

barons, the Triads, and the Yardies?”

Lord Rees-Mogg, who writes for the London *Times*, is one of the leading British press mouthpieces for the monarchy and the British Foreign Office.

Meanwhile, LaRouche's chief adversary in the royal family, Royal Consort Prince Philip, continues to have a "time of troubles." Around the time that LaRouche was being attacked in *Take a Break*, Philip was being accused by magnate Mohamed Al Fayed, of having ordered the murder of Al Fayed's son Dodi Fayed and Princess Diana, on the night of Aug. 30-31, 1997. Soon thereafter, a national outcry erupted in Britain, when Philip made a racist anti-Indian statement, while visiting an Edinburgh factory.

On Aug. 15, the Sunday British press was filled with stories on the Royal Consort. One, in the *Sunday Times*, speculated on the grounds for Philip's apparent mental-psychological disorientation, discounting the idea that it came from a special gene prominent in royal family circles, and leaving open the question of what the cause might be. A front-page piece in the same day's *Sunday Telegraph* featured the fact that the Royal Consort is feeling increasingly persecuted, and is being made into a caricature by the British press.

The Aug. 12 *Guardian*, in a commentary next to a violently polemical cartoon depicting Philip together with leading political figures in Britain, labelled him "the old goat," and speculated that he might be, in some manner, forced to leave Buckingham Palace at some early date.

Such nastiness is characteristic of the brutal realities of Britain at this point. But, it may only be a prelude for other surprises. Aug. 31 is the second anniversary of the death of Princess Diana. The royal family is still smarting from accusations that either it was involved in her wrongful death, or at least acted with extreme emotional callousness after her death. Now, a new element has been introduced.

According to the Aug. 16 *Guardian*, former U.S. Sen. George Mitchell, who has been President Clinton's special emissary for the Northern Ireland peace effort, has agreed to mediate between the Pentagon and Al Fayed, to determine whether the Department of Defense has any intelligence files that might shed light on the events in Paris on the night of Aug. 30-31. Mitchell has proposed that Robert Tyrer, an official in the office of Secretary of Defense William Cohen, conduct a thorough, *de novo* review of the Pentagon's files, and report his findings to Mitchell. According to the *Guardian*, "The aim would be to end suspicions that have surrounded Diana's death, including allegations from Mr. Fayed that there had been a cover-up over the crash, which killed her, Mr. Fayed's son Dodi and their driver."

U.S. Defense Intelligence Agency and other U.S. intelligence files are believed to contain important leads on the latter days of the life of the Princess, and, until now, access to these files has been systematically withheld.

An unstable Germany means an unstable Europe

by Rainer Apel

What if the big financial crash occurs, and the government is not prepared? This is a critical question that must be posed in Germany, where the government, and the elites standing behind or tolerating this coalition of the Social Democrats and the Greens, apparently is not at all prepared. The "red-green" government's energies are absorbed by the exhausting struggle to achieve a balanced budget, and by the need to carry on a massive propaganda campaign to keep up the pretense that it has not lost control of economic and financial events and the capability to govern.

After 10 months in power, this government has lost the confidence of most Germans. An opinion poll published by the FORSA Institute at the beginning of August, showed that, of those Germans who voted for the Social Democrats and their Chancellor candidate, Gerhard Schröder, last September, 41% would not vote for them again if national elections were held now. This translates into a loss of 10 million votes. Another opinion poll, published by the Allensbach Institute in mid-August, showed that 54% of Germans in the western states, and 57% of those in the eastern states, are convinced that time has run out for the red-green government.

No such poll has been done yet among the labor movement, but the percentage of unionists who oppose the government is certain to be even higher. The frustration with the government's policy among union members has taken on such dimensions, particularly in the eastern states of Germany, that the labor bureaucracy is beginning to reflect that ferment. And, it takes the form of regional protests that even openly disregard the overall pro-government line of the national labor federation (DGB). So far, the DGB's national executive has voiced protests against the government, but managed to do so in such a way that it has not been threatening. But, this is going to change—it simply has to, if the country and its labor movement are to remain governable.

Labor leaders attack the banks

An indicative development occurred on Aug. 4, when the chairmen of the regional DGB sections of the eastern states of Saxony and Saxe-Anhalt, Hanjo Lucassen and Jürgen Weissbach, respectively, took the unprecedented step of hold-

ing a joint press conference in Magdeburg, the state capital of Saxe-Anhalt. There, they issued a joint call for the government to finally show a commitment to “social justice,” and to stop proposing plans for new cuts in the labor, welfare, and pension budgets, while the banks get off scot-free. The joint statement is worth quoting, because it breaks the long-respected taboo in the German policy debate against making the role of the banks a political issue.

