

EIR

Executive Intelligence Review

November 20, 1992 • Vol. 19 No. 46

\$10.00

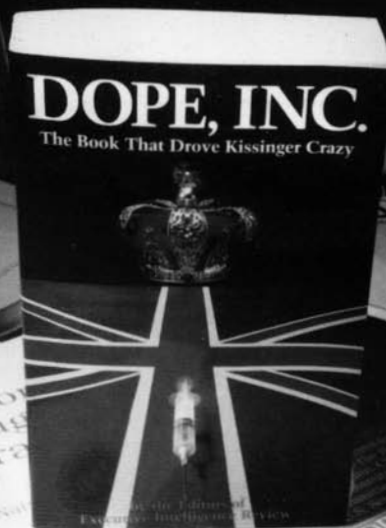
Shubeilat to be freed by Jordan's king
Major, Thatcher, Bush—headed for prison?
Congress and the ADL: from a new book

**LaRouche ideas reach Moscow
in time of troubles**



DOPE, INC. Is Back!

**TOSS
THE
BLATHER. . . .**



**GET
THE
FACTS!**

**Third edition of the
explosive best seller**

DOPE, INC.

updated and expanded

\$16 plus \$4.50 shipping and handling. Order today!

Make check or money order payable to:

Ben Franklin Booksellers

107 South King Street, Leesburg, Virginia 22075

PH: (800) 453-4108 FAX: (703) 777-8287

Visa and MasterCard accepted. Virginia residents please add 4.5% sales tax.

EIR

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editor: *Nora Hamerman*

Managing Editors: *John Sigerson, Susan Welsh*

Assistant Managing Editor: *Ronald Kokinda*

Editorial Board: *Warren Hamerman, Melvin Klenetsky, Antony Papert, Gerald Rose, Edward Spannaus, Nancy Spannaus, Webster Tarpley, Carol White, Christopher White*

Science and Technology: *Carol White*

Special Services: *Richard Freeman*

Book Editor: *Katherine Notley*

Advertising Director: *Marsha Freeman*

Circulation Manager: *Stanley Ezrol*

INTELLIGENCE DIRECTORS:

Agriculture: *Marcia Merry*

Asia: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg,*

Paul Goldstein

Economics: *Christopher White*

European Economics: *William Engdahl*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Medicine: *John Grauerholz, M.D.*

Russia and Eastern Europe:

Rachel Douglas, Konstantin George

Special Projects: *Mark Burdman*

United States: *Kathleen Klenetsky*

INTERNATIONAL BUREAUS:

Bangkok: *Pakdee Tanapura, Sophie Tanapura*

Bogotá: *José Restrepo*

Bonn: *George Gregory, Rainer Apel*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Don Veitch*

Mexico City: *Hugo López Ochoa*

Milan: *Leonardo Servadio*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Stockholm: *Michael Ericson*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 333½ Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451.

European Headquarters: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
D-6200 Wiesbaden, Otto von Guericke Ring 3, D-6200
Wiesbaden-Nordenstadt, Federal Republic of Germany
Tel: (6122) 2503. Executive Directors: Anno Hellenbroich,
Michael Liebig

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

In Mexico: EIR, Francisco Díaz Covarrubias 54 A-3
Colonia San Rafael, Mexico DF. Tel: 705-1295.

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

Copyright © 1992 EIR News Service. All rights reserved.
Reproduction in whole or in part without permission strictly
prohibited. Second-class postage paid at Washington D.C.,
and at an additional mailing offices.

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

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

From the Editor

I am pleased to share encouraging news about the international organizing activities of the Schiller Institute, the republican think-tank founded by Helga Zepp-LaRouche in Germany and the U.S. in 1984, which has since opened activities in many parts of the world.

Helga is the wife of Lyndon LaRouche, the U.S. statesman who has been imprisoned wrongfully since the week of George Bush's inauguration in January 1989. As we write, she is visiting Brazil and meeting with top political leaders, scientists, journalists, and others, to build a world coalition for freedom. She tells these leaders: "If President-elect Bill Clinton wants to show that he is different from George Bush, he will reverse the greatest travesty of justice of the Bush administration, the jailing of Lyndon LaRouche."

In the *Feature*, you will read about the seminar with which the Schiller Institute formally opened activities in Moscow, the focal point of the greatest potential strategic danger in today's world. In a seminar which the Russian State Humanitarian University and the Ukrainian University in Moscow, among others, helped to organize, LaRouche's plan for physical-economic and related reforms was the subject of an intense and fruitful two-day debate at the end of October. Henceforth, the superior analysis of the former Soviet Union which we have offered from a distance over the years (thanks to LaRouche's method), will be sharpened and enriched by the on-the-ground organizing and reporting of friends of the LaRouche political movement there.

At deadline, the news broke that Jordanian Parliamentarian Laith Shubeilat will be freed by His Majesty King Hussein. This followed a shocking frameup trial which had ended in conviction for illegal weapons possession and conspiring to overthrow the state, and a sentence of 20 years at hard labor, commuted from a death sentence. The reason for this happy turn of events is to be found in the mobilization of the Schiller Institute, which had been working internationally to free Shubeilat since September. The affidavit made available by Ali Shakarchi, published in this issue, created an impossible situation for the military court—such that they had to eliminate mention of this "secret witness," the only source of "evidence" against Shubeilat.

Nora Hamerman

EIR Contents

Interviews

48 Gianni Cipriani

The co-author of the book *Sovranità Limitata (Limited Sovereignty)*, Mr. Cipriani, one of the first Italian journalists to document the new activities of Freemasonry in the destabilization of Italy, tells why magistrates have recently seized lists of 30,000 Masons.

Departments

13 Report from Bonn

It's either depression, or recovery.

51 Andean Report

CAP spurns confidence vote.

59 Music Views and Reviews

Recording catches up with bel canto.

72 Editorial

Mrs. Thatcher called the tune.

Photo credits: Cover, Jonathan Tennenbaum. Pages 19, 20, 21, Rachel Douglas. Page 20, Gil Rivière-Wekstein. Page 20, 37, 50, 67, Stuart Lewis. Page 36, PIB Photo No. N-56223. Page 57, ©Smithsonian Institution.

Reviews

54 'The lamps are going out all over Europe'

Dreadnought: Britain, Germany, and the Coming of the Great War, by Robert K. Massie.

56 Portrait gallery features exhibit on Hamilton-Jefferson debate

"The Spirit of Party": Hamilton and Jefferson at Odds, by Margaret C.S. Christman.

57 A free black family tells its story

We Were Always Free: The Maddens of Culpeper County, Virginia, A 200-Year Family History, by Thomas O. Madden, Jr. with Ann L. Miller.

Economics

4 Trade war and free trade: two sides of the coin

The U.S. is threatening to impose punitive tariffs on European imports, supposedly in defense of free trade. But if you think U.S. farmers or consumers will benefit, think again—and take a look at the food cartels that are operating behind the scenes of the GATT negotiations.

6 Which Japan-basher will Clinton send to Tokyo?

8 Iraq builds 'Third River' project despite no-fly zone and embargo

10 Currency Rates

11 Swiss suspicious of Maastricht Treaty

14 Banking

Mistakes in S&L crisis to be repeated.

15 Agriculture

Minneapolis hosts free trade meet.

16 Business Briefs

Feature



Street trade at the Moscow subway station.

18 LaRouche's ideas reach Moscow in time of troubles

Rachel Douglas reports on the historic Moscow conference on "Alternative Approaches to Economic Reform," organized by the Schiller Institute, the Russian State Humanitarian University, and the Ukrainian University in Moscow.

20 The world economy in depression

Conference speech by Michael Liebig, director of EIR Nachrichtenagentur in Germany.

22 IMF 'cure' is worse than the disease

Speech by EIR's Konstantin George.

24 The LaRouche plan for economic revival

Speech by Jonathan Tennenbaum of the Fusion Energy Forum.

27 How to overcome errors in economics

Prof. Taras Muranivsky analyzes Lyndon LaRouche's textbook, *So, You Wish to Learn All About Economics?* which will soon be published in a Russian edition. Professor Muranivsky is rector of the Ukrainian University in Moscow.

International

32 Freeing of Jordanian will set back British gameplan

The trial of parliamentarian Laith Shubeilat was a sign of a broader Anglo-American assault against the Hashemite Kingdom.

Documentation: The affidavit by Ali Shakarchi, the "secret witness" who says he was coerced into giving false testimony against Shubeilat.

36 In memory: Indira Gandhi, 1917-84

39 Is Kashmir slipping away from Pakistan?

40 'British Iraqgate' may send Major, Thatcher, and Bush to prison

Explosive implications of the Matrix Churchill affair.

43 Bosnians cry for help to survive winter

44 Helga Zepp-LaRouche visits Brazil to forge world coalition for freedom

46 Colombia adopts Fujimori tactics in battling narco-terrorism

52 International Intelligence

National

60 Clinton must take on the 'Casino Mondiale'

Lyndon LaRouche warns the President-elect: Crack down on the worldwide "casino" of speculation and debt that is devouring the world economy, and reject the fascist "solutions" of Ross Perot, Warren Rudman, et al.

62 Clinton means trade war and mediocrity

Responses to the election from around the world.

63 ADL and Congress: the best government drug money can buy

A chapter from EIR's forthcoming book exposing the Anti-Defamation League of B'nai B'rith, the American-Israeli Public Affairs Committee, and other leading agencies of the Zionist lobby.

Documentation: Illegalities finally catching up with AIPAC.

66 LaRouche, Bevel vow to continue campaign, fight for economic sanity

Rev. James L. Bevel addresses campaign workers on election night.

68 Court allows ERISA health benefits cuts

70 National News

Trade war and free trade: two sides of the coin

by Marcia Merry

Since the Bush administration announced on Nov. 5 that the United States would impose punitive tariffs on European imports if the European Community (EC) didn't comply in 30 days with U.S. farm trade demands, there has been a frenzy of official activity to bridge the transatlantic rift—meetings, letters, accusations, resignations, reinstatements, and most of all, news releases. But little is really new. In fact, the outbreak of U.S.-EC trade war is just a riper, uglier phase of “free trade” policy that has been spreading for the past two decades.

What is kept out of the news are the behind-the-scenes players in this trade warfare, such as soybean mogul Dwayne Andreas, Archer Daniels Midland (ADM), and Cargill, Inc., all of whom have been active in the drive to enforce “free trade,” with or without the trappings of the U.N. General Agreement on Tariffs and Trade (GATT), the North American Free Trade Agreement (NAFTA), and other such treaties.

What should be uppermost in the minds of the citizens of the respective nations watching the trade war spectacle, is that both the free traders and the trade warriors are swindlers. The real issue is the collapse of national and world tonnage output of food and other essentials. Instead of either “free” trade or trade warfare, the world sorely needs emergency production and food relief policies. First, look at the specifics of the trade war issues, and then the crisis in world production and trade.

The issue is looting rights, not soybeans

On Nov. 3, GATT talks in Chicago broke down between EC agriculture negotiator Ray MacSharry and U.S. Agriculture Secretary Edward Madigan on resolving differences over how much the EC will agree to cut farm output and supports to its 9 million farmers. The U.S. position is that EC farm supports (such as minimum prices) must be lowered; quotas

on European farm output must be lowered, especially for cereals and oilseeds (rapeseed, soybeans, etc.); and European markets must be made wide open to commodities from outside Europe. The two sides differed on how deeply to cut, although MacSharry and the EC Commission have already imposed drastic hardship and ruination on EC farmers.

After the Nov. 3 breakdown in GATT talks, the United States announced on Nov. 5 that it would impose 200% duties on \$300 million worth of imports from Europe—mainly white wine, rapeseed oil, and some other commodities—as of Dec. 5, unless Europe complied with U.S. demands on U.S. soybean exports to Europe.

The nub of the matter is that about 30 years ago, European leaders agreed that U.S. soybean exports would be allowed into Europe duty-free. This was mainly a concession to the demands of the grain cartel giants Cargill and ADM. ADM, whose head Dwayne Andreas was a top Cargill vice president in the 1950s, is the world's largest soybean broker and processor. Cargill executive Robin Johnson personally attends the top free trade negotiating session of the GATT Uruguay Round. And former Cargill vice president Daniel Amstutz was a top U.S. Department of Agriculture official in the 1980s, and following that, a U.S. GATT negotiator.

At the time the original U.S.-EC soybean deal was struck, Europe was still building up its agricultural productivity after the devastation from World War II. Since then, under the EC Common Agriculture Program, European output potential grew strongly until, by the 1980s, the EC not only had the potential to be self-sufficient in all categories, including oilseeds, but had the potential to be a leading food exporter. European food capabilities would be critical for food relief and for nation-building assistance, if the International Monetary Fund (IMF) austerity policies were ever jettisoned in the former Soviet bloc, Africa, and in Europe itself, especially the Balkans.

It is this potential physical and political independence of continental Europe that current U.S. policy opposes. In 1986, the Uruguay Round of GATT was initiated by Anglo-American financial and food cartel interests bent on forcing through a world treaty arrangement whereby they would have free trade rights to move into any nation and trample on their domestic policies, not only in food, but in labor, banking, medical, and many other areas.

Trade war benefits no farmer or eater

The U.S. demand on soybeans is that the EC must reduce its oilseed production and guarantee entrance to large amounts of U.S. soybeans. This is frequently presented as a matter of fair play and benefit to U.S. farmers. But that's pure cover story.

ADM and the few other companies dominating soybean trade systematically underpay U.S. soybean and other farmers, regardless of circumstances. For example, the current farm price for U.S. soybeans is about \$5.30 per bushel. A fair, or parity price, would be about \$12 per bushel. The cartel forced the government to give up a national parity policy in the 1950s.

The cartel backs a group called the American Soybean Association, which voices cartel demands in the name of the farmer. Members of the group were present at the Chicago hotel where the Madigan-MacSharry talks took place, and the cartel-controlled farm group demanded trade war against Europe.

There are false friends of the farmer on the other side of the Atlantic as well. Once the U.S. trade warfare threat was announced, French politician Jacques Delors, who is now serving as head of the European Commission but has aspirations of succeeding François Mitterrand as President of France, moved to get EC members to vote for counter-retaliation against the United States. A list of which U.S. imports, for example corn gluten, would get slapped with tariffs was drawn up. Delors's anti-U.S. actions prompted EC negotiator Ray MacSharry to resign as negotiator for a few days, because he charged Delors was stabbing him in the back. MacSharry is known as Ray-the-Axe MacSharry for his cuts against EC farmers.

