

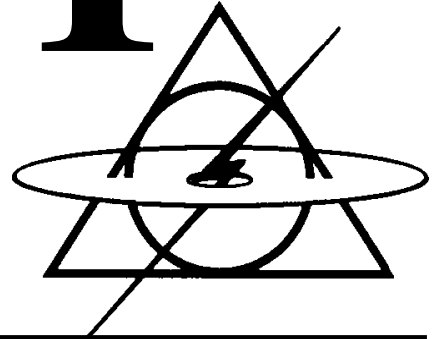


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### Y2K—THE NEW MILLENNIUM

*KNOWING TRUTH IS NOT ENOUGH,  
SUCCESSFUL CHANGE REQUIRES ACTION*



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# “Asia To Ashes”— Or Global Solution?

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#### WIDE-VIEW FOCUS

**Hatonn**—Almost every writing could use a 1,000-page “explanation” as to players, events and projections. But, alas, there is no ability to repeat and repeat *ad nauseam* and so, too, is it difficult to even pick and choose from presenters who are daring enough to give perspective to that which does get published or given to public viewing.

If you concentrate on one book, John Coleman’s *Conspirators’ Hierarchy: Committee of 300*, you will be overwhelmed at the contents and the mammoth volumes of information put into just a few pages of hard-hitting—point-by-point, player-by-player—description of the intrigue and control mechanisms in place for many decades, yea, even centuries of ongoing experience.

Moreover, the SAME players are always present and STILL controlling the game of global “handling”. To change that positioning is an incredibly overwhelming realization to any who would even make such an effort and, moreover, to do so against such odds. Is God enough? Worse, or better, as the case may be: WHO JUDGES WHAT AND WHO IS GOD? These are not easy or irrelevant confrontations.

As you go along and a bit of light is shone onto the ongoing intriguing network of “the players” at high levels, there is the stunning realization that, for goodness’ sakes, even Ted Turner, who controls *CNN* international news, is a MAJOR member of these Top, secret organizations, i.e., yea, even to the “300”.

Next, you who recognize the real movers and shakers, such as George Soros, you can see the mechanism—which is a living, breathing “thing”.

No, George Soros hasn’t broken any “laws”—he can’t,

for he helps make the acceptable laws in favor of the controllers. He is shrewd and gets some measure of selective reputation as to single-handedly pulling down the global economy through manipulation and game playing. George Soros calls his actions “a game” and when you are in his position, that is the only possible definition of the activities. Is he good or bad? He IS! And you who give credit to or blame for a circumstance—err. George Soros had to have the players and the way to accomplish whatever he achieved.

What can, then, change the flow? Well, you have to have individual “command” of self and that within “responsibility”. You cannot simply “demand” that people be responsible. Moreover, you must have a desire for peace, brotherhood and abundance through responsible behavior. Now it really becomes a sticky wicket, doesn’t it? People “fold” under pressures, stress, lack and inability to even attend selves, much the less their offspring

(Continued on page 2)

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and neighbors. So, the cycle of greed among the power holders gets greater and the hopelessness among the needy gets ever more and more desperate.

To see the pathway to achieving a goal of satisfactory ability to regroup and succeed at worthwhile change requires walking the razor's edge and often the feet get wounded, and then, to climb back up on the edge after slipping or sliding is more than most people can handle, for the getting up is usually without help from any save one or two supporting crutch bearers—if any at all. Is GOD enough? Yes, indeed, but few will be courageous enough to prevail in the arena with “only” that resource. It is not “fear”; it is the never-ending assault against the senses, which flows from every direction and hits, quite usually, all at once as a tidal wave of “overwhelm”, or in some cases it is referred to as “burnout”, for the majority of the impacting attitudes are exactly as stated by Rick Martin and Charles Neil: “It can't be done!” And, if it can't be done, why continue the bashing?

Well, readers, what are the alternatives? And, if not you, who? Moreover, if YOU don't care, who will?

I might add that along the way always come the intersections where even the team players can quit the game or go on to the next phase. There is, then, always the time of “turn-over” as life happens while plans are being made. Most times, however, to try to run by “committee” is neither appropriate nor even conceivable, if there is truly intent to get something accomplished. Each member perceives differently and this is good, but each tries to “make a mark” and this is impossible if we are to achieve timely action. Decisions have to be made and they cannot drag forever in the making, so the goal has to be sound, the direction or roadways determined and then, the details of each mile of the journey must be considered as to impact on the outcome determined as suitable.

Ah, but let us consider further, say, with partial or, as [Max] Soliven notes, “half achievement”. You are by 50% better off if your task is half achieved. However, until a goal is concluded or achieved, you will find the backsliding outruns the achievement of the other half. Better? Worse? To always be determined in that never-never land of potential possibilities. But note something, readers: Sometimes you find that the overall task has no longer any merit because the masses choose to be no better, or less greedy or whatever, and when achievement of that which suits the “real needs” of the individuals pushing beyond their own limits—they not only may, but possibly should, turn it over and/or let it go. Human life span is not great enough to allow for total focus on any one thought, for the flow of thoughts is infinite.

Our biggest consideration is who will bend, who will break and who will stay, and yet, God does not ever demand of anyone, including his son—as in whatever you call the sacrificed one—that “unreasonable” contribution. Jesus, as you name him, did NOT nicely go before the killers—he was FORCED. Can't you see as much? And then, YOU make him pay even more in the sacrificial rituals you place upon the very soul of that poor individual. In

your rituals you even “eat his flesh” and “drink his blood” and, symbolic or literal, you mock him instead of revere him as you dump your responsibilities onto his already burdened back and leave him hanging on that cross standard in his shame and nakedness without ability to even assist you to understand the meaning of your own being. And YOU are individually no better than the very rituals you choose. An act of faith? No, at best, ignorance; at worst, intentional stupidity or evil. MAN NEEDS ONLY ONE CONNECTION BETWEEN HIMSELF AND GOD; BROKERS DON'T COUNT!

So, man will choose his scapegoat and usually whip it to death, but the bigger thugs are treated with awe and respect—i.e., the George Soros of the worldly crowd of controllers.

Erick San Juan has done another very good job of bringing attention to the Asian “crisis” as actually created or, at the least, as presented through the globalist manipulators.

I further wish to apologize to Erick San Juan that I use his article to support my own writing, when his is worthy of the support. However, we also realize that in this paper the call to note is often toward my presentation or comments—and I do not wish to detract from the information flow of any contributor. I remind all of you that in a short brief, the lack of ability to enlarge on topics is painful, indeed, to the writer, for upon each point offered, there must be reference and also appreciation while lacking much space for other than a few observations. Mostly, all we can do is just say: “Here it is, do what you will...”.

[QUOTING:]

#### ASIA TO ASHES

By Erick San Juan

#### THEY DID WHAT THEY'RE TOLD AND DIED!

MANILA, PHILIPPINES—The 1997 Asian Currency Crisis created by globalist minion George Soros will go down in history as the countdown to the economic Armageddon that will engulf the whole world. “The truly sad part is that Thailand, and the rest of the Asian tigers, got into this mess by doing exactly what the IMF and the World Bank have been telling them to do,” laments economist Gail Billington of the LaRouche Movement.

Everything started with a “floated” 1993 World Bank “East Asian Miracle” report, which sold the idea that even a heavily-populated country like Indonesia (200 million) could achieve the economic and financial growth rates of city-states like Singapore and Hong Kong. In that report, however, the term “Asian Tigers” was carelessly applied, including even the region's “blowfish”. But there are three axiomatically distinct species of East Asian economies: (1) the post-1949 agro-industrial economies of Japan, South Korea and Taiwan, which are real models of development; (2) Singapore and Hong Kong, the classic Venice-like vampires of the Orient, whose prosperity is, in large degree, a by-product of the flow of opium from the Golden

Triangle; and (3) the presently imperiled superficial ebullience of Malaysia, Thailand, Indonesia and the Philippines.

“The Philippines used to enjoy a significant machine-tool potential center upon the U.S. Naval Base at Subic Bay,” say the LaRouche economists, but “that potential began to be destroyed by the IMF during the Volcker years.” As a consequence, “Much of the Philippines' economic potential was simply packed up by the U.S. Government and shipped out, leaving only the emptied hulks of the looted buildings to haunt the victimized Filipino people,” they added.

No less than nationalist economist Alejandro (Ding) Lichauco of the Center for Independent Research highlighted the need for a solid industrial base. In his analysis of Philippine economics during these post-Marcos years, Lichauco reminded the country's economic managers of an important lesson from the past: “(1) in spite of the relatively impressive growth performance of the economy under Marcos during the '70s... Marcos himself knew and admitted that it was inadequate... because the country has no industrial base to speak of and, therefore, the economic growth cannot be sustained, and that the country will be left behind by its neighbors in the race for survival and development.”

Globalization is now recognized for what it is: a recipe for recolonization in which the governments of Southeast Asia are currently paying the political and social penalty, while the London-centered financial Elites use their loot to shore themselves up against the ultimate economic holocaust prior to the introduction of their one-world currency: the world banking system collapse.

Asians are confronted with collapsing export markets, declining productivity of the workforce, continuing underdeveloped physical and social infrastructures, rapidly growing foreign debts (particularly short-term debt), and the ballooning of financial and real estate bubbles. The widening gap in income—separating the lowest percentile of income earners from the top—is proof of where the economic Achilles' heel in these countries is to be found. There is no “middle ground” in these economies, no intermediate sector of medium-sized entrepreneurs functioning as the transmission belt for the transformation of a largely agriculture-based population into an industrial workforce.

A brief sketch of the economic history of Thailand, Malaysia, Indonesia and the Philippines from the late 1970s to the present shows a common pattern, beginning with serious initial attempts at national industrial development, to the takeover by the IMF and its local technocratic, monetarist assets in the mid-1980s, to the explosion of the “financial syphilis” in the 1990s. The globalists just do not want them to imitate the Hong Kong-Singapore model.

The Southeast Asian “tigers” were fed with the same bait as Mexico earlier. Before December 1994, leading Western bankers and financial officials praised the “Mexican miracle” to high heavens as the model for developing sector nations. Deregulation, privatization, financial “liberalization” and cheap-labor, low-technology export industries were the secrets

of Mexico's "magic". When the bubble exploded in December 1994, the same people howled for Washington to bail them out, to the tune of \$50 billion, while entire sectors of the Mexican economy lay mortally wounded, and the population suffered mass unemployment, food shortages, political instability and narco-terrorism.

"London is selling a killer tiger tonic to Southeast Asia," warned Gail Billington, which is now afflicting the Philippines. Before our economists could think clearly, the IMF quickly moved in, dismantled the nationalists' dirigistic institutions, and implemented the "free trade" policies as conditions for badly needed credit.

SINCE 1983, THE WORLD BANK-IMF HAS BEEN MAKING A TERRIBLE EXAMPLE OF THE PHILIPPINES. AS DR. HENRY KISSINGER TRIUMPHANTLY ANNOUNCED, THE BANKERS HAVE TRIGGERED "THE WORST ECONOMIC DEPRESSION IN THE COUNTRY SINCE WORLD WAR II", A DEPRESSION FROM WHICH WE MAY NEVER BE ABLE TO RECOVER.

[END OF QUOTING]

Yes, indeed, read it and weep and then perhaps when you realize your position and the potential of petitioning to the IMF-World Bank for "more consideration" (consideration here not being as a return but, frankly and honestly, to consider such input) likely becomes a bleak prospect.

On Saturday, June 17<sup>th</sup>, the *STAR* ran an article in its "business" section, out of Tokyo: ASIA MUST HAVE BIGGER VOICE IN IMF—JAPAN.

How many of you realize that Japan is the IMF's second biggest SHAREHOLDER after the United States, with 6.33 percent of the Washington-based body's capital. Europe combined, however, can outvote Japan, with close to one-third of the voting rights.

Note also that Japan even put up a candidate, Sakakibara, for the job of managing director. Alas, the post went to Germany's Horst Koehler.

What about poor little Asia? Japan has pushed for an Asian fund to handle these Asian problems but since the U.S. is "adamantly opposed" to such a fund for fear of losing control and having losses in the IMF—no such thing is allowed. And now? Oh, the G7-8 (with Russia) will be meeting in Japan from July 21 to 23 in Fukuoka, a southern island off Okinawa. So, what happens? **A political summit made up of Britain, Canada, France, Germany, Italy, Japan and the United States, with or without Russia, will meet and confer and pass on the edicts of the June meeting of the Elite Bilderbergers. Will it serve Asia, especially Southeast Asia, or is Southeast Asia going to have to gird its loins and attend itself? Oh my, what a terrifying concept! And yet, you are offered everything you need to accomplish just that, in top-level do-it-yourself style. AND, INDEED, WHAT IS CHINA GOING TO BE DOING DURING ALL THIS SUMMITTING? Frightening, isn't it?**

Who dares to stand in behalf of his nation? It appears about the only one so far is Mohamad Mahathir—in the face of personal attack and abuse. He was insulted in his own house by Elite of the U.S. Government, the Vice President (Gore) and the Secretary of State (Albright). And yet, what has come of the stand he took and the abuse he took? His nation survived, "steady as you go". Who loves YOU enough

to take that kind of abuse?

One of the very reasons why the Elite bankers hate the Moslems so desperately is their very form of banking—no usury. Islamic banks have a very different way of banking—based on value, not bleeding the victims to death as they utilize your facilities. If ever the world awakens, the bloodbath may well be that of these criminal offenders to righteousness.

**Does ANYONE remember what banks are supposed to be and do? Store, safely, YOUR ASSETS, your gold or money. A nice fee would be suitable for that service but now if you put in your money, you cannot go get it out of the bank, oftentimes, for your own use. How handy can it get for the Power Players? If they steal all your funds and go belly up—oops! Was banking ever SUPPOSED TO BE a gambling game? Yes, it was always structured to be exactly that—where "the house" wins every time and YOU pay for the privilege of playing. The bank is NOT "lending" ITS MONEY—it is lending YOURS! It looks different from the perspective of that truth, doesn't it? Convenience? Yes, and so too will the debit cards be convenient, so that you don't even have to handle that dirty old stuff called currency. Ah, but—the banks will totally CONTROL those cards, friends.**

Is it too late to change? Almost! Ultimately? Perhaps. However, in the interim you can build on value without being set up to be destroyed as the market and possibilities are utilized.

We are asked to change our [GAIA] documents from "Consideration" to "For Collection". This is an interesting recognition of the value and reality of the product in point—but it seems to leave something to be desired in meaning. So, we will have to inquire of legal minds for "consideration" of potential legal pitfalls, for to change an already approved document is, to say the least, a massive undertaking with over 1300 in holding. Can you "sticker" the page? Can you go through all the signings from, say, South Africa, to only find that it only "works" in the Philippines? We went for the "Global" regulation in the first place at a massive cost for the work itself, over a period of almost a decade. Well, we can check it out again and see what addendums or amendments we can "add" that will bring a bit more comfort! I will say, however, that when you start tampering with what has already been approved by such as the U.S. Treasury, Fed and IMF professional deniers and manipulators, you must take caution as the most important warning sign of all. These institutions might well take this as the big assault with intent to kill the goose foisting off onto the world empty eggshells. The very concept of changing the approved documents is a measure of lack of realization of the potential itself. Misrepresentation by error, or intent, is not a good thing to consider—after working agreements have been made. Flexible? Yes. Deliberately foolish? I hope not! The documents have been run through legal firms, public notices and regulators until the world appears quite level from shifting of mountains and oceans. Changes at this point can only mean delays if nothing more.

Side agreements are suitable but only as are suitable to, in our instance, Global (GAIA). We are an alliance, globally, and cannot treat "all" documents differently in each circumstance—except to meet local regulations—but to change "meaning" in content is

hazardous, indeed. Certainly, we cannot arbitrarily change those already placed in agreement as signed, sealed and delivered. At best we can only consider future changes and the already-established would need "grandfathering". We offer NO "SECURITY" and we do not do business as established under the regulations—so, yes, it becomes difficult to achieve what each individual participant may want in his/her personal arrangements.

We have had rulings and limitations as guidelines upon our "beings" and, frankly, we must consider the major global players first in approaching changes in documentation. GAIA has no right to even continue the joint-venture relationship after the funding requirements are concluded—particularly and specifically to negate any supposition of "doing business".

This is just a bit of discussion for the co-workers in our program back home. It is just something that needs "working through" correctly and we like to share where and when we can do so.

We are again in place to have some help by the middle of, say, July—but, again and again, nothing is certain until it concludes. We can only share and work on without ceasing, on all opportunities. Today, for instance, is a potentially wonderful start with a relationship which can solve a lot of problems in many areas of, at the least, frustration and ongoing pressure.

By the way, Ekkers have achieved their mission in qualifying and validating the instruments—now we just have to make it work suitably for all involved. That will go far more quickly than the work to date. Dharma is about ready to swim home, if necessary, just to hug the grandbabies and kiss whatever birds are left for the receiving. We have to remind her, however, that the things she will face of personal pain back home will negate the wondrous illusion of being "home"—so we do what is needed and perhaps that success will ease the remainder of the confrontations.

Life is the pits and then you die? NO, living is an adventure and then you move on to LIFE! How can man get things so confused? And, indeed, my teammates have never been—and are not—good at patience! Work on it, team. If you can't pay the rent, then do what you can and accept the rest—for it simply IS the way it IS and not even suicide will change a thing as to the point at issue. We are going to have abundant success and whether that comes this month or next (according to your counting) is irrelevant as to all other things—for it will be as it will be. And yes, we will create that which we need to make it from here to there, IF WE WANT TO BADLY ENOUGH. IF YOU CHOOSE TO FAIL, THAT IS YOUR CHOICE, NOT OURS. Frankly, at this moment I don't see any more "drop-outs" within our immediate "team"—wherever you are. I see some problems and that may well appear to be a "drop out" circumstance, but no, it is not, as it simply is the expected attrition of experience. And yes, when you "succeed", expect all the "drop aways" back and that second sorting is going to be far more painful than the first. Know it and you won't be shocked or further agonized. Ah, yes, so much to learn and so little time to learn it—only infinity.

One step at a time here is going to surely lead to giant leaps for mankind just around the bend.

Salu, and good afternoon. GCH

**dharma**

# Money System Woes Discussed, Explained

*In this grouping of articles, we present the opinions of several very well informed individuals—including U.S. Congressman Ron Paul of the House Ways and Means Committee and Dr. Lawrence Parks, who previously shared with us his article, "What the President Should Know About Our Monetary System"—in order to provide a better understanding of just how out of balance the current global economic system really is.*

*We start with a stern warning from the Lyndon LaRouche organization, as published earlier this month in their newsletter, Executive Intelligence Review.*

[QUOTING:]

## BANKERS' CENTRAL BANK WARNS U.S. BUBBLE WILL POP—U.S. BLACKOUT OF STORY

By John Hoefle, *Executive Intelligence Review*, 6/13/00

The Bank for International Settlements (BIS), in a report issued on June 5, and in a major international press conference accompanying the release of the report at its headquarters in Basel, Switzerland the same day, confirmed what Democratic Presidential candidate Lyndon LaRouche has been warning about for years: that a global financial crash is right around the corner. While that assessment has been given banner headlines throughout Europe, the warning has been blacked out of the U.S. press. "One point on which virtually everyone would agree is that the current rate of expansion of domestic demand in the United States is unsustainable and potentially inflationary," the BIS stated in its 70<sup>th</sup> *Annual Report*. The report goes on to say that "it could be argued that the sooner the bubble deflates, the better".

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

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

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

To underscore the BIS's warnings, the German economic daily *Handelsblatt*, in a commentary by Klaus Engelen on June 6 entitled "Dangerous Dynamic on Financial Markets", noted that while the International Monetary Fund (IMF), the World Bank (WB) and the Organization for Economic Cooperation

and Development (OECD) had proven records of not seeing financial crises in advance, the BIS had warned of instability in the emerging markets before the Mexican and Asian crises erupted. However, Engelen said, "all such earlier warnings from Basel had been ignored by euphoric markets". Market participants are still not paying sufficient attention to the "emphatic warnings of the BIS concerning ever higher financial asset prices and the unsustainable foreign trade imbalances, in particular the U.S. current account deficit which is running out of control". Engelen said that the issue was not one of how big the chances were of a soft landing, but rather whether there is any chance at all to prevent a hard landing.

