parliament), and leader of the Democratic Choice party, told the demonstrators that the soldiers were "the nation's conscience," and "I salute you."

The driving forces behind the peace movement are not

the political parties or the traditional peace camp, but the reserve soldiers and officers who have signed the letter of refusal. Paradoxically, many in the "official" peace camp have not given 100% support to their action, because of its "illegality"; nonetheless, the reservists' actions typify the deep moral outrage that is beginning to grow within the Israeli population. One Israeli veteran of the peace movement told this writer, that in many respects the population is ahead of the leaders of the peace camp, and is demanding more forceful leadership. The soldiers clearly represent the vanguard of this awakening.

Asaf Oron, a reserve staff sergeant and father of two, summed it up, in a statement he wrote upon signing the soldiers' letter: "We are putting our bodies on the line, in the attempt to prevent the next war. The most unnecessary, most idiotic, cruel, and immoral war in the history of Israel." These soldiers are prepared to suffer going to jail or worse.

The soldiers also provoked another initiative. On Feb. 18, the Council for Peace and Security, a group of 1,000 reserve generals, colonels, and Shin Bet and Mossad intelligence officials, announced their intention to mount a campaign for unilateral withdrawal from all of Gaza and much of the West Bank. They called for evacuating all the Jewish settlements from Gaza and some 50 settlements in the West Bank. The plan would be to establish a defense line along the 1967 armistice line, plus blocks of settlements. This would be followed by opening negotiations with the Palestinians for the eventual establishment of a Palestinian state.

The president of the Council, Maj. Gen. (reserve) Danny Rothschild, told *Ha'aretz*, "I was convinced by the contacts I have through back-channels with Palestinians in recent months. I've learned from them that the street has taken over the entire moderate camp, and the moderate positions they take behind closed doors change the minute there's fear that they will be exposed to the threatening street. I also took into account the demographic issue, and without any chance right now for negotiations, it requires withdrawal in order to preserve the Jewish character of the state." But, he said, the deciding factor for him was the soldiers' letter of refusal. "Four months ago, it was clear to me that the movement would grow, if we continued calling up reserves to accompany settlers to music lessons and to protect real estate that has nothing to do with ideology. . . . Shifting a company of soldiers from protecting a settlement to protecting the seam is the proper use of force. . . ."

Rothschild, who had been involved in Oslo peace talks, went on to say, "The negotiations for a permanent agreement have to be based on Oslo. But an army commander cannot be dogmatic. When conditions change on the ground, he must change his behavior. If Oslo is dead, it's because we killed it, and now we're shooting. But now there's no choice except what's best for us."

The campaign will be carried out under the slogan, "Saying *Shalom* to the Palestinians," which plays on the Hebrew

word *Shalom*, meaning “peace,” and also as it’s used as a greeting.

Sharon refused to meet with the group. They have met with Foreign Minister Shimon Peres (Labor Party) and Labor Party leader Yossi Beilin, and were expected to meet Israeli President Moshe Katsav and even former Prime Minister Benjamin Netanyahu, both of Sharon’s Likud Party.

The initiative received a mixed response from the peace camp, and is opposed by the Palestinians who fear that a new defense line would become a de facto border, at the expense of Palestinian territory. Nonetheless, everyone agrees that the initiative is a clear vote of no-confidence against Ariel Sharon, by his own peers in the military and security establishment.

The Economy Continues To Collapse

The other important contributing factor to the sea-change developing within the Israeli population, is the dramatic collapse of the Israeli economy. At 258,000, the number of unemployed has now reached the highest level since the founding of the state—10.2% of the population, and a 19.7% increase over the past 12 months. This sharp increase is hitting hard at the university-educated part of the workforce. Israel’s Gross Domestic Product has collapsed—a whopping 7.2% annualized rate of collapse in the fourth quarter, the worst since 1953. This followed a 4% annualized rate for the third quarter. Thus Israel, alongside Japan, are the only two advanced economies to have officially registered negative growth for 2001. Per-capita GDP was even worse, falling 9.5% for the fourth quarter and 7% for all of 2001.

The Israeli currency, the shekel, continues to remain very volatile, having gone through an 8% devaluation in the last two months. Hovering around 4.7 to the dollar, it is feared that it could collapse beyond 5 to the dollar.

Writing in the *Jerusalem Post* on Feb. 18, David Kimche, former director general of the Israeli Foreign Ministry and a member of the Council for Peace, warned: “The clock has begun ticking for Ariel Sharon,” and if he doesn’t change his policy, he will find himself out of power. “Like a giant spider caught in its own web, Sharon is entrapped in our own sick political system. Our economy is bleeding,” Kimche wrote, “yet billions of shekels that could have been used for productive purposes and for reducing the soaring unemployment are siphoned off to placate coalition partners. Within months, perhaps weeks, this country will be engulfed by some of the worst demonstrations we have yet seen, as more and more unemployed take to the streets. . . . Factories are shutting down? More people drop below the poverty line? Too bad, but settlements in Judea, Samaria, and the Gaza Strip take precedence over ailing development towns.”

Kimche wrote that the increasing attacks “have shown once more [that] military might on its own cannot overcome terror gangs.” Kimche concluded that either Sharon changes his policies and begins to negotiate, or both his government, and Israel along with it, are going to face a catastrophe.

The Truth Sticks: Sharon Is a Liar

by Dean Andromidas

Over four decades ago, then-Israeli Prime Minister David Ben-Gurion called Ariel Sharon, now Israel’s prime minister, “an incorrigible liar.” On Feb. 17, the Israeli Supreme Court seconded Ben-Gurion’s judgment, in another case dealing with Sharon’s infamous role in the 1982 Lebanon War, where he earned the title “The Butcher of Lebanon.” Although the case is entirely separate from the case now in the Belgian courts accusing Sharon of direct responsibility for the massacre of Palestinians at the Sabra and Chatila refugee camps, it nonetheless represents another failure of Sharon to gain some form of “legal” legitimacy for the lies he has continued to peddle about his role in that war.

The case involves a libel suit that Sharon had filed against journalist Uzi Benziman, who wrote in the Israeli daily *Ha’aretz*, in 1991, that Sharon had lied to then-Prime Minister Menachem Begin. This was in 1982, when Sharon told the Israeli cabinet that his proposed Lebanon invasion would penetrate no more than 40 kilometers, to secure Israel’s borders from cross-border attacks by Palestinian fighters. He told the Israeli public and the United States the same thing. When the Israeli Army did not stop until it had encircled Beirut, Sharon asserted that this was only a response to an unfolding situation, and not preplanned.

Nonetheless, it became widely accepted that Sharon did in fact lie to Begin and everyone else about his real intention, which was to kill Palestine Liberation Organization Chairman Yasser Arafat, and establish an Israeli puppet government in Beirut, led by the Christian Phalange. These are the same Phalangists Sharon is accused of ordering into the Sabra and Chatila refugee camps to solve the “Palestinian refugee problem,” through a bloody massacre which killed 1,700 Palestinians.

Benziman demonstrated in his article that Sharon was not to be trusted. “Menachem Begin knows very well that Sharon deceived him,” he wrote. But this lie about the Lebanon War was just one of several Benziman wrote about. After the Supreme Court’s decision, Benziman was quoted by *Ha’aretz* as saying, “I wrote this sentence 11 years ago, on a subject that was entirely different than the Lebanon War—it was about a different lie of Sharon’s, in which he said that Begin had told him that Jordan was the Palestinian state. Begin, who at the time was in seclusion in his home after he had resigned the premiership, suddenly issued an angry announcement,

saying, 'What do you mean that I said such a thing?' and then Sharon stuttered in embarrassment. I mentioned this in order to illustrate how Sharon dared to ascribe to Begin, things that Begin hadn't said, and in this context, I said that regarding the Lebanon War, Begin now, in hindsight, knew that Sharon had deceived him."

Among the evidence Benziman had brought before the court was a 1987 article by Benjamin Ze'ev "Benny" Begin, Menachem's son, in reaction to a lecture Sharon had given at the time at Tel Aviv University. The stunning lies which Sharon apparently presented as fact, prompted the younger Begin to write that Sharon would go to any length to become prime minister, and that he was untrustworthy. In effect, Benny Begin came to the same conclusion as Ben-Gurion: "Sharon was an incorrigible liar."

Benny Begin's article is said to have put a halt to Sharon's intention to launch a bid to capture the leadership of the Likud Party in 1987.

One of the contributing reasons for the lower court's decision to rule against Sharon, was the fact that he did not bring the libel case against *Ha'aretz* until after Menachem Begin had died, which was several years after the Benziman article! This not-so-subtle move to ensure that this obvious potential witness would not be around to testify, did not go unnoticed by the judges.

In rejecting Sharon's case, the court ordered Sharon to pay 15,000 shekels to Benziman to cover legal expenses.

Meanwhile, in Belgium

On Feb. 14, the International Court of Justice (ICJ) ruled in favor of Democratic Republic of the Congo Foreign Minister Yerodia Aboulaye Ndombasi, who had challenged the legality of a Belgian court's arrest warrant charging him with crimes against humanity. The ICJ ruled that as an acting foreign minister, Ndombasi possessed diplomatic immunity, and therefore ruled the arrest warrant illegal. This decision has led to speculation that the case against Sharon, now before a Belgian court, would also have to be dropped.

According to a statement by the attorneys representing the Palestinian plaintiffs, this may not be the case. First, the state of Israel does not recognize the jurisdiction of the ICJ. Moreover, the ruling itself is highly controversial, and in fact "undermines the progress of international tribunals."

Second, the ruling is chiefly in reference to the issuance of the arrest warrant which it declared illegal in light of its ruling on immunity. There was no ruling on the legality of the investigation. In the Sharon case, no arrest warrant has been issued, nor was one planned.

Third, the ruling refers to acting ministers, which leaves open the possibility of issuing an arrest warrant after Sharon leaves office.

Although the Belgian appeals court is expected to issue a ruling on March 6 on whether the case against Sharon can proceed, this will most likely be postponed pending a new

hearing, in light of the ICJ ruling. Even if the appeals court rejects the case against Sharon, based on diplomatic immunity, the other defendant, Gen. Amos Yaron, is not covered by such immunity.

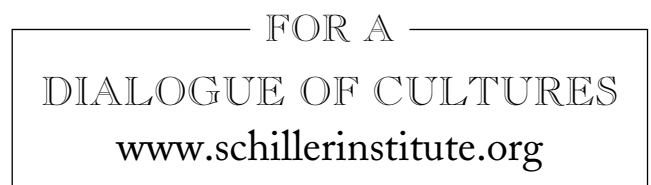
It Won't End in Belgium

Even if Sharon "wins" in Belgium, his troubles are not over. A member of the Israeli Knesset (parliament), Zahava Gal-On (Meretz Party), has gone to the Israeli Supreme Court to demand that all the testimony and minutes from the Kahan Commission, which investigated the massacres, be made public. He first made this demand in January 2001, but the government decided that the documents could not, for security reasons, be released until after the Israeli Defense Forces (IDF) had reviewed them. The government said that that would take six months. Although the IDF started the review last August, Gal-On now says that its six months are up, and is threatening to go back to the high court.

Indicating how important the documents could be, Gal-On referenced a statement by Amos Gilad, former head of research for military intelligence, which appeared in a biography of former Prime Minister Ehud Barak. Gilad, who had been a major during the Lebanon War, was quoted saying, "Already in 1980 I regarded the Phalange as a bunch of ruthless murderers who were destined to drag Israel into a swamp, and now, as they were on the verge of entering Sabra and Chatila, it was clear to me they were going to slaughter women and children: I shouted it loudly."

Gal-On wondered how it was possible that a young, junior officer could see what the defense minister at the time (Sharon) could not, and what that says about his competence to lead the country.

Last but not least, on Feb. 4, Omri Sharon, the son of Prime Minister Sharon, was questioned for several hours by the police fraud squad investigating his role in setting up shell companies to finance, illegally, one of his father's election campaigns. These companies were used to launder campaign donations from U.S. sources, which is illegal under Israeli election laws. Omri refused to cooperate with the police for fear of incriminating himself, but more importantly, his father. The police have recently interrogated Uri Shani, Ariel Sharon's chief of cabinet, on his role in the affair. Sharon himself is expected to be interrogated within the next weeks. Although the possibility is still a long way off, if an indictment is eventually issued against Sharon, he would have to resign as prime minister.



Washington Is Heading For a New Iraq War

by Jonathan Tennenbaum

Two weeks after President George Bush's infamous reference to an "axis of evil" in his State of the Union address signalled an ugly turn in administration policy, the United States government seems now fully committed to a major military operation against Iraq.