However, Delors is no friend of the French farmer. He is just on the hot-seat, and is occasionally forced to pay lip service to their interests. Because of EC actions undermining European farmers to date, whole areas of rural France have become depopulated, as large numbers of farmers have been dispossessed.

Despite Delors, on Nov. 6, the 12 nations of the European Community voted down counter-retaliation against the United States by 7-5. Voting with France were Spain, Ireland, Belgium, and Greece.

Since that time, conciliatory talk has ruled the day. Britain in particular has moved to align Germany against France, and against the interests of European farmers. The business

sector in Germany, which has so far been unable to initiate economic development in eastern Germany or eastern Europe, has fallen for the Anglo-American free trade argument that it will cost less for food imports to come into Germany and the EC from abroad, than to foster domestic production. With opportunistic spokesmen for France, such as Delors, no French statesman has been able to counter the British pressure on Germany.

On Nov. 11, British Prime Minister John Major and German Chancellor Helmut Kohl issued a joint public welcome to the resumption of EC-U.S. GATT talks, in a news conference in Oxford.

U.S. trade officials also issued support for new GATT talks on Nov. 11, saying that the parameters of an eventual agreement would have to reflect "some production level that makes some sense" in terms of reducing EC farm output, and "bringing it down to a non-obtrusive level," the Nov. 12 London *Financial Times* reported in an article entitled "Optimism on Trade as EC, U.S. Agree to Fresh GATT Talks."

In mid-November, EC trade representative Frans Andriessen and MacSharry are returning to the United States to try to smooth things over on this and other issues. GATT Director Arthur Dunkel has been mandated by the EC Commission to devise some basis for resuming GATT talks with the United States.

Whatever happens on Dec. 5 ("Retaliation Day"), the world will still be faced with the task of stamping out all of these trade control operations—themselves just practices of the decaying IMF system of private central banks—and instead, restoring production and feeding people as the goals of national economies and trade.

For the past five years, total global annual output of grains of all types has been 1.6-1.8 billion tons, which is below average annual consumption needs. Moreover, much of the cereals production for export or food relief has been concentrated in the Anglo-American bloc of food-exporting nations (Canada, the United States, and Australia) and otherwise controlled by Cargill and the food cartel. These countries determine where the 200 million tons traded each year goes. For example, the U.S. corn harvest in 1992 will be over half of all the world's grain output. Cargill, Louis Dreyfus, Continental, and one or two other companies currently monopolize all that grain potential, and they are permitting next to none for food relief purposes.

The same picture holds for all other categories of food-stuffs and feed. At present, over 53% of all soybean oil stocks in the world are located in the United States. As of September, there was a record 1.089 million metric tons of soybean oil in storage in the United States. Free trade advocates in cartel and government circles warn that unless their trade demands are met, there will be the biggest "soy oil lake" in history next year, with 1.300 million metric tons. There are other ways of disposing of food stocks than free trade and trade war.

Which Japan-basher will Clinton send to Tokyo?

by Kathy Wolfe

University of San Diego professor Chalmers Johnson is a prime Clinton prospect for ambassador to Japan, and the other major choice is Johnson's friend Glenn Fukushima, a former U.S. trade negotiator, National Public Radio reported on Nov. 5. Johnson, 61, is known in Tokyo as the "godfather" of Japan-bashers, for his many books and articles attacking Japan as an authoritarian state (see especially *MITI and the Japanese Miracle*, Stanford University Press, 1982).

Johnson is known in the United States as the mentor of former U.S. Special Trade negotiator Clyde Prestowitz, whose 1988 book *Trading Places: Giving Our Future to Japan* opened a new round of Japan-bashing.

Reached for comment, Johnson told *EIR* that if nominated, he would serve, although he would prefer that the younger Fukushima get the job. Johnson would rather go to Washington, he said, to direct U.S. policy toward Japan from a seat on President Clinton's new Economic Security Council, where he could coordinate the U.S. side, with Fukushima running U.S. operations in Tokyo.

"The cozy relationship with Japan is over," Johnson told *EIR*, after the U.S. election. "We need a radical change in domestic and foreign economic policy." Japan should be slapped with tough trade barriers, and threatened with a U.S. troop pullout, in his view. "We have to raise our tariffs and slash our defense spending, especially our foreign defense spending—whatever it takes," he said. "I think Clinton will tell the Japanese, 'Open your markets now, or we will begin to close ours.' I think he will use that aspect of [the North American Free Trade Agreement] NAFTA. . . . The tariff walls and 70% domestic content laws are going to go up against Japan and hit them hard. NAFTA is a response to Japan!

"The Japanese are going to get hit by this," he predicted. "Americans will now demand an industrial policy, as Daniel Yankelovich says in the Fall 1992 *Foreign Affairs*." *Foreign Affairs* is the quarterly journal of the New York Council on Foreign Relations. Yankelovich's article, "Foreign Policy after the Election," asserts that there is "immense pressure" for protectionism in the United States now, because Americans believe the U.S.-Japan alliance is a "nonsensical fantasy" and that Japan is actually intent upon burying the United States.

"There are demonstrations against Sumitomo building trolleys in California," Johnson went on. "There are riots in Los Angeles against Asians. This means that Japan's lobby

in Washington can't stop history any more."

Johnson also stated that however shaky the Maastricht Treaty may look, Europe, too, will soon "slam the door on the Japanese." Maastricht is "not falling apart as far as Japan is concerned," he said. "They are going to put those barriers up, and do it hard."

Johnson has written Clinton "a very strong memo" outlining his proposals for getting tough with Tokyo along just these lines.

'Do we keep the alliance?'

"We need some real radicals in there," Johnson said of Clinton's new Economic Security Council. Perhaps most radical is Johnson's demand that the United States cut off defense expenditures to Japan and withdraw troops, which would leave Tokyo facing two nuclear powers, China and Russia, alone.

"Should we keep the same alliance with Japan?" Johnson asked rhetorically; his answer was: "no." "Americans are not going to tolerate the current situation. Starting with this election, the U.S. public will no longer tolerate America borrowing from Japan, going into debt, in order to defend Japan! That was fine when Japan was weak and we were loaning *them* money. Now, why should we spend \$40 billion a year to defend Japan and Germany?

"Japan's game is up! Americans now realize that we no longer have to tolerate Japanese blackmail. While Russia was around, the Japanese could say that they were the world's biggest strategic port. Everyone in Washington argued that policy with Japan was: 'Keep the ally, we need that military position.' No more! Now the American people will say: 'Fine! Let them throw us out of the naval base at Yokosuka! Is that a threat—or a promise? We don't want to pay for it.' "

Johnson went even further, to argue that it is Japan which is a growing military threat. "One does have to recognize that all restraints on Japanese use of military force are now being hollowed out," he said. "That's worrying us, and worrying the Japanese public, too. Japan has the famous non-nuclear clause in its Constitution, but they have American aircraft at Yokosuka with nuclear weapons, and now they're importing plutonium to make nuclear weapons. They say they are going to use it for power plants. Well, maybe they are going to use it for power plants, and maybe not! Maybe

they will use it for something else! But the point is the principle is being hollowed out.

"Then there is Japan's so-called 'Peace Constitution' clause which states that Japan will never export arms or allow arms to become more than 1% of GNP. Nonsense, Japan is exporting arms to the United States and everywhere else. The Stealth bomber is not the Stealth bomber without TDK's technology. Look at all the other U.S.-Japan joint military projects. Who's benefiting from whom?"

"And the Japanese Constitution says Japan won't dispatch troops—but now they are dispatching troops. Soon it will be more than building a few bridges."

Of course if one thinks Japan is such a terrible military threat, it does seem strange to be advocating the U.S. pull its military out of the Asian theater, but these inconsistencies do not appear to trouble the professor.

Johnson says he's not calling for a precipitous U.S. pull-out from Asia, in any case, but rather for "an orderly retreat, a staged withdrawal—but one under which the Japanese are going to have to begin to pick up their own tab, and soon, for their own defense."

Asked how the United States could defend even its own interests in Asia without troops, the answer comes very close to talk of nuclear blackmail. "The U.S. is the only nation in the world with a global capacity to project power," Johnson says. "From now on, we will do that, but we will do it from the continental U.S. We are the only ones in the world who can project nuclear power, that far. We are going to use that fact."

"Why should the Japanese think we would defend them, in particular? We should not leave our ships and men on Japanese soil, so that the Japanese assume we are their ally. We are going to stop having our military in Japan as hostage, so that the Japanese will no longer be able to rely on exactly what we do with our military. We are going to make all Japanese decision-making, which was very simple up to now, very complicated."

It is likely that Johnson's rhetoric is in fact only a threat from these circles, meant to extort more general cooperation out of Tokyo, and that Clinton's mandate in any case is too weak to carry out such dramatic strategic shifts. Even if a threat, it is, however, unprecedented.

Tokyo reactions, Washington realities

While the Clinton team publicly has played down such foreign policy issues, Japanese Foreign Minister Michio Watanabe said on Nov. 4 that U.S.-Japan trade friction could intensify under Clinton. "The Democratic Party has been supporting trade-protectionism and attempting to put a brake on the sale of cheaper Japanese goods," he told constituents in Tochigi. "It's possible [that Clinton as President] would reactivate Bill 'Super 301.'"

The U.S. Super 301 legislation imposes tariffs of up to 100% on shipments to the United States by any country which does not "open its markets to U.S. goods" to

Washington's thorough satisfaction.

Japanese Prime Minister Kiichi Miyazawa himself told the Diet (Parliament) on Nov. 5, "We hope the new U.S. administration will take a decisive attitude against protectionism." Miyazawa has already begun preparing for an early visit to Washington to meet Clinton, Tokyo officials said on Nov. 4, as soon as possible after his January inauguration.

Meanwhile, the process of choosing the Tokyo ambassador seems to be firmly in the hands of circles around Johnson. Derek Shearer, a student chum of Clinton while the two were Rhodes Scholars together in England, is "now holding the Japan portfolio on the transition team," Johnson told *EIR*. He is also a great friend of the professor. "I nominated him for a Japan Society fellowship in Tokyo a few years ago," Johnson said.

"The Japanese are trying to set up a pro-Tokyo dodo bird" as Clinton's Japan ambassador, Johnson said, "but that's the last thing we want." Johnson said that his own choice for ambassador is the only other name in the running so far, Fukushima, who was a deputy special trade representative under Ronald Reagan. Fukushima was close during the Reagan administration with Johnson's protégé Prestowitz, who was counselor for Japan affairs to Reagan's Commerce Secretary Malcolm Baldrige and deputy assistant secretary of commerce.

Fukushima is a second-generation Japanese-American who grew up partly in Tokyo and is completely fluent in Japanese. Educated at Harvard Law School, he was "eased out" of the Special Trade Representative's office, Johnson said, "because he knew too much about Japan," and was pushing the Bush administration to confront the Japanese more on trade issues. He now works at AT&T in Tokyo.

The basic thesis of trade developed by Johnson, Prestowitz, and, so they claim, Fukushima, during the 1980s, is that Japan is responsible for the destruction of the U.S. economy. As Johnson summed up the philosophy, on the jacket of Prestowitz's book *Trading Places*: "The failure of America to comprehend the Japanese economic challenge . . . is the greatest national scandal since the end of World War II . . . [which] allowed Japan to destroy many of America's high-technology industries."

To succeed, Clinton's Economic Security Council cannot get anything done within "domestic policy only" but must address the fundamental problem in America, which is not America, but Japan, Johnson avers.

"If the Economic Security Council wants to accomplish anything, it will have international aspects as well," he said. "Certainly, 'competitiveness' begins at home, but even if we put everything in the Democratic Party platform into practice tomorrow, Japan would still be out-investing us 2 to 1, on a per capita basis. We need a radical change in domestic and foreign economic policy and you can't have one without the other. Sure we need to increase investment here, but we also have to deal with the foreign threat."

Iraq builds 'Third River' project despite no-fly zone and embargo

by Marcia Merry

November marks the third month of the no-fly zone in southern Iraq, imposed this summer by the United States, and sanctioned by the U.N. Security Council, that dictates no Iraqi planes are permitted to fly south of the 31st parallel.

The rationalization given by the United States for this policy of "industrial apartheid" and depopulation, includes broad accusations against Iraq, involving specific falsehoods about the hydrology of the region. Efforts to improve southern Iraq drainage, the U.S. government claims, have been threatening inhabitants of the marshlands by hurting fisheries and harming the environment.

The charges against Iraq were detailed in a letter of July 30, from the special rapporteur of the Commission on Human Rights, addressed to the U.N. secretary general. In this document, no mention was made of the major hydrological problem aggravating the Iraqi marshlands, namely that Turkey has been holding back a large volume of the flow of the Euphrates River, by operation of the Kayban and Karakaya dams, and the filling of the huge reservoir behind the new Ataturk Dam.

As the U.S. State Department is in a position to know very well, the waterworks projects in southern Iraq, running south from Baghdad, through Basra to the Persian Gulf, have been thoroughly studied and worked on for over 40 years, and are as sound as advanced hydrological engineering science can make them. (See "Mideast Water Development: Making the Desert Bloom," an interview with Dr. Munther Haddadin, former head of the Jordan River Authority, *EIR*, June 19, 1992, pp. 7-12).

Moreover, the history of water projects in the region of southern Mesopotamia, goes back centuries to ancient times and the famed "hanging gardens" of Babylon.

In August, Iraq Minister for Foreign Affairs Muhammad Said Al-Sahhaf, submitted a document to the United Nations which reviewed the status of these water projects in the southern Tigris-Euphrates rivers region. The document, addressed to the secretary general, and intended for the Security Council, also protested and refuted U.S. charges that Iraq was violating the rights of people in southern Iraq, whom the U.S. called "Marsh Arabs."

Here we present excerpts from the recent Iraqi report. The map, which schematically shows segments of the Third River, was done by *EIR* based on maps from the U.S. State Department, and available in the Library of Congress.

Origin of the Third River project

What is called the Third River project is technically referred to as the Main Outfall Drain (MOD), designed to move saline agriculture runoff to sea, and to minimize its pollution of the Tigris and Euphrates rivers. Also shown on the map is the route of the Tigris Straight Channel, which was built to improve river drainage, but was abandoned after the change in Iraq-Iran borders after 1988. The background of the Third River is as follows.