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

### **Hard Landing, or Mid-Air Explosion?**

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

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

### **Controlled Burn**

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

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

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

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

The 33% drop in the NASDAQ (National Association of Securities Dealers Automated Quotations) from mid-March to mid-April, including a 25% drop in just the week of April 10, shows all the hallmarks of a controlled burn. The drop was preceded by an international media propaganda campaign, beginning in Europe and then spreading to the United States, about the unsustainable nature of the "Internet bubble" and the necessity of a "correction". One key aspect of the propaganda campaign was to prepare the public psychologically for the sharp drop, to keep "investors" from panicking and fleeing the market. That aspect of the campaign was successful, as no panic occurred; the market stabilized, at least in the short-term, at a lower level, without an immediate collapse.

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

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

Santa Clara County, the home of Silicon Valley, for example, the median price of a single-family home was \$577,820 in April, up 45% in one year; nationally, the median price for a single-family home was \$136,700, suggesting hard times ahead for the Silicon Valley real estate market, as well as for other high-tech centers such as Northern Virginia and Austin, Texas. The commercial real-estate market will also suffer from the shakeout on the tech sector, since all the new Internet companies required lots of office space—the demand sharply increasing rents in many areas.

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

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

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

#### Reorganization and Manipulation

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

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

Roditi, and the departures of Chief Financial Officer Peter Streinger and Chief Executive Duncan Hennes.

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

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

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

#### Hyperinflation

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

**The result is a self-accelerating, leveraged turbulence, which, according to LaRouche, has reached the point where the monetary aggregates are now growing faster than the financial aggregates. In such a period, the money will begin to lose value faster than it can plug the holes, leading to a Weimar-style hyperinflation, where the value of money itself goes into a free-fall.**

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

While the warnings issued by the BIS have some validity, the solutions it puts forward do not. **The BIS does not wish to kill this global financial parasite—which would be tantamount to suicide—but merely to exert tighter control over its growth, to avoid killing its host. The BIS is, as its report shows, in**

**favor of the continued deregulation and globalization of financial markets, taking ever more control out of the hands of nation-states and giving it to the oligarchic forces which control the financial system and the BIS itself. It is not the process, but the perceived excess, which the BIS deplors.**

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

**[Indeed, we are all actors on this stage, though we might argue that the REAL controller of this play, God Creator, will have the final say.]**

[END OF QUOTING]

*What REALLY happens when the IMF steps in to provide financial support to a country? How is it that billions of dollars change hands, but the common man does not benefit? With thanks, once again, to The SPOTLIGHT, we are able to provide a look inside one such transaction, this one relating to the Ukraine.*

[QUOTING:]

#### FREE TRADE HARMS WEAK STATES

By James Harrer, *The SPOTLIGHT*, 6/25/00

In 1997, the Russian Government began issuing state bonds, known as GKO's, that came to pay an unprecedented—and unbelievable—interest rate of 100 percent.

Goldman Sachs, the giant Wall Street investment bank, home base of then-Treasury Secretary Robert Rubin, rushed into Russia to underwrite these dubious deals and booked huge fees and commissions.

“But when the Yeltsin Government decided to default on the bonds, Goldman Sachs turned its back on the investors, who ended up holding worthless paper,” recalled a former *New York Times* correspondent in Moscow.

In 1997, the Government of Ukraine made an emergency appeal to Michel Camdessus of the International Monetary Fund (IMF) for a “currency stabilization” loan of \$1.5 billion. Although there were widespread doubts that the Ukrainian economy would prove “stable” anytime soon, the IMF granted the financing.

Behind the scenes, with help from Credit Suisse First Boston (CSFB), a giant U.S.-Swiss bank, the Ukrainian Government had found an innovative way to put this money to work.

Some \$1 billion of the fresh IMF funds were transferred to CSFB, ostensibly as a “deposit”. But under a secret agreement with Ukraine's Central Bank, the \$1 billion was treated as collateral for an equal amount in discreet loans made by CSFB to a group of private Ukrainian banks.

This audacious scam effectively converted an official credit extended to a national government by an international financial institution into private cash, which was made readily available for the personal use of the Ukrainian officials who were in charge of the scheme.

“CSFB collected huge fees and interest payments for its part in this rip-off and the top Ukrainian bureaucrats, who always complained of being underpaid, were suddenly awash in cash,” recounted



financial writer Galina Ustinova. “The losers, of course, were the American taxpayers, who put up the lion’s share of the IMF’s disappearing handouts, and the Ukrainian workers, who never got the \$1 billion intended to ‘stabilize’ their wretched wages.”

[END OF QUOTING]

Next, we turn to a June 6, 2000 interview by Jay Taylor, of J Taylor’s Gold & Technology Stocks newsletter, of Dr. Lawrence Parks, author of “What the President Should Know About Our Monetary System”, which was run in CONTACT earlier this year. We’ll let Dr. Parks speak for himself as he drives at the root of the problem.

[QUOTING:]

#### ECONOMIC AND SOCIAL PERILS OF OUR FRAUDULENT MONETARY SYSTEM

Mr. Jon S. Corzine, a former co-Chairman of Goldman, Sachs & Company, spent \$35 million of his own money to win the Democratic Senatorial primary election in New Jersey. This astounding expenditure shattered all records for a U.S. Senate seat, let alone a race just for a nomination.

Why did he spend so much money to run for the Senate? How does this man, who is among the richest in the world, intend to “represent” us common folks? The most important question of all may be: How did he acquire so much money that he can spend it so freely to buy position and power? Did he, while at Goldman Sachs, produce a service or a product that improved the lives of ordinary people? Did he invent the cure to some dread disease? Or, did all of this money accrue to his account because he is a beneficiary of special privileges that allow a small group to enlist the coercive power of Government to line their own pockets?

Many Americans have been deeply troubled by these questions, and especially the trend toward the purchase of political influence. Following Watergate, election laws were modified in an effort to curb the power of money in politics. But, as Senator John McCain [R-Arizona] points out, and as the primary win of Mr. Corzine illustrates, those efforts have not worked. Our democratic system is broken. Why have past efforts failed so miserably? What can be done to set things right?

The grease that lubricates our current corrupt system has been identified by FAME’s Dr. Larry Parks. What allows a small group, especially in the financial sector, to acquire almost obscene amounts of money and to use that money to buy power and perpetuate their position of privilege, is our fiat “funny money” monetary system. This system allows money to be created out of thin air by a cartel: commercial banks. Wall Street firms participate by garnering enormous fees for moving the “funny money” around. Large, credit-worthy borrowers—big businesses and very rich people—also benefit. Ordinary working people are the victims.

An example is Goldman Sachs. In 1999, the 200 Goldman Sachs partners had aggregate income—really, wealth transfer—totaling more than that earned by the 1.4 million inhabitants of the Bronx! Meanwhile, political friends of that prestigious investment firm talk about helping the poor, who are on the losing end of this egregious wealth transfer. Thomas Jefferson, James Madison and others among our Founding Fathers knew that democracy could not last if Government

legislated or condoned [as] legal tender printing-press or fiat money.

Once one understands how our fiat-money monetary system works, one can perceive its pathology, how it is destroying our representative form of government, and also how it is leading to enormous levels of global market risk. The following interview with Dr. Parks should not only help you understand, and thereby enable you to better safeguard your investment portfolio from rising global market risks, but hopefully it will also make you aware of how our fiat-money monetary system is leading America into tyranny.

Adopting a monetary system based on honest weights and measures is essential if we Americans are to continue enjoying our unalienable rights as intended for us by our Founding Fathers; namely life, liberty and the pursuit of happiness.

**Taylor:** Before we get into details, can you give our readers a quick summary of what FAME is about?

**Dr. Parks:** The fiat “funny money” monetary system we now have is a fraud on the people. To remedy this, FAME seeks full disclosure and an end to the misrepresentations about our money. That is what FAME is about. Fiat money is never the choice of free markets; it is a statist innovation. Because money is at the foundation of all exchange, the fact that fiat money circulates as a result of fraud and coercion taints all so-called voluntary transactions. None of those who acquiesce to fiat money, including the renowned Milton Friedman, are on the side of free markets.

By allowing a small group of private individuals to create money out of nothing—in the U.S. that group is comprised of commercial banks and, to a minor extent, the Federal Reserve—Congress has literally given away the store. As a practical matter, there is no longer any way to protect our civil liberties, our savings or our promises of future payment, such as pensions. The creators of the fiat money are demonstrably corrupting the political establishment with what are euphemistically called “campaign contributions” and, at the same time, they are diluting the purchasing power of our savings and pensions. In effect, property rights cannot be protected under a fiat-money monetary regime. There is ample evidence that confirms this with the collapse of fiat-money monetary regimes all over the world including Russia, Mexico, Indonesia, Thailand, South Korea and elsewhere.

Fiat-money monetary systems always collapse because greed and the lust for power know no limits. Those who possess the ability to create and benefit from money created out of nothing always overreach. The result is generally a move toward more statist government to “remedy” the collapse and “control/regulate” the economy to help prevent future collapses. Those who create the fiat money are usually left in charge, and with greatly expanded power.

This is a topic that the establishment press declines to address. The gains to those who create the fiat money (commercial banks), to those who move it around (Wall Street firms), and to large, credit-worthy borrowers have been off the scale. In essence, those gains represent wealth transfer from those who earn money by producing goods and services to those who create fiat money and move it around or have easy access to it.

The main thing that stands in their way, like sand in a gearbox, is gold—the choice of the people for money. As a result, those who profit from fiat money

have for a very long time been denigrating gold; recall Lord Keynes’—who helped create the central bank of India—notorious [statement that] “The gold standard is a barbarous relic.”

**Taylor:** Most people have trouble understanding the notion that banks create money out of nothing. Can you say something more about that?

**Dr. Parks:** You are certainly right about that. One of the reasons why people have so much trouble with the concept is that it is so blatantly outrageous.

To give you an idea about what we are up against, a very famous economist, John Kenneth Galbraith, wrote a book that touched on this subject about twenty-five years ago. The title was *Money: Whence It Came, Where It Went*. In it, he makes a rather startling statement: “The process by which banks create money is so simple that the *mind is repelled*.”

The analogy I like to give is that people’s understanding of money is in some ways like gender identification. They have been told, and have come to understand, a particular view of reality that is very difficult to dislodge. But, unlike gender identification, in this case they have been told lies, and their perception of reality is wrong!

Our money is, in fact, “funny money” and, at least in years gone by, high officials didn’t have any difficulty admitting to that.

**Taylor:** Most folks will find this hard to believe. Can you give an example?

**Dr. Parks:** Sure. Perhaps the best example that I like to cite is the statement by President Roosevelt’s then Secretary of the Treasury, William Woodin. The day after Roosevelt was inaugurated, he declared a “Bank Holiday”, i.e., he, by Executive Order, closed all of the nation’s banks. What most folks don’t know is that, at the time, 90% of the nation’s banks had *already* closed, and 50% had *already* failed.

No one expected that the remaining banks, which were thought to be solvent, would close. As a result, folks were caught without enough pocket money. People were having difficulty purchasing little necessities such as lunches. So, a trial balloon was floated as to whether [or not] the Government should issue script until people could again get real money out of the banks.

Here’s the quote from Secretary Woodin in connection with his rejection of creating script (because he thought that it would trade at a discount from its face value): “The *Federal Reserve Act* lets us print all we’ll need. And it won’t look like *stage money*. It’ll be money that *looks like real money*.”

Stage money, to which he is referring, was used during performances in lieu of real money, i.e., it is funny money. Another interesting thing about this quote is its source. It comes from an official Federal Reserve Bank of Boston publication, “Closed for the Holiday: The Bank Holiday of 1933”.

**Taylor:** Could you tell our readers who some of the members of your Trustees and Advisory Board as well as some key supporters are?

**Dr. Parks:** We have 34 trustees and [members of the] board of advisors. They are from all sides of the political spectrum and from all walks of life. Perhaps the most well known of our trustees is Dr. Frederick Seitz, the former President of the National Academy of Sciences and the former President of the Rockefeller University. He is in his mid-eighties, and he has seen it all. It is generally the older generation that has some

knowledge about the nature of money, and can more easily understand the injustice of allowing a small group to have the special privilege of creating money out of nothing. They understand that the whole concept of special privilege is repugnant to the American system.

Another, who has a rather unique view on the fiat-money fraud, is Rabbi Leonard Gutman, a member of our Board of Advisors. In the last century, after the debacle with Greenbacks, the churches led the way back to resumption of gold-as-money. The churchmen, mostly Protestants, understood that paper money violates the *Eighth Commandment* (“Thou Shall Not Steal”) and it violates the admonitions in the *Book of Leviticus* (19:35 & 36) not to tamper with weights and measures. It was the influence of the churches that convinced President Grant to sign the Resumption Legislation in 1874. It is my view that the moral argument will again carry the day.

**Taylor:** Most readers of this newsletter care a great deal about the price of gold because it plays a major role in the value of their gold-mining share investments. I started this newsletter in 1981, when \$850 gold was fresh in my memory. The first issue was published on October 6, 1981. As we were going to press, the price of gold rose a very “disappointing” \$15.40 to close at \$451.70 on news of Egyptian President Sadat’s assassination. If at that time I thought gold would be trading at under \$300 per ounce by Year 2000, I most likely would never have begun publishing this letter.

Current prices have made it very difficult for most gold-mining firms to earn a profit from mining gold. I know that you have some fairly definite ideas about what might lead to a higher gold price and hence a brighter future for the gold-mining industry. Would you care to tell our readers what would cause a turnaround in the gold market that has essentially been in a 20-year bear market?

**Dr. Parks:** The *only* thing that will cause the value of gold to increase is if some people again see a possibility that gold will replace the fiat money—especially the dollar—that folks all over the world now use. Unfortunately, the gold producers have been misled by their so-called “experts” for more than twenty years and have devoted significant resources to positioning gold as jewelry.

This has been an incredible tragedy for them and their shareholders. Since 1981, an investment in gold is *down* 99% relative to the S&P 500! As the old Indian proverb says: “Sometimes it has to get very dark before you can see the light.” I am wondering if it is dark enough yet for the gold producers, or will we have to wait until gold goes below \$100 per ounce. Of course, by then, almost all of them will be out of business, and their shareholders will be ruined.

For reasons that no one in the industry has been able to make clear to me, those advising the producers do not want to deal with the evidence. One reason this is so troubling to me is that the producers themselves are mostly engineers. I was trained in engineering. Engineers have an epistemology that embraces evidence and logical reasoning. Contrary evidence is not discarded, as is frequently done by economists, and all of the evidence must be considered. Those advising the gold producers do not want to deal with dissonant evidence and they have ignored it.

**Taylor:** Can you give me an example?

**Dr. Parks:** Sure. Today, there may not be a

single paid advisor to the gold producers who can give *any* credible explanation for the *most* important event to affect the gold industry in this century: that, for forty years, it was a felony for Americans to own gold.

In any other industry, say the cheese industry, if the Government were to make it a felony to own cheese, don’t you think the cheese experts would know everything that led to that public policy? Don’t you think they would know the names of everyone who was involved in pushing the policy, who voted for it, what their motivations were, what the history was?

Those advising the gold industry can answer none of these questions. In their defense, neither can anyone else explain this event, but those folks do not hold themselves out as experts about gold.

**Taylor:** Larry, I have known you long enough to appreciate that while you might like to see gold-mining companies flourish, you are much more concerned about gold prices for reasons other than the profits of gold-mining companies. You believe that gold should be re-incorporated into our monetary system so that Americans can once again enjoy the benefits of honest money and in that way preserve freedom and liberty as our Founding Fathers envisioned in the *Constitution*.

Article I, Section 10 of our *Constitution* says: “No State shall make any Thing but gold and silver Coin a Tender in Payment of Debts.” Yet, as virtually everyone knows, we have a monetary system that is no longer backed by gold, so that there is no limit as to how much money our banking system can create. How did it happen that our Government chose not to honor this provision of our *Constitution*? Who was responsible for this usurpation and how did they get away with it?

**Dr. Parks:** Jay, this is not FAME’s position. Our program is not to resurrect the gold standard *per se*. What we’re seeking is a monetary system based on what we call honest monetary weights and measures. (Let me interject that I owe this phrase to Mr. James Ewart, the author of *Money*. I used to refer to “honest money”, but that is not precise, and it doesn’t make clear enough that there is an important moral issue at stake.)

It just so happens that there are compelling reasons why the “honest monetary weights and measures” that free markets choose is gold-as-money. Accordingly, rather than promoting a particular system, our program calls for full disclosure and no misrepresentations about our money. The free market will again choose gold.

**Taylor:** Can you tell our readers what the “compelling reasons” are that motivate people to choose gold-as-money?

**Dr. Parks:** Sure. There are three that come to mind. First, the most important reason why people choose gold-as-money is that gold is the most efficient money.

Money serves two purposes in society: to transfer wealth over space, i.e., to facilitate the exchange of goods and services geographically; and, to transfer wealth over time, i.e., to facilitate future payment. The commodity that is chosen for money is the one that fulfills these purposes most efficiently.

There is a concept in economics that defines this. It is called *salability*. Professor Antal Fekete explains this well in his award-winning essay “Whither Gold” (which is in the reading section of FAME’s web-site [www.fame.org](http://www.fame.org)). What salability teaches is that if one lines up all of the world’s commodities and offers ever-

increasing amounts of each into the marketplace, the one for which the buy/sell spread *decreases the least* is said to be the most salable, and, in Fekete’s words, is destined to be used as money. That commodity is gold.

Second, and crucially important, gold is the only commodity (with a minor exception being silver, and the amount of silver is so small in the scheme of things that it is not material) for which there is more than a year’s production supply above ground. With roughly 140,000 tonnes above ground, of which about 125,000 tonnes could be easily brought to market, and with yearly new production at about 2,500 tonnes, there is about a fifty-year supply of gold.

If one looks at what most folks consider to be the most critical commodity, oil, one finds there is not even a three-month production supply above ground, and, for gasoline, another critical commodity, there is roughly a *two-week* supply above ground. The fact that there is so much gold means that pricing relationships based on gold will not be materially disturbed if there are new gold finds or if there is a major disruption in new supply. The same cannot be said about any other commodity. So, in sum, a major benefit of gold-as-money is that pricing relationships remain stable.

Third, the pricing relationship that is the most important is the cost of money itself, i.e., interest rates. It makes no sense, by the way, to look at the prices of particular goods or a “basket” of goods. Prices should always become cheaper as saved capital is put to productive use and intellectual capital (know-how) accumulates. If one looks at long-term interest rates in Great Britain (a good reference is Ken Fisher’s *The Wall Street Waltz*), one finds that for the nearly 200+ years when Great Britain was on the gold standard, from about 1720 until after World War I, long-term interest rates were almost always about 3½ %.

The only time they got higher was during wartime: the Revolutionary War, the War of 1812, the Napoleonic Wars, and World War I. And even then, long-term interest rates never got above 6%! Since lower interest rates are a boon to working people, to manufacturers, to almost everyone, why shouldn’t we have a monetary system that guarantees the lowest and the most stable interest rates?

**Taylor:** President Roosevelt pushed through Congress a law that was, in fact, unconstitutional. Yet the judicial branch of government failed to enforce the *Constitution* with respect to the coinage of money. The Founding Fathers created the three branches of government that were supposed to provide checks and balances so that the *Constitution* was not violated. If the judicial branch of government fails to enforce the *Constitution*, as it seems to have done with regard to this extremely important issue of money, what is to keep our Government from straying into dictatorship?

**Dr. Parks:** There was a most interesting writer about 1950, Garret Garrett, who addressed this issue in a very easy-to-understand way. He wrote about how Pharaoh was able to command men and materials to build what was an enormous waste of Egypt’s resources: pyramids. Today, Government is able to engage in waste on a much larger scale because politicians have easy access to money created out of nothing. If they had to tax to finance all of their spending, the scope of government would be greatly reduced for the simple reason that people would object to paying for it.