“The rich and the banks, who are making big profits off the state debt, must make their contribution” to the economy, they said. “The banks should drop their claim, for a period of two years, to one pfennig of each mark of interest cashed in from the public sector. This would yield about 10 billion marks per year, and it would hardly burden the balance-sheets of the banks. It could help to reduce public-sector debt, and funds could flow into infrastructure and venture capital.”

This 1% debt relief would be “only peanuts” for the banks, “but could provide substantial support for the public-sector budgets,” the labor leaders said. Their relatively modest “1%” proposal was so hot, that the national DGB executive instantly distanced itself from the initiative in a release sent to the wire services. But what the two labor leaders had said in Magdeburg, is what a broad majority of citizens and of union members think. And, the broad majority also think that Germany would be better off if the red-green coalition were replaced by a Grand Coalition of the Social Democrats and Christian Democrats. The national executive of the DGB will be forced to change its views.

A first indication of the pressure to change could be seen in an interview with DGB national chairman Dieter Schulte on Aug. 18, who called on the government to invite the Christian Democrats to a special summit on the pension issue. He said that problems like the security of pensions require the broadest possible alliance of social and political forces. A year ago, Schulte was among those who preferred the red-green option over the Grand Coalition. The situation has visibly changed, although the institutions, including the labor bureaucracy, are moving at only a snail’s pace.

Scandals create more instability

Changes have to occur quickly, however, because the instability of the country and its economy is increasing by the day. The monetarist powerbrokers around the City of London oppose those changes leading toward greater stability, and their co-thinkers in Germany are at work to make the situation even more unstable. For the last several weeks, especially since the end of July, a scandal-mongering campaign has been being waged in Germany, one that, interestingly enough, is almost exclusively focussing on cases of corruption or financial mismanagement in some of the leading institutions of the southern state of Bavaria. Among other institutions, this involves the Bavarian State Bank, the state-owned construction cooperative LWS, and the Munich-based HypoVereins-

bank: There are DM 1.3 billion in losses of the Bavarian State Bank stemming from the Asian money markets during 1997-98; there is the HypoVereinsbank’s non-performance on several billion marks worth of allegedly “guaranteed real estate certificates,” which were fraudulently sold to 7,000 clients; and several hundred million marks of losses are reported from LWS real estate operations in eastern Germany.

The LWS case, in particular, is being used by the scandal-mongers against Bavarian Gov. Edmund Stoiber (Christian Democrat), who was the state cabinet’s Interior Minister and, therefore, the ultimate political supervisor of LWS in the early 1990s, when it expanded from traditional housing deals to real estate operations in the eastern states of the reunified Germany. No doubt, these are among bigger scandals, but none of them is bigger than similar scandals reported from other German states. Therefore, why this focus on Bavaria, right now?

The Stoiber option

The only viable alternative to the present German red-green coalition government, is a new Grand Coalition among the Social Democrats (SPD) and the Christian Democrats (CDU), with the latter party likely to become the major partner in such a combination, because of its present edge, of up to 10% of the voters, over the SPD. Inside the Christian Democrats, the only leading politician with enough backing to win the nomination for Chancellor, at present, is Stoiber.

Stoiber has disagreements with key aspects of British-American-Commonwealth (BAC) geopolitical policies, documented by his spectacular trip to Moscow in early May at the peak of the NATO air war against Serbia, and by his outspoken opposition to ground war options in the Balkans. Such disagreements certainly are not forgotten among the BAC cabal. Stoiber is a leading representative of a section of the German elite that is as much pro-American, as it is open for cooperation with Russia and China, and is also in favor of developing the high-technology sectors of industry, including nuclear power (which is exactly what the red-green coalition wants to abolish).

Destabilizing Stoiber would probably give the ailing government a slight chance of muddling through for a couple of more weeks or months, and would prevent that section of the German elite from taking control if the present government falls. But these are crucial weeks and months, and if Germany is kept ungovernable, the rest of Europe is affected, as well, simply because of the weight of the German economy. Moreover, Germany is the main partner of the United States in continental Europe: It does matter to the White House, if that partner is becoming more and more unstable. Should President Clinton want to act during a financial crash, and intervene to put an end to monetarist incompetence in global financial policies, he would need the Germans to help rally continental Europe behind such a policy.