"It is widely known that in the Tigris-Euphrates river basin, cultivation based on irrigation has been practiced for many centuries owing to the fact that rainfall is insufficient for agriculture. Because of continuous cultivation and the high salinity of the water of the Tigris and Euphrates, large quantities of salts accumulated on agricultural land and transformed it into land that is for the most part unfit for cultivation, particularly in the central and southern areas of Iraq.

"In order to restore the fertility of the soil and transform these areas into agriculturally productive land, it was necessary to devise a radical solution to the drainage problem. What is referred to as the Third River and is known in technical parlance as the Main Outfall Drain (MOD) project is the backbone of the solution to this problem.

"The idea of the project, which is one of long standing and began some 40 years ago, is to collect high-salinity drainage water from agricultural enterprises in central and southern Iraq into one main drain and to channel it into the Arabian Gulf [Persian Gulf] without intermixture with any of Iraq's rivers or marshlands.

"The issue of drainage in Iraq was first addressed in the framework of overall planning in the time of the monarchy by the American consultancy firm Tippet Appet Macarthy (TAMS) in 1952. In its report to the Development Council, it proposed that a number of main drains should be used, the

most important of them being the Main Drain (Third River) extending from Balad north of Baghdad to Nasiriyah, to collect most of the drainage water in the agricultural areas between the Tigris and Euphrates rivers into one main drain thence to be channeled into the Arabian Gulf.

“Then, in 1972, the British consultancy firm Sir M. MacDonald & Partners, in a study of the development of irrigation projects for the central Tigris basin, stressed the need for a part of the Main Drain (Third River) 154 kilometers long to be built between Hawr al-Dalmaj [in the north] and Nasiriyah as a requirement for improved irrigation on the enterprises in question. . . .

“Between 1972 and 1981, Soviet experts brought in by the Ministry of Irrigation conducted a number of studies and produced detailed designs relating to Iraq’s overall drainage plan. A number of options were elaborated for linking the Main Drain at Nasiriyah with the Arabian Gulf. . . .

Where the project stands

“Work on the Main Drain (Third River) has gone through a number of phases. Two major conduits were built as part of the expansion of the great Musayyib irrigation project in 1954, and they form the basis for the Main Drain in light of the planning carried out by the American TAMS company. Then, in 1959, the 60-kilometer-long western Shatrah conduit was built by the Dutch company Zanen Verstoep NV to collect drainage water from the Ghiraf region project and channel it into Hawr al-Hammar. Subsequently, the 156-kilometer-long central section of the Main Drain was built between Hawr al-Dalmaj and the western Shatrah conduit by the Ministry of Irrigation and the Soviets between 1973 and 1977 on the basis of the designs prepared by the British consultants Sir M. MacDonald & Partners.

“After that, earthworks were completed for the southern section of the Main Drain between Nasiriyah and the Arabian Gulf by the German company Philip Holzman between 1982 and 1986 on the basis of the designs prepared by the Soviet consultants previously mentioned.

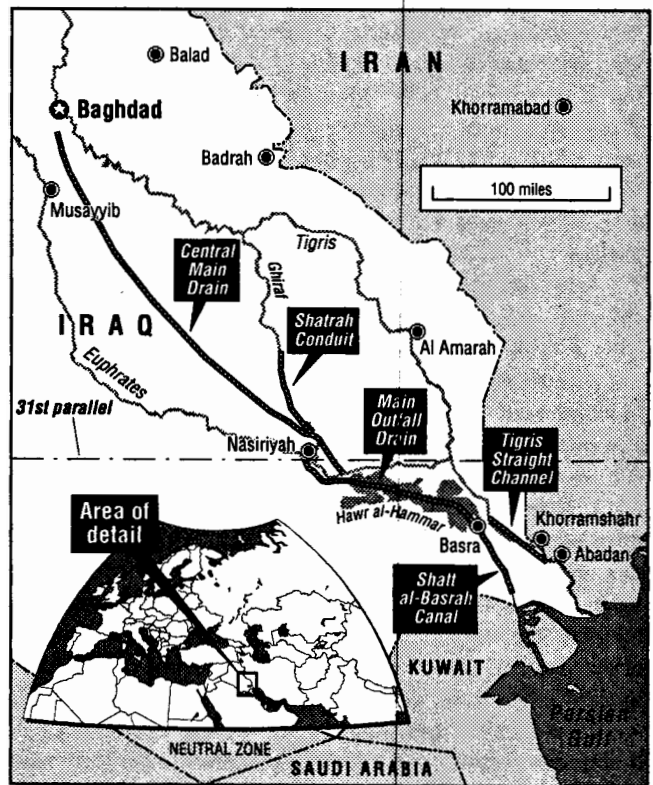
“Work on the installations and the main pumping stations was done by the Brazilian company Mendes Junior Co., which began work on 22 August 1984 and suspended operations without completing the work entrusted to it following the adoption of the embargo resolution in August 1990.

“Work on the project currently under way is confined to the completion of remaining tasks that were halted owing to the embargo resolutions and the suspension by foreign companies of their operations in Iraq. It is to be understood that most sections of the project were completed, and these sections are now being linked together with a view to completing the project.

Significant benefits

“The Main Drain (Third River) project is one of the most significant, major multipurpose agricultural projects in Iraq,

Selected sections of Iraq’s ‘Third River’ route



given that it will have a whole set of economic, social and environmental benefits for the governorates of central and southern Iraq, namely Salah al-Din, Baghdad, Wasit, Babil, Dhi Qar, and Basra.

“The benefits are exemplified by the drainage of agricultural land, the lowering of the groundwater level, the restoration of fertility to the soil and the enhancement of productivity over an estimated area of 6 million Iraqi dunums or 1,500,000 hectares. It will also protect the high quality of water in the Tigris and Euphrates rivers and the marshlands and ensure its fitness for various municipal, industrial, and agricultural uses, since the channeling of drainage water into rivers and water-meadows leads to contamination and salinity.

“The project will also ensure the improvement and development of fisheries in the southern marshland area, which have deteriorated owing to the high level of salinity in the marshlands as a result of drainage water being channeled into them.

“Moreover, the project will be conducive to the stabilization of sand-dunes in the areas through which the Main Drain (Third River) runs and will halt the encroachment of desertification on agricultural enterprises in central and southern Iraq.

“The Main Drain can furthermore be used for purposes of inland navigation. It is this that has brought about the use

of the name, 'the Third River' for the Main Drain. . . .

The 'marsh dwellers' argument refuted

"The foregoing attested technical facts show the gross ignorance and dubious purpose of the special rapporteur's report as it relates to the Main Drain (Third River) project. The project does not specifically target the marshlands or their inhabitants. It is not a new project undertaken with a view to achieving the objectives stated by the special rapporteur, which have no basis in the objective reality of the project.

"The total length of the course taken by the project from its starting-point to its terminus in the Shatt al-Basrah Canal is 565 kilometers, while the section of the marshlands which runs parallel to the river, namely Hawr al-Hammar, is only 40 kilometers long. Hence it appears that the parties behind the special rapporteur's report do not want the small number of those raising water-buffalo and living in the marshlands in backward conditions to develop and become cultivators within a modern framework. They also do not want Iraq to rid itself of the saline water that is destroying its soil. They do not want it to regulate the utilization of its apportionment of water, a large part of which is being withheld in Turkish and Syrian territory in violation of international law.

"The parties that planned the report of the special rapporteur apparently want the Iraqi government to remain unable to provide for the food needs of its citizens, or a vital part of them, from inside Iraq, so that those who have the intention of maintaining the embargo may achieve their objectives at the expense of the security, stability, and sovereignty of Iraq.

"Do states or human rights organizations prevent countries from regulating their water, from building dams, from draining lakes, or from inundating parts of their territory with water that belongs to them?"

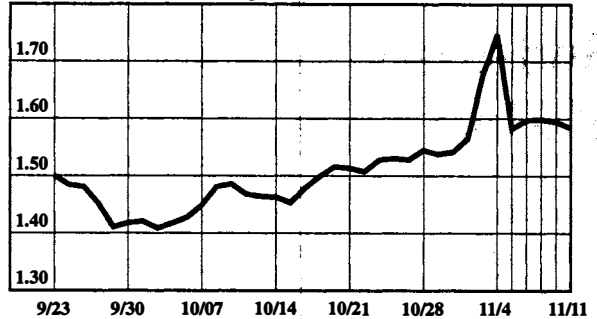
Turkey withholds Euphrates water

"With regard to the question of the paucity of water in the marshlands, this bears no relation whatever to the project. It is well known that the marshlands are for the most part fed by water from the Euphrates River and that the paucity of the water that has been noted has been caused by the great reduction of the water in the Euphrates resulting from the construction and operation of the Kayban and Karakaya dams in Turkey, the Tabqah Dam in Syria, and the project, begun in 1990, to fill the reservoir of the very large Ataturk Dam in Turkey. To prove this objective fact, it suffices to say that since it began to fill the Ataturk Dam, Turkey has imposed on both Syria and Iraq a water quota of 500 cubic meters per second instead of 900. Of this quota, 290 cubic meters per second are presently reaching Iraq instead of the previous 700 cubic meters. It is this that has brought about the paucity of water in the marshlands."

Currency Rates

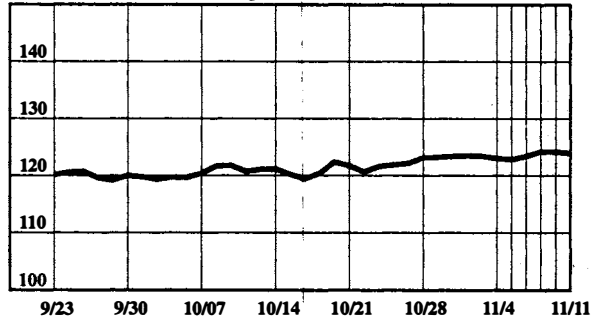
The dollar in deutschemarks

New York late afternoon fixing



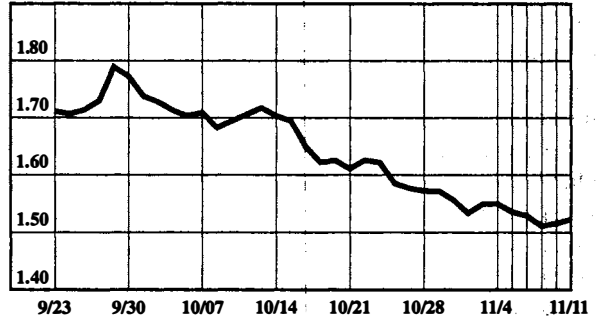
The dollar in yen

New York late afternoon fixing



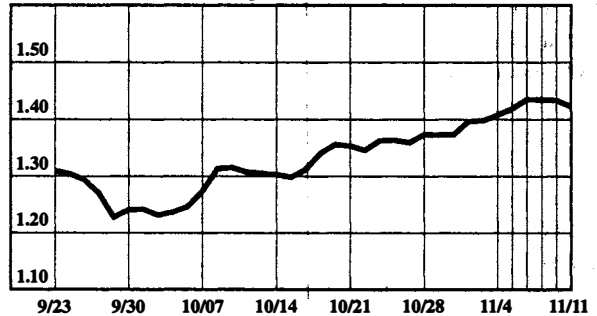
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Swiss suspicious of Maastricht Treaty

This article is excerpted from Swiss Economic Viewpoint, the newsletter of the Overland Bank Group, dated October 1992. On Sept. 20, French voters passed a referendum approving the Maastricht Treaty by a margin so narrow that most observers considered the plan doomed in its present form. On Nov. 4, British Prime Minister John Major survived a vote in Parliament on Maastricht, to which he has strongly committed his government despite widespread dissent including from within his own Conservative Party, again by the thinnest of margins. The Maastricht Treaty would replace the previous pact which joined the European Community of 12 nations in a common market, with a "single market" concept. EIR does not endorse the views expressed here, but reprints them as an example of growing resistance against Maastricht.

The decision of the Danish people to reject the Maastricht Treaty has made the European integration process a central point of discussions. This treaty calls for a single European army, foreign policy, currency, tax policy—in effect, a single European state. In the process, the worry is that all of what makes each country special, Switzerland in particular, will be lost.

The intricacies of this process are so complicated that prediction is practically impossible. In growing numbers, the Europeans are voicing their concerns. They are opposing the stand taken by their governments, as the Danish people rejected the prior approval of their government in June and dealt the Maastricht Treaty its first defeat. It will likely not be the last. In short, we hope to make it clear that the voters of the various countries are not going to jettison their nationality, institutions, and independence to become part of a bland and bureaucratic European superstate.

Of special interest to us and our clients are the effects a Swiss entry into the European Community might have. The Swiss government decided earlier this year to seek entry into the European Community. However, deciding to seek entry is not the same as joining. First, the EC will issue an opinion on whether and how much the Swiss must change their laws and institutions in order to join. As we'll see, the EC may want Switzerland to pledge change in many ways that even the Swiss government may not like. . . .

The coming Swiss referendum

The Swiss face a referendum on Dec. 6, 1992. However, it will not be on whether Switzerland should join the EC, but rather whether it should join something called the European Economic Area (EEA).

There have long been two free-trade groups in Europe. The 12-member European Community is the most famous, the so-called Common Market. But there has long been another common market in Europe, European Free Trade Association (EFTA). Its members are Austria, Finland, Iceland, Liechtenstein, Norway, Sweden, and Switzerland. Unlike the EC, the EFTA never envisioned political unity as one of its goals. It was strictly and specifically a free-trade association.

In 1991, officials from these two groups agreed to a type of merger, the EEA. This merger would not involve political or currency union, being confined to removing all economic restrictions between the two groups. Products, services, labor, and capital would be able to flow with complete freedom from one European country to another. The merger is set to begin on Jan. 1, 1993. This is the subject of the Swiss referendum on Dec. 6.

Many, and probably most, Swiss are against this idea of linkage. . . .

If the Swiss vote yes on Dec. 6 and join the EEA, it will mean the unrestricted movement of labor, as well as goods. Anyone in western Europe would be able to work and live in Switzerland which already has far more foreigners per capita than any other European country. A certain fear exists at throwing open the gates to a potential pool of upwards of 200 million people who may be tempted to come to a country where living standards are higher.

On top of this, the unemployment rate in Switzerland is now 3.1%. This may seem quite low—after all, Italy, Spain, Portugal, France, and Greece all have jobless rates in the double digits. All the more reason for these foreigners to want to come, many Swiss would say.

But a 3.1% jobless rate is *extremely* high for Switzerland. In a nation where for years unemployment was a fraction of one percent, and just a year ago was 1.3%—considered at that time too high—such a rate frightens many. . . .