Of course, this “waste” goes into someone’s pocket.

And those who profit from this system have been working hard to enlarge the benefits to themselves. Contrary to popular opinion, which says that the benefits go mainly to welfare people and others who have become disenfranchised by the system, most of the benefits go to a small cadre of people in the financial sector.

**Taylor:** I want to come back to something you mentioned earlier. A provision of law passed under Roosevelt made owning gold a felony. Recently at a Committee for Monetary Research and Education meeting, former House Banking Committee Chairman Henry Reuss told me that he had favored repealing that law, which he did in 1974, because he couldn't see why someone should face the same jail term for owning gold as someone who gets caught with crack cocaine. Why did Roosevelt find it necessary to make gold ownership a criminal act? Given the intention of our Founding Fathers, how could a law like this be constitutional?

**Dr. Parks:** Actually, the way this came about was not through legislation—that came later—but through an Executive Order. And, yes, it is unconstitutional on its face. FAME Foundation Scholar Edwin Vieira has written extensively on this, and several of his essays appear on FAME's web-site, [www.fame.org](http://www.fame.org). Jay, this is a big story. How much detail do you want?

**Taylor:** I'm certain our readers would like a full explanation.

**Dr. Parks:** To understand what happened, and what the motivation was for making it a crime to own gold, one needs to look at the antecedents in the 17<sup>th</sup>, 18<sup>th</sup>, and 19<sup>th</sup> centuries. During those periods, copper and precious metals, mostly gold and silver, were used as money. However, carrying around—or even storing at home—*specie* is both inconvenient and risky. The market solved that problem.

People brought their *specie*, especially gold, to the town goldsmith who usually had a very strong safe, and they left it with him for safekeeping. Most times, people paid a small fee for the service. Then, the receipts that the goldsmiths issued would many times be used as a proxy for *specie* on the theory that the goldsmith would redeem them on demand.

In time, another innovation was that goldsmiths transferred *specie* from one account to another based on a written order, as in “pay to the order of”. This evolved into what are known as “demand deposits”, or checking accounts.

Along the way, the goldsmiths noticed that deposited gold was rarely redeemed. The reason, of course, is that it was unsafe for folks to have *specie* in their possession. And, as long as they trusted the goldsmith, why bother? So, it turned out that the goldsmiths went into the lending business. But, they didn't lend the *specie* itself; they lent “receipts” for the gold, on which they received interest. This process is known as “fractional reserve lending”. In essence, the goldsmiths, who had evolved into bankers, were creating money. It was not legal tender.

One factor that constrained the amount of money that was created by this process, especially in the U.S. during the 19<sup>th</sup> Century, was that the officers and directors of banks, with some constraints, were personally liable to depositors. So, if a bank went bust, bank officers' and directors' personal fortunes, e.g., their homes, were on the line. Nevertheless, some banks did go bust. It many times turned out that people to whom they loaned banknotes, again, which were

redeemable on demand in gold, were unable to repay, and the collateral that borrowers put up could not quickly enough be converted (sold for) into gold.

So, when people found out, or even suspected that a bank was in trouble and might have difficulty meeting its obligations, there would be a “run” on the bank, and many times the bank would “fail”, i.e., it would be unable to meet its obligations in a timely manner.

In fact, as Richard Salsman *et al.* have shown, depositors lost very little money; and it was less than the amounts lost by other businesses that had gone bust. But, for bankers, this was a calamity. They typically lost everything.

In 1907, there was a particularly pernicious banking panic that spread over a large portion of the country. None other than J.P. Morgan bailed out the banks with a \$100 million gold loan.

After he did that, bankers were terrorized by four words: “What if he [Morgan] dies?” Indeed, Morgan understood the problem, and this was the genesis of the Federal Reserve. The idea was that there would be an entity somehow connected to the Government that would bail out the banking system in dire times.

Once the Federal Reserve legislation was passed in 1913, the amount of gold that banks kept on reserve could be decreased. In time, the so-called “Reserve Requirement” was steadily reduced, but ordinary people still had the right to redeem their Federal Reserve Notes, which were, in fact, promissory notes, for gold on demand. The problem was that after the banks began to fail in large numbers around 1930-1931, there wasn't enough gold to go around. By 1933, it was clear to some that a general default was in the cards.

When Roosevelt was inaugurated, wanting to forestall such a default, he seized the gold. In his Fireside Chat on March 10<sup>th</sup>, 1933, he explained why he seized the gold in so many words. He said there wasn't enough to go around.

Also, on March 1, 1933, three days prior to Roosevelt's inauguration, George Harrison, the head of the Federal Reserve Bank of New York, had sent an urgent message to the Federal Reserve Board of Governor Eugene Meyer and to Hoover's Secretary of the Treasury Ogden Mills that the New York Reserve Bank's gold reserve had fallen below the legal limit! There can be no question that too much fiat money had been created.

In sum, the reason gold ownership was given the same penalty as a felony is that gold-as-money was in competition with the paper money then being issued, and confiscating and then making it unlawful for folks to own gold was how the paper money won the competition.

**Taylor:** It seems a little fantastic that one group of people—bankers—could get the Government to pass legislation so favorable to themselves and so clearly unfavorable to the rest of us. Frankly, it seems so biased. It strikes me as opposed to the notion of equal justice. Some folks might say that it comes close to the concept of a “conspiracy”.

**Dr. Parks:** I can't opine on that. The result, however, is clear. Also, it is not unusual for various factions to enlist the coercive power of government to further their ends at the expense of others.

**Taylor:** Can you give some examples?

**Dr. Parks:** Tariffs were historically applied to penalize one group, e.g., foreigners, in favor of another, e.g., domestic manufactures. Many laws were passed

during the Great Depression that favored one group over another. The *Davis Bacon Act*, which is still on the books, favored unionized White workers in the North over un-unionized Blacks who migrated to the North looking for work. The *Minimum Wage Law* favored higher paid workers in the North over desperate workers in the South who would work for much less. Why is it so inconceivable that the bankers, especially large bankers, would be able to secure an advantage for themselves at the expense of some other group?

**Taylor:** But wasn't J.P. Morgan in favor of gold-as-money?

**Dr. Parks:** He was. I'm not suggesting that all bankers are dishonest. Far from it. And, it's not clear to me that the bankers who put the Federal Reserve System into being were mindful of how this could develop. They had a problem, and they looked to government to solve it. Interestingly, in Cordell Hull's *Memoirs*, he says that the Federal Reserve Legislation addressed what was thought to be an “insolvable problem”. Reading the literature of the time, I don't think that those in charge fully understood the issue.

**Taylor:** I have to confess, I need more of an explanation, and I think our readers do too.

**Dr. Parks:** The problem comes about because the banks should never have been allowed to issue bank notes that were redeemable on demand in gold, which were in law promissory notes, without having the gold on hand.

The reason they got away with that was because they misrepresented to their customers. From the earliest times, they told customers that they were making a “deposit” when they put “their” money in a bank. This was a misrepresentation. In fact and in law, when one puts money in a bank, one is making an *unsecured loan* to the bank. Rather than being a “depositor”, one becomes an unsecured creditor.

If folks better understood that, then they would have been more mindful that they were taking counterparty risk, and there would have been more oversight as to how much leverage, i.e., fractional-reserve lending, that banks did, and there would have been more oversight as to the risks that banks were taking.

Further, the promise that banks made to their note holders, that they could get “their” money back on demand was a further misrepresentation. What they should have said was that folks could redeem if the banks had enough gold on hand, and that, depending upon what banks did with “deposited” money, it might not be available when demanded and, in some cases, the gold might be lost by the banks due to bad investments or whatever.

Had banks made these kinds of disclosures, which were, in fact, the truth, then not only would they garner less “deposits”, but they wouldn't have been able to leverage up so much, and their profits would have been substantially less. In essence, the limiting factor on their leverage, and concomitant profits, was that their notes were redeemable into gold. If they could get rid of gold, they could make a lot more money, and that is exactly what happened. Today, the amount of money that they are able to extract from society is beyond belief.

**Taylor:** So, what I think I hear you saying is that fractional-reserve lending and gold-as-money don't mix, that fractional-reserve lending, which is in essence money creation, is very profitable for banks, and to be



able to do that, they needed to get rid of gold.

**Dr. Parks:** Exactly. Also, because of the tendency to overreach, fractional-reserve lending eventually leads to ruination. This led to the creation of a so-called “lender of last resort”. I say “so-called” because what is being done here is not lending *per se*, but rather money creation by the central bank. As George Soros put it, the gold standard had to be discarded because it was incompatible with the notion of a lender of last resort.

**Taylor:** This is a good segue into my next question. I know that some of your work demonstrates that fiat money results in a massive reallocation of wealth from those who produce it, namely labor and entrepreneurs, to bankers, to Wall Street firms, and to large corporate entities closely associated with major banking interests. Could you give our readers an idea about the mechanics of how fiat money enables those folks to become rich at the expense of workers and entrepreneurs?

**Dr. Parks:** The key concept that folks need to understand is that fiat money is not wealth. It is merely a *potential claim* on wealth. That’s not the same thing. The banking system creates the claims (fiat money). Interestingly, in Mr. Greenspan’s speech of January 14<sup>th</sup>, 1997 in Belgium, he repeatedly refers to the creation of *claims*. (Your readers may be most interested in FAME’s “What Does Mr. Greenspan Really Think?” in which I parse and annotate that speech and translate it from FedSpeak into English. It appears in the Fedwatch section of FAME’s web-site, www.fame.org). At the time, I wondered why he was using that terminology but now it is clear.

When banks extend credit, they are creating claims (fiat money, really, in the form of checking deposits). In return for doing that, they get fees and “interest” which they can then exchange in the market for real wealth, i.e., for things such as boats and houses. At the same time, Wall Street firms get transaction fees for moving the claims (fiat money) around. They also get to exchange those fees for real wealth. And finally, the bulk of the newly created fiat money goes to the most credit-worthy borrowers, e.g., large corporations, that also exchange it for real wealth.

Let me digress for a moment. Ordinary people have a common problem about how to provide for themselves in old age. It is best expressed in an old labor song: “Too old to work, too young to die, how am I going to get by?” The answer, of course, is that one saves—and then, when one gets old and can no longer work, one draws down on those savings to provide for necessities in old age.

But, with a fiat-money monetary system, ordinary people are *not* saving wealth; they are saving merely *potential claims* on wealth. The real wealth that the claims represent is actually being *consumed* now. So, when later comes, it turns out that the claims are said to have lost purchasing power due to some unexplainable phenomenon called “inflation”, and ordinary people are wiped out.

Alternatively, as occurred during the Great Depression, rather than having a hyperinflation, as they did in Germany, the claims are just reneged upon, i.e., they are wiped off the books. Either way, ordinary people lose.

**Taylor:** So, I guess another way of looking at the fiat-money creation is that it is really legal counterfeiting by the banking system.

**Dr. Parks:** Exactly. There is in Murray Rothbard’s *What Has Government Done to Our Money?* a cute line about this. He refers to a cartoon in which two counterfeiters are turning out bogus money in a basement. One counterfeiter says to the other: “I guess the retail sector is about to get a boost.”

**Taylor:** Would you care to provide our readers with some evidence and perhaps give them an idea of the size of this re-allocation of wealth and the mechanics of the wealth transfer?

**Dr. Parks:** The Federal Deposit Insurance Corporation (FDIC) has a web-site (www.fdic.gov) that shows how much the banks take in and what their pre-tax and after-tax profits are. The relevant metric is their turnover after interest expense. To put this another way, when banks create money, they credit the account of the entity for which they are doing the creation, and they pay interest on that amount.

Perforce, the interest banks pay is less than the interest they charge. It is the net difference that accrues to their benefit. In addition, they have developed all sorts of “financial products”, which are not products at all, but rather manipulations, to garner more fees for themselves.

Examples of these are derivatives. In addition, they engage in trading, as in “currency trading”, which is, in effect, gambling. The so-called lender-of-last-resort facility at the Federal Reserve and the FDIC back all of this up. In other words, ordinary taxpayers subsidize all of these activities. And since every subsidy involves wealth transfer, in effect these activities work to transfer wealth from ordinary taxpayers to the financial sector.

According to the FDIC, last year U.S. banks netted about \$300 billion from the economy. In addition, I estimate that Wall Street firms took out another \$140 billion and, according to the IRS, a small group of folks had *realized* capital gains of nearly \$500 billion. Much of this is being converted into real wealth, and in a very extravagant fashion, e.g., 300-foot boats and 30,000-square-foot houses. I think you can see why this is going to end very badly.

**Taylor:** In congressional testimony, you told lawmakers that you think our fiat-money monetary system poses very great dangers to the stability of the global financial system. Could you explain to our readers why you think the existing system poses a grave threat to economic and hence political stability?

**Dr. Parks:** As I mentioned at the outset of this interview, the reason fiat-money monetary systems always collapse is that those who have the privilege of creating money out of nothing always overreach. The temptation to enrich themselves is too great to resist and they always succumb to the temptation. The way I put it is that greed and the lust for power know no limits.

There is myriad evidence that our system is in trouble. Federal Reserve Chairman Alan Greenspan talks about the possibility of collapse all the time. He calls it “systemic risk”.

One of the most telling events in recent times was the aborted collapse of a hedge fund called Long Term Capital Management (LTCM). If our high political and monetary officials are to be understood, there was credible testimony that the world’s financial system might have collapsed as a result of the leveraged positions that LTCM took.

Now, let’s step back for a moment. The world “GDP” is on the order of about \$15 trillion or more. How is it possible that a firm like LTCM, with a mere

\$3 billion of invested capital, could wreak so much havoc?

The answer lies in the fact that many of the major banks, through their trading departments, were making the same bets as LTCM. Thus, there was the possibility that if LTCM went bust and had to lay off, or sell, its bets at a great discount, the banks would have lost a lot of money on those same bets, too, and their assets would become impaired. That was the chain of events that the Federal Reserve sought to forestall when it gathered up 13 very prominent financial players and “suggested” that they ante up a \$3.5 billion infusion into LTCM.

By the way, the reason the Fed did not bail out LTCM directly, and the Fed is empowered to do that, is that the Fed can play the bailout card only a few times before people will very strenuously object. So, the Fed is waiting for when the stakes are much higher, as they most certainly will be.

Today, depending upon whom one listens to, there may be as much as \$120 *trillion* in notional derivative bets. Granted, only a very tiny portion of that is really at risk, but even that tiny portion, if lost, would overwhelm the banking system and result in a complete collapse.

Questions for your readers: Is it fair that ordinary taxpayers be the ultimate counterparty to these bets and be forced by law to pay off if the banks lose? What part of our *Constitution* authorizes this kind of wealth transfer—in Mr. Greenspan’s words, “without limit”?

Other, and even more compelling evidence that there is a problem is that the Bank for International Settlements (BIS) has established a Financial Stability Institute. If financial stability were not a big problem, then why is the BIS so concerned?

**Taylor:** Critics of the gold standard suggest that it is a bad idea because it doesn’t allow government enough flexibility to avert recessions and depressions. How would you respond to that viewpoint?

**Dr. Parks:** Jay, this is a big topic and could consume the whole interview. In a nutshell, we wouldn’t have material recessions and depressions if, even under the gold standard, the banks did not create money out of nothing. As I explained earlier, had it not been for misrepresentation and nondisclosure, the banks would never have been able to leverage up, and there would be no systemic instability.

Part of the problem is that in “emergencies”, such as wars, there’s almost never enough money that can be taxed to pay for the war, and so those in power resort to other means. That almost always meant *specie* suspension, especially in Great Britain, and in the U.S., too, as with the Civil War. What folks need to address is: Are all of these wars really justified; and are they the will of the people or, rather, are they military adventurism on behalf of a small minority? It is my sense that, if our country were credibly threatened or attacked, the resources to defeat the enemy would become available without fiat money.

**Taylor:** Correct me if I am wrong, but I believe it would be your position that the existence of fiat money undermines individual liberty and also poses a threat to the political process. Would you care to comment on the relationship between paper money, backed by nothing, and how that is destructive to liberty and the democratic process?

**Dr. Parks:** At a minimum, those who are in charge of creating money line their own nests and those

of their friends and associates. This, by the way, goes a long way in explaining the growing disparity in income and wealth between the financial Elite and ordinary people. As they continually enrich themselves, they use some of that money as “campaign contributions” to, in effect, buy off the politicians. (Sometimes, they or their children become politicians themselves!) As for the politicians, they are in a tough spot.

Because it takes so much money to buy television time, which they must buy if they are to be reelected, politicians must get the money. If they don't, then they are out. Obviously, this doesn't apply to politicians who may be independently wealthy or who are genuinely popular for their honesty and conviction, such as Congressman Ron Paul of Texas. But it certainly applies to most of them. This is not to say they are not decent people. I believe that almost all of them are, but what can they do? What I'm saying is that under a fiat-money monetary regime, the politicians are not ultimately in charge. Those who create the money are.

There's empirical evidence to support this thesis. If you look at countries where the politicians most certainly *are* in charge, such as Indonesia, Mexico, the Philippines, when the leadership leaves office, *if* they leave office, at that time they are billionaires! They are among the richest people in their countries. If our politicians were in charge, then how come they don't take more for themselves?

**Taylor:** I'm sure you are aware of the Gold Anti-Trust Action Committee (GATA), are you not? GATA believes the Federal Reserve and probably one or more foreign central banks are working in concert with certain private banking interests to enrich these banks by lending them gold at very low prices. The banks borrow gold at, say, 1% and lend it perhaps at 1½% or 2%.

Their clients then convert the gold into dollars and invest the money in other instruments that may yield annual returns of as much as 6% or 7%. Of course, this works very well so long as the price of gold does not increase. GATA believes that the amount of gold lent by central banks and/or sold forward represents a major percentage of the total amount of gold shown on the balance sheets of central banks.

If the price of gold were to rise significantly, as it did last fall, GATA believes that many of the banks and/or their clients would face huge losses. GATA cites circumstantial evidence that suggests a number of central banks have been pulling strings to ensure that an ample supply of gold continues to hit the market so that the price of gold does not rise. Does this scenario seem plausible to you? If so, how long do you think it can continue before the central banks run out of gold needed to continue to fix the gold price at lower and lower levels?

**Dr. Parks:** These kinds of actions would be consistent with the need for the banking system to suppress gold. I am glad that Bill Murphy and his team are bringing attention to possible manipulation of the gold market. But, as I think you understand, there is a lot more at stake here than profit or lost profits in the gold market.

In one sense, the stats have it right. The price of gold is a measure of confidence in the economy and the monetary system that helps drive it. There is myriad evidence that the central banks of the world, and the Federal Reserve in particular, have been exceedingly hostile to gold.

As to how long alleged manipulation of the gold market can succeed, it is amazing to me that gold-as-

money has been suppressed this long.

Parenthetically, fiat money is not the choice of free markets. Fiat money has to be literally forced down people's throats—the coercive part of this is called “legal tender laws”. It costs money to create the political environment and to pass the legislation to do that, and someone has to lead the way. The fiat-money crowd has financed this effort and continues to do so. They even have a “public information” department at the Federal Reserve Board of Governors and at each of the Regional Federal Reserve Banks that distributes millions of pamphlets, monographs, “learned” papers, videos, cassettes, movies, comic books and other materials. Taxpayers, of course, pay for all of this propaganda. Meanwhile, who is going to finance an effort to return our country to honest monetary weights and measures?

Anyway, to believe that the Fed can guide us successfully along forever is to believe that central planning really works. But, we know that even central planners succumb to temptation, just like everyone else. This is a contradiction that almost everyone does not want to deal with.

**Taylor:** You know that most economics professors around the world scoff at the idea of resurrecting the gold standard. Seems that most everyone has bought into the idea that fiat money is better because it provides policy makers with the ability to manipulate the money supply to either stimulate or slow down the economy, depending on how they perceive economic need.