A multitude of reports and signals, including statements by Secretary of State Colin Powell and other administration officials, indicate that the basic decision—ignoring strong objections from Europe, Russia, and many other countries—has already been made to use military force to eliminate the regime of Saddam Hussein. Reportedly, the only questions remaining are the "how" and "when" of the operation.

For sure, the decision to go for a new military adventure has nothing to do with anything in Iraq. The U.S. Administration's "flight into war" reflects absolute panic at the unprecedented new wave of financial defaults and mega-bankruptcies, which has hit the United States and international financial system since the beginning of the year.

Powell declared on Feb. 7 that the U.S. government is committed to a "regime change" in Iraq, and that the United States is prepared, if necessary, to "do it alone." Even an Iraqi agreement with the United Nations concerning a resumption of weapons inspections, would not change the administration's attitude, he indicated. In other words, the United States is prepared to simply create a pretext, if it needs one.

At the same time, Powell made it clear that the Bush Administration and the President himself are fully committed to the "axis of evil" concept, despite massive protests from around the world. "The President means what he said," Powell told an audience of top U.S. State Department officials. "He feels deeply about it, and I don't want anyone in this room to take the edge off it." Coming from the man formerly regarded as the leading "moderate" in the administration, Powell's statement (as well as repeated pronouncements by Bush) put an end to wishful attempts on many sides, to interpret Bush's ominous utterances as merely "emotional" or intended just for internal U.S. consumption.

Meanwhile, the opposition in European nations to this new insanity coming out of Washington is unprecedented in sharpness. Also, Russian President Vladimir Putin warned, with clear reference to the Europeans as well as Russia's own position, that a unilateral U.S. military action

against Iraq would spell the end of the "anti-terror coalition" that was formed after Sept. 11. Whether all these protests and warnings will be enough to stop a new war, however, remains uncertain.

The Countdown to Disaster

U.S. preparations for a military operation against Iraq include the following:

- After Sept. 11, hundreds of U.S. combat aircraft were sent to bases in the Persian Gulf and Turkey. Although the air war in Afghanistan, in which these aircraft were barely used, is now winding down, the aircraft are being kept in the vicinity of Iraq.

- The secondary command centers for the main branches of the U.S. Armed Services within the U.S. military's Central Command, have been transferred to the Persian Gulf area: the U.S. Army, in Kuwait (whence a possible ground assault might be launched); the U.S. Air Force, in Saudi Arabia; the Navy and Marines, in Bahrain.

- Intensive efforts are under way to prepare Turkey to be the new "front-line state" in "the war against terrorism" now aimed at Iraq. This includes the rather open channelling of money into the country. Following talks in Washington between President Bush and Turkish Prime Minister Bulent Ecevit on Feb. 4, Turkey was granted \$9 billion by the International Monetary Fund. (Total IMF credits to Turkey now amount to \$31 billion.)

Meanwhile, U.S. Special Forces have been deployed to Turkey, and three joint U.S.-Israeli-Turkish military maneuvers are scheduled to be held in the coming weeks, centered on the Turkish air base at Konya.

- There are ongoing efforts to recruit the Kurds—who constitute the dominant population group in northern Iraq, as well as in the adjoining region of Turkey—as cannon fodder for a new war against Iraq. Indeed, the Kurds represent the only significant mass force inside Iraq which could potentially be mobilized against Saddam.

On Feb. 14, a representative in Russia of the Patriotic Union of Kurdistan told the Russian newspaper *Nezavisimaya Gazeta*, that a U.S. State Department delegation had already visited northern Iraq, proposing to Kurdish leaders a plan for the creation of an independent Kurdish state in exchange for support of the "anti-terror war." The German financial daily *Frankfurter Allgemeine Zeitung* reported on Feb. 8 that the Kurdish Workers Party (PKK), which had been conducting guerrilla warfare inside Turkey against the Turkish government, is being "retooled" for deployment exclusively against Iraq. In addition, there is talk of training Iraqi Shi'ite "freedom fighters" on bases in Kuwait.

- In March, Vice-President Dick Cheney will visit eight Middle Eastern Arab countries, Israel (but not the Palestinian Territories), and Britain. The planned operation against Iraq is evidently the main subject of Cheney's deployment.



Turkish Prime Minister Bulent Ecevit, whose country would be caught in the center of any war on Iraq, is making urgent bilateral efforts to prevent one, including convoking the extraordinary European Union-Organization of Islamic Conference meetings. Turkey is being offered "incentives" to support a war.

What Will Russia Do?

Despite its economic weakness, Russia remains a strategic power with considerable influence throughout the region, and close relations with Iraq itself. Thus, Russia cannot be ignored. The Bush Administration, accordingly, is making a major, coordinated attempt to buy off Russian opposition to a U.S. war against Iraq, by offering Moscow strategic concessions in arms negotiations, and in Central Asia, as well as economic and financial assistance of various sorts. In first two weeks of February:

- The United States unexpectedly reversed its hard-line position on ongoing nuclear disarmament negotiations with Russia, suddenly agreeing to Russia's demand for a legally binding agreement.
- U.S. Deputy Secretary of State Richard Armitage signed an agreement with Russia on anti-terror cooperation, which included a clause to the effect that the U.S. does not intend to establish permanent military bases in Central Asia.
- Russian Prime Minister Mikhail Kasyanov, during his recent visit to New York and Washington, was given strong promises of support for Russia's membership in the World Trade Organization; of large-scale U.S. investment; and perhaps even of major U.S. purchases of Russian oil in connection with a possible new deal on the Soviet-era debt.

The U.S. Administration is not only making no secret of trying to buy off Russia on the Iraq question, but is making its offers in a completely open and arrogant way, as typified by an interview in the Russian news service strana.ru by Brookings Institute "Russia specialist" Clifford Gaddy (a for-

mer LaRouche associate who has evidently sold out himself). Gaddy said: "Whether the Russians like it or not, the probability of an American use of force against Iraq is very high today. . . . I am convinced that Russia has no ideological motives for supporting Baghdad. Moscow, in my view, is only worried about possible financial losses to the Russian economy in case of an American military operation against Iraq. . . . [So] the Kremlin should openly tell President Bush, how Washington might compensate possible financial losses to Moscow."

The Russian elite, however, is not unaware of the danger of compromising with Bush's insane policy. In a Feb. 8 commentary, the well-known Russian economist and political analyst Stanislav Menshikov, referred to the famous saying "Beware gift-bringing Danaans," explaining: "In Homer's *Iliad* the Danaans were synonymous with

Greeks. They duped the Trojans into accepting as a token of friendship a giant and richly decorated wooden horse" with Greek soliders hiding inside. "Something similar happened on Mikhail Kasyanov's recent visit to Washington. Why such a mood for compromise on the part of the Bush Administration at this particular point in time? If one recalls the recent State of the Union address and its accent on the 'axis of evil,' then putting two and two together is not a problem. Iran, Iraq, and North Korea are countries, with whom Russia maintains close economic and other ties."

The response of Russian President Putin remains, as so often, ambiguous. Striking, is the fact that Putin was quiet for nearly two weeks after Bush's "axis of evil" formulation, making his first significant foreign policy statement in a Feb. 11 interview with the *Wall Street Journal*. While Bush's statement had been greeted with shock and outrage in many Russian circles, and seen as a betrayal of the post-Sept. 11 Bush-Putin partnership, Putin refrained from any substantial criticism. At the same time, however, he insisted on Russia's position, that any military operation against Iraq must be in keeping with international law. "There must be clear proofs" of allegations against Iraq, and it must also be shown "that no other means are possible" to resolve the issue. Putin added, with clear reference to Europe as well as Asian nations: "I should say that our position is not unique to us, that it is shared by a great number, I don't hesitate to say, by a very great number of countries that take part in international relations." The case of Iraq could in no way be compared with Afghanistan, he said.

Europeans Oppose 'Axis of Evil' Line

by Rainer Apel

The conduct of the American delegation at the annual Munich Wehrkunde conference on international defense strategy (see *EIR*, Feb. 15, 2002), and President George Bush's "axis of evil" formulation in his State of the Union address, have provoked strong public denunciations from the European allies of the United States. Criticism has become particularly strong in the camp of traditionally pro-American politicians in Germany.

On Feb. 6, French Foreign Minister Hubert Védrine used unusually harsh, undiplomatic language in an interview with the France Inter radio world news program. "Today we are threatened by a simplistic quality in U.S. policy that reduces all the problems of the world to the struggle against terrorism. This is not properly thought out," said Védrine. "We cannot reduce the world's problems to the fight against terrorism alone, although it is essential to fight terrorism." Furthermore, he said, this fight is being reduced to use of only military means. Although military means are necessary, "we must deal with the root causes, poverty, injustice, humiliation, and so on," he said.

Védrine also highlighted the trans-Atlantic policy differences over the handling of the Mideast. "Europeans have not let themselves be overawed in the last few weeks by the White House's position, which backed the very hard line of Israeli Prime Minister Ariel Sharon. We think this is a mistake, a tragic, strategic mistake," he said. German Foreign Minister Joschka Fischer, who met with Védrine during the Feb. 8-9 European Union (EU) foreign ministers meeting in Caceres, Spain, stated support for his French colleague's criticism: "Talking about so-called 'axes of evil' is not the way we here in Europe approach things."

Christopher Patten, Britain's EU Commissioner for External Affairs, in an interview with the daily London *Guardian* published on Feb. 9, said that he was not speaking from an anti-American point of view, but rather, as a concerned "Americaphile." Patten said, "I think it is very dangerous when you start taking up absolutist positions and simplistic positions." Concerning President Bush's talk about the alleged "axis of evil," Patten said he thought "there is more rhetoric than substance to the policy. . . . I hope that America will demonstrate that it has not gone on a unilateralist drive." Europe must raise its voice against that, he said. "I do not

think that keeping quiet makes us good allies."

Patten said he found it "hard to believe that's a thought-through policy," and that it was "unhelpful." By contrast, the European approach of "constructive engagement" with the moderates in Iran and with North Korea—two of the "rogue" nations on Bush's list—was more likely to get positive results. Moreover, the Americans need to consult others, because they need allies, Patten said. "Gulliver can't go it alone, and I do not think it is helpful if we regard ourselves as so Lilliputian that we can't speak up and say it. . . . However mighty you are, even when you're the greatest superpower in the world, you cannot do it all on your own."

Patten also criticized the Bush Administration's obsession with military spending, and its opposition to substantial aid for development in the poor nations—which the Europeans argue is the main venue for crisis prevention, and a better way of dealing with instability, rather than letting things deteriorate and then intervening with force. "Smart bombs have their place, but smart development assistance seems to me even more significant," he said.

In an interview with the Feb. 12 German daily *Die Welt*, Foreign Minister Fischer again took on the "axis" issue: "The international coalition against terror does not provide any basis for conducting anything against anyone, especially not on one's own. All European foreign ministers see it that way. Therefore, the term 'axis of evil' does not help us further. Throwing Iran, North Korea, and Iraq all into one pot, where does that lead us?"

Fischer also said that while there is no doubt the United States is the leading power in the world, there can be no doubt either that "a world of 6 billion human beings does not want to be guided into a peaceful future even by the mightiest power, alone."

Iraq Dismemberment Would Have Fatal Consequences

Indicative of the changed attitude in Europe, especially in Germany, were remarks by Karl Lamers, a decidedly pro-American politician and longtime foreign policy spokesman of the Christian Democrats. In a Feb. 13 interview with the daily *Frankfurter Rundschau*, Lamers replied, when asked whether he could foretell the point at which a German Chancellor would have to draw a line against the U.S. President: "You cannot define that in theoretical terms, you have to know the concrete case. But if he did, he would have to do it together with the European friends." Lamers added, "For example, there is the case of Iraq, which cannot be viewed as isolated from the other conflict spots in the Middle East. Therefore, the Europeans were justified to state with great directness, that they oppose an attack on Iraq. That would be a wrong approach for many reasons. Because you do have to ask yourself: What happens with that country, afterward? The dismemberment of Iraq would have fatal consequences for the stability of the entire region."



French Foreign Minister Hubert Védrine (left) and German Foreign Minister Joschka Fischer. Their statements reflect a revulsion across Europe against the “axis of evil” policy.

A new round of criticism began on Feb. 18. In Germany, Fischer was quoted in issue No. 8 of *Der Spiegel* weekly: “No one has shown me any evidence yet that the terror of Osama bin Laden has anything to do with the regime of Saddam Hussein. . . . The international coalition against terrorism is not a blank check in and of itself for an invasion of some country, especially not single-handedly.” In the same issue, August Hanning, director of the German foreign intelligence agency BND, also said he has seen no hard evidence yet, of Iraqi links to terrorist groups such as al-Qaeda.