Opposition from farmers, bankers

Aside from the general worries about unemployment, strong negative sentiments are voiced within the organized and politically powerful Swiss farming sector. As in most nations, Swiss farmers are protected and subsidized, for reasons deeply rooted in Swiss history and culture. The nation is profoundly aware that in recent history it was surrounded by potential enemies. The Swiss had to depend on home-grown food, knowing that food imports could have been cut off at any time.

For the same reasons that Switzerland has enough beds and fallout shelters to protect each and every citizen, so too

does the nation want to be certain that there will always be a good supply of home-grown food. . . .

Another powerful group would stand to lose from Switzerland's entry into a fully united Europe: the banking industry.

The banks' primary concern is not the secrecy aspect. For instance, we look at EC founder Luxembourg, which has good banking confidentiality laws, and believe fears of secrecy eroding in Switzerland are probably exaggerated. But full EC integration implies a single currency. The Swiss franc has a proud tradition: No other currency in the world has so consistently kept its value over the decades. For this alone, many and probably most Swiss would be loathe to give it up in favor of a new, cobbled-together ECU.

But even this is not the primary objection voiced by bankers. A sizable portion of profits comes from foreign exchange conversion. . . . If all these currencies were replaced by a single ECU, foreign exchange departments would become obsolete. Of course, ECU/dollar and ECU/yen transactions would still occur, but their volume would be a far cry from the combinations available today.

For these reasons, we have doubts that Switzerland will join the EC in the near future. The power of these two sectors of the economy cannot be underestimated. . . .

The [Maastricht Treaty] document envisions a Europe

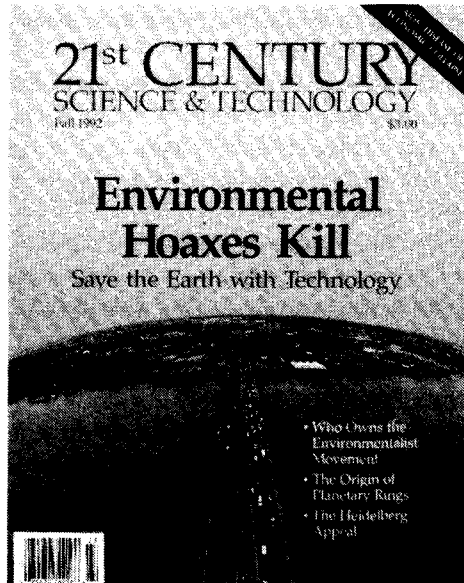
where most national characteristics and institutions are superseded by a vague supra-national bureaucracy. We believe that the more each member nation discovers this, the more unpopular the Maastricht Treaty will be. The Danes have already discovered it; the Swedes, as we'll see, are learning; the Swiss will not be far behind. Whether the Maastricht Treaty goes against human nature—against the fundamental craving to preserve one's individuality—is debatable. But it certainly goes against the *Zeitgeist*. The spirit that appears to characterize these times is, like it or not, nationalism.

Nationalism can take both good and bad forms. The call emanating from Belgrade for ethnic cleansing in the name of a "Greater Serbia" is a stark and bloody example of the latter form. But there is nothing at all wrong with the peaceful Danes deciding that joining a united Europe could cause them to lose control of their own foreign policy. . . .

Collapse by December

By December, the whole idea of a single political and currency unit in Europe may have collapsed. The people of the EC may reject this collectivist idea and simply make, as Margaret Thatcher apparently wants, a loose European confederation. . . . Switzerland would be happy to be part of this type of order—provided it was not obliged to change any of the institutions that have served it so well for centuries.

What kills millions of people?



Find out in the Fall 1992 issue of

21st CENTURY
SCIENCE & TECHNOLOGY

88 pages on environmental myths and science and technology solutions

How can you prevent it?

Subscribe to 21st Century and learn about the science, technologies, and ideas that can save lives, improve living standards, and get the younger generation ready for the 21st century.

Sign me up for *21st Century*.

Enclosed is:

- _____ \$20 for 1 year (4 issues)
- _____ \$38 for 2 years (8 issues)
- _____ \$5 for a sample copy of Fall 1992

Name _____

Address _____

City _____ State _____ Zip _____

Send check or money order (U.S. currency only) to:
21st Century, Dept. E
P.O. Box 16285
Washington, D.C. 20041
Gift cards available.

It's either depression, or recovery

Germans are faced with the same basic choice as Americans: to build their way out of this depression or suffer austerity.

Most German media and observers of the U.S. elections noted that the defeat of George Bush was due to the worsening economic situation. But the saying among political insiders here goes that if Chancellor Helmut Kohl were up for reelection now, he would suffer the same fate as Bush.

Ironically, a victory for the opposition Social Democrats would occur for the same reasons that Bill Clinton won: He was *not* Bush. A challenger to Kohl would be elected mainly because he would *not* be Kohl. As a party, the Social Democrats offer no alternative to the austerity policy of the governing conservative-liberal cabinet in Bonn.

This puts Germany in a dangerous box at a time when there is talk of the public debt getting out of hand, a potential bankruptcy of the state, and of a currency reform. The Federal Accounting Office opened the round of revelations about the real state of the economy in early November with a forecast that the public debt, which is now at DM 1.6 trillion, will be at DM 2.0 trillion by the end of 1993.

In a Nov. 6 interview with the daily *Bildzeitung*, Heinz Guenther Zavelberg, the head of the accounting office, warned that the state would have to declare formal bankruptcy in the late 1990s, if the present rate of debt growth could not be reduced. While the state had to pay DM 80 billion in 1990 for the servicing of debt, it will pay DM 170 billion in 1995, said Zavelberg, adding that he didn't want to "speak about today, tomorrow, or the day after tomorrow—but sometime in the future, this will be the situation."

Ingrid Matthaeus-Maier, spokesman for the Social Democrats on fiscal policy, has warned against a "state of economic emergency," pointing at the mountain of debt that has been piled up already. If the state were forced by the banks to pay off its debt (the way Third World nations are forced to do by the International Monetary Fund), it would have to pay DM 700 million daily, and since the German taxpayer can't afford that, the government would have to declare bankruptcy like any other bad debtor, she said.

The debate on the economic situation was further dramatized when Finance Minister Theodor Waigel announced on Nov. 6 that his trip to Moscow the following week had been canceled. Officially, the political chaos in Russia was cited, but many in Bonn emphasized that revised data on the fiscal situation made it impossible for Waigel to travel to Moscow, where he would have had to present more than his empty coffers to make his trip a political success.

The new data on expected state tax revenue for this fiscal year, revised by the ministerial advisory board in October, showed that the May estimate of a DM 5 billion surplus was wrong. The new estimate came on the eve of the decisive round of debates in the parliament on the state budget for fiscal year 1993.

As it looks now, tax revenues will be DM 600 million less this fiscal year than originally forecast, and another DM 7.5 billion less in the next fiscal year. The publicly admitted difference of DM 5.6 billion for FY 1992 may not even be the full story. In an "unauthorized statement," Econom-

ics Minister Jürgen Moellemann mooted the discovery of a DM 20 billion shortfall in tax revenues.

Bonn's "remedy" is a brutal one: Cut wages. Horst Koehler, the outgoing deputy finance minister, told the Christian Democrats' economic council on Nov. 11 that Germans should get used to the idea that "for some years, their real incomes will drop significantly." Waigel gave the same message, telling the council of a phony bookkeeping trick, that "1% of lowered interest rates will spare the economy DM 6 billion—1% less increase in wages will spare DM 11 billion."

Former Social Democratic Labor Minister Herbert Ehrenberg recently pointed out that 100,000 more jobs would mean additional tax revenue of DM 3 billion; but 100,000 fewer jobs mean additional expenses of DM 3 billion for social welfare, jobless benefits, etc.

More reasonable people here may differ, but they all agree on one point, that only state intervention for the launching of great projects of infrastructure improvement can create a sufficient number of jobs to visibly improve the tax base. The construction of the nation's first 240-kilometer maglev line between Hamburg and Berlin, projected for the late 1990s, will create about 100,000 industrial jobs and increase the tax base by DM 3 billion yearly.

The parallel construction of 280 kilometers of maglev line between Berlin and Dresden (not yet in the national transportation plan) would create 150,000 jobs and improve the tax base by another DM 4.5 billion.

Building a maglev line of 560 kilometers between Berlin and Frankfurt-Main, as proposed in 1991 but rejected by Bonn, would create 250,000 jobs and generate DM 7.5 billion in tax revenues, which would cover the shortfall expected in FY 1993.

Mistakes in S&L crisis to be repeated

With the banking crisis zooming out of control, the bankers and their regulators are screaming for forbearance.

Despite all the promises from elected officials and bureaucrats that a savings and loans-style crisis would never again occur, such an event is well under way among the commercial banks. Just as federal regulators encouraged the S&Ls to engage in all manner of insane speculative activities during the 1980s, then looked the other way when the system inevitably crashed, so too have regulators turned a blind eye to the worthless assets and loans littering the balance sheets of the bankrupt and even more speculative U.S. commercial banking system.

When the need for a taxpayer bailout of the bankrupt S&L system was admitted publicly in the wake of the 1988 presidential elections, government officials fell all over themselves promising an end to regulatory forbearance, the practice of overlooking financial problems in the vain hope they will eventually go away. But now a panicked government, faced with the imminent collapse of huge chunks of the banking system, is increasing its demands for forbearance.

The latest example of this phenomenon came on Nov. 6, in remarks by outgoing Office of Thrift Supervision chief Timothy Ryan to the Savings and Community Bankers of America in San Diego, California.

Ryan claimed that the government's overreaction to the savings and loan crisis had "created a climate of fear, and fear produced an overly restrictive supervision" by federal bank and thrift examiners. As a result of government regulatory ambiguity, Ryan said, "honest directors and officers developed unwarranted fears of

lawsuits, and went out of their way to avoid certain types of lending . . . out of fear for their personal exposure."

Ryan claimed that regulators had difficulty in instructing examiners to treat the banks more fairly, without giving the impression that they should ignore bad loans. "It's hard to tell people, when it's their job to be good, solid examiners, that they've gone too far," Ryan said.

The government did indeed create a "climate of fear" in the S&L world, with its prosecutorial vendetta against virtually anyone associated with a failed S&L. But while the feds were excoriating the thrifts and the examiners who supposedly failed to see what was happening, the assets and deposits of the failed thrifts were being funneled into the commercial banks, which were the real beneficiaries of this regulatory witchhunt.

Now, however, with the bailout of the commercial banks under way, the attack dogs at the Justice Department have been muzzled. No one is calling for the head of John Reed, the chairman of the bankrupt Citicorp, for example, even though the losses to the taxpayer from Citicorp will dwarf the losses from Charles Keating's Lincoln Savings and Loan. Keating was treated as public enemy number one, and the politicians who helped him were savaged, but the commercial bankers and their allies receive no such unpleasant treatment.

On the contrary, regulators are desperately trying to reduce the alleged regulatory burden being placed upon the banks by "outmoded" banking laws—things like requiring banks

to set aside sufficient reserves against bad loans, or maintaining reasonable equity capital. And of course, bank examiners, who insist on questioning the value of banks' worthless assets, are whipped into line.

The Bush administration has placed extraordinary pressure on banks and thrift examiners to hide the extent of the problems at commercial banks. In December 1991, the administration called nearly 500 bank examiners from around the country to Baltimore, for what can accurately be characterized as a political indoctrination session. The message: There are no problem banks.

You should carry out your job "in a way that promotes economic growth," Deputy Treasury Secretary John Robson ordered the examiners. "You are encouraged to give the benefit of the doubt, even if it might ultimately turn out to be a misjudgment. . . . Do not assume a doomsday scenario."

To make sure that the examiners followed their orders, regulators set up procedures whereby bankers could protest examiners' decisions directly with top political appointees in Washington, bypassing normal channels.

The political nature of this regulatory indoctrination was further underscored Dec. 17, when White House press secretary Marlin Fitzwater finally admitted that the economy was in a "recession," and on Dec. 18, when Federal Reserve chairman Alan Greenspan admitted that the economy "clearly had faltered." Two days later, the Fed dropped the discount rate 1%, to 3.5%, its lowest level since 1964.

By June 1992, Robson told the American Bankers Association, "the regulatory element in the credit crunch had eased." But now, with the banking crisis back with a vengeance, the feds are once again screaming for forbearance.

Minneapolis hosts free trade meet

Cargill and the cartel crowd push for more looting rights, and are depressing the miserable prevailing wage in Mexico.

Two events in Minneapolis in mid-November highlight the fact that though the administration may change party name, the flurry of activity around free trade agreements continues unabated. The debt burden on the world economy is driving financial circles to impose free trade agreements, in the futile hope that increasing exports, made cheaper by slave labor, will solve the debt payment crisis.

It is no accident that Minnesota serves as a chosen center of organizing for the free trade agreements (the U.N. General Agreement on Tariffs and Trade [GATT] and the North American Free Trade Agreement [NAFTA]), because it is home to the giant grain cartel company Cargill, Inc., and the Cargill-sponsored Hubert Humphrey Institute for International Affairs.

On Nov. 12, these interests sponsored a conference entitled "Southern Exposure: A Business Conference for Firms Interested in the Latin America and Caribbean Marketplace." Various labor groups attempted to get the conference canceled, because they claimed that the state of Minnesota was spending money to sponsor a conference to recruit businesses to move to Mexico and deprive them of jobs.

Just a glance at the agenda confirms such fears. At each of the six sessions, a country was "presented" by national representatives to the assembled executives and managers of Minnesota companies, for the purpose of recruiting their businesses to move to the selected country. The sessions had titles such as "Presenting Brazil,"

"Presenting the Dominican Republic," and "Presenting Colombia."

The inclusion of so many Caribbean and Central American countries gives credence to what many observers suspect, that these nations will soon be added to a free trade agreement with the United States, thus placing more downward pressure on labor costs, below even Mexico.

The issue of government backing for the conference became so hot that both the Minneapolis City Council and County Board passed resolutions making it clear that they were not sponsoring the conference financially. However, it seems that the conference was the brainchild of an international trade office which is sponsored by both government agencies.

The public sponsors of the conference included the International Trade Advisory Board, which represents the multinational grain cartels in the government free trade negotiations, and the Greater Minneapolis Chamber of Commerce, which has been a front for the grain traders since World War I.