Given the enormous bias against gold-as-money, it would certainly seem as though FAME has its work cut out, to say the least. What do you think the chances are that the U.S. will one day return to a monetary system that can be described as a system of honest weights and measures, and how do you propose to get the job done?

**Dr. Parks:** It is looking very problematical today that we will any time soon return to an honest monetary system. For example, if the system collapsed tomorrow, whom do you suppose people would turn to set things right? I'll tell you. It will be to the same folks who perpetrate our current fraudulent system.

They have spent their whole lives with the fiat-money monetary system; they profited from it; their friends have profited from it; or, to sum it up, they have a lifetime's experience and relationships in place. Are they going to in any way admit that all of this was somehow wrong or misguided? Or will they seek to scapegoat it? The history of the world is that when things go wrong at a national level, scapegoats are found. Your readers can take a guess at who some of the scapegoats will be.

On the other hand, if people are really concerned and want to do something material about this, then we have a proven strategy and a plan. And that strategy has had great success in other public policy areas; it will have success in getting rid of our unjust fiat-money monetary system as well.

However, someone is going to have to step up to the plate to pay to make this happen. For now, those who favor our fraudulent system can sleep easy.

**Taylor:** Dr. Parks, I'm sure many of our subscribers are sympathetic to your cause. How might they help you and FAME?

**Dr. Parks:** In addition to funding, I am looking for allies in the Fight for Honest Monetary Weights and Measures. The first, and most important, is Organized Labor. Labor has the lobbying infrastructure in place and, in the words of AFL-CIO President John Sweeney, when speaking on other matters of concern to Labor,

Labor has the votes and Labor can do something about it. Further, ordinary working people are the principal victims of fiat money. If the victims don't want to do something about it, why should other people bother?

What Labor needs today, in my view, is a unifying issue, and Labor doesn't have one. For many reasons, I believe that Labor should embrace the money issue as it did in the last century.

The second group is the clergy. As I mentioned earlier, in the 19<sup>th</sup> Century it was the churches that led the way to resumption. They positioned the money issue as a moral issue, and that is the way I see it, too. Another issue that came up then was sovereignty, or who is in charge. It was felt in the Jackson Era that no bank should be in charge of money. It gives them too much power. I agree.

**Taylor:** Larry, this has been one of the most interesting and significant interviews I have ever published since we began our interview series one year ago. I also believe it may be one of the most useful from an investor viewpoint in understanding the most basic fundamentals that will impact their investments in the longer term. But there are still many more relevant issues that I would yet like to ask you about. Would you be willing to continue this interview so that we could publish a Part II in our July issue?

**Dr. Parks:** I would be delighted to do so. Thank you, Jay. I appreciate the opportunity.

[END OF QUOTING]

*Congressman Ron Paul has been cited often in the pages of CONTACT for his efforts to achieve reform from within the current structure. Herein, he shares his thoughts regarding economics, thoughts he once shared with Federal Reserve Chairman Alan Greenspan.*

*Once again, we acknowledge with appreciation the interviewer, Jay Taylor, of J Taylor's Gold & Technology Stocks newsletter, for his permission to reprint. Subscription information is at the end of the article. We pick up part way into the interview, following introductory comments.*

[QUOTING:]

#### INTERVIEW WITH CONGRESSMAN RON PAUL

**Taylor:** What prompted you to run for Congress after surviving the grueling task of going through and passing medical school and serving in the Air Force? It's a very unusual career path.

**Congressman Paul:** My desire to become involved in politics was stimulated by an introduction to Austrian-school economic thought. I imagine the book that influenced me in the early days was Hayek's *Road to Serfdom*. And that led me to read about everything Ayn Rand wrote and nearly everything Ludwig von Mises wrote. And then meeting and getting to know very well Hans F. Senholz and Murray Rothbard really got me fascinated with studying economics.

I'm sure you recall the 1970s, during the Nixon era, when wage and price controls were implemented and when the gold window was closed. It was on August 15, 1971, when the gold window was closed, that it dawned on me that all that I was reading by the Austrian economists really was true. The problems the Austrians predicted for us were coming true in the 1960s. They correctly predicted that our monetary system would break down, and that alarmed me. We were in turmoil—especially politically and economically—in 1974, which was the first year I ran for public office. The reason I

ran was to talk about economics, which I found fascinating. I think from the very first campaign I ever ran in 1974, my literature has talked about sound money and the gold standard, and I continue to talk about it, although there has been a lot that has happened since that time.

**Taylor:** I would say that you are pretty much a lone voice when it comes to these views. Would you agree?

**Congressman Paul:** Pretty much so. But I think there is smoldering support there. There are those who might be supportive, if they ever thought gold would come alive. But because the dollar price of gold has not reflected some of our serious problems, they have not seen the need to support my monetary views. **But I see ourselves living in a time somewhat like the 1960s, when gold was artificially held at \$35 per ounce and there was suddenly an explosion and a serious dollar problem.** And I think the 1990s are somewhat like that. So only a few of us who study it and understand the long-term effects of fiat money pay much attention to it. But others will become more interested as our current problems unfold.

**Taylor:** ...Changing topics, if I may: I didn't realize until I read over your biography that is posted on your web-site ([www.house.gov/paul](http://www.house.gov/paul)) that you had written at least two books. Their titles are *Challenge to Liberty* and *The Case for Gold*. Unfortunately, I have never read these books, so I am wondering if you could provide our readers with a quick summary of the ideas contained in those two books. Also, since our readers would no doubt be interested in the content of these books, can you tell them how they may obtain copies, assuming they are still in print?

**Congressman Paul:** *Challenge to Liberty* is a small booklet I wrote about abortion from a libertarian point of view. *The Case for Gold* was a book that was an outcome from the Gold Commission of which I was a member and which was formed as a result of the efforts of Jesse Helms and me. The Commission was formed to study the role of gold in the monetary system in the early 1980s. There were only two of us on the commission who were pro-gold. Fifteen members were opposed because they were members of the Federal Reserve & Treasury. Lew Lehrman and myself were the only pro-gold members of the Commission. We authored a dissenting view, which then was made into *The Case For Gold*.

**Taylor:** And are these booklets or books available to people, if they would like to obtain them?

**Congressman Paul:** It's a shame. The Cato Institute published *The Case for Gold*. Recently, I have had calls for the book because people who stay fascinated with this issue wanted copies. And I called them and they don't have any more and no one plans to publish it again. Actually, it is available, so anyone can reproduce that because the dissenting views were placed into the Government's records. Someday I may reprint it through one of my foundations.

**Taylor:** Well, I would certainly like to read both *The Case for Gold* and *Challenge to Liberty*. Perhaps they would be available in used books stores or on the Internet.

One of the committees in Congress that you serve on is the House Banking Committee. So you frequently have the opportunity to ask questions of Alan Greenspan, whom many people believe is the most influential man not only in the U.S. economy but in the global economy.

The global financial markets and our own equity

markets have recently been displaying extreme volatility. Whether the Clinton Administration and their Wall Street friends care to characterize it this way or not, increased volatility means increased risk for investors. In fact, in recent days, some of the most successful investors during the last two or three decades, namely George Soros and Julian Robertson, have said these markets are even too volatile for them. I think both of them have said something to the effect that these markets no longer make any sense. Would you care to comment about the current levels of risk in our equities markets? What do you think is underlying these risks? What, if anything, can the policy makers in Washington do about it?

**Congressman Paul:** I don't think people should be surprised. I think many of us have anticipated the volatility because this is what one would expect from a monetary system like the one we have. **We don't have sound money. We don't have commodity money. We have money that is created out of thin air.** And from an Austrian [economics] viewpoint, this inevitably leads to over-investment, over-capacity, speculation, excessive debt and mal-distribution of wealth. So, it is a natural consequence. I guess the only thing that has surprised many of us is that it has gone on for so long. And if you look at how some of these curves have been rising exponentially, especially the NASDAQ, it is probably amazing that it has been kept together for so long.

One reason why I believe this has gone on so long is because of a subjective element that is not measurable. We can measure real value and we anticipate certain events but what we can't measure are the subjective valuations. **The breakdown of the Soviet Union has probably added a tremendous element of subjective valuation to our markets because since 1989, when the Soviet system collapsed, the perception has been that the U.S. is invincible economically and militarily. [Regular readers of CONTACT, however, know that this is not so.]** So there has been a tremendous trust placed in our economic system as well as in our dollar. This has contributed to the perpetuation of the financial bubble much longer than normal. And although this has produced great times for a large number of people, it has also set the stage for a tremendous correction. In fact, we may now be in the early stages of this correction.

**Taylor:** It is true that for the time being, the whole world seems to trust in the U.S. dollar, which has meant that we can print as many of these things as we want. Foreigners are willing to accept our paper in exchange for manufactured goods and services and because they believe in our financial markets and our economy, they simply recycle these trade dollars back into our financial markets. But I view this as a game of musical chairs. As long as the music continues to play (i.e., as long as foreigners recycle dollars earned from our tremendous trade deficit—now about \$1 billion per day), the game can continue. But should the Japanese and Chinese and our other trading partners finally reach the conclusion that they have enough dollars, the music will stop, perhaps as it did during the late 1960s, when the French and Germans decided they had their fill of the U.S. dollar. Then, I suspect, the game will be over. But in the meantime, we go on with an "eat, drink and be merry" attitude. The party has certainly gone on much longer than I ever expected it to.

**Congressman Paul:** Yes, and it provides a chance for us to live beyond our means because we print these dollars, we create the credit. We don't have to save money. Foreigners are willing to take our dollars. The

only true reflection of this that many sound economists—Austrian-school or not—are recognizing is that the current account deficit is so big that someday we will have to pay. Because if they know anything about monetary history, they know these current account deficits can't last forever. So, there will be an attack on the dollar. There will be a shift and interest rates will go up. We will have enough inflation that even the Government will admit to it.

Of course, from a free-market viewpoint, we have a lot of inflation—if you look at the money supply, at the inflated prices for financial instruments; if you look at the cost of certain things like housing and medical care and education. As an interesting aside on this, one of my kids three or four years ago bought a house. Recently, he chose to upgrade into a larger home. So, in just three years, with this very modest house he made \$30,000. So, I said, this is fantastic. But then the Government continues to say there is no inflation. Of course, they fudge the CPI numbers and they don't even look at the cost of buying a house. They use another calculation that brings the increase in cost of housing down to something like 3% per year. But when I ask people in my district if they think there is no inflation, they think that's a joke. They simply don't believe what the Alan Greenspans of the world are telling us.

**Taylor:** Right, and many of these people in your district, and I suppose in the districts of most every member in Congress, have incomes that are probably not even keeping up with even the Government's rate of inflation, never mind the real rate of inflation. Those directly or indirectly involved with the part of our economy that is benefiting from inflation, namely the banking industry and financial markets, are thriving and, indeed, some are becoming super rich. But common folks are falling behind dreadfully.

Last year I interviewed Ravi Batra, Ph.D., who is the head of the Economics Department at SMU in Dallas. He has also authored a number of best-selling books on economics, one of which was *The Crash of 1990*. He has carried out research that shows that whenever wages have fallen significantly behind productivity gains over a long period of time, economic depressions always result. Lower income people initially try to maintain their standard of living by borrowing money. But eventually their purchasing power is squeezed by the cost of servicing their debt. In the aggregate, then, effective demand is snuffed out with disastrous macro economic effects. I believe there are signs that our lower income groups are borrowing to the hilt, which is partly reflected in our country's negative savings numbers. I should think this does not bode well for the American economy.

**Congressman Paul:** Yes, and I think it is very important to ask questions about the productivity numbers the Government is giving us. Very often we have been told that productivity has been increasing tremendously, and we have not made the point that borrowing is the compensation for the shortfall in wages, as you suggest. But there are many, whom I tend to agree with, that question the validity of these productivity increases. Many think they are not real. As a matter of fact, there are predictions from Jim Grant, I think they are coming out tomorrow, that are going to shake up the markets because productivity is much lower than what has been reported by the Government.

**Taylor:** Right. I think I saw him on *CNBC* the other day say that, in fact, productivity growth is only about ½ what the Government has been reporting.

**Congressman Paul:** But I would agree absolutely

that productivity increases are very important. But the importance of these numbers may lead Government to miscalculate them either by making mistakes or by deliberately deceiving us.

**Taylor:** I'm wondering if you are aware of a speech given by Mr. Greenspan approximately two weeks ago to the American Enterprise Institute Conference, in which he suggested that there need to be limits to central bank intervention. He used the 100-year flood insurance analogy to suggest that intervention in markets should take place only on the rarest of circumstances. He also implied that our system, as it currently exists, can withstand all pressures except those that come around once or twice per century. Of course, the Fed intervenes very frequently in many different markets, such as the currency markets, and it does so almost daily in some other markets like the Fed Funds market. So this 100-year flood analogy made very little sense to me. But what really grabbed my attention were the closing two sentences to his speech. He said, "In summary, then, although information technology by its very nature has lowered risk, it has also engendered a far more complex international financial system that will doubtless bedevil central bankers and other financial regulators for decades to come. I am sure that nostalgia for the relative automaticity of the gold standard will rise among those of us engaged to replace it."

As a member of the House Banking Committee, you have had a number of opportunities over the past few years to question Mr. Greenspan and to think about what he is saying. To me, he is most often very confusing. I don't know if you have had a chance to think about Mr. Greenspan's speech to the American Enterprise Institute, but if you have, what message do you think he was trying to get across to us?

**Congressman Paul:** No, I have not seen that speech in particular but all that information seems like a rehash of the things I have heard from him at the Banking Committee where he used those same words, "nostalgia for the gold standard". I think what he is doing is covering himself in the event the economy turns negative. I think he knows or suspects that some things are out of control. Not too long ago I asked him about the tremendous growth of the money supply as measured by M-3, as I tried to put the responsibility on him for inflation. But he said that he had no control over M-3 and that it was becoming increasingly difficult to define money. And I made the point, if you can't define the money supply, how can you control it? He said not only is it difficult, but it is impossible to control something you cannot define.

I think he is sort of—and I say this not in an overly critical fashion—schizophrenic, in the sense that I believe that he has not totally given up his belief and conviction that sound money was a worthy cause and that the gold standard had some benefits. At the same time, he has joined the forces and has lived with the entities of the world, the world bankers, who believe that paper works. **And for paper to really work, you have to destroy confidence in gold.** So, he is really in a dilemma. What I think I hear him saying is that "just in case the system falls apart, and it probably will", he might as well at least give a token acceptance of the ideas that he used to hold about the gold standard. Some people believe that Mr. Greenspan holds a harder core of support for our views. I don't have a final conclusion on that. I don't know. The true believer, of course, would have never joined the opposition, as he has done. I am always

hopeful we will revive in him not only nostalgia, but also a willingness to give a person like myself more support. Other members of Congress see my views as being very strange, but if I could get support from an Alan Greenspan, it would give our views more credibility in the eyes of others.

**Taylor:** Well, I understand Mr. Greenspan was at one time a student of Ayn Rand and from what I understood was very much in agreement with the libertarian philosophy.

**Congressman Paul:** It's an amazing thing that he went from an Objectivist viewpoint to the point where he is the insider's insider. So, I would think the powerful financial influences that dictate the Federal Reserve Chairman must have been satisfied with his loyalty to their cause.

**Taylor:** On September 16, 1998, in the midst of the Asian crisis, you sent some questions to the Secretary of the Treasury, Robert Rubin, relating to the Hearing on International Economic Turmoil conducted by the House Banking Committee. I have a copy of those questions and answers, which are available to the public. In your question to Robert Rubin, you noted that Alan Greenspan observed that "if you are on a gold standard or other mechanism in which the central banks do not have discretion, then the system works automatically". You then asked Mr. Rubin what are the benefits of a system that works automatically.

Mr. Rubin responded by noting that some people think a fixed-rate exchange system would result in lower bond rates. But then he proceeded to point out a host of reasons why he was opposed to a fixed-rate regime, the most significant of which was the argument advanced most frequently by opponents to a return to the gold standard. Mr. Rubin said: "...fixed regimes can also amplify recessions, since governments or central banks are constrained in their monetary policy choices by the need to maintain parity". My question to you is this: If you had the chance to continue this conversation with Mr. Rubin, how would you respond to his criticism of a fixed regime?

**Congressman Paul:** The point I would want to make is that his fixed exchange rates are different than what I perceive as a proper fixed exchange rate. **What we see as a proper fixed exchange rate is that everybody defines their currency in terms of the weight of gold, which is outside the hands of the central bankers.** And yet, he is talking about a fixed exchange rate for people that are printing money at different rates. To a degree I would agree with him. I don't believe that artificially fixed exchange rates—when countries are inflating at different rates—work well either. In some ways, it has almost been miraculous how the floating exchange rates, the market adjustments, have helped these central bankers, because the markets make the adjustments that central bankers could not handle. So it is a market mechanism that makes these horrible currencies work better than they deserve to work. **[Or is it all just orchestrated a little better and more fully than Mr. Paul imagines?]** So I would probably just ask him what differences he sees between the fixed rate of paper currencies versus what we call a universal fixed rate with a commodity money.

**Taylor:** In that same set of questions, you asked Mr. Rubin: "When was the last time the Treasury intervened in the gold, gold futures or gold options markets?" He responded by saying: "Since 1979, the Treasury has sold no gold bullion and has not participated in the futures or options markets in gold."

That seems to be a straightforward denial of any involvement by the U.S. Treasury in the gold markets. And recently in a question you posed to Alan Greenspan, he said: "I can state unequivocally that the Federal Reserve Bank of New York has not intervened in the gold market in an attempt to manipulate the price of gold on its own behalf or for the U.S. Treasury or anyone else."

Yet, organizations like GATA and many of us who earn a living in one way or another on the long side of the gold markets have noted what seems to be substantial circumstantial evidence that something is not *kosher* in the gold markets. Laws of supply and demand that normally govern markets seem not to be working. Such intervention would seem, in fact, to be consistent with the philosophy of the Clinton Administration. For example, elsewhere, in an answer to another question you posed to Mr. Rubin on September 16, he voiced his strong approval for Government intervention in order to maintain confidence and "rational" behavior among investors. Mr. Rubin said: "We have long recognized that helping prevent extreme market fluctuations from generating self-fulfilling losses of confidence that could unnecessarily destabilize the real economy is an appropriate objective of Government policy. We also recognize that Government action is often required to create the conditions for markets to work at their best." Given Mr. Rubin's philosophy about the need for governments to manage the behavior of... citizens so as to retain stable markets and create ideal market conditions, why would he or someone on his behalf not intervene in the gold markets? Indeed, given this belief, would he not be morally obligated to do so?

**Congressman Paul:** I think he clearly justified them doing so in the second part of his answer. Of course, his denial still stands. But it doesn't mean that with a wink and a nod someone overseas in another central bank does not get involved in manipulating the gold market through the futures markets. I think there is no doubt that governments will distort values of currencies, whether they clip the coins and try to deceive people, as in the old days, or whether they keep gold at an artificially low price, as they did in the late 1960s when they temporarily maintained it at \$35 per ounce by literally dumping it onto the market after they printed so much money that a \$35 price was totally unrealistic. **Centuries of monetary history illustrate that governments have it in their best interest to try to perpetuate the fraud that they have been involved in.** So, I think this is what Rubin is saying. There is a need for it. He is denying that he does it directly. Many of us believe gold is being set at an artificially low price now with someone else acting on behalf of the Treasury and/or the Federal Reserve. The more blatant and open effort to do this would seem to be the example of the Bank of England, who took the most unusual step of pre-announcing their gold sales. They announced they are going to sell 1/2 of their entire gold hoard and this brought about a precipitous drop in gold and they have been literally *dumping* a lot of gold on to the market. Yet the price of gold has held up relatively well, despite the Bank of England and other central bank selling. So, I think it is going to be difficult to run it down exactly. I think they are going to continue to do this in the future. But I do believe very sincerely that the markets are more powerful than all these central bankers and that eventually the markets will rule, just as they did in the early '70s. Eventually, the artificially low price of gold imposed on us by the central banks and governments will be rejected, just as \$35 gold was rejected in the late 1960s.