Also on Feb. 18, Karsten Voigt, chief coordinator of U.S.-German contacts among policymakers, stressed in two radio interviews, with ZDF and Inforadio Berlin, that “so far, no evidence has been provided that Saddam Hussein is linked directly to terrorism.” There was a problem with certain armaments in Iraq, potentially having to do with weapons of mass extinction, but that should be monitored through tight UN controls. Voigt said that military strikes on Iraq were opposed not just by Europeans, but that there was also opposition in the United States (though he did not say from whom).

Guido Westerwelle, national party chairman of the Free Democrats, said in a Feb. 18 interview with the Hanover daily *Neue Presse*, that Europe must “show a united position” against U.S. plans for strikes on Iraq. “If the U.S. President proclaims, just like that, three states as targets of military strikes, this must meet the resistance of the Europeans, because going it alone would pose great threats to the NATO alliance.”

The ‘Arrogance of Power’

A particularly interesting aspect was addressed by former German Culture Minister Michael Naumann, in an editorial in the Feb. 18 *New York Times*. He warned that a war on Iraq

would be especially dangerous, because in the heavily armed, explosive Mideast, “too many guns are drawn, too many fingers are on the triggers, and some of them could be nuclear bombs.” Naumann added, “The United States might benefit from recalling the late Sen. J. William Fulbright’s diatribes against *arrogance of power*.”

On Feb. 19, Elmar Brok, a German Christian Democrat and chairman of the Foreign Relations Committee of the European Parliament, in an interview with Berlin’s SFB station, said that he fears that the U.S. targeting of Iraq, is more than just talk. He said that if Iraq is attacked, the Arab coalition against terrorism might collapse, several moderate Arab regimes might be overthrown by Islamic fundamentalists, and in this way, the world would be thrown into a

“real Clash of Civilizations.” Brok added that, whereas the tone and style of Foreign Minister Fischer’s criticism of the Americans were “not well chosen,” in his view, the content of what Fischer had said is shared by Christian Democrats and others throughout Europe. Brok said that the Americans must be brought to understand that they cannot play the role of a “world order power” if they exclude any non-military instruments from that and only rely on military force. The Americans should be told that crisis-prevention is more crucial than intervention, he said.

In Moscow on Feb. 19, French Ambassador to Russia Claude Blanchemaison told a news conference that France and Russia share the same views on the “inadmissibility of a military strike on Iraq,” and especially so, if it proceeded without the official consultation of the UN Security Council. The ambassador said that Bush’s term, “axis of evil,” is negatively received in France, because of its immediate association with the alleged urgency of using military force to remove that “evil.” By contrast, the French are aware, Blanchemaison said, that there are many strictly economic reasons for problems in the world, which the French government thinks should be discussed by the EU, the United States, and Russia, and solved by joint economic and financial initiatives, rather than aggravated by military operations.

Former French Finance Minister Dominique Strauss-Kahn elaborated on the idea of economic initiatives, saying in interviews on French radio and television on Feb. 19, that what is most urgent, is a large-scale economic program for the Mideast and the entire Mediterranean region, something that resembles the late 1940s’ U.S. Marshall Plan for economic reconstruction of Europe after World War II. But this time, he implied, a similar program should be launched before a war begins.

Afghanistan Plants A Bumper Opium Crop

by Alexander Hartmann

British Prime Minister Tony Blair argued before the Parliament last year in favor of British participation in the war against the Taliban, saying that finally something could be done to eradicate opium poppy cultivation there, once the Taliban regime were replaced. After all, 95% of the heroin consumed in Europe comes from Afghanistan.

Now, only a few months after Blair succeeded in getting his troops deployed to Afghanistan, Britain's *Financial Times* and *Daily Telegraph* are reporting that heroin production in Afghanistan, rather than being eradicated, is exploding, and that this Summer's opium harvest alone will suffice to cover European heroin consumption for a full three years.

With the Taliban regime gone, its former soldiers have gone back to their farms to plant poppy, while the Northern Alliance—partners of Blair and George W. Bush in the conquest of Afghanistan—never stopped using opium to finance their wars. A record area was planted with poppy this Winter, promising a record harvest by June. On Feb. 18, the *Financial Times* quoted Western intelligence services' estimates that "Afghanistan's next opium harvest may reach 4,500 tons, which is equivalent to some 450 tons of heroin, compared to 150 tons of heroin entering the European market, annually."

The United Nations Drug Control Program (UNDCP) had already warned about an opium boom in Afghanistan, in a report issued on Dec. 28, 2001, which was played up by the British Broadcasting Corp. and Switzerland's leading financial daily, the *Neue Zürcher Zeitung*.

According to the *Daily Telegraph*, "Dr. Thomas Pietschmann, a senior researcher with the UNDCP in Vienna, says bumper opium harvests in Afghanistan in 1999 and 2000 mean that stockpiles of heroin and opium worth between £30 billion and £50 billion [\$45-75 billion] are still held by Afghan, Pakistani, and other groups."

Afghan Dope Finances Balkan Wars

Beyond the fact that a flood of heroin will threaten the lives and health of Europe's youth, what is alarming European governments, is that most of this contraband passes through the hands of Albanian mafia gangs, which have taken control of heroin markets in at least six European countries, and are using the proceeds to finance a massive re-armament of the "former" Kosovo Liberation Army (KLA) bandits. *EIR* exposed these operations last year, in the context of the Anglo-

American geopolitical drive to re-draw the map of the Balkans (*EIR*, June 22, 2001).

Writes the *Telegraph*: "Western intelligence officials in Kosovo, Macedonia, and Switzerland say Albanian gangs have used at least £3 billion [\$4.5 billion] of their heroin profits since October last year to buy weapons to re-equip rebels in Macedonia who gave up their weapons to NATO troops last Autumn. . . . The rebels in Macedonia, former KLA freedom fighters in Kosovo, and extremist Albanians in southern Serbia are all part of the network of Albanian and Kosovar Albanian families who control criminal networks in Switzerland, Austria, Germany, and elsewhere."

The *Telegraph* continues: "Arms trade experts who have followed some of the deals say up to 20 SA-18 and SA-7 shoulder-held anti-aircraft missile systems are among the weapons. The missiles could tip the balance of the dormant conflict in Macedonia by giving rebels the ability to shoot down the MI-24 Hind helicopter gunships and Sukhoi Su-25 ground attack jets bought from the Ukraine by the Macedonian forces. . . . Military experts believe that this is enough equipment to arm a force of up to 2,000 strong."

Thus, the current relative lull on the Balkan fronts, which has been praised by the "international community," is coming to a bloody end soon—as *EIR* forecast—to the horror of many European analysts.

Anglo-American Policy

The *Financial Times* puts the blame for the proliferation of Afghan heroin on the U.S. government and the United Nations: "British officials—backed by the German, Spanish, and Italian governments—want a more vigorous logistical support to be offered to a new aid program in the poppy-growing areas which would include construction work and crop substitution. . . . Tony Blair identified the opportunity for eradicating opium production in Afghanistan when justifying British military involvement with the U.S. bombing campaign last year. But now British officials say that such early optimism was misplaced with the U.S. government showing little interest in evidence that opium is being cultivated. . . . The U.S. and United Nations have ignored repeated calls by the international anti-drug community to address the increasing menace of Afghanistan's opium cultivation, threatening a rift between Europe and the U.S. as they begin to reconstruct the country."

But, while these British newspapers point the finger at the Bush Administration, they are also putting Tony Blair on notice. After all, historically, Great Britain was defeated three times in Afghanistan. Now, Blair has gotten British troops back into the Afghanistan mess, while the United States is preparing to withdraw and leave its allies to deal with it, under the cover of continuing the "war on terrorism" in Iraq or other places. Some quarters in the United Kingdom are clearly upset about this, and want Blair to do something to change the policy.

In Memoriam: John Erickson (1929-2002)

by Mark Burdman

In October and December of last year, my colleague Michael Liebig and I had the honor of meeting Prof. John Erickson in Edinburgh, for two extended discussions. The density and intensity of these discussions was, for both of us, awesome. The range of themes was enormous.

Among those, was his constant stress, conveyed to us as an impassioned plea, that informed people in the West, have got to take the ideas of Russian military planners seriously, and reject the opportunism and linear thinking so characteristic of “Kremlinology.” Another theme that was striking, was his view of the events of Sept. 11. He was one of those rare individuals who had a real comprehension of what had happened on that date. He would frequently shake his head and say, “Someone shut down the system; they just down the system!” He was sure that an “inside job” was involved, that the “Osama bin Laden did it” line was a crude myth concocted to draw attention away from reality, and that the events of Sept. 11 were a decisive moment, in a “vast geostrategic re-configuration” that was taking place in the world.

Perhaps most startling, were his insights into the famous telephone discussion on Sept. 11, between Presidents Vladimir Putin of Russia and George W. Bush of the United States. Erickson was one of the few people in the world with intimate knowledge of the nuclear command-and-control systems in both the United States and Russia, and was intimately aware of how sensitive and intricate such matters are, of how close the world could have been, that day, to an unimaginable strategic disaster, had the coup-in-process succeeded, and had such an unusual phone discussion not taken place.

I now grasp what an extraordinary privilege it was to have had such discussions with him. They were among the last in-depth discussions that he would have. On Feb. 12, we learned with immense sadness that on Feb. 10, Professor Erickson died in Edinburgh.

When meeting him, we were aware that he was struggling against monstrous health problems; he had nearly died over the 1999-2000 New Year.

We were also aware to what an extent, he was driven by a sense of *mission*: He would not “abandon the ship,” at his office at the Department of Defense Studies, at the University of Edinburgh. He knew that he was indispensable for making correct judgments and estimates on sensitive matters pertaining to Russia, and on other issues which are of great relevance to the future of humanity.

Making his sense of mission more urgent, was his justifi-

able alarm, that the generation of experts coming after him and others of the “World War II veteran generation,” is, to a very significant extent, *systemically incapable of thinking*.

One of his latter-day activities, he told us proudly, was an initiative to reactivate older academics and others who were languishing in retirement. His conviction was that these are the people who are now indispensable, for regenerating our corrupted society.

A Commitment To Truth

I think of John Erickson’s life and work on two levels. Most important, to me, was his ruthless integrity and commitment to *truth*, his refusal to compromise with cheap-shot fads. His student Christopher Bellamy summed up it in his Feb. 12 tribute to Erickson in the London *Guardian*: “John had little time for performance criteria, men in suits, political correctness, spin, or form over substance. . . . He once said that ‘good scholarship is good morality.’ ”

Having spoken to Erickson at least 200 times over more than two decades, I remember many occasions in which he lashed out at the recklessness, foolishness, and ignorance in much of what passes for “strategic thinking” in the Anglo-American realm, and in the policy of governments, particularly the British and American governments, today.

The other reality, is that over an academic career of close to 50 years, John Erickson became the leading Western expert on Soviet, and later, Russian military strategy. But his was not just an academic interest. With his in-depth knowledge of the Russian language and history, Erickson had, as Bellamy writes, “a unique insight into the heart, mind, and soul” of both Soviet Russia, and the nation of Russia that has succeeded it. He interpreted the Russians not only for the West, but most interestingly, often for the Russians themselves!

As several among the Feb. 12 obituaries document, and as various people, including Erickson himself, confirmed to me, he was perhaps the only Western academic/strategic interlocutor whom the Soviet military command *trusted*. The reason was not only his expertise in military engineering and his preference for seeing reality through the eyes of an engineer rather than, as he sneered, “a Kremlinologist.” More than this, they saw in him an honesty and integrity, and a commitment to tell the truth—even if that meant, on occasion, telling the Russians what mistakes they had made, or were making. They also knew Erickson to be somebody who absolutely rejected the nostrums of simplistic Cold War



Professor John Erickson of Edinburgh, Scotland passed away on Feb. 10. He was an internationally known authority on East-West military affairs, and an intellectual collaborator, in recent years, of Lyndon LaRouche.

thinking, and who hated the easily bandied-about stereotypes.

The ‘Edinburgh Conversations’

Hence, in the 1980s, when Western institutions, virtually across-the-board, cut ties to the Soviets, in reaction to the Soviet invasion of Afghanistan in 1979 (which, itself, was in large part provoked by U.S. National Security Adviser Zbigniew Brzezinski and his Anglo-American cohorts), he established his “Edinburgh Conversations,” as a meeting point between the Soviets and Western interlocutors. There were many in the Pentagon who seized the opportunity to meet their Soviet counterparts there.

Erickson trained many individuals who went on to assume senior posts in the U.S. military structure. Bellamy writes that Erickson “was more valued abroad, particularly by the two superpowers, than in his native Britain—a prophet with less honor than he deserved in his own country.”