Also on Nov. 12, the Minnesota Agri-Growth Council invited Arthur Dunkel, director general of GATT, to keynote its 25th annual membership meeting. Other presentations featured Robin S. Johnson, vice president of public affairs for Cargill, and Dr. C. Ford Runge, a Cargill-allied agricultural economist at the University of Minnesota. Johnson has attended many of the government GATT negotiating sessions.

Dunkel is expected to urge a swift conclusion to the stalled GATT nego-

tiations as an alternative to a new U.S. trade war against Europe.

At the center of the free trade conspiracy in Minnesota is the Minneapolis-based Humphrey Institute, one of the major centers promoting NAFTA. The dean of the institute, G. Edward Schuh, was a spokesman for NAFTA as negotiated by the Bush administration at House Agriculture Committee hearings in September. Humphrey Institute economists promote China as the model for underdeveloped countries seeking to make the transition to free markets and free trade. And it is not accidental that Minnesota meat-packing and food-processing companies have demonstrated a penchant in recent years for the Chinese model of coolie labor in factories.

The packing plants routinely bring Mexican labor in to undercut the state's pay scales. The Tony Downs chicken-processing plant in Madelia was recently exposed for recruiting to Minnesota and exploiting a largely illegal Mexican work force.

The Green Giant plant, a Minnesota company which is an arm of the flour-milling conglomerate Pillsbury, came under scrutiny in a Sept. 24 *Wall Street Journal* article entitled "The Lure of Cheap Labor." Green Giant not only moved its plants to Mexico in search of lower labor costs, but its plants in Mexico pay, at \$.83 an hour, less than Mexican-owned food-processing plants. The company is therefore contributing to even lower labor standards than already existed. Green Giant labels its full-time workers in Mexico "seasonal," so they are not eligible for any of the employment benefits of full-time workers. "They are barely able to put beans and tortillas on the table. There is no indoor plumbing, so sewage piles up. Families share tiny huts with chickens and flies buzzing incessantly," the paper reported.

Business Briefs

Banking

Sweden grants banks unlimited bailout

On Nov. 5, Sweden announced unlimited financial guarantees for its banking sector, designed to provide a safety net to prevent any more crashes among the country's commercial and savings banks, Reuters reported.

"The package could include many billions of kroners, but it is impossible to speculate how many today," Deputy Finance Minister Bo Lundgren told a news conference when presenting a draft bill. Independent finance firms and insurance firms, also troubled by the sagging economy and a collapse in the real estate sector, were not included in the rescue package.

The government said it will offer banks and state-connected mortgage institutes loans and guarantees to cover future credit losses and losses on return on assets, in addition to guarantees to protect new capital issues.

"The mandate is not limited to any particular amount," a government statement said. "We had to draw the line somewhere, and we made the judgment that the banks are the pivotal players in the payment system, and that's where we have to put in our guarantees," Lundgren said.

Health

WHO abandons strategy of eradicating malaria

The World Health Organization (WHO) has given up on a strategy to eradicate malaria and is now seeking only to contain the disease, Reuters reported on Nov. 2, based on a two-day conference in Amsterdam in late October.

Malaria is probably the world's biggest co-factor with HIV for AIDS. Chronic malaria suppresses the immune system, and 1-2 million people die every year from malaria.

"Attempts to wipe out the mosquito carrier, pursued for 50 years with poor results, will be made only in areas where there is a realistic chance of success," the conference concluded,

said Reuters.

In fact, however, the malaria mosquito was eradicated in many areas in the 1960s, and the rest of the world was on track to do the same through the use of DDT, which saved millions of people from death. But malthusians forced the ban of DDT in the United States in 1972, which immediately reversed the decline in mosquitos and malaria deaths.

It is only by 1995 that WHO expects to have accurate figures on the number of malaria cases. The conference heard that the malaria strain now found in Thailand and Cambodia is showing resistance to all the drugs widely available to treat it. WHO officials expressed concern at the lack of interest of western drug companies in finding new drugs.

In Africa, each year approximately 800,000 Africans, mainly the poor, are killed by malaria, the conference was told. Another 80 million Africans contract malaria but survive. Alan Schapira, a WHO medical officer, said: "There is an unfair accusation that things cannot get done in Africa because of disorganization. But even the toughest colonial-type administration, given the African ecology, would not get far against these [mosquito] species." Malaria is responsible for 20-30% of all deaths of children under five in Africa.

The new WHO strategy is to focus on earlier diagnosis, fast treatment, and earlier detection of epidemics, but where the funds will come from to carry this out was not addressed.

Monetarism

Russian military paper attacks IMF, Eagleburger

Krasnaya Zvezda (Red Star, the daily newspaper of the Russian military,) attacked the International Monetary Fund (IMF) and acting U.S. Secretary of State Lawrence Eagleburger for their lack of aid to Russia. "I believe that Moscow expected from its western partners something more than the theoretical gimmicks of acting U.S. Secretary of State Lawrence Eagleburger," Alexander Golts wrote in a recent issue. "Russia is in need of investments . . . in order . . . to set up the production of food and medicine. But there are no such large-scale in-

vestments, and it looks as though there will be none.

"It is an open secret that the aggravation of [Russia's] internal political struggle is the result of the continuing rapid deterioration of the economic situation and the catastrophic decline in . . . living standards," Golts noted, but "the IMF continues to insist on the unconditional fulfillment of its terms. They come down to the stipulation that credit lines will be open only after the Russian government succeeds in curbing inflation. But . . . this can only be done by one method—halting credits to industry and freezing all forms of payments to the population. In other words, by further reducing the Russians' living standard. The government will hardly risk proceeding along that path."

Golts proposed: "We are in far greater need of a program to stabilize industrial production, geared to our own forces. And a program elaborated without considering the demands of the IMF or any other western financial institutions, elaborated on the basis of the conditions existing in our country and not on the basis of someone else's views. We need finally to realize what we can do for ourselves and proceed from that. And perhaps then the West may run the risk of helping us?"

Aerospace

IATA head warns of another bad year

International Air Transport Association (IATA) Director General Gunter Eser warned in early November that the world's airlines face another bad year in 1993, and predicted that job losses in 1992 will exceed those of 1991, when the world's airlines eliminated 3.4% of 1.45 million jobs, or about 52,000 jobs. Eser said that IATA's 213 passenger airline members will probably lose at least \$2.5 billion this year, with half of the losses coming from the five or six largest airlines in the United States.

Eser noted that the world's airlines were expected to purchase 5,400 airliners by the end of the decade, with a total value of \$400 billion; but that the actual value of the world's airliner

fleet is now only about half that. Even optimistic observers believe that airlines can find the financing for only about 40% of the purchases needed. "There has to be some solid economic basis for airline operations in the future because the industry has some very heavy investments to make," Eser warned.

Environmentalism

Indians used against national patrimony

Environmentalists' efforts to shut down mining operations in Ibero-American nations, have involved the manipulation of Indians in these areas. The Wayuu Indians in Colombia's upper Quajira Peninsula along the Caribbean Coast, for example, have been deployed to shut down the Cerrejon mining project, one of the continent's largest and richest coal veins. The Indians are claiming that their proximity to the coal-mining operations has led to everything from high miscarriage rates to respiratory diseases of all sorts, prompting the country's constitutional court (a spawn of the narco-terrorist Constituent Assembly of December 1990) to order the government to create "mechanisms" for solving the problem.

An environmental agency of the Colombian Health Ministry has determined that none of the illnesses identified by the Indian inhabitants of the region is attributable to the mining operation. But it is now reported that the United Nations will finance a study and recommendations on the Wayuu's problems.

Among the problems not likely to be addressed are the fact that 66% of the 129,000 Wayuu are completely illiterate, and another 20% have no more than one year of primary school.

The crux of the problem was fairly summed up by a journalist for the Brazilian newspaper *Jornal do Comercio*, who, in commenting on the new Brazilian government's determination to shrink the vast Yanomami Indian reserve that was granted by the previous Collor government, said: What the Yanomami "need is medical assistance. From contact with whites, the Yanomami are suffering a wide variety of illnesses and are being

decimated at a dramatic pace. There is no advantage to them to be owners of extensive lands rich in minerals. What they need is the right to life."

Labor

U.S. said to have been in depression for 19 years

From the standpoint of real economic parameters, the United States has been in a depression for 19 years, Dr. Wallace Peterson, professor of economics at the School of Business Administration of Lincoln, Nebraska, said in an interview with the Nov. 4 Spanish daily *El País*. His remarks echo analysis found only in *EIR* over that timeframe.

Peterson, a self-professed Keynesian who recently won the "Veblen-Commons Prize" in economics, coined the term "silent depression" for what has happened to the U.S. economy. "Our deterioration is much more serious than the conventional statistics would have us believe. . . . For the first time since the Second World War, there is a simultaneous fall of production, services, and goods, which is hurting the white-collar worker as much as the blue-collar."

From the conventional statistical standpoint, this cannot be explained, and the United States should supposedly now be experiencing a recovery. So, "why does a state of recession continue?" he asked, stressing that conventional unemployment and Gross National Product statistics have become "irrelevant." What must be looked at, instead, is a real parameter like the income of a wage-earner in a single family. "Real income determines living standards, which indicate economic progress." By this measure of real family income, the U.S. economy, in fact, "has been depressed now for 19 years."

According to Peterson, from 1948-73 the average rate of family income grew in the U.S. by 2.7%, but since 1973, the growth has been 0.37%. Even more important is the fall in the rate of production. In the 1948-73 period, it grew by 2.5%, but this figure has dropped to 0.83% since 1973. Such figures "translate into facts," Peterson said.

● **A POLIO EPIDEMIC** has hit the Netherlands, and has claimed its first victim. Because health officials have not been insisting on a policy of mandatory vaccinations, 22 people have already contracted the disease.

● **SIX MILLION TONS** of food are needed this year to prevent widespread famine, according to the Famine Relief Report of the European Community. But according to its own figures, it has only delivered 1.8 million tons of aid so far. According to the EC's October statistics, the EC has 28 million tons of food reserves, which it has so far been unwilling to touch.

● **'PAKISTAN** may have to develop its own" nuclear power plants if restrictions on exporting such plants to Pakistan are not lifted, Pakistan Atomic Energy Commission chairman Ishfaq Ahmad said, Reuters reported Nov. 2. While not specifying the capability of the program, Ahmad said that "it passed its infancy stage long ago."

● **UKRAINE** does not plan to sell an aircraft carrier to China, Ukrainian President Leonid Kravchuk said in Beijing on Oct. 31. Kravchuk said that his visit to China had opened the way for other military cooperation, and that he had offered to cooperate on developing the new AN-180 aircraft, an upgraded version of a former Soviet troop transport.

● **THE 'CHINA MODEL'** to which the Russian opposition is looking, is a "bread and circuses" operation, the German daily *Die Welt* said on Nov. 3. Focused on food, consumer products, and small businesses, the model cannot succeed for long, the paper said.

● **JAPAN** will resume development aid to Vietnam this year after a 14-year suspension, a Foreign Ministry official said on Nov. 4. *Nihon Keizai* newspaper said the government would approve a 45.5 billion yen (\$369 million) aid package. Tokyo suspended such aid to Hanoi in December 1978 when Vietnamese troops invaded Cambodia.

LaRouche's ideas reach Moscow in time of troubles

by Rachel Douglas

In a message sent from prison to his collaborators on Sept. 2, 1991, a fortnight after the failed coup in Russia and Ukraine's declaration of independence set in motion the breakup of the Soviet Union, Lyndon LaRouche urged the rapid expansion of "a broad international movement, which clamors for the kinds of physical-economic reform . . . needed to get the world out of its present mess."

Such a clamor was heard in Moscow on Oct. 30-31, 1992 at a conference on "Alternative Approaches to Economic Reform." Organized by the Schiller Institute, the Russian State Humanitarian University, and the Ukrainian University in Moscow, among others, the event drew participants from Russia, Ukraine, Armenia, Latvia, Sweden, Germany, and the United States (see *EIR*, Nov. 13).

Inflation running at more than 4% *per week*, poverty that has engulfed 90% of the population, production and distribution of industrial goods at a standstill—these realities of Russia in late 1992 lent an urgency to the conference discussions on how to craft economic policy. This latest phase of the crisis in Russia resulted from measures adopted by the government of acting Prime Minister Yegor Gaidar, to win favor with the International Monetary Fund (IMF). Subsidies for industrial production were canceled and prices unfettered, without a competent replacement economic policy being in place.

The IMF prescriptions are more and more detested, but among those eager to exploit the backlash are communists from the old ruling *nomenklatura* and Great Russian chauvinists, who have declared their goal of restoring power within the borders of the former U.S.S.R. The certain resistance to such a drive from the newly sovereign nations, including ones like Ukraine and Kazakhstan that have nuclear weapons, defines a danger of catastrophic war. Eurasia is already dotted by local wars, so that the nightly news on Radio Russia leads with combat reports from half a dozen battlefronts.

Intervening at the conference, Armenian parliamentarian Igor Muradjan reported with the example of his country, on the double curse of war and IMF terms.



At the Moscow conference on "Alternative Approaches to Economic Reform," from left: Jonathan Tennenbaum (in profile), of the Fusion Energy Forum; Prof. Taras Muranivsky, conference co-chairman and rector of the Ukrainian University in Moscow; Anno Hellenbroich, conference co-chairman and representative of the Schiller Institute; translator; Michael Vitt and Michael Liebig of the Schiller Institute.

Helga Zepp-LaRouche, founder of the Schiller Institute, said in her message, read at the conference: "I believe I understand what agony, resignation, and desperation many people in Russia are living through. While a short time ago there was the hope that the opening of the borders of Europe would bring an improvement in conditions of life of the population, this hope has been bitterly disappointed. . . . We are already in the beginning phase of the Third World War, which will probably take the form of a Thirty Years' War, in which local and regional wars spread like wildfire. . . ."

"The decisive question is whether we can overcome this depression—which is already worse than the one in the 1930s, out of which fascism developed, and which this time threatens to become global—with the means which led to the reconstruction in western Europe after World War II. One thing is certain: If we have learned nothing from history, we will be condemned to repeat it as a tragedy. We will be able to escape this tragedy if, from out of this crisis, we are able to free ourselves from the evil which has dominated the entire nineteenth and twentieth centuries: oligarchism and geopolitics."

A theme of the conference, as the following selections from the proceedings show, was that a crisis of this magnitude requires not formulas for solving one or another of its aspects, but a *method* for generating innovative, bold solutions. A major event at the colloquium, therefore, was the distribution of pre-publication copies of Lyndon LaRouche's book *So, You Wish to Learn All About Economics?* in Russian. Prof. Taras Muranivsky, conference co-chair, is the

scientific editor of the Russian edition.