**Taylor:** ...Perhaps it isn't fair to ask a physician and a lawmaker for investment advice. But given your view that we are in a gigantic bubble, I must ask you what you think Americans should do at this stage to protect themselves from what could be a cataclysmic, bubble-bursting event?

**Congressman Paul:** Just recently, in the early part of the year, I did a floor speech dealing with a lot of political and economic issues in general. I believe I listed ten things that people ought to consider doing to preserve our liberties. But there were two things I listed that I think are very important.

First, in political and economic crises even the most basic rights, like personal safety, are threatened. I happen to be a strong proponent of the *Second Amendment*, just as the founders of this country were. Secondly, I think ultimately economic chaos will bring on, under today's circumstances especially, some currency crisis. So I am a strong believer in actually holding something of real value, not something that represents debt—as does the U.S. dollar and virtually all other currencies. So, despite the argument that the holders of gold have not done well during the past ten or twenty years, I think people should ultimately protect themselves with gold. My job as a politician is to make sure those options needed for self-protection, namely to own a gun and buy gold, are available. Over the years, I have worked hard to do this by helping to push for the re-legalization of gold and gold coinage. One result of the Gold Commission was that we convinced our Government that it can and should mint gold coins. Even though it is not considered money at the current time, they are gold coins. I think these are the two major things people can do.

Ultimately, though, in the big picture, what I advocate is that people defend their liberties. In that way, we would not have to worry about protecting such basic rights as the right for parents to educate their children at home or the right to own a gun or the right to own gold. **You see, if we lived in a free society, where individual liberty was cherished, all these things would be automatic....**

INTERVIEW WITH CONGRESSMAN RON PAUL  
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[END OF QUOTING]

*Congressman Ron Paul's forthrightness is like a breath of fresh air in the corridors of the Elite in Washington, District of Criminals. Keep up the good work, sir, and God help us to CREATE a better way than what currently is!*

—Presented by CONTACT staff

# What You Realize Is All That You Can Know

6/23/00—#1 (13-312)

PERSPECTIVES

**Hatonn**—Let's try a bit of an example regarding "perspective" right now. I place the "time"- "space" (calendar-clock) in counting as being 10:19 a.m., Metro Manila, Philippines. Ah, but: A man is to be executed in Texas, U.S.A., on 6/22/00. Has it happened or not, and how do you ACTUALLY perceive this time exchange to take place? Further, is this daylight savings time or standard time? IS THE "TIME" IMPORTANT, OR THE SOUL JOURNEY OF THE MAN—AND IF "YOU" DON'T KNOW, DOES IT MEAN SOMETHING TANGIBLE TO YOU AS AN EXPERIENCING "STRANGER"? These are the quandaries of a manifest experience, wherein the more you know the less you know. Moreover, what you realize is all that you "can" know at any given time in consciousness. You are a soul having a human experience and that pretty much locks you to the LAWS OF NATURAL EXISTENCE IN THE MANIFEST FORM. All true realization and knowing is in the MIND—and that can be warped—so be careful, indeed, as you opine, perceive and form perspectives.

The point to take from this is that you can't just "wish" something away, if it be manifest—you must create and manifest a replacement concept and reality in perception, if you are to bring about change. More of the "same" is exactly that, more of the same. However, you MUST utilize and work within that which is manifest. To change that actual concept you must change dimensional state of being. But, the deeper we move into these concepts, the more difficult it is to keep your audience. If you believe in God, you have all you need for the accomplishment of that which is goodly and within that accomplishment you ARE goodly, for evil only presents the illusion of goodness, which then destructs before your senses.

This is the law of the Universe, which could, for lack of better terminology, be called "physics". Scientists wish to deal with that which IS and can be proven. Well, the MAJORITY of all that IS—is invisible and unknown—even unto self, regarding self. THAT DOES NOT MAKE IT UNTRUE IN EXISTENCE. By the way, moving into mysticism is NOT WHERE YOU FIND GOD. GOD MAY WELL BE A MYSTERY NOT YET FULLY UNDERSTOOD BUT HE IS CERTAINLY NOT OF MYSTICISM. I use this in opposition to mystic "gods", idols and things set forth as gods. GOD IS AND SYMBOLS ARE—that does not mean they are the same thing. Too deep? Fine, we will move on.

FEAR is the underlying cause of negative realization. If you don't know something—then you end up frightened, at the least, through your perception or through that "thing" called perspective. The man in Texas, for instance, may well "fear" his death far less than YOU DO. Further, if he is innocent, as he claims, he feels wronged. However, in his other circumstances

of having admitted many heinous "other" crimes, is he more or less adjusted to whatever takes place "yesterday" Manila time? Have YOU actually "seen" that man? A picture? Or, is this some illusion within your own vision process? You CAN only experience that which is right in front of you and even that is changing in split-second increments—even the "other room" next door is but a mental "picture" of how you last saw it. And, if an earthquake comes along—oops, it may well be drastically, or at the least, somewhat, changed—thus, you can only conjecture/envision possibilities. Depending on the magnitude of the quake, you may find the room completely dropped away from the one in which you are located. Now, is it night or day in which you are experiencing this split-second moment in "time"? What does YOUR clock say about your predicament? Does it matter one iota in the overall scheme of time? Well, that depends on YOUR PERSPECTIVE!

Let us look further into things that happen or possibly are not happening. Let us say that you are depending on "someone else" to do a task or fulfill an obligation or promise—and you are not there physically with that person—you are stuck with whatever perception you have envisioned and hold uppermost until you get further information. Right?

Now, for the heck of it, let us just change the stage and assume I am weary of that topic just targeted and turn to the topic of "right". Is that a state of being or a man's name—and how can you know? Without filling in the information, chelas, it is NEITHER—other than what the "receiver" perceives or his perspective on the word itself. How many of you recognize an architect by the name of Frank Lloyd Right? Oops, or is that Franklin Loyd (one "L") Wright? How about Frank Lloyd Write? How does the mind choose? It immediately researches all the information in your storage system and produces the nearest answer it can produce that fits the most numbers of choices. It will be—to you who are interested in famous architects—THE eccentric architect of a most recent brilliant builder-draftsman. Or you could be totally off the wall and like "Iron Butterfly"; you might be speaking of a rock group known as the "Rights".

Please realize that this is what you toss in my direction almost constantly when you ask ME about, say, Sathya Sai Baba. Or did you say Alibaba, who had 40 thieves? Sai Baba may well have more than 40 thieves but is his action realized or perceived? It can only be "perceived", for that is all there IS, do you see?

What do you need to KNOW of the "details" of the matter of Baba and is this human-flesh man, GOD (called Avatar)? Why do you ask "ME"? I am not in the presence at this moment in time, in the presence as such, in the form of man—to—man, so how can I tell you what only "I" can perceive from self? I have told you, and repeat, that God abides with you constantly and everywhere—and yet is not in flesh-form on your terrestrial world AT THIS TIME.

There are zillions of energy forms who COULD EASILY MAKE THEMSELVES VISIBLE and



experiencing man would not know the difference. But look what has been done and which so damages the realization of “followers” of SOME MAN. The point is to know truth and know that man is not PERFECTION. This neither defends a man called Baba nor does it deny his claim to anything he chooses—FOR THAT IS THE FREE-WILL CHOICE OF AN EXPERIENCING HUMAN IN THE HUMAN FORMAT.

This is exactly WHY man can toss anything perceived or projected onto me and my friends (team if you will), and the FACTS of behavior will sustain truth in the face of all the lies that can be conjured. Therefore, if you are curious about inquiring about us, you have to move away from a Sai Baba, for we have not the remotest similarity to same. We are not gurus, knights of any table, round or square, or of any “color” designation. We have no “group”, we have no church, no THING. And no, don’t be fooled by the supposition that a Sai Baba is the same as Babaji (Babajee). The very point of the adversary is to confuse and capture the soul intent of mankind. Where YOU fit into this game of “chance” is YOUR choice. You see, chelas, you ask me something when I, too, have been said to have become false and dark—according to whom? Oh, well, *Spectrum* kiddies of the rainbow! They have not even ceased writing IN MY NAME and not identifying, while feeding it to you on paper in an ink alphabet format. Does that make it so, that which they say? No, but you can perceive or receive anything you choose about it. Basically, they are not worth the time spent pondering the circumstance. ACTIONS ARE THE GUIDELINES OF JUDGMENT and from that you can discern the value and worthiness, as your teachers, of those setting themselves up as having one intent—according to them—of “getting out the word”! What word? Their word. While, I might add, burying their actions in as dark and deep a hole as is possible.

They have, once more, publicly put to press the breaking of their own touted words by running Internet information, lying about the resource and offering a rerun of the very papers they unlawfully printed—right in their own publication. So, I am asked, what should be done with it? Send it to the legal counsel as evidence. Do so from the Phoenix Institute, please, for the miscreants just nailed some more nails in the coffin. This bunch of children have actually STOLEN from the very company they claim has had bad management while, further, arranging in such a way as to hide proper procedures from ability to be properly managed otherwise. However, the point is to make sure the legal counsels have the evidence of this most recent breaking of the agreements, which they never ceased to “break” from the time of the agreements. So be it. I have nothing to do with *Spectrum* or those thieves and liars, so let us treat it like the “reality” it is in intent and purpose—to destroy truth and righteousness.

The next thing I would point out to you concerned inquirers is that which revolves around such as *Blood Ritual*, as has been shared by an author with CONTACT. We in Manila will NOT critique anything which has not even been put before us in more than a few pages of copy. Moreover, when you are dealing with something so damaging to anyone, it must be handled in such a manner as to not represent our opinion regarding the right-ness of the offering. However, if you have many QUESTIONS, err on the side of correct responsibility and do not further present it. If ones wish to get the material, they have an idea of what the topic is about and, therefore, can contact that author for their own

copies or publication. This particular focus is on Jewish activities and so-called beliefs. But this is NOT the group we recognize as the controlling ONE MOST HIGH influence on world affairs.

That perception is set forth to deceive you into believing that one particular race, creed or color human is THE enemy. No, and I will back the SPOTLIGHT term for the manipulators as the one set forth by that press: MATTOID.

What is a “mattoid”? What does the term “mattoid” mean?

These people are out to gain, with force, power, cunning—or whatever is required—to gain total control and all wealth, as in “get the money”. They have no “conscience” and, although they are in the “conspiracy”, it is not the same conspiracy as you might expect, as in the accepted term “conspiracy”. Conspiracy only indicates that there is more than one party involved to accomplish something, good or bad—but now accepted as “evil” or “secret” crime. MISDEFINING is simply one of the many games played on your senses.

“A mattoid is a person of high intelligence who has no conscience, a very high-level criminal. They never get caught and never go to jail, but they end up running things. The idea that character can be determined by intelligence and that this is the highest quality possible for a human being is totally false, because mattoids have no character. They are criminals of very high intelligence... who have no reluctance in starting wars and killing people just for their own personal aggrandizement.”—Willis Carto

Pick to pieces? Yes, indeed, for this came from an interview on the topic of Bilderbergers and the secret society thereof. So, let us see what jumps right out of the descriptive paragraph above: 1) “No conscience”? No, they have a conscience but it is totally without merit or goodness. Immorality does not bother them in the least. 2) High-level intelligence? Not particularly, although they are the schemers and wheeler-dealers of cunning shrewdness—not necessarily “intelligent” in the true sense of the term. They are, however, manipulators. 3) Have no “character”? Yes, they DO! The fact that the character itself is negative and “bad” is the point—for they are most certainly “bad characters”. Money is the name of their game and anything to achieve that win is uppermost, while having no qualms about any other criminal activity necessary to gain that end.

Therefore, the group as a whole who manipulate, control and own everything they can beg, borrow or steal are not “Judeans”—although you will find the more recently self-proclaimed “jeus” or “jews” among them. They have then taken that label for themselves, capitalized it into “Jew” and surely the lineage is recognized clearly, although still quite secretly. This mattoid quality goes beyond all guidelines of race, creed or color.

We cannot, nor would we, however, go about defending and proclaiming one group against another—because in the instance of, let us consider, “christian” vs. “islamic” or vs. “jewish”—these are simple “terms” to describe some consideration, self-declared, and are only valid in a “physical” environment. What do you have in common? Ah, that is the question begging an answer. You are human beings experiencing—no more or less. All the rest is simply MAN’S attitude toward other men. Furthermore: YOU ARE MADE IN THE IMAGE OF GOD—LIGHT ENERGY. God may well project as a Black man, White man, Brown man—you name it—but even your “color descriptions” are stupid and incorrect.

You have NO “black” men no matter how dark might their pigment be—for black is the absence of all colors and it simply cannot physically be so. Check out all the other “races” as well—and you will see how exasperatingly stupid are the things foisted off on you by the mattoids. By the way, readers, there are more White slaves than there ever have been Black slaves! So, if you just get with truth, you will be coming along in your realization quite nicely. YOU are each and all slaves to something or other, so that you don’t have to take responsibility for SELF. THAT state of affairs is directly in relationship to individual EGO. The level of your enslavement is all that is in question and not “whether or not” you are! Worse, in a physically oriented world you have parasites and hosts and when the parasites suck too much, it comes apart in the unbalance. The facts are, however, that even the perceived “hosts” are actually living OFF something else and thus are forms of parasites. It is only through the giving BACK of equal or more value that you can regain balance. And, check it out: A total welfare state is the very most destructive one system known to man. That is the ultimate enslavement.

No, God is not starting some kind of global welfare system in our work. Nor, God forbid, are we starting a whole new group of MATTOIDS to replace the old. THAT is up to the players, as to how it will ultimately “become”.

Would this just be another form of “King Solomon’s” rule? No, we do not cut babes in half nor do we ever, even in play, suggest such a stupid thing. You cut one another in half at every opportunity, so why would we introduce more violence into the considerations for right vs. evil?

How can you discern that evil is afoot in such organizations as the Elite Bilderbergers? Because they HIDE in the holes of opulent places to do their evil conjurings, rituals and planning for your enslavement—CRIMINAL ACTIVITIES.

Who commits these acts? Read the roster, check out the membership list and who owns what—but realize that when you get to the breakdown of ownership—it will always be the same 300 mattoid families or representatives. Of course, it varies but rarely by very much width or breadth. Check out any bank you choose and if it is an “in” bank, the flow and strings will all go right back to and through the “banking cartel”, mostly now settled in New York or the other sites of the London crown. These are simply mechanisms for getting their “transfusions” from you-the-people.

I can even give you more insight as you look at the “blood-suckers” and call them, if you like, vampires. Once bitten by a vampire, you become a vampire, is a pretty good example of the ongoing infection established. Once in the blood-lust game, there can never be “enough” AND TO KEEP THE THING GOING EVERY VIOLENT GAME CONJURED WILL BE PRESENTED TO GET THE BLOOD.

Is this literally or figuratively? Is there REALLY a difference? Can’t you realize that you even “eat the flesh” and “drink the blood” of a murdered man and call it salvation? FOR WHOM? Moreover, WHO TOLD YOU SUCH A STUPID THING? Oh, you took it on faith? What else around do you take on faith without looking at fact or reality?

Does Baba produce rare gems or pure junk? That depends on what YOU are seeking! BUT, BEWARE: WHEN IT TOUCHES ONLY THE PHYSICAL PRESENTATION, CHECK IT OUT CAREFULLY!

When you proclaim it to be “real” or “false”—against what do you measure? A zircon or a bit of lead is “real”—it is only if you are TOLD to think it to be a diamond or gold that the trinket is falsely presented. And, how much did you pay for the trinket—or even the “ash”? Does it matter, really, if the ash comes in pellet or powder? And, NO, I am not trying to make you think differently from what you “think” about these subterfuges, for you will recognize only that which you choose to accept. Do YOU blame the clown for your laughter at same? There are always some clowns to fool you in order to distract you. Is that the intent of God or Satan, either or neither? We can transform a world but it will not be through tricks or trinkets. KNOW IT.

I certainly don’t want you “following” me. If we offer that which is truth—take that truth and live it. This is not because “I” present it, or somebody in a body tells you; DO IT BECAUSE IT IS RIGHT AND NO OTHER “EXCUSE”. If someone actually steals my own “being” for themselves and discounts that which came before, how foolish? Very foolish, for they have only PROVEN THEIR IGNORANCE OR OUTRIGHT DECEPTION. Proof? What in the world do YOU need for PROOF? I just gave you THE CLUE! What in the WORLD...? TRUTH IS IN THE MIND AND MANIFESTATION OF THE MIND THOUGHT IS WHAT PRESENTS WITHIN OR ON THE WORLD—YOUR PERSPECTIVE OR PERCEPTION. “Hanging in there” with the lie is only a compounding of the lie itself.

Nobody here “hangs in there” because it is “Hatonn”; we hang in here because we have something to accomplish in TRUTH. Who cares about the fakers? They will disclose themselves by their own actions in reflection of the thoughts and ideas they hold and present.

#### WHAT YOU DON’T KNOW

It is human consciousness that seems to have need for pronouncing negative happenings when you are not privy to that which another, yea, especially a partner, is doing in your absence. Nothing is different except your physical presence but you will conjure, worry and collapse under the stress of NOT KNOWING. Moreover, conditioned learning allows you to see the inconsistencies throughout the life journey and that is both wise to recognize and yet, devastating to always assume the worst. Therefore, you must live your life and seek your goals in every avenue presented and, should one fail you—you are not devastated but rather fully backed up by alternative actions. Each and every one of you can give example after example of “it can’t be...” but it IS. Moreover, does the failure of one person mean that the next will fail? Look for the clues in every relationship and do not place expectations beyond the ability of another to “perform”. Consider “possibilities” in potential (good or bad) and if you do everything to the utmost of your own ability to act only in truth and honor, that reputation will bear fruit far beyond the moment of experience itself. It takes a while to build a reputation which cannot be torn down through the assaults of would-be turncoats.

Do you see that you cannot tear “me” down through silly games—except when you play at being the fools? I have not changed in person or mission and my truth now is the same truth as “then” and shall be truth tomorrow! I am sorry, you excuse givers, for to actually commit crimes in the name of goodness is compounding your

errors. Your own guilt will ultimately reveal the hidden facts, if you are party to evil. Calling me evil will not make one iota of difference. I also am amused at those who present “me” as their speakers and now call Dharma some kind of dark-presence liar. If “I” were to be such a change artist, how could anyone believe in anything and much less continue to commit crimes and lies, and present that which gives the very evidence in publication of their own evil intentions and actions? If “I” were a lie, why would Norey and Ed CLAIM that I am now of and with them? Why would a George Green, who actually thieved and embezzled from his own company, claim to still have access and input from ME? People, I have gone nowhere and certainly not with petty thieves and emotional cripples. YOU KNOW RIGHT FROM WRONG AND WHEN YOU CONTINUE TO DEFEND WRONG AS AN EXCUSE FOR YOUR ACTIONS, YOU ARE SURELY CONFUSED.

Why would we be struggling in the Philippines? Because this is where the change can be brought forth, for all the ingredients are present HERE. Indeed, the matooids have taken the nation but the *masse* wants change and it is the *masse* that is the real heart of a nation—not the usurpers. And yes, an evolution of better ways among the *masse* is the only feasible way to move into another stream of flow. Any change must be accomplished through phasing in of the idea and “reality”. Even if you are going to stop a river’s flow, you will have to dam it to accomplish the structuring. OR, the flow can be guided and through more balanced input and the river can become a thing of wonder instead of a dead and polluted “thing”. Man will move to that which better his condition and allows self-esteem in honor and respect. But KNOW that the river itself has to be considered from its inception (beginning) to its dumping into the sea, for it is a part of the very circulatory system of Earth itself.

Human (reasoning man) could be considered the “brain cells” of the planet. Are you an insane cell run amok or a wise and reasoning controller of idea and balanced function that allows your own cellular structure to function as well as that of the WHOLE of the “being” itself as the mechanism it is? Or, are you a bit of a parasite feeding off the other cells as fast as you can to “get the most”? Too much conceptual input to manage? Come on, students, what kind of a cell are YOU, and do you present the best mechanism or the junk-presenting disease?