It is only a slight exaggeration, to say that Erickson’s efforts were significantly responsible for preventing U.S.-Soviet relations from “going over the edge” at various points in the 1980s. As he told Michael Liebig and myself, he was very pleased with the manner in which Lyndon LaRouche conceived of the development of ballistic missile defense in the 1980s, as a *cooperative U.S.-Soviet venture*, because this helped outflank those maniacs in the United States, Britain, and elsewhere, who were using the Strategic Defense Initiative as a war measure against the Soviet Union. This helped calm down a Soviet mood that, he assured us from inside knowledge, was often “paranoid and unpredictable.”

Because they knew they could trust him, and because he was honest, frank, and candid with them, some dozen Soviet marshals who were still alive in the 1960s and 1970s, had long discussions with him. These included Marshals Rokossovsky, Sokolovsky, and Zhukov. Such talks provided many of the insights for two of Erickson’s books—*The Road to Stalingrad* (1975) and *The Road to Berlin* (1983), accounts of the courage and sacrifice of the Soviet armed forces in their combats with the German armies—that have become classics about World War II.

Erickson also knew German, was fully versed in German-language sources, had fruitful discussions with individuals who had been involved in planning and directing the war against the Soviet Union, and had respect and compassion for the courage, dedication, and patriotism of many who fought on the German side, even if he detested Adolf Hitler and Nazi brutality, and had an intense opposition to fascism, in all its forms.

The passion with which Erickson took to heart the awesomeness of the combats and horrors of the Second World War, and his special approach on such matters, is evident in his contribution to the 1994 book that he co-edited, *Barbarossa: The Axis and the Allies*, a series of essays on the Nazi invasion of the Soviet Union (“Operation Barbarossa”) that began in June 1941. His essay, “Soviet War Losses: Calculations and Controversies,” is a painstaking review of primarily Russian-language, and secondarily German-language studies, of exactly how many Soviet citizens died in the Second World War.

In the essay, Erickson frequently reminded his readers,

On the Passing of John Erickson

by Lyndon H. LaRouche, Jr.

February 12, 2002

I never actually met John Erickson, but I had good reason to consider him a personal friend, and a strategic thinker of distinction. Most important, I miss him very much.

The news of his passing, on February 10th, was relayed to me, in documentation sent by a fax transmitted, from my collaborator, Mark Burdman, who had become a frequent conversation-partner of John Erickson's. The fax was sent from Germany, at 11:00 h Central European Time. I happened to have been awake, working through my overnight communications received, when the fax was delivered to me here in the U.S.A.

I thought it appropriate to react immediately, while the first impressions of the moment were fresh.

The John Erickson I came to know during recent years, typifies a certain array of what I distinguish from ordinary acquaintances, as conceptual thinkers, persons who approach strategic and related matters of political life, with the same tone of mental voice as civilization's best Classical artists and scientists of past and present. My life is enriched by those who think in such tones; these are persons, whether from ancient past or present, who express

what the poet Shelley identified as the power of imparting and receiving profound and impassioned conceptions respecting man and nature. We prefer to share the delight of simply doing good, for its own sake, with persons of like commitment to that quality of experience. We act accordingly.

Such persons are, for us, immortal. Whether they are great minds from past history, or contemporaries, they live within us, as Raphael Sanzio depicted the figures, including himself, of his "The School of Athens." The ongoing dialogue of such figures, within my memory, is the convention of my conscience, a body dwelling in the simultaneity of eternity, before whose supernal eyes I must make no act of commission or omission of which I need be ashamed before eternity past, or yet to come.

This more durable quality of social relationship, corresponds to the nature of my relationship with John Erickson. Our communications were primarily conceptual, shared ideas respecting the currently ongoing turn in a moment of a continuing historical process. Over the years we were in frequent contact on such matters, it became clear that the intended ideas got across. Now, John reposes in my conscience, and is for me, as much a living person still as he ever was before. My memory of him, is a vivid one, as our mutual associates can attest.

Under the circumstances in which we both lived, I came to have some sense of John's wife as an active factor in my relationship to him; their children, unfortunately, I never knew, but I shall not forget them now that I know of them from the circumstances of the present awesome moment.

that he was hardly engaging in an exercise in dry numerical analysis and disputations, but that the calculations, adding up to the conclusion that probably *48 million* Soviet individuals died in World War II, dramatically underscore the grim reality of what the Soviet-German combats were about. In classical Erickson fashion, his concluding words read: "The compilation of loss can be made to mean everything and nothing. It should above all commemorate the memory of the individual as well as the scale of the national sacrifice. It is for these reasons that the proposed Russian national Book of Remembrance, *Kniga pamyati*, should be properly conceived and scrupulously, generously executed, vast and reverential in its embrace."

A Poet

I don't know if John Erickson would be embarrassed or pleased to know, that he often struck me more as a poet in the way he metaphorically shaped ideas and concepts, than as the engineering-minded military strategist that he was "profes-

sionally."

There were certain things that aroused strong emotions in him. One was the moral turpitude, corruption, and insane economic policies of officialdom in Great Britain. Another was the maneuverings and manipulations of those in Britain and the United States whom he denounced as "geopolitical madmen." On some occasions, he would state with regret, that this or that person in the latter category were former students of his. "That one went rotten," he would say, in a distraught tone of voice.

He was also distressed by the manipulations of MI6, the British foreign intelligence service, and others of the British (or American) secret services. In its Feb. 6, 1998 issue, *EIR* quoted Erickson, that the "Monica Lewinsky affair" was a "very carefully orchestrated . . . destabilization," that had been "built up and organized, systematically."

John Erickson was also a man of great humor, who enjoyed what he was doing, and had developed a poignant sense of Scottish irony (Scotland was his adopted home; he was

born of Norwegian immigrant parents, in England). One moment I recall, was in early 2000, when he told me, “Well, at least we got rid of Boris Yeltsin; not bad for two lads!” He was bubbling over with delight at Yeltsin’s fall, as he had detested the corruption and the venality of the Yeltsin years. But the “joke” was, that he had recently come out of hospital intensive care, and knowing that I had also overcome some health difficulties, he was tickled, that “we lads” had accomplished so much!

Later, in 2000, he commented that the policies of the West were like a Marx Brothers movie, and that “this current club running policy in most Western countries, reminds me of Groucho Marx’s famous comment, ‘I wouldn’t want to be a member of a club in which I was a member.’ It would all be hilarious, if the world situation weren’t becoming so tragic.”

In recent years, Erickson increasingly expressed his respect for, and agreement with, the evaluations of Lyndon LaRouche, on the global financial and economic collapse, and on the dangerous nature of the situation. He publicly endorsed the appeal for LaRouche’s exoneration, and later, signed the statement of the Ad Hoc Committee for a New Bretton Woods. Although not an economist, he was deeply troubled by the injustices of the global economic system, and shared LaRouche’s conviction that the rapidly accelerating economic crisis was the driving force behind the unstable strategic situation. On many occasions, he would say that LaRouche was one of the few statesmen alive, who had any conception of the nature of the historical conjuncture the world was living through.

There is one matter that is of the highest importance in understanding John Erickson and his accomplishments. That is his wife, Ljubica. She was, since their marriage in 1957, his most intimate collaborator, sharing in all his work, including research, correspondence, and a wide range of other matters that would take pages to describe. It was our honor to have met her as well. Our most poignant recollection, in addition to her devotion to her husband and his work, was her expression of moral outrage, as someone born in Yugoslavia of Serbian origin, at the NATO bombing of Yugoslavia, and at the hypocrisy about the “humanitarian” reasons cited for doing so.

Erickson is survived also by two children, Mark and Anna-Joanna, and two grandchildren, as well as by students all over the globe who have benefitted from having learned from him. I would be honored, to be included among them.

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OIC, EU Unite vs. Clash Of Civilizations Crowd

by Muriel Mirak-Weissbach

Faced with the prospect of a new war launched by the United States in the name of the “war against terrorism,” this time against Iraq, what can be done? How can one prevent a global “Clash of Civilizations,” which was the strategic aim of the perpetrators behind the Sept. 11 attempted coup? Growing numbers of individual political figures—in Europe, Russia, Asia, and the Arab world—are voicing their opposition.

What is required, is that an utterly contrary, positive conception of relations among states and peoples be put forward, and be pursued in concrete actions, by institutions representing those peoples and cultures, which the war-mongers would pit against one another.

Thus, it is highly significant that the foreign ministers of the European Union (EU) and the Organization of Islamic Conference (OIC) convened a conference in Istanbul, Turkey, dedicated precisely to this proposition. It was on the initiative of the Turkish government, shortly after the events of Sept. 11, to invite the OIC and EU to a joint forum, to establish a counterpole to the drive for a Clash of Civilizations. The joint forum, on Feb. 12-13, brought together representatives, mainly at the foreign minister level, from 71 countries, plus delegations from the OIC and EU per se, as well as the Arab League, the Council of Europe, and the Organization for Security and Cooperation in Europe.

Three issues dominated the conference: the events of Sept. 11, and the general condemnation of terrorism in all forms; the rejection of unilateral military action by the United States, especially against Iraq; and the need to establish durable, just peace in the Middle East.

No to Military Action Against Iraq

The representatives of the host country, Turkey, were outspoken. One day prior to the conference opening, Turkish Prime Minister Bulent Ecevit warned the United States, saying: “We don’t want a military action against Iraq.” In his address to the conference, Ecevit struck an optimistic note, expressing his conviction that the Clash of Civilizations has been rejected by actual political developments. Ecevit cited the “famous British writer and poet Rudyard Kipling” who “claimed that the destiny of East and West was to stay apart and different.” “This prediction reflected the mentality and strategy of certain imperialist powers,” Ecevit said. “These powers tried to keep away the East, the countries of Asia and Africa, from the cultural, scientific, and economic successes

of imperialism, and to protect the latter's political and economic superiority. Yet the end of imperialism started to decrease the cultural differences, and opened the way to scientific, economic, technological progress. I believe that in this respect the argument of a Clash of Civilizations has lost its validity in considerable extent, and the way to East and West to unite in all respects has been opened."

Ecevit noted that ideological clashes in certain geographical areas have been replaced by religious conflicts. He noted that, since religion resides more deeply in the soul than ideology, wars based on religion can be more dangerous than those based on ideology. Although, he said, the group identified with Sept. 11 allegedly acted in the name of Islam, "this is a deception, which cannot be accepted and cannot be tolerated. The world would be divided dangerously if the Islamic countries did not immediately react to this claim, and if the Christian countries did not avoid . . . identifying this activity with Islam. Such a disaster was prevented, thanks to God."

"This joint forum in Istanbul," Ecevit added, "which is a Eurasian metropolis, proves the resolution of humanity to resist terrorism and to prevent religious clashes."

'War on Terrorism' Is Being Misused

The foreign ministers of Iran and Iraq were most explicit in their denunciation of U.S. exploitation of the anti-terror fight. Iranian Foreign Minister Kamal Kharazzi acknowledged the "international disgust" provoked by the Sept. 11 attacks, and endorsed the international fight against terrorism. "But, unfortunately," he said, "certain U.S. politicians are misusing the international solidarity with the American people, by taking advantage of [the] international resolve to fight terrorism, for their foreign policy objectives. They embarked on accusing other nations of links with terrorists, spreading false information to mislead the international community."

This referred to Bush's claim that Iran supports international terrorism. Kharazzi warned that the U.S. response would boomerang. "Iran believes that [the] military approach in dealing with terrorism will jeopardize international peace and security," he said. To defeat this "unilateral and militarist approach" which "can erode the movement against terrorism," Kharazzi pleaded the case for dialogue. It was, in fact, Iranian President Seyyed Mohammad Khatami who first launched the proposal for the UN to declare the year 2001, the year of the Dialogue Among Civilizations.

"The current developments prove the necessity and impact of [the] dialogue of civilizations," Kharazzi said. "The human being cannot ignore the need for a dialogue of civilizations. . . . If we are courageous enough to administer justice, peace, and freedom to all human beings, [the] dialogue of civilizations serves as [a] strategy for the human community. . . . We should develop a sense of courage in our own character, not to make enemies out of those who are different from us, and, as President Khatami pointed out, we should form a coalition for peace rather than a coalition for war."

Iraqi Foreign Minister Naji al-Hadithi Sabri, whose country is next on the target list, called for a rigorous definition of terrorism to be articulated, which his country believes should be a "global definition," i.e., not one-sided. Naji denounced the United States for state terrorism, referring to the continuing bombings of Iraq by U.S. and U.K. aircraft. He also said that the great restrictions imposed on Iraq, through the 12-year-old sanctions regime, had created a situation in which "every kind of opportunity for stability and development is being taken out of our hands." Naji, like his Iranian counterpart, urged a just solution for the Palestinian people.

Peace in the Middle East

The pursuit of peace in the Middle East was a leading agenda item. EU foreign policy chief Javier Solana said that the only solution would be the establishment of a Palestinian state: "A two-states solution is the only solution that can bring peace. It's the only possible way to move ahead, and we are determined to work in this direction." The conference approved a proposal presented by French Foreign Minister Hubert Védrine for the creation of a Palestinian state, to be recognized immediately by Israel and admitted to the UN.