Dr. Viktor Petrenko, translator of this first book by LaRouche to appear in Russian, briefed the conference on its central concepts. "This book opens up for us a new world," he said, "the world of 'physical economy' and 'natural law.' "

LaRouche's foreword for the Russian edition of his book aptly expresses the sense of the Moscow conference:

"The Russian edition of this textbook appears at the moment the greatest financial bubble in history is collapsing upon us. If we fail to take appropriate corrective action soon, this collapse could become the worst economic disaster in European history. . . . Out of the wreckage of that monetary collapse, a new form of national economy must be constructed, from the remains of the existing industry, farms, and infrastructure. . . ."

"Nations which survive learn two leading rules for shaping of their economic policy. First, it must be recognized that economy is essentially physical economy, and that never again must money be elevated to any higher political authority than merely a means of fostering the production and physical distribution of tangible objects of newly produced wealth. Second, economic policy must be premised upon the fact, that the continued existence of humanity depends absolutely upon the continuation, indefinitely, of those improvements in knowledge, and in capital-intensive, energy-intensive modes of investment in productive techniques which we associate . . . with generalized scientific and technological progress."

The world economy in depression

by Michael Liebig

Michael Liebig, director of EIR Nachrichtenagentur, established for the Moscow conference participants that the economic breakdown in Russia and eastern Europe, hideous as it is, is only one component of a global crisis. The worldwide financial collapse means that the belief, still widespread in Russia, that the International Monetary Fund or other institutions of the collapsing Versailles and Bretton Woods systems have anything at all to offer, is a delusion. These excerpts include the conclusion of Liebig's presentation.

The following remarks focus on the economy of the United States, still the single largest sector of the world economy. Albeit with modifications and time intervals, most of the mentioned trends have materialized in the other sectors of the world economy as well. . . .

In 1989 the process of decomposition of speculative financial accumulation began to spread to the eroding *real economy*. Overindebtedness in agriculture led to the bankruptcy of 30% of America's family farms. The massive losses, insolvencies, and mass layoffs began in the aerospace industry and spread through the auto industry, machine tools, chemicals, and finally the high-tech sectors such as computers. Reduced purchasing power resulted in an escalating crisis in wholesale and retail trade, contraction in turnover, and the closure of numerous shopping chains. The use of credit cards and the growing employment of housewives veiled the

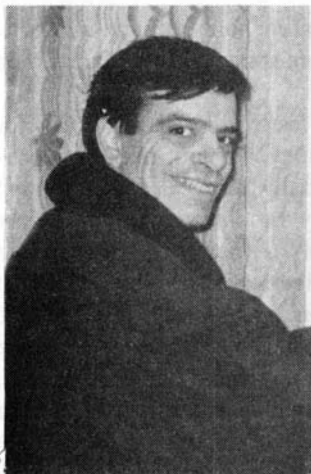
fact that the real purchasing power of the average industrial operative in the U.S.A. had fallen incrementally but steadily since the beginning of the 1970s. With the layoff waves of the 1990s, disposable family incomes of the American middle class began to collapse, a situation exacerbated by the pressures to pay off consumer credits. Rising unemployment goes along with relative or absolute impoverishment of the growing so-called marginalized population. . . .

Austerity and neo-corporatism

One would think, that with the realization that economic liberalism led to the depression, the hour of *neo-Keynesianism*, the traditional "anti-cyclical" conjunctural policy, would have arrived. Over the 1980s, American neo-liberalism in practice swallowed up Keynesianism. The public debt—"deficit spending"—of America spiraled over the 1980s during the Reagan-Bush administrations to approximately \$4 trillion. Debt service on this public debt has officially absorbed 17% of the federal budget. This monstrous public debt was incurred without any tangible real economic effect. Worse yet, the gigantic public debt was incurred at practically *usurious* credit conditions in order to become attractive to foreign and domestic investors. There is no room any longer in the U.S.A. for "anti-cyclical" expenditure programs on the Keynesian model.

Keynesian "deficit spending" is premised upon the ability to access private national and international capital markets. International investors became increasingly reticent, particularly since 1987, to continue to finance the \$4 trillion U.S. deficit spending, even when they are offered objectively usurious conditions. In September 1992, the board of directors of the International Monetary Fund put the U.S.A. under "IMF surveillance," declaring the federal deficit unmanageable and demanding tax hikes and budget reductions of \$250-300 billion per year in order to reduce the deficit. . . .

Faced with this dilemma amidst depression in the Anglo-



Konstantin George



Taras Muranivsky



Jonathan Tennenbaum



Anno Hellenbroich

Saxon world and the deepening recession in Europe and Japan, the transatlantic financial establishment's consensus is opting for a strategy of *deflationary austerity* and *neo-corporatism*. Austerity signifies a reduction of the average standard of living through income reduction, tax increases, and cuts in social expenditures. Neo-corporatism contains elements of economic policies of Mussolini fascism in Italy, Nazi economic policy designed by Hjalmar Schacht up to 1936 in Germany, the economic policy of the Swedish social democracy in the 1930s, and the Roosevelt "New Deal" in America.

The integrity and servicing of the debt structure is the chief task of neo-corporatist economic policy. . . . With neo-corporatism, economic and social policy is increasingly taken away from parliamentary institutions, instead it is determined by a combination of government agencies, private "expert" institutions, and trade unions integrated with them. Government-sanctioned and -financed private mega-cartels of illiquid financial and industrial enterprises are to be created. Foreign economic policy would tend to become increasingly aggressive.

The case of Felix Rohatyn

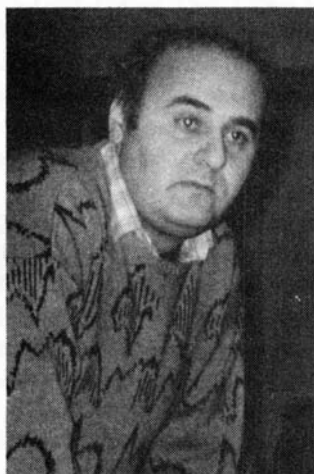
One of the most important proponents of neo-corporatism in the U.S. and internationally is New York financier Felix Rohatyn, who almost certainly will play a key role in or behind the next U.S. administration, even in the unlikely case that the next President is not Bill Clinton, whose close adviser on economic policy he is, just as he is a long-time friend of Ross Perot. Rohatyn plans for government and Congress to relinquish budgetary affairs in favor of private financial administrations, which would be able to implement the necessary, drastic reductions in expenditures "without regard to electoral-political concerns."

Rohatyn also wants the resources of public and private pension funds to be made accessible to the state by forcing them to purchase special state bonds. Some \$4,000 billion

are to be made available by this means over the 1990s. In the mid-'70s, Rohatyn himself headed up such a private compulsory administration for the over-indebted, insolvent city of New York, the Municipal Assistance Corporation ("Big MAC"). Rohatyn proposes to apply this model of austerity for the United States as a whole. . . .

One wonders if the transatlantic financial establishment, pursuing austerity and neo-corporatist economic strategies, has forgotten the results of austerity/corporatist policies in 1930s. They seem to have overlooked the results of the small-scale experiment in New York City under Rohatyn, which today is worse than ever. These policies triage the real economy in order to sustain an unsustainable financial structure. The head of the House Banking Committee, Rep. Henry B. Gonzalez (D-Tex.) said on March 17, 1992: "Men like Alexander Hamilton . . . recoiled at what all through the centuries was *usury*. . . . That is what has been flagellating our country now, ferociously, since the late 1970s. Until that is resolved and is stabilized, I can assure you that we will get nowhere." Reducing the average standard of living by 20-30% to service debt will correspondingly lower production output, capital equipment renewal, the quality and quantity of "soft/hard" infrastructure, and tax revenues.

The rationing and triaging of the real economy, in human and material-technical terms, in the 1930s was brilliantly analyzed by de Gaulle's economic adviser Jacques Rueff. Austerity and corporatism, as epitomized by the German example between 1931 and 1936, did not close the "scissors" between the "fictitious values" of the debt structure and the shrinking potential of the real economy. Instead, totalitarianism and war were the consequence. Yet, there is no historical determinism. There is an alternative anti-depression strategy: the Hamiltonian national banking approach put forward by LaRouche, which expands the productive real economy through state credits, while freezing and consolidating past debt structures.



Igor Muradjan



Rachel Douglas



Viktor Petrenko



Michael Liebig

IMF 'cure' is worse than the disease

by Konstantin George

Konstantin George is EIR intelligence director for Russia and eastern Europe.

The truth to the statement headlining this presentation ought to be clear to anyone who has observed or suffered under the economic catastrophe that has struck Russia this past year, as Acting Prime Minister Yegor Gaidar has implemented, or tried to implement, the conditions demanded by the International Monetary Fund. . . .

Since the 1982 Latin American debt crisis, the IMF has acted as the New York banks' policeman to collect the Latin American debt and all Third World debt. The usury that the IMF polices does not simply mean a high debt as such. The purpose of usurious interest rates—and that has been the case since the Paul Volcker high interest rate policies of the late 1970s—is to create conditions of permanent debt bondage for nations. This means that no matter how much of the debt is paid back, the total debt owed always climbs higher.

In 1982, Third World debt was \$800 billion. Today it stands at \$1,500 billion, after a decade in which the great majority of Third World debtors received not a single dollar in net new credit. A Third World debt study just released by the German Starnberg Institute for the Study of Global Structures, "Developments and Crises," states that from 1982 to 1992, the Third World paid \$225 billion more in debt repayment, interest and principal, than it received in new capital. The net capital drain has been far higher when one includes hundreds of billions of dollars in flight capital. The so-called new loans, 1982-92, were to roll over existing debt, to restructure the unpaid part of the former debt. . . .

Gaidar destroys the market

The IMF system contains two other devastating parallels with the Bolshevik Soviet system: ideology to justify the greatest of crimes, and being a liar. Just as Bolshevism developed a communist ideology to justify the exercise of naked power and crimes by a power clique, up to and including genocide against a people, so the IMF has developed the ideology of the "free market," toward which goal all and any crimes are justified. . . .

The essential precondition for any real market is a society of citizens who have the means to purchase goods. A popula-

tion with no purchasing power means no market. In September, Gaidar himself partially admitted this fact, so obvious to every member of Russian society. According to Gaidar, who deliberately presented a picture much better than it actually is, the results of the first eight months of his "shock therapy" were: The price of goods rose 15.6 times, while wages rose 10.6 times. Unemployment has soared, and again according to Gaidar, 12 million Russians are living "below the poverty line," a line defined by Gaidar at 1,200 rubles per month.

Gaidar and the IMF can say "poverty line." But, as every person in this room knows, 1,200 rubles or less per month means the inability to buy even the most basic essentials for biological survival. This fact was acknowledged by the U.N. Food and Agriculture Organization, in its report on CIS [Community of Independent States] food imports, released Oct. 14, when the FAO declared that 12% of Russia's people (which, by the way, is considerably more than Gaidar's 12 million, or approximately 18 million) have an income too low to buy even basic foods. To use the FAO data, these 18 million people in the Russian Federation are not simple "poverty" victims. Unlike the lying Gaidar, the FAO used a higher realistic monthly wage than the Gaidar 1,200 rubles. In today's Russia, one can't survive on 2,000 rubles any more than one can on 1,200. These are 18 million people who could die, and many will, once their savings and other means of supplementing incomes disappear, and their sole means of existence becomes this 1,200-2,000 rubles per month.

Thus, after only eight months of IMF "shock therapy," some 18 million Russian citizens are in a potential death pool if present policies continue. This is only the extent of the tragedy concerning the Russian Federation.

As the FAO report reveals, the tragedy is worse in several other republics. The FAO states, correctly, that Armenia, Georgia, Tajikistan, Turkmenistan, and populous Uzbekistan all depend on imports for more than two-thirds of their grain consumption. The FAO report only covers the CIS members, and thus omits the drought-caused grain harvest disaster in the Baltics this year. The Lithuanian grain harvest was some 1.5 million tons, compared to 3.3 million tons in 1991. A similar fall occurred in Latvia, and in Estonia grain harvested fell from 930,000 tons in 1991 to 400-420,000 this year. . . .

The best yardstick to show the collapse of purchasing power is to compare 1985 with the present. What was bought every month for 150 rubles in 1985, would require 15,000 rubles today. Thus, prices of goods and services used regularly have risen since 1985 by about a hundredfold. The price of non-food consumer goods has gone up far higher, as this price index includes items such as urban transportation, which has increased only twentyfold, and basic food items which have also increased far less than a hundredfold. Wages in the same period have risen to perhaps 5,000 rubles per

month, and there are many well below this figure. Thus, in the most optimistic portrayal, with a 5,000 ruble per month wage, the Russian market, as measured by purchasing power, is about one-third the size it was in 1985.

This discrepancy between the rise in the price of agricultural products for human consumption, and other goods—in this case, those purchased by farmers for the harvest—has created another serious food problem, threatening to become a catastrophe. To alleviate this problem, farmers have increased to the very limit of not only urban consumer market capacity, but also of refrigerated meat storage capacity, their sale of livestock, as meat is the best money-maker for the farmer.

The result in 1992 has been a decimation of herds in Russia, Ukraine, Belarus, the Baltic republics, and presumably elsewhere too. By next spring, the size of herds in the former Soviet Union may be 25% less than one year earlier. The enforced export of meat, under IMF “export-earning” conditions familiar earlier in Harvard economist Jeffrey Sachs’s “Polish model,” is now sweeping the Baltic republics.

The most tragic case, per capita, is Lithuania, with 3.5 million people. Lithuania has tried to emulate Estonia and Latvia, by implementing IMF demands so as to qualify for loans. The IMF specified, under the demand of “earning a trade surplus” through exports for hard currency, that livestock become a prime export. The demand was enforced through the muscle of a credit embargo which prevented Lithuania from importing desperately needed feed grain for its herds. The country was confronted with the cruel choice that comes from playing IMF “rules of the game”: Export the herds or see them die. Last month, the Lithuanian Agriculture Ministry was forced to approve the export of 500,000 head of cattle, including 283,000 dairy cows, 700,000 pigs, and 4 million chickens.

The Oct. 25 devastating electoral defeat of the ruling Sajudis party and President Landsbergis should serve as a lesson for the political consequences of bowing to the IMF.