Oh, I see, you don’t like the way I put it? How would YOU put it? Do you want “your way”, or the “right way”? Think about it, for sometimes your way is actually going to be the “right way”—when you make truth the measure of your journey. Do you want to create better or simply remain in the destructive path of tearing someone else to shreds after you “dropped out”? Ultimately, the truth is revealed and—guess what—GOD WINS! But who will have created the way to that win vs. who destroyed the most along the way to please ego-self? Yes, certainly, you DO choose—every time. Do you choose your life to be a “reason with purpose” or an “excuse for being”? Or, do you just want to be some level of matooid blocking the flow of “Mother’s” circulatory system?

IT IS ALL IN THE PERSPECTIVE! WORSE, THERE IS ONLY ONE PERSPECTIVE PER INDIVIDUAL: YOURS. Opinion and perception/perspective ARE INDIVIDUAL and are only held by self, while usually working to foist it off onto others—especially if incorrect or selfish in the holding. The liar

needs his colleagues to back his lie. Truth stands totally alone, if necessary, no matter what storms tear at it. Furthermore, to kill the bearer of truth does NOT kill truth, only the bearer thereof.

Subtle input is another “clue”. For an example, right here in the Philippines—where there is an ongoing “war” down south—you find all sorts of arms, as in weapons, ammunition and thus and so from “outside”. Boodles of it, flowing like water in the pipelines, and yet, the areas of battle are JUNGLE. Now, how do they do that? Well, wait and you shall find out. For instance, as there is more and more attention to such arms and ammunition and PLAN, there come the suggestions of bringing in the Elite Special Forces best recognized around the globe to go do a snatch. Then the comments come back from, yes, indeed, the Mossad (Israel’s secret forces) and, indeed, the CIA. My goodness, this does take the skirmishes out of the assumption that some Moros or Malay natives are the instigators and only participants in international kidnapping operations.

The point is to heap up the confusion and then everyone is distracted enough to find another diversion to thought while the victims spend a summer (at least two more months expected) in the jungle, while the children play. The claim of “Muslim” or “Christian” becomes totally absurd, doesn’t it? Ransom? Oh, no, that is out, but as last year, you could maybe pay “room and board” expenses.

While this takes place, there is a pile-on of “enemy camp seizures”—after the inhabitants have departed under the hail of bullets and war cries. Say what? You have just seized your neighbor’s houses after you have driven him out? Seems like a BATF operation to me but, frankly, with far less actual murder involved. No, these are not “native games”—these are the games conjured and played under the orchestration of the POWER ELITE MATTOIDS. The Philippines can’t even cover a simple natural disaster—as there are no reserves to cover what is ongoing and hitting from every direction. Can you change this overnight? Well, no, but you surely could start to do so.

Meanwhile, the “chosen ones” of the Elite are making their rounds of nations presenting the way it is “going to be”, while the ones back home go down in a hail of assaults when the traveling show created the problem in his-own-time-at-the-helm. Wow, human people are weird, students.

I suggest that you who must make this run realize the problems along the way but allow for the positive realization that others are diligently working as well as yourselves. If necessary for patience in waiting progress reports, just keep at what you find to do—preferably pleasant in perception, for “misery” is not a sought-after goal of worthy acquisition. And to you who question mismanagement of, say, the Phoenix Institute: Wouldn’t you say that perhaps the biggest mismanagement would maybe be in paying the ones who actually stole from the Institute—called *Spectrum*? Does Dr. Young consider paying the bills for his expenses, office, paper, etc. to be mismanagement? Perhaps his contributors do. However, once again, the lie: **The Editorial states that there are “investors” in the Institute. No, there are lenders—who knew exactly what they were doing—and the notes are not yet due.** When the lie is presented in such manner, expect a rebuttal. A “half-truth” is a LIE. Remember it.

Salu and good afternoon,

GCH

dharm

# The News Desk

By John Ray

## ISRAEL MAKES NUCLEAR WAVES WITH SUBMARINE MISSILE TEST

By Uzi Mahnaimi and Matthew Campbell,  
*Sunday Times*—UK, 6/18/00

Just as President Bill Clinton is engaged in a bitter public debate about how best to defend America from missile attacks launched by “rogue” countries such as Iran, Israel’s intensely secretive military preparations against the same threat have gone a stage further.

Israeli defence sources claim the country has secretly carried out its first test launches from submarines of cruise missiles capable of carrying nuclear warheads. The launches last month from German-built vessels in the Indian Ocean were designed to simulate swift retaliation against a pre-emptive nuclear attack from Iran.

While Israel’s generals may be jubilant at the breakthrough—the missile is said to have hit a target more than 900 miles away—the development raises the worrying prospect of an escalation in the Middle East’s nuclear arms race just as peace talks have been thrown into uncertainty after the death of President Hafez al-Assad of Syria.

According to Israeli sources, the three Dolphin-class submarines will give Israel a crucial third pillar of nuclear defence to complement the country’s already much-vaunted land and air ramparts. While the Israelis’ intention of using the German submarines as roving nuclear launch platforms had long been suspected, few experts had expected them to develop the capability to fire submarine-based cruise missiles so soon.

Planning for a submarine-launched nuclear deterrent was accelerated after reports in the early 1990s by Mossad, the Israeli intelligence service, that Iran would be capable of staging a nuclear missile attack against Israel by 2000.

The latest Israeli estimate has put that threat back by two years. But uncertainty over Iran’s level of nuclear capability has not slowed Israel’s drive to bolster its defences.

The Dolphin-class vessels are among the most technically advanced of their kind in the world. They are twice as big as the 23-year-old Gal-class submarines that the Israeli Navy has relied on to date.

Israel ordered the submarines from Germany when it could not find an American shipyard to produce the diesel and electric-powered vessels it needed, according to Israeli sources.

In a sign of the sensitivity of the project, elite crews have been assembled to man them: The 35 officers and men aboard each vessel have been nicknamed “force 700” because of the average 700 points they scored in psychological tests devised by the Israelis. The scores are equivalent to an IQ of 130-140. Another five specially selected officers solely responsible for the warheads will be added to each vessel once the missiles are operational.

America’s supply of military technology to Israel is a sensitive political issue. Last week there were calls in Washington for a cut in aid to Israel unless it cancelled

the sale to China of a spy plane built with American-supplied technology. [**“Calls” for a cut in aid, yes—but there is no question that it will still go through.**] The Pentagon fears it could be used against American pilots.

Since achieving nuclear capability in 1966, Israel has kept a hawkish eye on its neighbours’ fumbling steps towards acquiring weapons of mass destruction.

Its fears were dramatically illustrated in 1981 when Menachem Begin, then Prime Minister, sent eight F-16 jet fighters to destroy a nuclear reactor in Iraq in an episode condemned around the world as reckless military adventurism.

In 1986, Mordechai Vanunu, a former technician at the Dimona nuclear reactor who revealed secrets of Israel’s programme to *The Sunday Times*, was kidnapped by Mossad and jailed. He remains incarcerated.

A decade later, Israeli fears appear to have proved well-founded. Washington routinely cites Iraqi and Iranian nuclear ambitions as justification for America’s multi-billion-dollar missile-defence system, whose deployment may be ordered by President Bill Clinton this year.

America will not look kindly on Israel’s development of a remarkable new military capability at such a delicate stage in the peace process [**barf**].

“This is certain to irritate the Clinton Administration,” said a defence analyst in Washington. [**Not true. Does anyone think the ZOG (Zionist Occupational Government) of the U.S. in any way is irritated by Zionist actions in Israel?**] “It makes it that much harder to get non-proliferation to stick in the Middle East.” [**True—so what is the probable intention?**]

Despite a good personal relationship between Clinton and Ehud Barak, the Israeli Prime Minister, relations between the two countries have soured in recent weeks. On top of reports of the extraordinary extent of Israeli espionage in Washington, Israel’s proposed sale of the spy plane to China has outraged American congressmen.

Under a contract with the Chinese, Israel Aircraft Industries has installed a Phalcon airborne early-warning system in a Russian-made Ilyushin. China has an option for three more such planes. American officials say they fear they will pose a threat to Taiwan—as much of an American ally as Israel—and upset the military balance. Relations have been strained further by other Israeli missile tests conducted without advance warning to the Pentagon. Last month, the American Navy criticised Israel for test-launching a Jericho ballistic missile off its coast in April when an American warship in the vicinity momentarily thought it was under attack.

Pentagon officials said the missile landed about 40 miles from the warship. “That’s pretty close for a missile that’s not the most accurate,” said one official, adding that this was the third time in two years that Israel had conducted “no notice” missile tests near an American warship.

**[JR: The U.S. should declare Israel a rogue state for**

her espionage in the U.S., for selling for profit U.S.-developed technologies and for endangering U.S. warships during missile tests. Any of these charges would warrant sanctions and ending of financial aid. We don’t do it because Israel controls what we refer to as our U.S. Government. They nearly sank the *U.S.S. Liberty* and killed American sailors but only said it was just a mistake or misunderstanding. How come those lame excuses don’t work for Iraq, Iran or even Serbia?]

## S. KOREAN PRESIDENT: DANGER OF WAR OVER

By Michael A. Lev and John Diamond,  
*Chicago Tribune*, 6/16/00

SEOUL—A day after the success of the Korean summit, the President of South Korea returned home triumphant Thursday but also facing a new challenge: how to channel the euphoria and turn the optimism of the last several days into a manageable relationship between North and South.

After saying goodbye with a hug and a wave from North Korea’s previously demonized leader, Kim Jong Il, Kim Dae Jung flew to Seoul and gave a victory speech that will be remembered either for its prescient vision of Korean reconciliation or as a naively optimistic sop.

“There is no longer going to be any war,” Kim said about North Korea, the country the U.S. State Department still considers a rogue nation. “Regardless of what they have been saying and how they have been acting outwardly, they have deep love and a longing for their compatriots in the South.”

The South Korean leader tried to temper his elation by warning that reunification remains a distant dream, and that the summit marked only the very beginning of reconciliation.

But he sounded convinced that North Korea is not the evil nation it was always assumed to be. [**Which nations are evil—as in, opposed to or blocking goodness for others? In what one nation is the GAIA program not permitted to operate? And with what other nations is the U.S. allied?**]

If he is right, Kim Dae Jung’s extraordinary diplomacy will be responsible for winning the last remaining battle of the Cold War. If he is wrong and North Korea fails to live up to the broad principles of cooperation it agreed to at the summit, a new chill likely will settle on the Korean Peninsula, and the fragile truce that has held for years will be tested again.

The problem with analyzing North Korea’s intentions is that nobody can predict the behavior of the enigmatic Kim Jong Il. He proved that point better than anyone with his charismatic performance during the summit as a confident deal-maker, when many in the world had assumed him to be an aloof, eccentric sociopath.

Despite his behavior toward his South Korean counterpart, almost no one outside of North Korea knows Kim Jong Il well enough to characterize him. He remains a secretive second-generation leader who has ruled his crumbling country in self-imposed isolation.

Kim Jong Il signed the joint declaration with South Korea on Wednesday that sets a broad framework for seeking reconciliation and eventual reunification, but he did not say anything of substance in public of what he thinks the document means or where exactly it will take the two sides.

That interpretation has all been left to Kim Dae

Jung, who painted an extraordinary vision of North Korea as a newly approachable member of the same family [**held apart only by the Zionists' Hegelian dialectic**]. He predicted that the two sides would be able to work together on economic projects such as restoring severed rail links, and he suggested that they might be able to find common ground on the most sensitive issues, such as controls on North Korea's missile and nuclear-weapons programs.

Many people in South Korea share the overall excitement. As Kim's motorcade from Seoul's airport passed through downtown Thursday evening, 50,000 people filled the sidewalks around City Hall to cheer their leader's name.

"Everything is different now," said Goh Kun, Seoul's Mayor, who rode with Kim. "Tonight will be the turning point. We will rewrite our history."

Not everyone agrees.

Kim Im Hong, 73, has not seen or heard from his elder and young sisters since he left North Korea 53 years ago. The North-South declaration promises that some families divided by the Korean War will be allowed to visit each other as early as this August. But he is more than skeptical.

"I don't expect to see them," he said. "I don't know if they are still alive. Both countries have mistrusted each other for so long. It will take a lot of time to overcome this."

Scott Snyder, the Korea representative of the Asia Foundation, would love to know if the delightful, agreeable Kim Jong Il who appeared before the cameras is serious about engagement. Or perhaps he is just trying to take South Korea for a ride to see if he can extract financial aid for empty promises.

While trying not to appear to be buying North Korea's friendship, Kim Dae Jung made it clear Thursday that he has big plans for investment in the North. He said that rebuilding the railroads could link Korean factories to European markets, and that the combined workforce of the two countries would make a formidable global competitor.

"At a time when the world is also entering into borderless and boundless economic competition, how can we survive if we, who are one people, waste our energy against each other?" Kim Dae Jung asked in one of many expansive musings during his speech. "On the other hand, even if we cannot unify the country right away, we can open the skies, roads and harbors. We can come and go freely, cooperate with each other, develop the economy together and have exchanges in culture and sports. Wouldn't the Korean educational tradition and cultural creativity be assets in the age of knowledge in the 21<sup>st</sup> Century?"

Meanwhile, in Washington, the Clinton Administration announced Thursday a 50,000-ton food donation for North Korea, bringing to 450,000 tons the amount of aid the United States has sent.

The timing of the donation for famine-racked North Korea was unrelated to this week's summit between North and South Korea. But the Clinton Administration was clearly seeking gestures to show its support for the warming relations between the two nations. [**Yes, the appearance of helping is necessary.**]

White House spokesman P.J. Crowley said the Administration was prepared to make good on a commitment President Clinton made last September by taking the bureaucratic steps needed to ease some economic sanctions against Pyongyang.

Once the paperwork is completed, possibly within a

week, North Korea would be allowed to export raw materials and goods to the United States.

**[JR: A lot of mistrust of the North has to be overcome after almost 50 years of separation and then there is South Korea's close ties to the U.S. A united Korea could make her a major world competitor. How timely of Clinton to send food supplies to N. Korea. Especially after imposing sanctions and inducing the worst of famines. The U.S. would be very happy to "assist" in this unification and neutralize North Korea's nuclear-weapons program.]**

#### KOREA DETENTE BRINGS ON JITTERS

By Merrill Goozner, *Chicago Tribune*, 6/18/00

WASHINGTON—It was a riveting spectacle: the leader of an economic basket case—Kim Jong Il of North Korea—smiling confidently at the cameras after meeting his southern counterpart, Kim Dae Jung.

The world immediately focused on national-security implications. What would it mean for the hundreds of thousands of troops, including 37,000 Americans, arrayed along the world's last Cold War border? Would the rogue nation put its missile program on hold? And what does it portend for the U.S.'s planned missile-defense program?

But the economic implications could be just as large, especially if North Korea turns out to be the butterfly that flapped its wings. Economists coined the butterfly metaphor to explain how a relatively insignificant event could set off a string of unanticipated cataclysms in the world's richest nations.

Steps toward Korean reunification—a potential butterfly—are near the epicenter of events that have already faded from view for both policymakers and the public: the Asian financial crisis. Only two years ago, the global economy found itself in a summer of discontent filled with currency devaluations, the Russian default and the near collapse of a previously little known hedge fund.

The crisis drove the U.S. economy toward a free fall. The proud South Koreans, accustomed to nearly three decades of uninterrupted economic growth, watched their economic miracle teeter on the brink of insolvency. Thousands of South Koreans donated their jewelry to a government pleading for national austerity to stem the financial rout.

Global fears abated only after the International Monetary Fund arranged a series of national bailouts; Federal Reserve Board Chairman Alan Greenspan ordered three rapid-fire interest rate cuts; and the Fed coordinated a bank bailout of the Long-Term Capital Management hedge fund. That fall, with the stock market in full retreat, President Clinton called for a new global architecture to govern the world financial system.

The rate cuts stemmed the economic chaos and the bailouts worked, but the new architecture has remained on the drawing boards.

"It seems you can only consider serious reform when there's a crisis," said Greg Mastel, an international-trade economist at the New America Foundation.

With the Clinton Administration heading toward its final days, the belief that global financial instability represents a clear and present danger to prosperity has all but disappeared. When the leaders of the world's leading industrialized nations meet in Okinawa in a few weeks, observers say they will talk about national-

security implications of the possible rapprochement on the Korean Peninsula.

But they will devote little time to what may be the more significant long-term question: What will happen if the South Korean economy takes on the burden of supporting the impoverished 22 million people to its immediate north? Will it threaten the rest of the world's economy?

The precedents are not reassuring. West Germany was far richer than South Korea and East Germany was far richer than North Korea when those two countries combined. Yet their melding set back the combined German economies for several years.

One thing is clear: A bad turn in Korea would have broad economic implications. Yet the world is no better positioned today to respond to a new crisis than it was two years ago, analysts say.

"There is less urgency, but there are still some weak points out there," said Morris Goldstein, senior fellow at the Institute for International Economics. The threats are not just on the Korean Peninsula. High on his vulnerable list are the countries of Latin America, where tiny Equador is flirting with economic catastrophe and memories of Brazil's recent slide remain strong.

Virtually all Latin American nations have strong links to the U.S. economy. As the debate over a new global architecture has receded, technicians at the International Monetary Fund and the leading industrialized nations focused on technical issues rather than structural reforms that many outsiders thought necessary. The IMF, under new Managing Director Horst Koehler, began bringing its lending programs for troubled nations in line with some of the more obvious criticisms leveled at it during the worst of the Asian financial crisis.

On the other hand, **the idea that private investors should also pay a price when developing economies founder met with resistance.** This is the so-called moral hazard problem attached to generous IMF lending policies. Bailing out a national economy also can bail out investors from the advanced industrial world who foolishly poured money into a smaller economy under the assumption they would be protected if local currencies and banking systems collapsed.

"The U.S. Treasury in the past has been opposed to laying out principles," Goldstein said. "They want a case-by-case approach."

On the other hand, global financial managers believe they have a new consensus on managing currency regimes. Countries will no longer be allowed to peg their currencies to the dollar and then adjust them when local conditions such as inflation get out of hand.

But controversies on a range of other far-reaching issues continue to generate reams of papers and little consensus. Among the questions: What can be done to encourage developing countries to rapidly adopt First-World standards for banking and accounting? Or should the IMF get out of the poverty-alleviation business and leave that to the World Bank? Or how can global institutions regulate off-shore hedge-fund havens like the Cayman Islands?

Nor have the managers of the current global financial architecture addressed proposals to alleviate local suffering in developing economies during a crisis. Indeed, the IMF has admitted that many of its structural reforms during the Asian crisis were unnecessarily harsh and did little to construct local safety nets for workers and the middle class who were hurt by its imposed changes.

“This was the cost of U.S. foreign policy having too narrow a focus on economic policies,” said Adam Posen, a fellow at the Institute for International Economics. “The focus should be on developing a middle class in these countries.”

**But as former World Bank Chief Economist Joseph Stiglitz has forcefully argued, the fate of the poor and middle class in developing countries is not the primary concern of those who protect the global financial system.... [In fact, as they have proven, the wellbeing of the people is not of any concern to them at all.]**

**[JR: Reform won't come from the WB or IMF because it would restrict their greedy grab of the world's assets. These banksters would gladly assist North Korea if given the chance, in order to gain control of a new territory. One thing may stand in the way: Russia wants to be included in the negotiations and planning for reunification. Let's hope that the GAIA program will be considered for helping to rid the world of these asset vultures. Enough positive thoughts will put this in motion.]**

#### RUSSIA PUBLISHES NUCLEAR-ARMS BOOK

By Bill Gertz, *The Washington Times*, 6/12/00

**[If you and others you know to be sane were up against an armed homicidal maniac, wouldn't you want those others to be armed as well?]** Russia's Defense Ministry and military industry have produced the first public encyclopedia on its strategic nuclear arsenal that provides unprecedented details about Moscow's weapons systems.