The EU-OIC final joint communiqué said that the terrible events of Sept. 11 had "sparked growing consciousness of the need for all sides to discuss and attempt to better understand the differences in perceptions, values, and interests, as well as to promote tolerance and appreciation for cultural diversity." The conference expressed its conviction that "cultures, in their diversity, complement and enhance one another," and that "harmony among civilizations" is desirable and attainable. Furthermore, "the main means to support coherence and solidarity and to avoid racial, religious, and cultural prejudices is to enhance our knowledge of one another through communication and cooperation for the promotion of common universal values."

Regarding the Middle East in particular, "The Forum underlined that for peace, stability, and harmony to prevail, the Middle East conflict must be settled in a just and comprehensive manner and in accordance with international law and the relevant Security Council resolutions. In this context, the 'two state' solution will contribute to bring peace and security to the peoples concerned."

In short, the entire OIC membership, which includes more than 50 Islamic countries and the European Union have come together in principled agreement for a viable peace in the Middle East. Considered on the backdrop of Washington's de facto green light for Israeli Prime Minister Ariel Sharon and the Israeli Defense Forces (IDF) to wreak havoc, this statement by the OIC-EU is of great political weight.

It appears, from the final declaration, that the Istanbul event was not a one-time affair. The conference agreed to organize another OIC-EU meeting in the second half of the year, in Doha, Qatar, currently the seat of the rotating chairman of the OIC.

UN, NGOs Endanger Peaceful Recovery

by Gail G. Billington

When it comes to discussing Cambodia, far too often it seems that the goalposts on the field of play are constantly being moved, leaving ambiguity and confusion. The moving is not so much by Cambodians themselves, as by foreign powers and institutions weighing in on where the goalposts should be placed, and then chastising Cambodian officials for not anticipating the adjustment. Fortunately, the Cambodian people have exhibited a degree of resilience in the face of unfathomable horror and personal tragedy—which some have suggested as a useful example to survivors of the decades of warfare and millions of land mines in Afghanistan.

Most disconcerting of all, the goalposts are most often moved by institutions—including the United Nations and such well-funded non-governmental organizations (NGOs) as mega-speculator George Soros' Human Rights Watch, Amnesty International, and the Bobbsey Twins of the U.S. government-created National Endowment for Democracy, the International Republican Institute (IRI) and the National Democratic Institute (NDI)—which function as a priesthood of political correctness, invoking “international standards” and “the rule of law,” which emphasize punishment over reconciliation.

UN Tries To Pull the Plug

The most recent expression of this came on Feb. 8, when Fred Eckhard, spokesman for UN Secretary General Kofi Annan, announced that the UN was abandoning four and a half years of difficult negotiations on the creation of an extraordinary tribunal for senior, surviving Khmer Rouge leaders. The announcement came as a complete surprise. The Royal Cambodian Government was not notified in advance. The UN Security Council was not consulted, and news accounts said that the decision was made exclusively by Secretary General Annan. In the view of the UN, as expressed by Legal Counsel Hans Corell, the Cambodian court would not—could not—guarantee independence, impartiality, and objectivity, thus failing to meet “international standards,” and unable to enforce the “rule of law.”

At a time when the United States is promoting military campaigns against an “axis of evil” and others who fail to live up to vague standards in the “war against terrorism,” defining “international standards” and “rule of law” is extremely im-

portant. The number of tribunals are likely to proliferate in tandem with the number of theaters of engagement.

In the late 1960s, U.S. Secretary of State Henry Kissinger led the Nixon Administration into the secret bombing war in Cambodia, which became the major cause of recruitment to the Khmer Rouge. In little more than 47 months, from April 1975 to January 1979, the Khmer Rouge regime was responsible for the deaths of approximately 1.7 million out of 7.5 million Cambodians. Kissinger's successor in the Carter Administration, National Security Adviser Zbigniew “Clash of Civilizations” Brzezinski, goaded China to support the Khmer Rouge against Russian-allied Vietnam, while the United States led a campaign within the UN to recognize the Khmer Rouge as the official representatives of Cambodia, recognition that lasted beyond the 1980s. Neither Kissinger nor Brzezinski have been indicted. Could it be, perhaps, that certain interests at the UN are desperate to prevent Cambodia from determining for itself who should be brought to trial for the crimes of the Khmer Rouge, so that the role of the UN, and the likes of Kissinger and Brzezinski, are not revealed before the world?

As late as July 1997, U.S. Rep. Dana Rohrabacher (R-Calif.), a member of the House International Relations Committee and current gung-ho supporter of President George W. Bush's war on terrorism, had his picture taken at the base camp of royalist Gen. Nhek Bunh Chhay, who was then in open revolt, together with Khmer Rouge troops, against the elected government of Cambodia. No indictments have been issued.

In October 2001, Cambodia celebrated the tenth anniversary of the Paris Peace Accords, which nominally ended the 30-year civil war. Nonetheless, Cambodia has, to a significant extent, been held hostage to arbitrary definitions of “international standards” and “rule of law.”

Truth or Vendetta?

If the UN and NGOs wish to discuss “international standards,” they should go back to the concept as spelled out in the Treaty of Westphalia, which ended the Thirty Years' War in Europe (1618-1648), and which defined “international standards” until the disaster that was the Versailles Treaty after World War I, wherein the victors re-asserted their right to vengeance and the spoils of war, rather than the common good and peace of humanity.

Article I of the Treaty of Westphalia calls on the warring parties to establish a “general and permanent peace, and true and honest friendship . . . and this peace must be so honest and seriously guarded and nourished that each part furthers the advantage, honor, and benefit of the other. . . . A faithful neighborliness should be renewed and flourish for peace and friendship, and flourish again.”

The Cambodian ruling party, the Cambodian People's Party of Prime Minister Hun Sen, which was responsible for the total defeat of the Khmer Rouge in the 1990s, is intent on

a judicial reckoning of those responsible for the atrocities of the Khmer Rouge era, but not in a spirit of revenge, nor in a way which disregards the peace and stability achieved through the amnesties which brought all but the most extreme to turn away from violence.

Putting a Tribunal in Context

Following the surprise pull-out by the UN from all planning for a Khmer Rouge tribunal, the United States, France, Japan, Britain, and Australia have urged the UN to reconsider its decision. The Royal Cambodian Government has said the door remains open to UN involvement in a tribunal, but the likelihood of further concessions to the UN is dim, especially “unilateral” concessions. The Cambodian government has said in the past, and again today in response to the UN unilateral action, that it will proceed on its own if a new agreement cannot be reached.

At present, only two senior Khmer leaders are in custody, former military commander Ta Mok, nicknamed “The Butcher,” and Kang Kek Eu, a.k.a. “Duch,” the former chief warden at Tuol Sleng prison, a former high school where more than 16,000 people were tortured to death. Other candidates for prosecution include former Central Committee members “Brother No. 2,” ideologue Khieu Samphan; and “Brother No. 3,” Nuon Chea. Controversy continues over the possible trial of former Khmer Rouge Foreign Minister Ieng Sary and his wife Ieng Tirith. All of these former senior leaders are in their 70s and 80s and in ill health.

Prosecution of Ieng Sary is in dispute, because his 1996 defection to the government effectively broke the back of Khmer Rouge resistance, for which Ieng Sary was granted royal amnesty by King Norodom Sihanouk. The government argues that revoking the amnesty could lead to renewed conflict, but the UN insists that Ieng Sary must be put on trial. Sovereign Cambodian law, and peace in the nation, apparently count for little in the eyes of the UN.

Moreover, the UN withdrawal came only five days after Cambodia held its first ever elections for local commune leadership positions on Feb. 3, which elections, even more than the 1998 national elections, attest to the extraordinary enthusiasm of the population to participate in the country’s recovery.

Others Should Learn From Cambodia’s Elections

In the last two U.S. national elections it is estimated that less than half of the eligible voters voted. In Cambodia’s 1998 national elections, more than 90% of eligible voters cast their ballots. In the Feb. 3 commune elections, an estimated 83% of the eligible 5.2 million Cambodian voters cast their ballots. These local commune representatives had been appointed by the central government ever since the French colonial era, when communes served as the principal tax-collecting agencies in the country. Some 75,000 candidates vied for more than 11,000 posts in the 1,621 rural communes.

By all accounts, voting day was peaceful, and the two-week campaign, which opened on Jan. 18, was declared relatively peaceful, although three candidates, one from each of the three leading parties, were killed or died from natural causes in that period. Despite this, the NGOs monitoring the elections have chosen to distort the degree of violence, in order to undermine the progress in the conduct of elections since the 1998 vote, and to taint the national vote in 2003. Not surprisingly, two out of the three regions with the highest level of violence since January 2001, are areas with large former Khmer Rouge populations. The U.S. government-funded IRI and NDI, and other NGOs, have already prejudged the vote as “not free and fair.” Even so, by all accounts, the level of violence in the year preceding the Feb. 3 vote was half that which occurred in 1998. Compared to the May 2001 Philippines local and parliamentary elections, in which 100 were killed and 141 injured in “violent incidents not seen since the Marcos era,” according to the *Philippines Inquirer*, the results represent another miracle on the Mekong.

Most important, however, is the quality of participation in the vote. American election observers reported that the debates in the communes were both lively and well attended, and that the broadcasts of these debates by Radio Free Asia were followed throughout the country (despite IRI and NDI complaints about lack of media coverage for the opposition candidates). The debates were generally focussed on the need for infrastructure development in the villages, although there were still some remnants of the racist, anti-Vietnamese diatribes which characterized the fascist era under the Khmer Rouge, but are now spewed forth by the Sam Rainsy Party, the supposedly “democratic” opposition championed by the IRI and the NDI.

John McAuliff, of the Fund for Reconciliation and Development, a group which has supported Cambodia’s sovereign efforts to recover, reported, based on his observations before and during the elections, that the overwhelming victory by the Cambodian People’s Party—which won the chairmanship in approximately 1,600 of the 1,621 electoral districts—was primarily due to the fact that the government over the past years has delivered on the schools, roads, water, and health facilities needed in the villages, although there is a very long way to go. The election stations were staffed largely by teachers (mostly women) from the local schools, whose construction has been a primary focus of the Hun Sen regime.

Final vote totals are not expected until after Feb. 20. Preliminary results point to 61% for the Cambodian People’s Party. The biggest loser in these elections is the royalist Funcinpec party of King Norodom Sihanouk and his son Prince Norodom Ranariddh. In the fight for the 76 communes in the capital city, Phnom Penh, early estimates indicate that approximately 48% of the vote went to the CPP, 40% to the IRI/NDI favorite Sam Rainsy Party, and only 13% to Funcinpec.

On Presidents' Day, LaRouche Is the American Leader

by Paul Gallagher

During the long weekend of Feb. 16-18, Presidents' Day, Democratic Presidential pre-candidate Lyndon LaRouche was simultaneously the center of attention and leadership at a national conference of his U.S. political movement, and in the press of a number of other nations. Nearly a thousand delegates and guests attended the conference outside Washington, D.C. They heard LaRouche and his leading associates describe the coup d'état thesis of the Special Report, *Zbigniew Brzezinski and September 11th*, and the financial-economic collapse driving that coup, even as LaRouche's analysis was being reported on front pages in the Middle East, the Balkans, and elsewhere.

The conference in Reston, Virginia was full of new organizers and volunteers to LaRouche's campaign, who have been recruited in increasing numbers over the past year, as the U.S. economy has fallen and public "explanations" have flown further and further from truth and reality. LaRouche's Feb. 16 keynote address, "Is Enron Cluster's Last Stand?" (see p. 16, this issue), dealt with the future of the country after the impact of the emerging financial-derivatives "Cluster-Bust" which is following the Enron blowout. The address was followed by hours of discussion; LaRouche directly took on the complete failure of the Democratic Party to provide an alternative policy or leadership in the collapse, and said that his movement had to bring individual leaders together with citizens to "provide a new substance for the name, Democratic Party."

The full conference was webcast live, and is available on the websites of Mr. LaRouche's publications and his campaign. The sessions carried the overall theme—"Continue the American Revolution"—of how to defeat the Anglo-American establishment that is committed to imposing universal fascism, by mobilizing around the tradition of the American Revolution, as carried forward today by LaRouche and his candidacy.