Now, back to the Russian case. What is Russia getting from the IMF for all these sacrifices and potential mass murder of parts of its citizenry? The \$24 billion that never came and never will, was reduced to \$1 billion which actually arrived. Nothing else will arrive this year, and for 1993, anywhere from zero to perhaps a few billion, but only if shock therapy continues. As for all the other former Soviet republics, they have, even in nominal terms, received either zero or next to zero. . . .

While Russia received \$1 billion, it is losing up to \$15 billion by the end of this year through the unpaid interest on the former Soviet debt being added to the outstanding principal, and the drawing on unused parts of former, pre-August 1991, credit lines. This growth in the former Soviet debt, from \$64 billion at the beginning of this year, to as high as \$80 billion by year’s end, is the estimate given earlier this

month by Deutsche Bank, which leads the consortium of the former U.S.S.R.’s private creditors. . . .

I would like to close with brief reference to three other examples of IMF shock therapy: former Yugoslavia, the Czech and Slovak Federated Republic, and Bulgaria, all of which are, or were, multi-ethnic societies in contrast to very ethnically homogeneous Poland.

Former Yugoslavia

Former Yugoslavia was the original shock therapy “patient” in eastern Europe, advised by the same Jeffrey Sachs. It would be wrong to identify IMF shock therapy as the sole cause of the war in former Yugoslavia, but it was the main factor making the difference between peaceful separation and war. Under non-shock therapy conditions, Yugoslavia could have moved toward a loose confederation, eventually toward independence for the former constituent republics, but under an Economic and Customs Union, like a miniature European Community. Shock therapy ensured war. How?

The answer lies in the West-East prosperity-poverty divide that cut through former Yugoslavia, with the more prosperous western republics of Slovenia and Croatia, and the poorer eastern republics, of which Serbia was the largest. Under shock therapy, Yugoslavia was ruined by the same hyperinflation that has been destroying Russia nowadays, and the implementation of IMF demands to stop subsidizing “unprofitable” enterprises caused unemployment to rise to more than 2 million, or over 20% of the work force. The Yugoslav federal budget was drastically reduced, again under IMF demands, so that the “war” between Serbia and the two western republics of Slovenia and Croatia really started then, not in July or November 1991. The Serbian leadership attempted to compensate for the IMF looting of Yugoslavia by increasing the taxes and other payments to the Belgrade center by the richer republics, i.e., an economic rape of Slovenia and Croatia, to the point where these republics had everything to lose and nothing to gain by remaining in the Yugoslav Federation.

What had been before the late 1980s a slow process of separation, which could have been orderly, became an avalanche. There are lessons in this for the former Soviet Union where, even though, in formal terms, the separation into independent republics has taken place, still through devices such as the ruble zone and the two-tier system of commodity pricing, etc., Russia is trying in part to emulate the Serbian approach, to compensate for its own shock therapy losses by looting its neighbors through unfair pricing mechanisms and other means.

Czech and Slovak Federated Republic

A similar lesson for the former Soviet Union can be seen in the last days of Czechoslovakia. Here, shock therapy was implemented by C.S.F.R. Finance Minister Vaclav Klaus, though in such a way that the brunt of two years of vicious

austerity fell on the Slovaks. In short, under the Klaus formula, the IMF was served by keeping the Czech part fairly stable, through the triage of Slovakia. In the Czech part, unemployment has been kept below 5%, whereas in Slovakia, it is at 12% and climbing. Ninety-five percent of all foreign investment sent into the C.S.F.R. since Jan. 1, 1990 has gone to the Czech area. The triage of Slovakia has created the economic basis for inter-ethnic conflict within Slovakia, against its 600,000 Hungarians and other minorities.

Bulgaria

Finally, let me mention Bulgaria, the country which has been praised by the IMF as representing the model of "success." The criteria defining "success" are that Bulgaria has moved in 1992 into a hard currency balance of trade surplus, and probably a surplus in the non-trade portion of the balance of payments. These criteria are for the IMF the most important, as they define a mathematical "capability" to repay debt. By July 1, 1992, some \$1 billion in foreign exchange reserves, plus \$350 million in gold reserves, had been accumulated—these are the figures provided by the Bulgarian National Bank report on the Bulgarian economy after the first half of 1992. In September, Bulgaria announced that it was resuming debt repayments, suspended in March 1990.

As in the case of the former Soviet Union, the debt of the communist era was not frozen, but kept growing during the period of payment suspension, rising from \$10.2 billion in 1989 to \$12.2 billion this year. . . . On a per capita basis, if the debt of the former Soviet Union were as high as Bulgaria, it would total \$360 billion.

In the first half of 1992, industrial production fell 23% and the sale of industrial goods fell by 14.4% compared to the 1st half of 1991. . . .

By September 1992, unemployment had risen to 530,000 or a 13% rate, compared to 10.1% at the end of 1991, and only 0.7% in 1990, before shock therapy began. . . .

The country is close to a social explosion, and the prospect of a winter of hunger has already sparked an attempt at a mass exodus of the ethnic Turkish minority into Turkey, an exodus that ended abruptly after Turkey demonstrably closed its border to its ethnic kinsmen. The closure of the refuge safety valve for this large minority of 900,000, or 10% of the population, has created the basis for an inter-ethnic and perhaps, later in this decade, international conflict, directly attributable to IMF shock therapy.

In conclusion, with the IMF as with communism, success is based on the ability to rule through an ideology, backed by the barrel of a gun, or analogous power instruments, such as credit and trade embargoes. However, if the absurdity of a Moscow "center" ruling over a large area of the Earth could be terminated, then there were no objective reason why the financial elite of two countries, namely Great Britain and the U.S.A., should employ the IMF to dictate terms that spell ruin to 160 sovereign nations.

The LaRouche plan for economic revival

by Dr. Jonathan Tennenbaum

Dr. Jonathan Tennenbaum, president of the Fusion Energy Forum in Germany, has drafted development plans for Eurasia, based on LaRouche's "Productive Triangle" concept. In Moscow, he presented the method behind the programs.

It is perhaps superfluous to observe, that the kinds of radical economic reforms which the International Monetary Fund is trying to impose, are leading to disaster. At the same time, other schemes which are much discussed these days, including the so-called Chinese model and various forms of "restorationism" or "return to the old ways," are not going to work, either.

The alternative I shall present is based on the work of Lyndon LaRouche. It is not a magic formula or an administrative mechanism falling down from the sky, but a method of thinking about economic and scientific problems. Actually, it is not completely new, but has a long tradition going back to Leibniz, Hamilton, Carey, List, and other figures who were responsible for building up most of the successful industrial economies in the world. I would add the circles of Count Sergei Witte and Dmitri Mendeleev, who were relatively successful in launching the modern industrial development of Russia beginning in the late nineteenth century. This current of economic practice continued to be expressed, although in weakened form, in certain of the policies of French President Charles de Gaulle and U.S. President John F. Kennedy. LaRouche has revived the whole conception on a higher level, while adding new features which are indispensable for dealing with the present crisis.

Briefly summarized, LaRouche's approach centers on the use of credit generation by a newly organized National Banking System, to promote a high rate of technological improvements throughout the productive sector of the economy. In the present situation in Russia, Europe, and Eurasia generally, the only effective way to accomplish this is by a rapid, large-scale development of physical infrastructure. . . .

LaRouche put forward his proposals not as an answer to the problems of any particular nation, but in response to the crisis of the world economy as a whole. He pointed out, back

in 1988, that besides Japan, there is only one area of the world which could be the source or locomotive of a general economic recovery; that is western Europe, and specifically the region located approximately in the triangular region between Paris, Berlin, and Vienna. This region—which he called the “Productive Triangle”—contains the greatest concentration of skilled labor and modern capital goods industries in the world. Extending outward from that region are natural corridors of industry and transport, reaching throughout Europe, into the former Soviet Union, all the way to the Pacific. By building up in the “Triangle” and in these corridors high-speed rail lines, nuclear energy, and other advanced technologies, a gigantic increase in productivity would be generated which would act as a “locomotive” for the whole world economy. . . .

The fraud of the ‘market economy’

The socialist and so-called free market system—which actually doesn’t exist, but is really an ideological cover for something else—together constitute a two-headed monster, with the faces of Adam Smith and Karl Marx, such that when one head dies, the other one dies, too. They both die of the same congenital illness.

Many people here do not appreciate this point. People talk here about “transition to a market economy.” But there really is no such thing as a market economy, at least not the way people seem to talk about it; it never existed, and could not possibly exist. For example, some experts from Harvard University come to you here and say, for example, “You must stop subsidizing industry.” Well, as a matter of fact, the U.S. government still subsidizes U.S. industry, especially in areas of high technology. So do the German government and the French government and the Japanese government, for tens of billions of dollars a year. These economies could not possibly function without massive government intervention into the so-called free market. . . .

The ultimate source of wealth is located uniquely in the creative potential of individual human minds to make scientific discoveries, and to assimilate and apply valid discoveries in the form of new technologies. The result is to increase the productive powers of labor, and thereby the potential amount of physical wealth which can be generated per unit area of land and per capita of the population, beyond any assignable limit.

The fundamental question of economics is, how to organize society in such a way as to constantly increase the density of successful scientific and technological advance, as a continuous process. That is the problem which Leibniz, Hamilton, Carey, List, and LaRouche have answered, in an increasingly effective manner for practice.

Thus, the discussion about creating a so-called market economy fails to address the essential point. Yes, the rigid administrative methods of the Soviet system didn’t work. Yes, there is the problem of the entrenched bureaucracy, of

the *nomenklatura*. Yes, it is useful and necessary to promote small and medium-sized private enterprises in agriculture and industry, to establish markets for free access to various sorts of goods, to reduce wastage and inefficiency rampant in the economy. But, attempts to solve these problems by liberalization and administrative methods alone are not going to work. You need the crucial additional element of physical change: the rapid injection of improved technology into your economy. Without that, you won’t be able to effectively change the structures you complain about. You won’t be able to change the mentality of people.

Noninflationary credit creation

There were three essential problems with the Soviet economy, in physical terms, which are all very closely related. First was the fact that scientific and technological progress was “bottled up” within the military sector, and was not able to propagate effectively into the economy as a whole. Second, the extreme extensivity of the economy. Third, there was a general neglect of intensive use of basic economic infrastructure.

LaRouche’s approach is to attack all these problems simultaneously, by using rapid improvements in infrastructure as the transmission belt to propagate technology into the entire economy. There is a certain analogy to what Count Witte did with the railroad developments in Russia, and even to the famous electrification program, which the Bolsheviks really took over from Witte.

It is crucial to realize that every technological improvement in physical infrastructure increases the effective productivity of every factory and every farm in the economy, and reduces the per capita cost of maintaining the population’s living standard.

This has a very important implication: When a National Bank of Russia, for example, issues credit for physical improvements in infrastructure, such expansion of credit 1) is counterbalanced by the production and installation of equipment and other physical goods employed in infrastructure construction, and 2) increases the overall physical efficiency of the economy as the result of more efficient infrastructure. For this reason, issuance of such credit is anti-inflationary in effect. . . .

Our infrastructure program

The extremely extensive mode of development of the former Soviet Union, with its interconnected production areas spread over immense distances and its very low average density of population compared with western and central Europe, translates into very high transport costs per unit of goods and per capita. In order for your economies to operate as efficiently as the west German or Japanese economies, for example, your transport and energy infrastructure would need a much higher technological level than Germany’s.

Under the present conditions, the greatest intensity of

investment, in terms of the large projects, must be concentrated in a system of corridors of relatively highest density of population and economic activity. . . .

It is crucial to emphasize that our proposal involves nearly the exact opposite use of infrastructure as, for example, the BAM [Baikal-Amur Mainline] or the famous railroad to Vorkuta; these long lines were built in areas of extremely low population density, and their construction was motivated by the location of raw materials and by strategic considerations. Our proposal is not focused on raw materials—which, as I emphasized, are not the real source of wealth—but with increasing the productive powers of labor through technology. We could call this the intensive use of infrastructure, as opposed to extensive uses. . . .

Let me briefly identify some of the types of technologies which are crucial for the modernization of basic infrastructure, particularly within the high-density corridors discussed above.

First, the introduction of improved forms of nuclear energy is absolutely essential. On the basis of recent technological developments, particularly in high-temperature materials, it is now possible to build new types of nuclear reactors which have the feature of intrinsic safety—that is, a dangerous accident is physically impossible. . . . High-temperature reactors of this type will provide heat for industrial processes as well as electricity at a high efficiency, replacing a large part of the enormously wasteful consumption of coal and oil in your economies, and reducing the dependence on transport of hundreds of tons of fuels over large distances. . . .

Given sufficient energy, many other bottlenecks can be overcome. For example, we can get a lot of the steel we need for infrastructure by feeding the millions of tons of junk which are lying around into high-temperature plasma furnaces of various kinds. More generally, the higher energy-density which we can reach in plasmas, permits us to process waste and low-quality raw materials economically. We thereby liberate ourselves from the silly, nineteenth-century obsession with strategic raw materials, which still dominates much economic thinking in the East as well as the West. On the horizon, we have fusion, which the world needs at the beginning of the next century.

The second crucial area is modernization of the freight transport system, using high-speed express trains (up to 150 kilometers per hour) with advanced control systems and highly automated loading facilities for containers. These facilities make it possible to rapidly transfer containers between the different modes of ground transport: railroad, truck, and ship, including inland rivers and waterways. A very big role in the collapse of the Soviet economy was the lack of sufficient investment in the railroad system. The role of infrastructure was not correctly understood.

Technology exists today to build new rail lines and modernize old ones in a very rapid and efficient manner. There are now machines which can lay down and weld together

complete railroad tracks at the rate of one kilometer per day. . . .

We are on the threshold of a historic revolution in ground transport—the use of magnetic levitation. . . .

In emphasizing the importance of advanced technologies, I would suggest a different approach to the much-discussed conversion of military-related industries than appears to have been taken so far. The point is this: The Soviet Union was a scientific-technological superpower, which matched and even exceeded the West in a number of very sophisticated areas, including space travel, plasma physics, and fusion research. How can such capabilities be used to rebuild the economies of the Community of Independent States?

The trouble is, that many people are looking at the high-technology, military-related industrial sector only in terms of the competitive quality of products which they would be able to produce, for example, on the world market. But the most valuable thing about this sector is not simply the relatively high quality of production, but more important, the capability to solve problems by developing and producing new technologies based on the most advanced areas of scientific research. The center of that capability is the development of specialized machine tools. The sector was organized to perform that function in a rather effective way, unfortunately mainly within the restricted domain of military applications. If you simply propose, for example, that each factory should try to develop some product it could sell on the so-called free market, in an anarchistic way, then this sector—which was developed as a highly interconnected organism—will disintegrate, and you will lose most of its capabilities.