The book was produced in cooperation with arms exporters and is a comprehensive collection of photographs and diagrams on most Soviet, and now Russian, strategic weapons systems, including intercontinental ballistic missiles, nuclear-missile submarines, bombers, and testing and support facilities and equipment.

For example, the book lists the nuclear yield of the warhead for Russia's newest road-mobile ICBM, the SS-27, at 0.55 megatons—or the equivalent of 550,000 tons of TNT. It also states that the missile is accurate enough to place the warhead within 0.9 kilometers of its target.

A diagram shows the flight path of a 10-warhead missile fired from a submarine. The re-entry vehicle maneuvers during flight and guides each warhead to a target over an ocean—an implicit reference to the United States.

The book also shows a photograph of the 1-kiloton nuclear warhead used on Russia's anti-aircraft missile interceptors that is “designed to engage single and multiple air targets at altitudes of 7.5 kilometers... up to 40 kilometers.”

The highly detailed information contained in the book on Russian missiles has raised questions among some U.S. national-security officials and experts that Moscow is preparing to put its nuclear warhead and missile know-how up for sale.

One U.S. defense official said the book appears to be a “sales brochure” for Moscow's weapons exporters, who helped to produce the publication. The information also could be used by states like North Korea, Iran and Iraq to assist the development of their long-range missiles, the official said.

A copy of the book, *Russia's Arms and Technologies: The XXI Century Encyclopedia*, was

obtained by *The Washington Times* from its U.S. distributor, TommaX Inc., a New Jersey company that specializes in defense and aerospace technical data. The 511-page first volume on Strategic Nuclear Forces costs \$495.

TommaX President Thomas J. Langan said the book provides a never-before look inside the Russian nuclear complex. “Some specific information has been released for the first time and will be very useful to our intelligence community,” Mr. Langan said.

A Defense Intelligence Agency spokeswoman had no immediate comment on the book. Russia's Defense Minister Marshal Igor Sergeev stated in the introduction that the series on the Russian weapons will help boost exports of Russian arms and technology.

In addition to providing information about Russia's weapons systems and equipment, the series will show the “major directions of Russia's military-technical policy at the beginning of the 21<sup>st</sup> Century and its potentialities to export arms, military equipment and defense technologies,” the Defense Minister said.

As for the strategic nuclear arsenal, Mr. Sergeev stated that nuclear weapons still are needed after the Cold War because of new dangers, including the increasing number of countries with nuclear arms.

“Under these circumstances, Russia's nuclear weapons, strategic above all, continue to be the most important deterrent and strategic stability factor,” he said.

Mr. Sergeev did not say Moscow intends to sell nuclear weapons and equipment. However, he said conventional arms sales will continue. The book will “help Russia implement its new strategy in the field of military-technical cooperation with other countries,” he said.

He made no mention of Russia's new nuclear doctrine that places a greater reliance on the use of nuclear weapons in conflicts because of the decline in conventional forces since the breakup of the Soviet Union in 1991.

The book has new details on Russian nuclear command-and-control facilities, including mobile command posts, spy satellites and communications networks used to send orders to nuclear missile submarines.

It also contains diagrams that show the layout of nuclear-missile submarines and mock-ups showing the placement of components inside missiles.

Facts about Russia's mobile missile launchers, including important specifications that could be useful in making copies, also are included.

The book reveals details about once-secret Russian nuclear research centers and contains photographs of the remote Arctic nuclear-weapons test facility at Novaya Zemlya, where several secret tests were recently detected by U.S. intelligence agencies.

As for bombers, Russia's air-launched nuclear cruise missiles are shown and details about the characteristics of the missiles are included as well as diagrams showing aerial refueling capabilities.

Nuclear storage facilities, bomb containers and their security systems also are shown, information that analysts say would be useful to saboteurs or thieves.

Henry Sokolski, a former Pentagon weapons-proliferation specialist, said the book highlights the danger of spreading strategic nuclear weapons information to rogue states.

“It is not just people pulling stuff down from the Internet or from the United States that people can learn

about strategic weaponry or procedures for their use,” said Mr. Sokolski, Director of the Nonproliferation Policy Education Center.

Russia has been identified by the CIA as a major proliferator of weapons of mass destruction and missile systems, including sales to China, Iran, Egypt, Libya and Syria.

**[JR: A lot of speculation here. Why is Russia being so open, at this particular time, about her weapons systems? This could be their declassified list of weapons already known to the West—implying that their secret arsenals are much more advanced. It may be just what it implies: an arms catalog open for the highest secret bid from their friends and allies. Just recently Clinton said he wanted to share U.S. technology with China, now it seems Russia is going one step further by sharing theirs with the rest of the world.]**

#### MAHATHIR RUNS RINGGITS AROUND SOROS

By Shastri Ramachandaran, *The Times of India*, 6/15/00

KUALA LUMPUR—Less than three years after the spat between Malaysian Prime Minister Mahathir Mohamad and U.S. [sic—he is British, not that it makes much difference] financier George Soros, **Malaysia is richer and Mahathir the winner. Soros, whom Mahathir called a “moron”, is wiser although certainly the poorer for the lessons.**

The 1997 East Asian financial crisis witnessed a titanic clash between Mahathir and Soros, allegedly the “rogue speculator” who sent into a free fall the currencies of Malaysia, Indonesia, South Korea, Thailand and the Philippines. In the war of words that followed, Mahathir and Soros exchanged evocative epithets. Predictably, Mahathir was demonised as a “lunatic”. Experts, economists, international financial institutions (including the IMF and the World Bank) and global crisis managers embarked on a rescue mission, which only the Malaysian Prime Minister spurned. **He was determined to find his own way out of the crisis. And he did.** He is now hailed as a “visionary” for re-making the miracle.

In contrast, Soros is out of global market speculation. Assets of his flagship \$8.5 billion Quantum Fund have crashed by \$5 billion in the NASDAQ nosedive. Soros' confessional “I screwed up” should be music to Mahathir's ears.

Mahathir has not only worsted Soros but also discredited doomsayers, the IMF-World Bank and all those who feared for Malaysia's future because of the Prime Minister's go-it-alone strategy. While other South East Asian countries went hat in hand and head bowed to the IMF for multi-billion dollar bail-outs which came with prescriptions of tight fiscal and monetary policies and freer trade and capital flows, Mahathir struck out on a course of his own.

**What he did to not only pull back Malaysia from the brink but spectacularly revive its economy in record time is replete with lessons.**

\*Mahathir defied the conventional wisdom of the international financial community and brought in strict short-term capital-control measures;

\* made the ringgit non-convertible and pegged it to the dollar—from the pre-crisis high of RM 2.5 to 4.2 to a dollar;

\* banned holding of ringgits in accounts abroad, mainly in Singapore because of the higher interest rate;



- \* banned Government employees from foreign travel;
- \* scrapped the facility allowing Malaysians employed abroad to bring home imported cars;
- \* foreign investors were not allowed repatriation of profits for a year;
- \* imposed tough credit restrictions;
- \* set up three agencies—for corporate debt restructuring, for asset management and for refinance—which together helped industry to recover and recapitalised;
- \* declared 1999 tax free with no corporate and income tax for one year—this increased spending and consumption;
- \* and boosted domestic tourism to generate income, which ensured that hotels—including the 900 new ones which had come up before recession—did very good, but less than normal, business.

Malaysia's recovery is almost as dramatic as it is full-blooded. Today, the ringgit is once again stable, pegged at 3.8 to a dollar—it would be stronger if made convertible. **And “Mahathir’s vision” is the talk of the world financial community.** The czars and Cassandras are talking about a new mindset triggered by Mahathir's accomplishment. In a startling reversal, the World Bank has given up its opposition to short-term capital controls. Maybe it is time to look at other economic ideas of Mahathir.

**[JR: Dr. Mahathir rejected IMF loans and all the controls attached and, instead, established his own positive initiatives tailored for Malaysia during the Asian economic crisis. In so doing, he created a stable economic environment for his country and his people. He has made Malaysia independent of outside oppression and the Elite are not pleased with his successes. His policies could make Southeast Asia a mecca for progress.]**

### THE BIG IS

By Zoh Hieronimus, *NewsMax.com*, 6/16/00

For ten years, like millions of others worldwide, I have fought the globalization initiatives such as the *NAFTA* (North American Free Trade Agreement), *GATT* (General Agreement on Tariffs and Trade), *WTO* (World Trade Organization), and now the *GEM* (Global Equity Market). *GEM* integrates ten of the world's largest stock markets, representing 60% of the planet's financial stream and over 20 trillion dollars annually.

Now, I do not resist globalization because I am xenophobic, and I do not fight this destruction of sovereignty because I am an isolationist, I like others recognize that we are not talking about a process that necessarily improves the world for the vast majority of human beings, but instead quite the reverse. **Globalization has already proven itself the spoiler of communities, a thief dressed up in the good Samaritan's clothing quietly stealing representative law-making and -keeping.**

**Designed not to improve the fate of workers, the environment or the consumer, but instead designed to improve the corporate ownership and aid their government insiders,** the “down with nation” co-ed cheerleaders and their team players, with the clock running out on our liberty. *NAFTA* did not, as advertised, either improve the fate of Mexican workers, nor did it improve the fate of American workers. In both cases, each is suffering.

Jobs lost to the *maquiladora* zone did not lift Mexicans out of poverty; rather it assured that more

Mexicans would need to illegally cross the borders in search of wages better than the multinationals are required to pay. The *GATT* has not improved our own nation's liquidity, quite the reverse. We have incurred greater debt than before the *GATT* as a result of impositions preventing us from implementing tariffs at our borders, a constitutional mandate for placing the burden of our common defense on foreigners enjoying the privilege of selling or manufacturing their products in America. **The WTO is the globalist economic court of sorts, while it meets in secret and no citizen can seek representation for their own injuries there, nations are stripped of their inherent obligation to protect their own people from foreign intrusion. Instead the WTO, like madmen in a sacred library tearing out pages from sacred manuscripts, is behaving much like free radicals do in the body, leading to cancer.**

**To think that the nation finds it acceptable for three un-elected bureaucrats in a foreign forum to tell us what laws we can or can't keep is so preposterous as to be unbelievable.**

**But I am here to tell you, believe it. I got into broadcasting full-time after reading the NAFTA ten years ago. I realized then that the method for our destruction as an independent nation was not hidden from view.**

**As most [tyrants] and camouflage artists know, you do not hide what is dark but instead surround it by the light of day—it is neither experienced for its malefic nature nor suspected of being an insidious or devious plan. Much like a daytime burglar who walks among us in work clothes, the NAFTA, GATT, WTO and other instruments of corporate state ascendancy, or global Fascism, are available to us in broad daylight, and so are their advocates.**

But the latest addition to Kofi Anan's chant that the UN needs, not a peacekeeping force, but a military force to enforce the peace, an interesting Clintonesque... twist of words, is the *GEM*.

This market assures further erosion of national sovereignty and security. Connecting most of the world's financial markets by electronic union removes any firewalls of security one market had from another. The internal bankers no doubt conceived this as globalised liberation for them, a borderless, seamless veil over all nations' sovereign decision making about their economies. It's a daylight seizure by the golden-calf runners.

But hasn't anyone already seen what happens when things are connected electronically? Or perhaps they have. If one were to create global chaos, a war is not necessary, though proven successful in the past, to boost sagging economies and failed dictatorships, our executive dictatorship, and others more old fashion in structure, but the *GEM* assures those that manipulate the fate of nation's solvency a front door, both for ripping off a nation's investors as well as a nation's independence.

We have gone from 7-11s being open 24 hours a day as a convenience to the consumer, to now the stock markets of the world being opened 24 hours a day? Rather than making any natural system of supply and demand more balanced, an artificial revolving door of capital is being established. In this way, foreigners can manipulate entire nations' stability. And at last the *GEM* puts in place the hideous reality, that they who hold the gold rule, only now they may have the might to rule the world and not just their own companies, banks or assets. Globalization “IS”.

The question is, what does the IS look like. I see an IS dripping with the blood of those who will resist it for freedom. I see an IS with fangs, as though a vampire

cannibal drooling over its latest victims. I see an IS that eviscerates communities of their representation. Might this be the IS that Clinton asked so candidly, “It all depends on what *is* IS.”

**[JR: The manipulation of both the U.S. and world markets is a fact. The tricksters don't have to hide any more because the greedy investors are convinced the market is invincible. World crises, such as wars and economic collapse, are not factors the market reacts to anymore. We are buying into the lies and it is destroying us. If money makes the world go 'round—why is it in such sad shape?]**

### CRITICS ACCUSE HAIDER OF ABUSING LIBEL LAWS

By Kate Connolly, *The Guardian*—UK, 6/17/00

PRAGUE—Some of Austria's most prominent thinkers have launched a scathing attack on the far right leader Jörg Haider, accusing him of endangering the freedom of speech by his attempts to “criminalise” his critics.

The [**Khazar-backed**] group, called University and Democracy, is led by one of the country's leading historians of the Nazi era, Gerhard Botz, and is supported by academics and journalists. It claims that while the Austrian Government presents itself as a free and democratic country abroad, at home intimidation techniques—notably lawsuits in which the rightwing Freedom Party (FPO) sues its critics for defamation—are being used to silence dissenters.

The group has sent an open letter to President Thomas Klestil, calling on him to intervene. “If not forcefully opposed, it [the FPO] threatens to limit freedom of speech and, therefore, political debate in Austria at a time when it is most needed,” it said.

In support, a group of 35 American historians and social scientists, including Jeffrey Herf, a leading expert on Nazi Germany, sent a letter to President Klestil yesterday, urging him to “do all within your power to preserve the widest possible area for political expression in Austria”. **[We don't suppose that *The Guardian* would care to criticize the Jewish ADL for its suppression of free speech here in America. But that's the Khazars for you—always wanting to have it BOTH ways.]**

During his rise to prominence, Mr. Haider gained notoriety for comments which suggested he was sympathetic to the Nazi regime. He hailed SS veterans as “men of character” and praised Hitler's unemployment policy. He has since tried to distance himself from these remarks.

In the past few months he has sued anyone who “defames his character” by linking his name to Nazism, taking to court various publications, political scientists, commentators and linguists who claim to have found hidden psychological messages in party publicity material.

The most prominent case so far involves the political scientist Professor Anton Pelinka of Innsbruck University. Last month a Vienna court convicted him of defaming Mr. Haider in an interview with Italian television in which he claimed that the Governor of Carinthia Province had made statements “which amount to trivialising National Socialism”.

Prof. Pelinka, who was fined 60,000 schillings (£3,000) and ordered to pay court costs, is to appeal to the European court of human rights. **[So the Austrian court said that Mr. Haider did NOT trivialize National Socialism (Nazism).]**

In Democracy and University's letter, the signatories express their concern at the "willingness of an Austrian judge to countenance such a transparent attempt by Haider to use the courts to intimidate his political critics".

Another controversy is raging over the involvement of Mr. Haider's personal lawyer, Dieter Böhmendorfer, who is now Austria's Justice Minister. Officially, he no longer acts as a lawyer while being a minister, but his law firm still operates under his name and uses stationery in dealing with the current cases with his name on the masthead.

A Freedom Party spokesman, Karl Heinz Petritz, said in a telephone interview that Mr. Haider and the Freedom Party were "simply defending the right to sue those who speak untruths about us". **[And what's wrong with that? The ADL, for instance, uses the courts to attack those who speak the TRUTH about them.]**

He added: "The trouble is the left wing [gets] so confused and upset when they are forced to go to court for spreading nonsense." When asked to elaborate, he hung up.

Mr. Haider stepped down as FPO leader earlier this year to reduce the pressure on his Party but remains its *de facto* leader. European Union sanctions in protest at FPO participation in Government remain in place.

**The Libyan leader, Colonel Muammar Gadhafi, has expressed admiration for Mr. Haider, called him an ally in the fight against Zionism and promised to protect him against attacks from the EU.** Mr. Gadhafi, whose son is a close friend of Mr. Haider, refused to confirm or deny rumours that during a trip to Tripoli last month Mr. Haider purchased cheap petrol from Libya, which is now being sold in the province he governs, Carinthia.

**[JR: Mr. Haider is using the same tactics the false Jews (Khazars) use by taking his attackers to court. When others (non-Jews, goyim, cattle) adopt their methods, they feel threatened and scream persecution or anti-Semitism. Only truth is going to change this world, readers!]**

#### FEDS' CONFLICT OF INTEREST OVER VACCINES?

By Jon E. Dougherty, *WorldNetDaily*, 6/16/00

The House Committee on Government Reform has pledged to examine complaints that some pharmaceutical companies have been exerting undue influence over key federal advisory committees tasked with approving vaccines for mandated health-care programs.

Yesterday, the Committee, chaired by Rep. Dan Burton, R-Ind., held hearings into what some have called an "incestuous" relationship between drug-makers and those charged with approving them for use in mandatory child vaccine programs.

Last August, the Committee launched an investigation into charges that some drug companies had a conflict of interest with federal policymakers who decide which vaccines would be mandated or approved for the general public.

According to a statement, the Committee conducted an extensive review of financial disclosure forms and related documents, and interviewed key officials from the Food and Drug Administration and the Centers for Disease Control and Prevention.

"In the course of the investigation, the Committee has discovered that many individuals serving on two key advisory committees have financial ties to the pharmaceutical companies that manufacture vaccines," said a Committee report on Wednesday. "Often, these individuals were granted waivers to fully participate in the

discussions that led to recommendations on vaccine licensing and adding vaccines to the Childhood Immunization Schedule."

Under federal law, advisory committee members must recuse themselves from making decisions about vaccines in which they may have a financial interest. Also, advisory members are required to disclose any financial conflicts of interest.

However, the Committee's investigation found that "conflict of interest rules employed by the FDA and the CDC have been weak, enforcement has been lax, and committee members with substantial ties to pharmaceutical companies have been given waivers to participate in committee proceedings".

Specifically, Burton's investigation found:

The CDC routinely grants waivers from conflict of interest rules to every member of its advisory committee.

CDC advisory committee members who are not allowed to vote on certain recommendations due to financial conflicts of interest are allowed to participate actively in committee deliberations and advocate specific positions.

The chairman of the CDC's advisory committee until recently owned 600 shares of stock in Merck, a pharmaceutical company with an active vaccine division.

Members of the CDC's advisory committee often leave key details out of their financial disclosure statements and are not required to provide the missing information by CDC ethics officials.

Yesterday's hearing focused specifically on the FDA's and CDC's approval of the controversial rotavirus vaccine in 1998 and 1999. The Committee's report said that three out of the five FDA advisory committee members who voted to approve the rotavirus vaccine in December 1997 had financial ties to the pharmaceutical companies that were developing different versions of the vaccine. And, investigators said, four out of the eight CDC advisory committee members who voted to approve guidelines for the rotavirus vaccine in June 1998 had financial ties to pharmaceutical companies that were developing different versions of the vaccine.

The vaccine was pulled from the market a year after its approval because it caused severe bowel obstructions.

However, CDC and FDA officials defended their decision to launch the vaccine, saying that studies showed virtually all U.S. children were susceptible to the rotavirus.

Dr. Dixie Snider, Assistant Surgeon General and Executive Secretary of the CDC, testified that the rotavirus vaccine was approved for a number of reasons.

"The vaccine could prevent 50 to 75 percent of all rotavirus cases, and it was found to be effective against 80 percent of the most serious cases, where dehydration and death were involved," Snider said. **[But always watch for what a Khazar does NOT say—see below, regarding "intussusception".]**

"The rotavirus does not respect race or gender," he added, noting that all children could contract it regardless of "social or gender" status.

Snider also said he knew of no financial conflicts of interest among advisory-panel members. Furthermore, he said a drug-maker's vaccine revenue only averaged about 1.5 percent of total revenues, "so nobody's stock was going to rise too much" by the advisory panel's approval of the rotavirus vaccine.

Critics of the Government's approval process, however, have also charged that the CDC and FDA may also have ignored key life-threatening information about the rotavirus vaccine.