Content of LaRouche's Address Covered Internationally

"Enron, Deregulation, and the \$400 Trillion Derivatives Market" was the headline of the featured coverage of LaRouche's analysis in the major Arabic daily *Al Bayan*, based in Dubai; the newspaper ran LaRouche's statement, "Stop Kidding Us On Enron," in full. During the same weekend, the London-based daily *Al-Arab International* published the LaRouche campaign statement which has circulated in 500,000 copies in the United States, "Armageddon in Palestine," which carries the warning of general war flowing from the Sharon government's actually fascist policy. The leading Saudi daily *Asharq Al-Awsat* published lengthy coverage of LaRouche's analysis the following day. Meanwhile in the Balkans, the major Macedonian daily *Vecer*, on Feb. 19, ran front-page and lengthy coverage of the address just given by LaRouche in Reston, describing him as "a top economist who did not miss a single economic-financial forecast."

Though the U.S. media continued to black out LaRouche, American elected officials and labor activists attended the conference, including a dozen state representatives, as did representatives of ten foreign embassies in Washington. Answering a question from one activist preparing to run for office, LaRouche bluntly described the state of the major U.S. political parties—which deny almost unanimously that any economic crisis exists—and offered a leadership perspective.

"We are in the process of saying, 'Well, look, don't worry about the Democratic Party, Republican Party. They're both, pretty much, dead right now. . . . But there are some good people in the country, with some political experience, some of them in the Democratic Party. We think that somehow they ought to be pulled together, these good people, to provide a new substance for the name, Democratic Party. . . . I can tell you that a Democratic Party led by the Democratic Leadership Council, dominated by people like—fascists like Joe Lieber-

man; or maybe a new ‘Pull the Noose’ Party of John McCain, the rolling political hand-grenade . . .—that this doesn’t function.”

The candidate concluded, “If we can formulate political campaigns in those terms of reference. . . . We need a revived Democratic Party, one which is comparable to the Democratic Party at its best, under Franklin Roosevelt; we need that kind of party now. We need to reform and clean up the mess that is the present Democratic Party. . . . The Republican Party is an even bigger mess, but we’re not exclusive; we don’t object to anybody who’s decent and wants to join the fight.”

The continued American Revolution theme of the conference was only directly addressed in the final panel on the American Intellectual Tradition, but formed the background for LaRouche’s discussion of the current universal fascist threat in his keynote, and in a three-hour panel devoted totally to questions and discussion.

LaRouche reviewed his famous “Triple Curve” collapse function graphs at some length, demonstrating the way in which the hyperinflationary debt-generation policy went together with the gouging of living standards for the population. He then zeroed in on the point of instability, which he identified as happening around the Spring of 2000, when the rate of the printing of money actually overcame the rate of generation of financial aggregates. From that point on, we’ve seen the financial system “grow” like a slime mold, Mr. LaRouche said, with derivatives, hedges, and a total mess like Enron, which could bring the whole system down.

The Aftermath of Sept. 11

LaRouche’s keynote was followed by a highly informative and polemical presentation by the Zimbabwean Ambassador to the United States, Dr. Simbi Mubako, on the way the British and the International Monetary Fund (IMF) are trying to return his country to colonialism.

That evening’s session took up “Brzezinski’s and Huntington’s Universal Fascism: The Special Case of Sharon’s Israel.” *EIR* spokesman Jeffrey Steinberg and Mr. LaRouche’s West Coast campaign spokesman Harley Schlanger gave brief remarks on the nature of the Sept. 11 events, and the “Hitlerian” Jabotinsky current of Zionism, that permits Ariel Sharon to collaborate with the Clash of Civilizations crowd.

The second day of the conference was keynoted by Helga Zepp-LaRouche, Mr. LaRouche’s wife and founder of the Schiller Institute. She took up the theme of the alternative to the Clash of Civilizations, namely, the dialogue of cultures, beginning with the call that she herself had put forward in October 2001, along the lines of Cardinal Nicholas of Cusa’s dialogue, “The Peace of Faith.”

Mrs. LaRouche repeated her call for children and youth from all over the world, to study the best “pearls” of other cultures, and to come together in an international conference of youth to discuss avoiding a New Dark Age and Thirty Years’ War.

Bush’s Budget Seeks British-Style ‘Reform’

by Carl Osgood

The leadership of the U.S. Congress, the Executive, and the Democratic and Republican parties is gripped by determination not to admit, much less act against, the growing wave of bankruptcies and unemployment in the U.S. economy. The anxiety over what all are denying, is breaking out in angry debates over how to pay for the Federal budget under these conditions. The issue involves fundamental questions of the role of budget and tax policies in reviving the national economy.

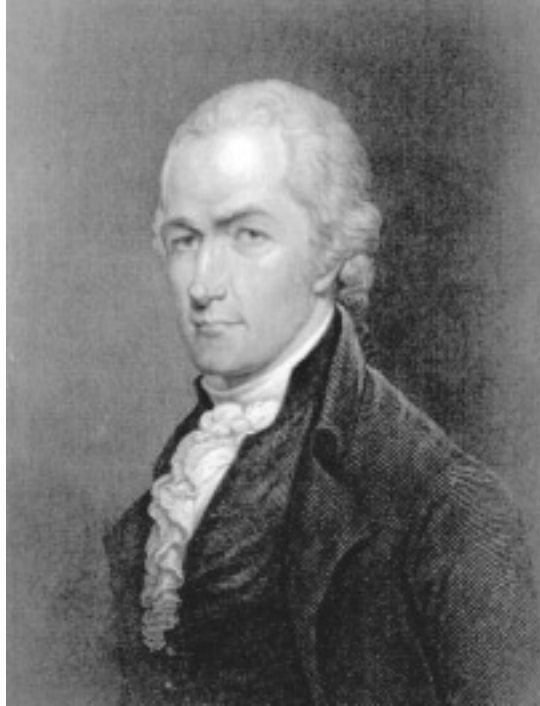
On Feb. 7, tensions between Congress and the White House over the Bush Administration’s fiscal year 2003 budget submission exploded into the open during a hearing of the Senate Budget Committee. Committee member Robert Byrd (D-W.V.), also the chairman of the Senate Appropriations Committee, berated Treasury Secretary Paul O’Neill for 15 minutes. O’Neill had made a speech claiming that Congressional rules, “created by ordinary people,” are “like the Lilliputians tying us to the ground.”

Byrd noted that the budget document itself, submitted to Congress by the White House, includes a cartoon of Gulliver tied down by the Lilliputians—and many other such illustrations expressing the sentiment of the White House toward Congress. Byrd denounced this as intentional denigration of Congress’ constitutional role in enacting a budget. He told O’Neill, “I’ve been in this town for 50 years. I’ve seen many secretaries of the Treasury. . . . With all due respect to you, you’re not Alexander Hamilton.”

An angry O’Neill replied, “I’ve dedicated my life to doing what I can to rid the rules that limit human potential, and I’m not going to stop.”

Government by ‘Experts’?

The budget document also takes direct aim at the practice of Congressional earmarks, that is, the projects that are added to spending bills by individual members of Congress to benefit constituencies within their states or districts. At one point, it declares that “the process of identifying and selecting which projects will be funded by the budget, involves high levels of subject matter expertise and administrative support. Hence, when non-priority projects, those not requested by experts, are funded directly by the Congress in what is referred to as ‘earmarks,’ there is no assurance that funds will be used to support projects and activities that have the greatest prospect for success.”



As Sen. Robert Byrd (D-W.V.) thundered when Treasury Secretary Paul O'Neill (left) presented the Administration's new budget, "With respect, sir, you are no Alexander Hamilton" (right).

Even some Republicans are upset at this unambiguous attack on Congress, on behalf of the kind of high-level budget and accounting "experts" whose wisdom has recently been on national display in the economic disasters of Enron, Global Crossing Ltd., Tyco, et al. According to the *Washington Post* account, House Appropriations Committee Chairman C.W. Bill Young (R-Fla.) sent a letter to Office of Management and Budget Director Mitch Daniels, saying, "All wisdom on the allocation of grant funding does not reside in the Executive branch."

The Constitution gives the government a physical economic function, that of providing for the general welfare; and gives Congress certain responsibilities with respect to that function. Article I, Section 9, Clause 7 of the Constitution says, "No Money shall be drawn from the Treasury, but in consequence of Appropriations made by Law." This is the so-called power of the purse. Section 8, Clause 1 establishes, "The Congress shall have the power to lay and collect Taxes, Duties, Imposts and Excises, to pay debts and provide for the common defense and general Welfare."

U.S. Democratic Presidential pre-candidate Lyndon LaRouche, in "Economics: At the End of a Delusion" (*EIR*, Feb. 22, 2002), posed the question entrusted to Congress this way: "What programs, of accelerated investment in scientific and technological progress, will foster the rates of increase of the physical productive powers of labor needed to balance the implied budget of the economy overall?" In other words, the society must make investments in anti-entropic forms of productive, creative action within its population, in order to generate higher levels of living standards over time. Government

has a very special role to play in the process, especially in the realm of credit generation and in science-driver types of programs.

The 'Federal Budget Process'

The 20th-Century's Anglophile imposition upon Congress of the "Federal budget process"—as it was established and has developed since before Senator Byrd first came to Washington—is designed to inhibit precisely the kind of development that LaRouche has outlined. The inflection point was the 1921 Budget and Accounting Act, which established the Bureau of the Budget and formalized the Executive budget process. It also set up the Government Accounting Office, to foist on Congress a "watchdog agency" to examine government operations.

The 1921 Budget and Accounting Act was the result of several years of lobbying by Wall Street interests who were intent on reducing Congress' ability to spend money for the general welfare. Their model was the British system of budgeting. A key architect of the 1921 act was William F. Willoughby, the founding director of research of the Brookings Institution, who had earlier been a member of the Taft Commission, set up by President William Taft in 1910 to propose an Executive budget process. Willoughby wrote or co-wrote numerous books on the subject of government budgeting from 1916 into the 1920s. One of these, *Financial Administration of Great Britain*, was published by Brookings in 1917, and is a detailed study of the British system from the standpoint of replacing the American system with British methods.

Willoughby took aim at the general welfare function of

government, and specifically, the spending on public works, such as waterways, that had dominated much of Congress' activity in the decades after the Civil War. He wrote, "It goes without saying that the great end to be sought in the administration of the finances of a nation, is the ensuring that the maximum of economy and efficiency will obtain in the determination of what the government shall do and in the execution of the work determined on." He complained, "A glaring example of waste . . . is the admittedly gross misapplication of funds in the United States for public works."

Willoughby extolled the virtues of the British system. Among these virtues is that funding requests can originate only with the requesting agency. Members of Parliament cannot add to or modify these requests. Their function is independent review, criticism, and approval or disapproval. Willoughby complained that under the American system, "demands for funds may, and often do, originate with individual members of Congress having little, and at best, inadequate knowledge of the needs of the services for which they are intended." Even worse, he continued, "they have no direct interest in the efficient and economical administration of such services. Their interest is in the localities to be served, which interest may be diametrically opposed to the interest of the services and of the public as a whole." This complaint is echoed in the Bush Administration budget.

Taking Government From Elected Officials

Willoughby's solution was to take the detailed decisions regarding government spending out of the hands of elected officials and put them into the hands of unelected bureaucrats. In the British system described by Willoughby, this function is carried out by the Treasury. All ministries except the Army and the Navy submit their requests through the Treasury. "This means that all requests for funds will be carefully scrutinized by an authority other than the one for whose use the funds are intended, before any formal demand for this grant will be made." Furthermore, "no appropriation shall be made except in pursuance of a formal estimate submitted on behalf of the Crown," and "individual members [of the House of Commons] have not the right to propose expenditures or even to move the increase of the proposals of the Crown."

Willoughby described the process as follows: The first step is to define the issues raised by both general policy and details of proposals. The second step is to get an expression of the will of a majority of representatives of the people. If the legislature decides against the Executive, provide for an appeal directly to the "electorate." In other words, dissolve the government and call new elections. "By use of such a procedure, the budget becomes the most important constitutional method for making the government responsible and responsive to the popular will." What Willoughby has described here, which he also takes up in other, later works, is two additional branches of government: electoral action, i.e., political parties, and the function of administration.

In his 1934 work, *Principles of Legislative Organization and Administration*, Willoughby wrote, "It is desirable to point out the great possibilities that are embraced in a system under which action upon the floor of the legislative chamber may be determined by an outside organization which has no legal status and which is subject to no control other than which it is willing to impose on itself." The administrative apparatus and the political parties have become precisely those "outside organizations," not subject to the Constitutional checks and balances of our republican government.

The development of that administrative apparatus has been evolutionary, and not every feature of the British parliamentary system has been insinuated into the American system. The 1921 act gave the Executive branch its permanent bureaucracy in the form of the Bureau of the Budget. Prior to 1921, the different departments of the government submitted their estimates to Congress directly. After 1921, the departments had to subject their estimates to scrutiny by the Bureau of the Budget.

In 1974, the Congress got its own permanent bureaucracy, as a result of the Budget and Impoundment Control Act. That act created the Congressional budget process and the Congressional Budget Office, whose first director, Alice Rivlin—also from the Brookings Institution—sought to establish the CBO as independently as possible from the day-to-day budget operations of Congress. Rivlin, as chairman of Washington, D.C.'s financial control board, became infamous, more recently, for presiding over the shutdown of D.C. General Hospital, over the unanimous opposition of the City Council, in the name of "economy and efficiency."

All of this means, that the economic processes of government are placed in monetary terms. But, as LaRouche observed, during a presentation to a conference in Oberwesel, Germany on Aug. 18, 2001, "the competent person, especially the politician, does not think in terms of money, or finances. They think of money and finances as instruments of government, not as the authority over government; but as the instruments of government. Any sovereign nation-state has the intrinsic moral authority to create a currency, and only a sovereign nation-state has that moral authority. A state has the authority to eliminate a currency, to cancel it; because the function of a currency, is to enable society to function."

The same applies to a budget. If a state is to have a budget, that budget must be the servant of the physical economic needs of the state, not the other way around.

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Little Substance in Musharraf's U.S. Visit

by William Jones

Considerable to-do was made, of the visit of Pakistani President Gen. Pervez Musharraf to Washington. Having brooked heavy domestic opposition for assisting U.S. military operations in Afghanistan, he was given red carpet treatment at the White House on Feb. 13. Pakistan was treated as a pariah after its 1998 nuclear weapons tests and Musharraf's 1999 coup; now, its President was greeted as something of a hero. How much he will gain—or lose—from his efforts to remain among the Bush Administration's allies, remains to be seen. And what price he will pay for his domestic crackdown, under U.S. pressure, on groups allegedly connected to al-Qaeda, is uncertain.

Musharraf is seeking a complete normalization of relations with the United States. While the United States, during Carter National Security Adviser Zbigniew Brzezinski's "proxy war" against the Soviet Union in Afghanistan, built up, together with Pakistan's Inter-Services Intelligence, the Afghan mujahideen to fight the Soviet forces, the subsequent Soviet withdrawal led to a simultaneous withdrawal of U.S. support. With no Soviet enemy to fight, the various groups began to fight amongst themselves, and Afghanistan was again plunged into a nightmare of warfare and destruction. Much of this spilled over into Pakistan, creating a cauldron of instability also in that country.

With the United States now claiming "victory" over al-Qaeda, many of whose members have escaped over the border to Pakistan, President Musharraf is asking that the United States pay Pakistan's considerable costs for the Afghanistan war, and give economic aid in addition.

The Bush Administration, which is concerned to maintain Pakistan's alliance, has not been slow in showing its gratitude. President George Bush heaped praise on the Pakistani leader: "President Musharraf is a leader with great courage and vision, and his nation is a key partner in the global coalition against terror," Bush said. "Pakistan's continuing support of Operation Enduring Freedom has been critical to our success so far in toppling the Taliban and routing out the al-Qaeda network." Musharraf also received a clear commitment that the United States is with Pakistan for the long haul. "The President made a tough decision and a strong decision," Bush said. "It's not only a decision about fighting terror, it's a decision for the direction of his country. And we support that strongly. And so I can understand why, you know, some in

Pakistan are saying, well, this is just a short-term dance. But so long as we share the same ideals and values and common objectives, we'll work with Pakistan."

Commitment to Some Basic Changes

Congress agreed last year to give Pakistan \$600 million in aid to cover the costs it bore in the "war on terrorism," although only \$100 million of this has, as yet, been released. Musharraf, in return, committed to some basic changes in Pakistan. In addition to the crack-down on groups allegedly linked to al-Qaeda, he also committed to far-reaching changes in the Pakistani educational system. He will attempt to transform the religious schools, the *madrassas*, putting emphasis on science, mathematics, reading, English, and Pakistani history, instead of their stress solely on religious instruction.

He has also promised to hold elections in October. What the outcome of these will be, in a situation of growing outrage over the U.S. bombings in Afghanistan and Musharraf's cooperation in this, is anyone's guess. At any rate, the United States is keen on pumping enough money into Pakistan to keep a lid on social discontent.

During his visit, Musharraf received promises of aid on several fronts: \$1 billion in debt relief in FY 2003; \$2 million for "logistical support" in the upcoming elections; \$34 million in educational support for teacher training and information technology programs for the schools; and promises of cooperation in science and technology and in space research. The two Presidents also agreed to support increased market access for \$142 million in Pakistani apparel exports. This measure may never get off the ground, however, as the economic collapse in the United States has stiffened the resistance to lowering tariffs, especially in an industry such as textiles, in which U.S. workers' wages are already at rock bottom.

The Bush Administration, to reestablish close military ties with Pakistan, will also allocate \$1 million for the International Military and Education Training program, and will give \$300 million for refurbishment for whatever expenditure was incurred after Sept. 11 in support of operations in Afghanistan. Sanctions on military equipment and spare parts have also been lifted, although the earlier deal to deliver F-16s remains on ice. Rumsfeld did give Musharraf the benefit of characterizing U.S.-Pakistani ties as a "strategic relationship."

Musharraf also made the usual plea for U.S. mediation in the "Kashmir issue"—which India rejects. While Bush said that he is willing to "facilitate" discussions between India and Pakistan, the United States has no interest in playing a more formal role.

Whether the promised aid will be enough to overcome Pakistani qualms about playing marcher-lord for the "New Roman Empire" crowd, is doubtful. Asked about possible U.S. military action against Iraq, Musharraf said that he has too much to do in Pakistan, to worry about problems elsewhere in the world. Any new United States attack on Iraq would trigger new problems in Muslim Pakistan.

Maryland Teachers Fight Bush's Testing Policy

by Donald Phau

In Maryland, teachers have begun to battle the nationwide “dumbing down” of education being implemented through school testing policy. Every state is now scrambling to meet Federal testing requirements mandated by President George Bush's National Education bill. The misnamed “The No Child Left Behind Act,” passed by Congress this year, requires annual testing in math and reading in grades 3-8. If states fail to meet testing standards, they will lose Federal funds, which can then be allocated for non-public education. The new standards are thus a big foot in the door for replacing public education by privatized, for-profit schooling.

Immediately, the multibillion-dollar testing industry is benefitting from the large sums being spent from shrinking state education budgets. The testing companies have a common approach: what's been called “drill and kill” assessment of student abilities. School districts are seeking to eliminate “expensive” testing—which involves any creative, cognitive judgment by the student. One such test is the Maryland School Performance Assessment Program (MSPAP).

For the past ten years, Maryland has been using MSPAP. The week-long test does not assess the abilities of each student, but tests the entire school. According to the *Washington Post*, “The test was designed to change the way teachers teach. It is not designed to test how well a student remembers facts, as most standardized tests do. Rather, it asks students to apply facts and perform tasks.” In one example, students are shown a ball which is dropped and bounces. They are then asked to jointly formulate a report, including graphs, which explains the action of the ball.

In an interview with *EIR*, Montgomery County, Maryland, Teachers Association President Mark Simon said that the MSPAP test “is an heroic effort . . . with what is trying to be done with student assessment.” But, he said, the test is now being used to “dumb down” education; “just the opposite” of what it was intended to do. The county—adjacent to Washington, D.C.—which was testing number one in the state, has seen its scores plummet. The reason, Simon said, is how the test's grading was changed by the private company managing the testing. To the company, the “rate” of scoring was primary. “The emphasis was on speed,” he said. “The graders didn't read the essays but just slapped the score on them.”

Simon said that with the private companies running the test, “You have a problem between teachers and profit.” Also, with the passage of Bush's “standardized” testing bill, he said, “I'm sure the value of the stocks of these companies went

way up. There's a lot of money being spent.”

One Maryland teacher said that Measurement, Inc., the company managing the grading of the MSPAP test, was giving out rewards to those who scored more than 100 test books a day. Simon said that they were told to give credit based on “key words.” One teacher said, “If a child had an excellent answer but didn't use a buzzword, or didn't use material from the text, they could conceivably get a zero. But if a child used the buzzword, but didn't make much sense, they'd get a point. I couldn't believe the zeros I had to give out, because they didn't have the buzzword.” In a discussion with *EIR*, a Measurement, Inc. representative flatly denied all of the teacher's charges.

‘Artificial Intelligence’

Such mindless grading practices are comparable to the growing use of computers to grade examination answers, including that of open-ended essay questions. Using “artificial intelligence” (AI) computer software, Pennsylvania and Oregon have contracted with testing companies which use AI to grade state examinations (see *EIR*, Jan. 18, 2002). Maryland is now having teachers imitate a computer's AI program. AI programming, developed in the 1950s, is based upon the false belief that there is no fundamental difference between the mind of a human being, and that of a laboratory rat or a computer. Computer AI grading, therefore, does not acknowledge that a student could use his or her creative capacities. To an AI computer, students have no such capacity, and creative answers could never even exist.

Maryland Assistant State Superintendent of Schools Ron Peiffer wants to use AI computer grading, and admitted to this writer that the state is going to end the MSPAP. Education “is a business,” he said, and with the Federally mandated “standardized testing,” “the pressure is tremendous and we're going to have to make changes.” Peiffer said the state will stop hiring teachers for grading tests and go to private testing companies. “I don't know if there are enough testing companies out there. We may have to send tests out of state for grading.” He wants a “national standard” for education, and praised think-tanks, such as the Fordham Foundation, that helped create Bush's testing policies. He added that the state will hire more private companies and that the use of computers using AI is “the way the state will go.”

When asked why the grades in Montgomery County dropped, Peiffer said it had nothing to do with the way the tests are scored, but was due to a change in demographics in this largely well-to-do county. There's been a large increase of poor students, he said. “They're from the Third World, and many have never been in school at all.” He said that the teachers and parents are making a big deal about the grading method “because there were major scandals over cheating” in the county.

To cover this up, the county brought in a bush-league “psycho-matrician” to show that the problem was in the grading.

Defense Budget Request Faces Close Scrutiny

While nobody on Capitol Hill is talking about cutting the Bush Administration's \$379 billion request for the Department of Defense, the request will be examined closely. The \$10 billion war contingency fund that the administration is seeking has come under fire from both sides.

House Defense Appropriations Subcommittee Chairman Jerry Lewis (R-Calif.) on Feb. 8 called it a "soft spot." He warned that without any details as to how it might be used, "there'll be those . . . who will begin to suggest we ought to whittle away at that total amount." Lewis was echoing a concern expressed by Ike Skelton (D-Mo.) during a House Armed Services Committee hearing on Feb. 6. Skelton urged Secretary of Defense Donald Rumsfeld to "present Congress with a well-thought-out proposal" on how it intends to use that money.

Senate Armed Services Committee Chairman Carl Levin (D-Mich.), during a hearing on Feb. 5, said that Congress has generally not appropriated funds in advance for unspecified military activities. He asked Rumsfeld if the contingency fund could be used for military operations against Iran, Iraq, or North Korea, the three countries President George Bush described as "the axis of evil." Rumsfeld indicated that if operations continue through 2003 at the current tempo, \$10 billion will last only a few months. Second, he said, "My understanding is that the funds would be used for the war on terrorism that the President has announced. . . . I don't think there's anything in the budget that contemplates anything of the size you're talking about."

Other members are concerned that the defense budget doesn't go far enough. During the House hearing,

Skelton noted that the request for military construction declines by \$1.7 billion, and the budget only funds five ships for the Navy, as opposed to the eight or nine most agree are required to prevent a decline in the number of ships in the fleet. Duncan Hunter (R-Calif.) added that the services need to be buying about 450 aircraft a year to maintain a modern fleet, but are only buying about 100. He also noted shortfalls in munitions and in operations that add up to about \$10 billion per year, each.

Economic Stimulus Bill Resurrected in House

The Senate failed to agree on a so-called economic stimulus bill—but that has not deterred the House GOP leadership in their quest for more tax cuts. On Feb. 6, Senate Majority Leader Tom Daschle (D-S.D.) pulled the bill from the floor after both parties failed to get 60 votes for their version of the bill. The Senate then agreed to a simple 13-week extension of unemployment benefits and sent the bill back to the House.

House Ways and Means Committee Chairman Bill Thomas (R-Calif.) on Feb. 14 brought a motion to the floor, to replace the Senate language with a bill that, while including extended unemployment benefits and aid to New York City, was loaded with corporate tax breaks. "What we have in front of us is an economic security and worker assistance act," he said. He claimed that the bill provides a program that generates jobs, and thereby generates additional revenue. Among other provisions in the bill are a reform of the corporate alternative minimum tax, acceleration of the income tax reductions passed in 2001, and refunds for individuals who were ineligible to

receive them in 2001.