According to the Association of American Physicians and Surgeons, the rotavirus vaccine was pulled after at

least 15 infants suffered life-threatening intestinal obstructions (intussusception) after receiving the vaccine.

But, the group said, "what may be even more alarming is the rate of intussusception in the clinical trials that were the basis for the vaccine's approval.

"A search of the records by AAPS reveals that it was **30 times the expected rate,**" said a report published April 6. "But neither physicians nor parents were warned to watch for symptoms of intussusception. Eight infants have needed surgery, and one lost seven inches of bowel."

"The situation with the rotavirus vaccine may be a clue to a far more serious problem with the vaccine approval process," said Jane Orient, M.D, Executive Director of AAPS, in a letter written to Burton last August.

Though official reporting methods eventually alerted federal health officials to the rotavirus side effects, Orient asked why the vaccine was approved "in the first place when the incidence of the serious complication of intussusception was far higher in pre-licensure trials" than those reported through official channels after it was in use.

"We must ask, what did they know, and when they know it?" she wrote. "AAPS has been studying the reports and has concluded that the FDA and CDC may have ignored or concealed data that showed the problems from the outset."

Despite the AAPS findings, on its web-site the CDC said of the rotavirus in March 1999: "In studies that have been done so far, [it] has been associated only with mild problems."

Orient called for public disclosure of the approval process and independent review of data, and supports a Senate measure that would require public access to all federally funded research.

"Sunshine is a disinfectant, and public access to such data minimizes the opportunity for corruption, mistakes and fraud concerning such data," she said.

**[JR: The FDC, CDC and federal advisory committees all have links and vested interests in approving these drugs. It's no coincidence that so many drugs come with warnings or have such multiple uses. It is now recommended that pre-schoolers receive 10 shots before they attend school. I didn't get that many shots when I went into the military. Children today are being exploited for profit with Government approval. Think carefully about the comment the CDC and FDC made: "...all U.S. children were susceptible to the rotavirus". Does that make it justifiable—in spite of a 30-fold higher-than-expected susceptibility of infants to the life-threatening intussusception recorded during the clinical trials? That's like saying that it's acceptable to have a 30-fold higher-than-expected casualty rate because, theoretically, we can still save the majority. Is this the kind of federal advisory mentality we want making life-and-death decisions about our children's health?]**

#### U.S. UNDER PRESSURE OVER UN COURT

By Edith M. Lederer, *Washington Post*, 6/15/00

UNITED NATIONS (AP)—The United States is trying to untangle problems with the European Union and Sen. Jesse Helms as it starts high-stakes negotiations to protect Americans from prosecution by the world's first permanent war-crimes tribunal.

U.S. Ambassador David Scheffer said Wednesday he believes the United States can get other countries to agree to a new U.S. proposal that would exempt U.S. soldiers and Government officials from prosecution—and at the

same time ensure that citizens of “irresponsible nations” are not exempt. **[This is an application of the Talmudic Noahide Laws—that the laws should apply only to the cattle, or *goyim*, and not to the “Chosen People” themselves.]**

Whether the United States can achieve that remains to be seen: Scheffer, the ambassador-at-large for war crimes issues, said his deadline is June 30, when the commission preparing for the court’s operation ends a three-week meeting.

The European Union rejected the U.S. proposals circulated in March to deal with the exemption issue, and a coalition of more than 1,000 human-rights and grass-roots groups has been lobbying delegations not to accept any U.S. changes that would undermine the court’s effectiveness and credibility.

Pressure on the Clinton Administration intensified Wednesday when Helms, the North Carolina Republican who chairs the Senate Foreign Relations Committee, introduced legislation that would bar any U.S. cooperation with the court, as long as the United States has not ratified the treaty creating it.

The United States was one of seven countries voting “no” when 120 countries approved the treaty to establish the International Criminal Court in July 1998 in Rome. Nonetheless, it is helping draft the court’s rules of procedure and evidence.

The Court was created to deal with the most heinous crimes—genocide, war crimes and crimes against humanity.

Under the treaty, the Court will step in only when states are unwilling or unable to dispense justice. It can exercise jurisdiction when either the country where the crime took place or the country whose nationals committed the crime have ratified the statute.

The treaty has been signed by 97 countries and ratified by 12, most recently Venezuela and France, a NATO ally and a permanent Security Council member. The grass-roots coalition predicts the treaty will have the 60 ratifications needed to go into force by the end of 2002.

The United States objects that American citizens can be subject to the Court’s jurisdiction if an alleged crime is committed in a country that ratified the treaty—even if the United States is not a party. Washington says this would leave U.S. troops and citizens vulnerable to politically motivated prosecutions.

Helms’ legislation would require U.S. personnel to be “immunized” from the Court’s jurisdiction before the United States participated in any UN peacekeeping operations. It also would ban U.S. military assistance to any country that has ratified the treaty, with a waiver for U.S. allies that agree to protect Americans from extradition.

Helms has vowed to block U.S. ratification of the treaty “so long as there is breath in me”.

Scheffer said the Administration was not consulted about the Helms legislation, which he called “counter-intuitive” because the Government is negotiating for the protection of Americans that Congress wants.

“That legislation is scare tactics,” said Richard Dicker, associate counsel of Human Rights Watch. “It’s not going to stop the Court. Its introduction is timed to try to intimidate delegations here from standing on behalf of international justice. It’s very unfortunate.”

The European Union objected to the initial U.S. proposal on two grounds: It could have given the permanent Security Council members who did not ratify the treaty—including the United States—a veto on prosecutions of their citizens, and it could have allowed potential war criminals to escape prosecution.

Scheffer said the United States has dropped the Security Council reference and is redrafting the proposal to ensure that “irresponsible nations” cannot take advantage of an exemption for U.S. citizens from prosecution.

“What we cannot have by June 30 is a rejection of the U.S. efforts because there will be serious consequences if that is the result,” Scheffer said.

What consequences?

“I would say that the U.S. Government—to at least a significant degree—would shut down on this treaty,” he said.

**[JR: The U.S. believes it is chief military enforcer and policy maker for world governments. NOT to have an exemption from the World Court could curtail U.S. involvement in regional conflicts. This might be a good thing. By NOT granting such a protection to the U.S., wouldn’t that improve relations around the world?]**

#### NASA UNVEILS “DIGITAL PERSONNEL”

By Andrew Bridges, *Space.com News*, 6/14/00

PASADENA, CALIFORNIA—Somewhere, someday, a supermodel may appear to answer your videophone—but address callers in your own voice.

Meanwhile, a long-dead actor might return to the screen, this time pitching a product he never tried, much less hawked, when he was breathing.

And halfway across the globe, a reporter armed with a cell phone but no camera crew could still go live from the field for the 5 o’clock television news.

TV viewers at home would hear not only her voice, but also watch—live—a lifelike animation of the roving reporter, her every expression and movement perfectly synched to her speech.

Science fiction?

Try science fact.

NASA’s Jet Propulsion Laboratory (JPL) unveiled on Tuesday its “Digital Personnel” system, a computer program that allows an animated image to morph in response to voice cues, making it appear to speak almost naturally.

It’s equal parts HAL 9000, the computer star of *2001: A Space Odyssey*, and Max Headroom, whose 15 minutes of fame as a Coca-Cola “spokeshead” ran out in the 1980s.

Unlike similar products now flooding the market, such as Ananova, the cartoonish virtual newscaster on the British site *www.ananova.com*, the NASA version—with some tweaking—can appear startlingly realistic.

The system, two years in the making, relies on a video data bank of a person enunciating the roughly 30 phonemes, or basic units of speech, that make up standard spoken English.

As the person speaks, a camera records the subject’s every facial movement. Add a few minutes of tape of the person winking, blinking and nodding for color, and the program is set to go to work.

“Once you got that, you can make the person say anything you want,” said John Wright, the project’s principal investigator at NASA’s JPL. (JPL initially developed the technology at the behest of an unnamed Government agency.)

Plug any form of speech into the program and it then picks and chooses from its library of taped facial cues, called visual language elements or visemes, what it needs to build up a fluid, two-dimensional animation of the person talking.

“Just by speaking a message, the technology can take on the presence of that person,” said Jerry Ruddle, Vice President of Sales and Marketing for Graphco Technologies Inc., a Pennsylvania company that has acquired the rights to the technology from Caltech, which manages JPL on NASA’s behalf.

Graphco and JPL officials showcased on Tuesday a video of the technology, which is still under development.

“Your mother was a hamster and your father smelled of elderberries,” the animated face was made to say. The more fine-tuned the image was, with the addition of frowns and head movement, the more nuanced and lifelike it was. Other versions, including one done with synthesized speech, appeared waxen and stilted.

Ruddle said the technology could help bridge the gap between humans and machines.

“It’ll make interacting with machines in the real world easier,” he said.

While Internet commerce sites might want a virtual human face to interact with customers, the technology might even end up in devices as mundane as your refrigerator—albeit only in ones smart enough to talk to you.

“Say with a kitchen appliance, it would be nice to interact with a human being there,” Ruddle said.

Among myriad applications, the company suggests that the technology might be used to create virtual actors—or even resurrect dead ones from the past.

Not so fast, warned Greg Krizman, a spokesman for the Screen Actors Guild, which has been monitoring the digital manipulation of actors’ images.

Laws, including California’s recently passed *Astaire Celebrity Image Protection Act*, restrict the use of a person’s likeness for commercial purposes.

Lobbying in favor of the law, the Guild casts a somewhat jaundiced eye on the phenomenon.

“It’s safe to say there is an element to what an actual performer can deliver that a virtual performer cannot,” Krizman said of the various permutations of the technology.

**[JR: I do believe one of these prototype images is running for president on the Democratic ticket. Most people would opt to have an appliance that replicated their meals rather than one that talks to them.]**

#### GUSINSKY ARREST RAISES FEARS FOR RUSSIA’S JEWS

By Tom Gross and Guy Chazan,  
*London Telegraph*, 6/18/00

The harassment of Vladimir Gusinsky, the Jewish media magnate charged with embezzlement, is being linked to attempts by the Russian Government to exacerbate a split among the country’s Jews and curb their influence in public life.

Mr. Gusinsky was unexpectedly released from jail on Friday night, after being charged, after an international outcry against his arrest last Tuesday. Several Israeli cabinet ministers and dozens of members of parliament led accusations of false imprisonment against Russia’s security services.

Tel Aviv’s intervention came as Vladimir Putin, the Russian President, sought to replace Adolf Shayeveich, Russia’s Chief Rabbi and a man with close links to Mr. Gusinsky, with Berel Lazar, a more compliant representative from an obscure sect of ultra-orthodox Jews.

The World Jewish Congress in New York said Mr. Gusinsky’s arrest was part of a disturbing pattern of pressure against Jewish interests in Russia. It said: “The

Jewish community has noted with distress the ongoing attacks by Government-owned and other media against Gusinsky and the Russian Jewish Congress.”

Russian Jewish leaders believe that this is just the start of a general move against groups that dare to be independent of the Government. “They’ve started with the Jews because we’re the most vulnerable,” said Alexander Osovtssev, Vice-President of the Russian Jewish Congress. “We’re the first to be attacked, but we certainly won’t be the last.”

Mr. Gusinsky is seen as a “soft target” because the Government could hope for anti-Semitism [**What? The Russians ARE Semites, for the most part.**] among Russians to dampen outrage over his detention. Israel’s Interior Minister, Natan Sharansky, a leading human-rights activist and a political prisoner in Russia before emigrating to Israel in 1986, called on Russia’s ambassador to Israel to express his concern over Mr. Gusinsky’s treatment. Mr. Sharansky said that “it raised all kinds of fears over civil liberties in Russia”.

Ehud Barak, the Israeli Prime Minister, said he would contact Kremlin officials and ask them to ensure that Mr. Gusinsky’s arrest would not harm the Russian Jewish Congress, of which Mr. Gusinsky is Chairman. In addition to being the Vice-President of the New York-based World Jewish Congress, Mr. Gusinsky is a leading figure among the 1.2 million Jews in Russia, where he has spearheaded the drive to revive Jewish life after decades of repression.

Mr. Gusinsky, 47, runs the Media-MOST conglomerate. He is the grandson of a wealthy Jewish industrialist who was executed during the Russian Revolution. [**Sure, and we still have a bridge for sale—any takers?**] He lost several family members during the Holocaust, and is the main backer behind the Holocaust museum and memorial being built in Moscow.

Russia’s Jews, who have begun to emerge from decades of communist repression fuelled by endemic anti-Semitism [**meaning, we suppose, their own anti-Christianism**], found a powerful liberal mouthpiece through Mr. Gusinsky’s media outlets. Aided by Mr. Gusinsky’s news organisations, they now represent a liberal and independent force that has been critical of Russia’s abuse of human rights.

Mr. Putin, in what is perceived as an attempt to reassert Kremlin authority over Russia’s Jews, backed Rabbi Lazar, whom he hopes will be more compliant. Mr. Gusinsky was arrested just five hours before Rabbi Lazar was appointed “Chief Rabbi” by Habad, an ultra-orthodox [**anti-Zionist?**] sect seeking to rival the Russian Jewish Congress.

The Kremlin was first accused of interfering with Russia’s Jews last month when Rabbi Shayevech was not invited to Mr. Putin’s presidential inauguration on May 7. His place was taken by representatives of Habad.

On May 31, Mr. Shayevech, Russia’s Chief Rabbi since 1993, said he was summoned to a Moscow hotel by Habad leaders who urged him to step down in favour of Mr. Lazar. He said: “They offered me bribes, saying they had excellent ties with the Kremlin.” [**This comment of his is, no doubt, covered by the Kol Nidre, which supposedly absolves all Talmud followers for any and all of their lies.**] Jews say that Government tactics are reminiscent of the Soviet era, when communists exerted total control over Jewish communal life.

**[JR: It is not the Rabbi issue that is causing high anxiety in Tel Aviv and the New York-based World Jewish Congress. Their hysteria is over the fact that Putin is putting the spotlight on the Jewish Oligarchs,**

**who nearly destroyed Russia through their greed and corruption. Israel protects herself from her enemies, so why isn’t Russia allowed to do the same? The bias in this article is so obvious.]**

FOREIGN-OWNED MINES  
FACE SEIZURE IN ZIMBABWE: MUGABE

*Yahoo! News, 6/15/00*

LONDON (AFP)—British and other foreign-owned mines in Zimbabwe could be next in line for seizure, President Robert Mugabe told Thursday’s *Independent* newspaper.

He said the takeover of the mines would be the next stage in a process which has begun with the seizure of White-owned farms. He also signaled other industrial sectors could be targeted for “Africanisation”. [**Does anyone believe that the Khazars are going to allow Mr. Mugabe to steal “their” mines and resources?**]

“After land, now we must look at the mining sector,” Mugabe told the daily from Harare, just over a week before parliamentary elections.

“There must be Africans in there, as owners, not just as workers,” he said.

Mugabe said gold, copper, asbestos and iron mines faced seizure or aggressive “indigenisation” as soon as his Government has redistributed millions of acres of White-owned agricultural land. [**Mr. Mugabe should be told that two wrongs don’t make a right, and that all are One and each is equal, for his own actions are as contrary to God’s Laws as were those of the Whites he has replaced.**]

“We have trained engineers of all kinds, skilled men, civil engineers, electrical engineers, mining engineers, mechanical engineers, geologists, agronomists, they’re working everywhere. But ownership? Working for whom? At the end of the day Black people must be able to say, ‘ah, the resources are ours. Our people own the mines. Our people own the industry,’” Mugabe said.

“We want the struggle to continue in this socio-economic area—so that you can empower your people economically in the same way as you have empowered them politically. It requires the political struggle once again to be kindled and the people are better united.”

Mugabe insisted the June 24 and 25 elections would be free and fair, dismissing Western concerns about voter intimidation.

“I will be ready and willing to accept the outcome, whichever way it goes,” he said.

But he described as an “impossible proposition” suggestions that the opposition Movement for Democratic Change (MDC), could win a big majority in parliament.

The international community and human-rights organisations have voiced doubts that polling will be free and fair.

The opposition has accused Mugabe’s supporters of widespread intimidation in the run up to the election, in which the President’s ruling ZANU-PF Party is facing a stiff challenge, while more than 1,000 White-owned farms have been occupied by Mugabe’s supporters ahead of voting.

Mugabe also told *The Independent* that President Laurent Kabila of the Democratic Republic of Congo had offered Zimbabwe and Namibia a diamond mine each as a reward for military help against rebels.

“But so far we haven’t got a single diamond from them because we are still working on paperwork,” he said.

Mugabe stressed he did not stand to gain personally from the arrangement.

He also dismissed British press reports that he owned a mansion in Scotland and was the world’s second wealthiest person.

“For the British to report that I’m the world’s second wealthiest man and have a mansion in Scotland is malicious. If you find that mansion, please, you can assume ownership of it,” he said, adding: “British journalism has gone to the dogs.”

**[JR: You have to question if Mugabe’s seizure of the foreign-held assets is for the good of the people or Mugabe and his supporters. There are so few leaders in Africa that make positive changes that actually benefit the Africans.]**

BELGRADE OFFERS MISSILE AID  
TO IRAQ, WOOS IRAN

*By Steve Rodan, Middle East Newslite, 6/15/00*

BELGRADE—Yugoslavia has expressed its willingness to sell any military system requested by Iraq, including missile components, as officials said defense ties between the two countries are improving.

Yugoslav officials said both countries are also under threat from the United States. **They accused Washington of masterminding a series of assassinations in Yugoslavia over the last few months in an attempt to depose President Slobodan Milosevic.**

Belgrade is also courting Iran. Last week, an Iranian trade delegation arrived in Yugoslavia to explore an expansion of cooperation. “We are to embark on a long-term plan to establish joint, private companies in Teheran and Belgrade,” said Fereydoun Entezari, Deputy Chief of the Iranian Chamber of Commerce.

Another member of the Iranian delegation, Ghasem Shafiei, said Yugoslavia is ready to establish very close relations with Iran, given the economic sanctions and its current needs. Shafiei cited Yugoslavia’s technological know-how. Yugoslav Prime Minister Momir Bulatovic said Belgrade would not rule out any sale to Iraq, saying the two are expanding cooperation in all fields, including military.

“The republics of Iraq and Yugoslavia are developing all forms of cooperation that are to the benefit of both countries,” Bulatovic said. “The traditionally good relations between our countries are increasing because both are under sanctions.”

Answering a question by *Middle East Newslite*, Bulatovic did not deny reports that Yugoslavia was helping Iraq in upgrading its anti-aircraft weapons and supplying missile components. He would not elaborate.

Yugoslav officials said the military relationship is linked to Belgrade’s need for hard currency and the upgrading of ties with Baghdad. Both countries have been brought closer by the experience of international sanctions.

“We believe that Iraq is an extremely influential country and we are proud of the achievements we made with it,” Bulatovic said. “What we have in common is that the heads of these two countries were legitimately elected.”

Western intelligence sources said Yugoslavia has been sending experts to help improve Iraq’s anti-aircraft defenses against raids by Allied combat jets in northern and southern Iraq. They said they also suspect that Baghdad has turned to Belgrade for help in developing non-conventional weapons and missiles.

**[JR: This coalition of Yugoslavia, Iran and Iraq for military assistance is a direct result of the failed foreign policies of Secretary of State Albright. She’s the U.S. terminator for “rogue” nations.]**

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Item	PRICE PER UNIT	Qty.	Amount	Item	PRICE PER UNIT	Qty.	Amount
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	\$ 6.00			GAIASORB NEUTRA-BOND 2 oz.	\$ 6.00		
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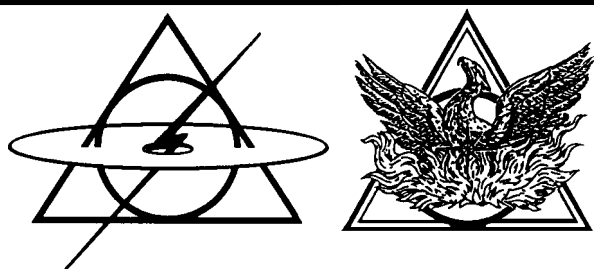
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