Rep. Bob Matsui (D-Calif.) said that the tax provisions are "really corporate handouts" that resulted from "a commitment made to the U.S. Chamber of Commerce last year" when the House "decided not to put corporate tax breaks on their individual tax cut bill." He said that the \$175 billion in tax breaks will be paid for from the Social Security and Medicare trust funds. The Thomas motion passed by a vote of 225-199.

The Senate then sent a strong message that the House bill will not pass the Senate. That message took the form of a unanimous consent request to re-pass the same unemployment benefits extension they had passed a week earlier. Majority Leader Daschle accused the House of delaying aid to the unemployed.

House Passes Campaign Finance Reform

On Feb. 14, the House passed the Shays-Meehan campaign finance reform bill, after it survived about a dozen GOP attempts to kill it. It now goes back to the Senate, where opponents have vowed to try, once again, to stop it. The debate lasted about 16 hours, and featured three substitutes and ten amendments to the underlying bill. According to its supporters, the bill will ban soft money contributions to the national parties, and prohibit soft money from being used for so-called issue ads in the 60 days prior to an election. Rep. Steny Hoyer (D-Md.) called it a "modest but crucial investment in our participatory democracy." The bill would not take effect until after the November 2002 election.

Republicans said that what was being debated was not the original

Shays-Meehan bill that had been voted up in previous Congresses. Instead, the bill's sponsors, Reps. Chris Shays (R-Conn.) and Marty Meehan (D-Mass.), offered a substitute designed to accommodate the Senate. The GOP complained that it was written in the dead of night, but it nonetheless passed by a vote of 240-191. The two GOP substitutes—one offered by Majority Leader Dick Armey (R-Tex.) and the other by Administration Committee Chairman Bob Ney (R-Ohio)—were rejected by votes of 249-179 and 377-53, respectively.

Now that the bill has passed the House, Senate Majority Leader Tom Daschle's (D-S.D.) strategy is to bring it straight to the Senate floor, in hopes of avoiding a conference committee. Though the differences between the House and Senate versions are considered minor, the GOP hopes to be able to kill it in conference. To avoid a conference, Daschle will have to round up 60 votes to stop a threatened filibuster by Mitch McConnell (R-Ky.). An added uncertainty, is that President George Bush has not indicated whether he will veto the bill if it reaches his desk.

Senate Farm Bill Retains Free Trade Delusions

On Feb. 13, the Senate passed, by a vote of 58 to 40, a new five-year farm bill, to replace 1996's mis-named Freedom to Farm bill, which expires on Sept. 30. The bill retains the free-trade premises, but avoids the worst free-market excesses of the 1996 law. Both the Senate bill, and the earlier-passed House version, retain forms of Federal farm support, with differences on timing and size. The Senate version expands supports to new commodities, including milk and fruits.

One diversionary issue that has captured a lot of attention, is the fact that some large farm operations received huge Federal subsidies under the 1996 law. The new Senate bill places caps on what an individual can receive. The debate ignored the fact, however, that if a parity pricing policy were in effect, and the economy functioning properly, there would be no "fat-cat" farmers. The subsidy has the effect of being a "pass through" to the food cartel, enabling it to continue to pay farmers below the cost of production.

The bill includes provisions to encourage the use of "alternative bio-energy," a pet project of Senate Agriculture Committee Chairman Tom Harkin (R-Iowa). Harkin backs the use of ethanol in coal-fired boilers, and switchgrass, soy bio-grease, and on-farm methane capture. All of this is supposed to help boost farm income. Meanwhile, crop prices have hit 30-year lows, adding to the hardships farmers are already facing as a result of the fuel price shocks of 2000-01.

The White House says that the bill will encourage overproduction of certain crops. The bill authorizes \$45 billion in new spending through 2007, a 26% increase, which the Bush Administration says is too much, too soon. The House bill is set at \$38 billion.

Baucus Says Administration Must Build Trust on Trade

Senate Finance Committee Chairman Max Baucus, in a speech to the Democratic Leadership Council on Feb. 12, said that the most important measure the Bush Administration can take, to build public support for new free-trade agreements, is to "build a record of trust" by supporting an expanded trade adjustment assistance program

(TAA). TAA is a program for workers who lose their jobs as a result of foreign trade, and expanding the program is part of the trade promotion legislation that passed the Senate Finance Committee on Dec. 12, 2001 by a vote of 18-3. Republicans object to the \$8.6 billion cost of the program and may try to amend it when the bill hits the Senate floor. Baucus said, however, that while expansion of trade creates benefits, "trade also has some negatives and forces painful choices."

The bill also covers fast track negotiating authority, an Andean trade package, and language on the generalized system of preferences. "I believe these issues move forward together or they don't move at all," Baucus said.

Also included is language relating to labor and environmental standards. Baucus said that the language in the bill is modelled on the Jordan free-trade agreement, approved without controversy last year by both houses. In it, "both countries agree to work together toward better labor and environmental standards," and "to promote respect for worker rights and the rights of children." Rather than using the threat of sanctions to try to force changes, the bill "creates positive incentives for countries to raise their standards." Baucus indicated that Senate Majority Leader Tom Daschle (D-S.D.) plans to bring the bill to the floor in early March.

Baucus ignored the realities of the global economic collapse, however. These realities include the growing role of outsourcing as a factor in world trade, as well as what *EIR* founder Lyndon LaRouche has described as "the demise of the importer of last resort." That is, the growing inability of the United States to absorb the imports of less developed countries, so that they can generate the dollars demanded by international creditors.

What's Really at Stake in Zimbabwe

The many-sided tragedy of British, U.S., and other Western nations' destructive policies toward Africa, has been focussed in these immediate days, on the forthcoming Presidential election in Zimbabwe. An international British Commonwealth crusade is seeking to punish and eliminate the government of Robert Mugabe, for its sins: military defense of the sovereignty of its neighbor, the Democratic Republic of the Congo; and Mugabe's two years' steady attacks on the International Monetary Fund.

To the nations of Sub-Saharan Africa, it appears that Tony Blair has marked off Mugabe's government, and perhaps its influence on the policy of South Africa, as a second "axis of evil." Nor is any part of the British or Western establishment criticizing Blair for his atrocious and heavy-handed interventions since 2000 to torpedo Mugabe's government—though some are criticizing and warning him over British support of George W. Bush's "axis of evil" campaign. Do we conclude that President Mugabe, for his two alleged sins, is more dangerous than Saddam Hussein?

Look at the tumult over the recent Presidential election in Madagascar, to see how the arrogant intervention of colonialist "international observers" can destabilize an elected government. Blair's anti-Zimbabwe campaign has far clearer hostile intent, and the nations of Africa are right to back Zimbabwe fully, in its defense of its own sovereignty and that of its neighbors.

The important declaration of Zimbabwe's Ambassador to the United States, and the tragic human demographic data on Africa as a whole presented by UN senior adviser Ibrahim Gambari, both published in our *International* section, show the desperate need for sovereignty and economic protection of the African economies. The 15-year drop in life expectancy of all of Sub-Saharan Africa at the end of the 20th Century, shows a disaster of historic scope unfolding, under the crushing burden of unpayable debt and IMF-mandated "adjustment programs."

No longer can we accept the collection of billions of dollars of illegitimate debt by London and Wall Street, whose shareholder mentality demands we obliterate the nation-state, and kill millions of Sub-Saharan Africans,

in the name of paying one's debt. No longer should globalization be appeased in order to beg for crumbs of foreign investment. The privatization of state-owned industries and businesses in order to remain in the fold of neo-liberalism, should stop. Africans should no longer accept the status of second-class citizens and slaves.

Even those African leaders denouncing the debt, are still accepting the IMF's deadly axioms. The fundamental error of Professor Gambari's thinking, like that of so many leaders throughout Africa and around the world, is the acceptance of the axioms of free trade and globalization. That acceptance is conditioned by the violent campaign mobilized against President Mugabe, for example, since he began his attacks on the IMF system two years ago.

The mental resignation to the permanence of this free-trade financial-monetary system, and its right to subjugate nations to its unlawful manipulation and control, is what prevents leaders from acting appropriately on the present global economic breakdown crisis. These axiomatic errors are the shackles of the mind that effectively keep one in a state of slavery, and not acting decisively. Even well-meaning, patriotic national leaders fail to understand, that the only possible hope for rebuilding their nations lies in killing and replacing the whole, collapsing system, before it kills their nations.

It may be difficult to accept, but there are no internal African solutions to the ongoing destruction of the continent. Read Lyndon LaRouche's concluding, "Help Africa!" section of his "Economics: End of a Delusion," in *EIR* of Feb. 22. LaRouche's New Bretton Woods monetary reorganization is known worldwide as the only workable alternative on the table, that provides a pathway of escape from the onrushing collapse of the present failed IMF system.

Even those leaders acting patriotically, have not sufficiently fought for the change in policy embodied in Mr. LaRouche's alternative. The failure to act wisely thus, will be fatal. So much is really at stake, in battles against the "new imperialists," such as Zimbabwe is waging.

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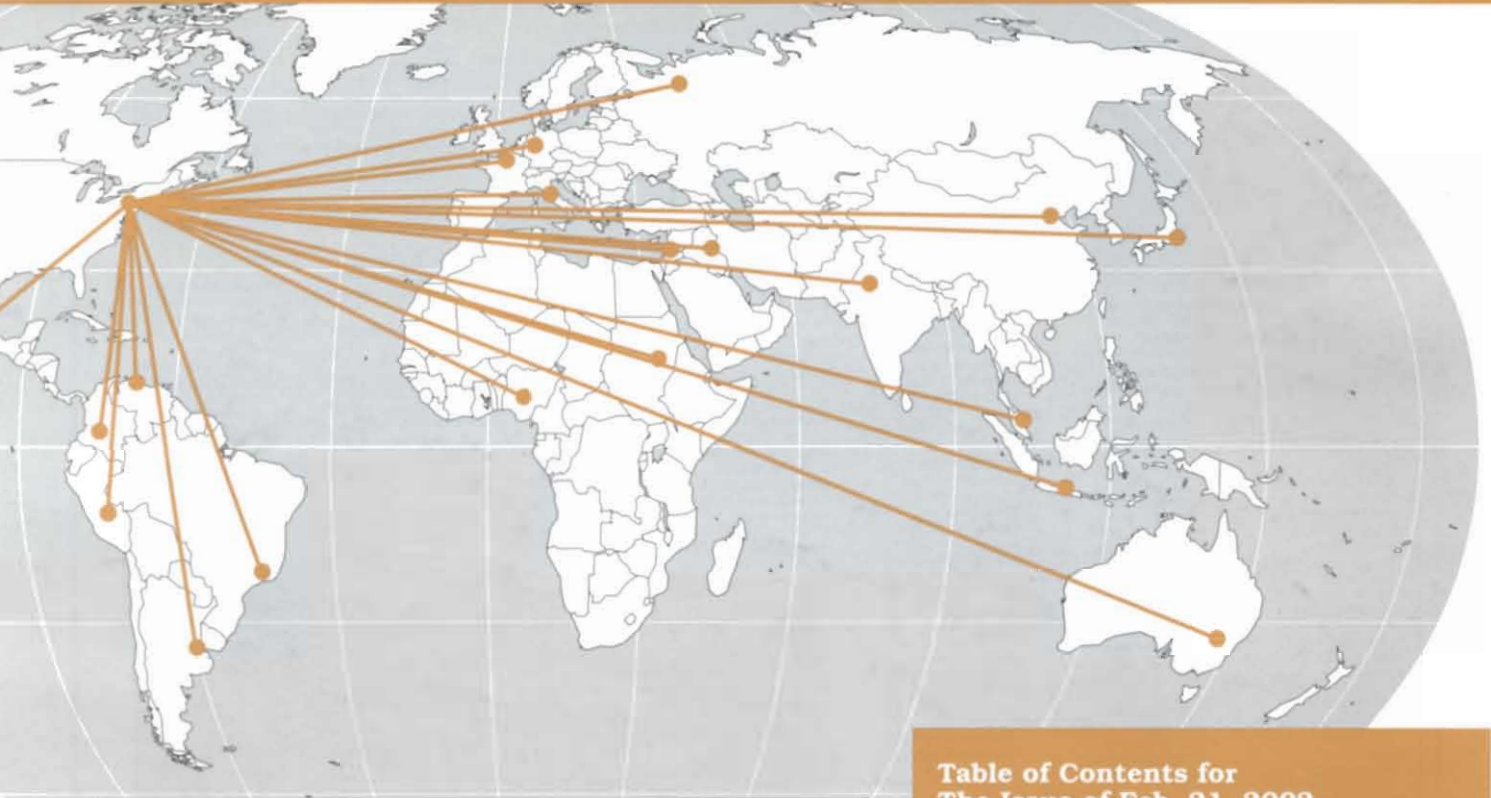
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