A workable alternative is to put this sector to work in solving the technological problems of infrastructure. To put it in another way: The state, by financing a massive modernization of infrastructure, creates a large and stable demand for new, advanced technologies. . . .

Now some people will object, that with this approach we are permitting the old centralized economic system to continue. That is not true; an economy based on the central role of a National Bank system, which I shall now describe, functions completely differently from a Marxist planned economy. But it is true that the task of developing basic physical infrastructure, as well as social infrastructure of health and education systems, for example, must be the responsibility of the state. This function cannot be fulfilled by private enterprise alone, and certainly not according to the principles of the “free market.”

The method of the Hamiltonian national bank

. . . I shall sketch an example of how a Hamiltonian national bank might operate in Russia.

The new National Bank should be set up in connection with a currency reform, which reestablishes control over the financial system and provides the possibility to destroy a vast

amount of speculation and illegal activities of various kinds, and to stop the present hyperinflation. Essentially, old ruble notes are exchanged for new currency notes (let us say, "Novy Ruble") according to an orderly procedure. In this process, holders of large amounts of old rubles in cash or on account will be required to account for where they came from, before they are allowed to exchange them. As a result, a large amount of rubles acquired illegally, or without paying taxes, will be discovered or else their owner will burn them to avoid being prosecuted! . . .

In its simplest form, the new National Bank of Russia would generate new credit through the emission of new currency notes in the form of low-interest loans to the state, and to state and private enterprises either directly or in cooperation with other banks. The interest rates will be between 2% and 6%. Most importantly, such loans will be given only for certain precisely defined categories of productive investments, including particularly for improvements in infrastructure and for technological modernization of industry, agriculture, and the construction sector. But the National Bank will not provide credit for investments into the service sector or for purely financial transactions such as trade in commodities or land. . . .

Let us say that we have a machine-building enterprise which produces machinery for railroad construction. We receive a credit from the National Bank of Russia to construct a new modern production line. The local branch of the National Bank will pay money out of the special account only for deliveries of specified materials, machinery, and tools, and so forth. In other words, we never actually see the money ourselves. . . .

Naturally, credit will be available outside the National Bank for the service sector and other uses outside the strictly productive sector. However, these credits will have a higher rate of interest, and banks will only be able to lend to such categories of investment from their own funds. Thus, expansion of lending for nonproductive activities can only occur indirectly. . . .

For some people, this method of credit generation to finance infrastructure and modernization of industry and agriculture sounds like magic. They are accustomed to experiencing shortages everywhere, and cannot imagine anything being created which was not taken away from another place. But there is no magic. If we look at Russia, for example, we see on the one side tremendous reserves of labor, of poorly utilized productive capacity, and especially an extraordinary technological potential; on the other side, we see a nearly endless list of tasks, of necessary things which are not being done, including especially the modernization of infrastructure. The problem is, that the capabilities are not properly matched to the tasks, like an automobile in which the motor is disconnected from the wheels. What the National Bank essentially does, is to put them back together.

How to overcome errors in economics

by Prof. Dr. Taras V. Muranivsky

Professor Taras Muranivsky teaches at the Russian State Humanitarian University and is rector of the new Ukrainian University in Moscow. He actively organized the Oct. 30-31 conference on "Alternative Approaches to Economic Reform," and served as its co-chair. Professor Muranivsky is scientific editor of the forthcoming Russian edition of Lyndon LaRouche's 1984 book, So, You Wish to Learn All About Economics? His paper on that book, prepared for the conference but not delivered for reasons of time, is part of the conference proceedings and is included here in full. The speech has been translated from the Russian, and subheads have been added.

In Russia, as in the majority of the new independent states that arose after the disintegration of the former U.S.S.R., an attempt is being made to achieve the economic level observed in the developed countries of the West today, by means of private property, the market, and certain financial and pricing operations. But the problem is that our notions about the so-called market economy are oversimplified to no small degree, are somewhat "larded" with the ideologies of the recent past, and are essentially mythical. It seems to bother us little, that among countries that have private property and a market, there are economically backward and politically dependent ones alongside the developed.

Evidently those people are correct, who compare contemporary Russia, for example, with Brazil. Just as they are there, we are faced with a comprador bourgeoisie and a wild market. No one has any interest in the development of infrastructure, growth of production, or raising the population's standard of living. Nobody has any use for science, and nobody is worrying about the acceleration of scientific and technological progress. It is to be expected, that in Russia, just as in Brazil and in other Latin American countries, the recommendations of the International Monetary Fund will fail utterly. Perhaps the only thing that is holding us back is the irony of ambiguity, mixed with the cynicism of totalitarian times.

We should seek a way out of this situation, starting with the decisive rejection of primitive notions about economic development. This requires studying various economic theories and conceptions, as well as the accumulated human prac-

tical experience of running an economy rationally.

Among the scientific conceptions unfamiliar to a broad circle of our specialists are the views of the major American scholar, economist, and public figure, Lyndon H. LaRouche. Considering that one of his books, which came out over a decade ago, was entitled *Imperialism, the Final Stage of Bolshevism*, it is not difficult to understand the reasons for official Soviet economic science's negative attitude toward him. He was tagged with all sorts of labels and accused of all sorts of sins. Unfortunately, in some places the inertia of

The most serious obstacle to economic transformations in Russia and the other newly independent states is the Bolshevik way of thinking, which permeates society from bottom to top. People are upset right now, because prices have risen catastrophically. But nobody is upset, that we are producing very little and, where we are producing, not what is needed.

such "exposés" has been preserved up to the present.

Let us try calmly to examine the views of this scholar. We will be assisted by the just-finished translation of L.H. LaRouche's book into Russian. It has a somewhat convoluted title: *So, You Wish to Learn All About Economics?* As the scientific editor, I proposed to give it a more precise title, *How to Overcome Errors in Economics*. This would have expressed the main idea of the book and its urgency for our readers. But, unfortunately, German and American scholars from the Schiller Institute decided to keep an almost literal translation of its English title.

One may accept the author's views or disagree with him, but it would be a profound error to ignore such a serious and multi-faceted body of scientific investigation. All the more so, in that LaRouche takes a very non-traditional approach to the development of economic science and gives non-trivial evaluations both of economic practice and of state policy in the economic and social spheres.

Economics as 'natural science'

In my view, the methodological aspects of his substantiation of the formation and development of economic science and his identification of its essential character as a natural science, including a fundamentally new treatment of several key concepts and categories, are of great theoretical interest.

We know that Academician Landau subdivided all sci-

ences into two groups: natural, and unnatural. LaRouche has his own classification, which is also unusual for us. Above all, he distinguishes the natural sciences, which include biology, economic science, and mathematics itself, as well as the history and investigation of new manifolds. But he rejects the necessity of conducting scientific research in such areas as "psychology, sociology, anthropology, and kindred 'ologies' of so-called 'social' science." Such a categorical condemnation is unjustified, I think, since it is indeed necessary to study the social sphere. Everything depends on what methods are employed and to what extent science is independent from politics and ideology.

The author himself examines a broad spectrum of social problems. Most valuable from a practical point of view is his frank and comprehensive analysis of the system of social relations in western countries (economic ones, first and foremost), which people in our country often look at as some kind of ideal, or as the latest version of "the shining future." It is important to note, however, that the author makes his critical analysis of that system not from Marxist or from other class, race, or party positions, but from a profoundly scientific standpoint.

With respect to its scientific content, there are at least three aspects of LaRouche's book that impress me: the creative character of his analysis of various processes and phenomena; the consideration of science as an organic whole, and of the interaction of its various branches; and the logical consistency and historical continuity in the presentation of the theoretical conception chosen by the author.

Hypothesis of the Higher Hypothesis

As the fundamental scientific research method, LaRouche chose the principle called by Plato the Hypothesis of the Higher Hypothesis. Chapter 5 of the book, almost in its entirety, is devoted to this method. The author emphasizes that an investigation begins when some existing conception is subjected to doubt, and subsequently may be refuted.

The researcher experiences such doubts, when he "is annoyed by a noticeable smell of falsehood or superficiality" in some scientific axiom or doctrine. The researcher attempts to discern, in what state of mind such a doctrine or conception would have been advanced and elaborated, and what false assumption underlay its formulation. It is especially important to establish, how it is contrary to the lawful ordering of the universe.

Then a blow has to be struck against the "Achilles' heel" of the conception that has been cast into doubt. Here, neither intuition nor any feeling like that will help. The goal that has been set can only be reached on the basis of and by means of comprehensive knowledge and deep understanding of the problem. LaRouche demonstrates these qualities with the example of his own investigation.

A characteristic example is his comparison of two views of the problem of the derivation of words: that of the famous Sanskrit philologist Panini, who argued that all words derive

from the verb, and that of the well-known ancient Greek philosopher Aristotle, who asserted that nouns were primary. Using the methods of Plato, Kepler, and Riemann, and certain specifics of the development of science, LaRouche criticizes the position of the Aristotelians, for whom “science is stringing imaginary self-evident things, like beads on a string, on the latticework of a nominalist’s deductive-theorems or, similarly, chopping small things into ever-smaller constituent things.”

At the same time, the author argues that any empirical fact, described from the standpoint of the transitive verb, defines a corresponding transformation, which occurs during a given time, in a given place. An in-depth analysis of this problem brings LaRouche to the conclusion, that “*physical* has the meaning of *transformation* (as opposed to static, particular existence instantaneously). Transformation exists only in finite time and finite spatial displacement. Hence, neither matter, nor space, nor time can be separated as existing independently of the other two. Matter in itself, space by itself, and time in itself, are meaningless constructs of a deluded mind. Only *physical space-time* exists.”

Thus, from the standpoint of transitive verbs, the author reaches philosophical generalizations, from which follow new evaluations and conclusions of a universal character, such as, “The universe created itself as a continuing process of negentropic self-transformation.”

LaRouche subjects the laws of thermodynamics to devastating criticism, especially the second principle, entropy. He considers the second law of thermodynamics to have been refuted in advance by the work of Kepler, published in the early seventeenth century. And Kepler’s astronomical laws, discovered by him on the basis of arguments and calculations based on the Golden Section principles of Pacioli and Leonardo da Vinci, were of decisive significance. Later, Gauss proved the universal character of Kepler’s laws, from which it follows that the universe as a whole is essentially negentropic.

The author conducts his analysis of these and other researches in the history of science, in order to prove the unity of science and the universal, general scientific significance of the most important scientific discoveries, regardless of what area they were made in.

The heritage of Leibniz

Thus, mathematical conceptions (synthetic geometry, the ontological transfinite, and others) directly affected economic science. LaRouche considers G. Leibniz to have been the founder of the new tendency in this field.

Based on the research methods employed by G. Leibniz in the area of heat-powered machines, Lyndon LaRouche has formulated the principles and methods of physical economy, whose subject-matter is the functional dependency between the perfection of productive processes (improvements in machinery and technology of production) and the growth of the productive power of operatives in production.

The essence of physical economy, it appears, may be understood from the interconnection between energy and economic systems.

An important indicator identified by LaRouche for the analysis of technological systems is the concept of energy flux-density. Analyzing this flux and the losses of energy in the process of work by the machine fed by that energy, made it possible to discover new phenomena. Of greatest interest is the conclusion, based on observations and on mathematical calculations, about the interdependence of energy flux-density, energy losses, and work performed. It turns out that with a high energy flux-density, comprising only a portion of the total power supplied to the mechanism, it is possible to perform a greater volume of work, than using the entire energy flow at a relatively lower energy flux-density. And so, given a powerful energy flow, waste of energy is not such a terrible thing as is usually supposed.

LaRouche generalizes this conclusion to the economy as a whole, and considers it to be one of the characteristics of economic science. In particular, this makes it possible to solve in a new way, the important socio-economic problem of raising the level of capital expenditures (wages, in particular) per operative employed in production.

The book shows that the idea of flux-density has been employed for a long time in agriculture, where crop productivity is measured by yield per hectare or by the quantity of product per worker employed. It is not difficult to see how these indicators are coherent with the technological characteristic of energy flux-density.

The next measurement indicator is the contents of a “market basket” (of means of production, as well as of consumer goods). The use of this indicator as a standard makes it possible to introduce at least two more causal relationships: the correlation of the volume of output (or contents of the basket) and the social expenditures on producing it, and the interrelationship of these volumes with the area occupied by all the people living in a given territory.

Finally, these indicators, based on the idea of energy density in machinery, may be linked among themselves, through population density, i.e., the number of inhabitants per square kilometer of land.

Further analysis leads to posing a new task: to identify the limits (or ceilings), beyond which the increase in energy flux-density and capital expenditures (per operative, per unit of production, or per area) no longer leads to a rise in functional efficiency of the system as a whole. In an economic sense, it is a question of the economy of general (or average) expenditures of human efforts, in such a way as to preserve (or even improve) the content of the “market basket,” without increasing social expenditures on the production of goods. In order to achieve this goal, resource-conserving technologies must be employed, the study of which is a subject of economic science.

In Leibniz’s times, new technologies were based on the application of coal-fired, heat-powered machines. Leibniz

compared the benefits derived from the work of these machines, with the cost of mining the coal. This approach served as the point of departure for Leibniz in creating a new economic science. He saw the purpose of heat-powered machines in that, by using them, each operative could perform the same volumes of work, which it required whole groups of workers to do without those machines. These indicators of the economy of labor are compared with the cost of the machines and the coal they consume, including the cost of mining, transporting, and utilizing the coal.

An important step on the path of establishing a new economic theory will be to introduce a special course in physical economy, as a special subject of study at the Ukrainian University in Moscow. This and other books by LaRouche will be used as textbooks for students and graduate students of the university.

The study of differences in the productivity of various types of machines, using the same quantity of energy, is important in physical economy.

Lyndon LaRouche writes about his own contribution to the development of economic science, that he was the first to realize the importance of Riemann's contributions in mathematical physics, for the quantification of the relationship between rates of technological progress, and the consequent growth of intensity of economic development. This was the origin of the LaRouche-Riemann method. Furthermore, economic investigations intersected the most promising directions of research in the field of controlled thermonuclear fusion and plasma physics.

Economy of labor

The American economist Henry Carey, whom LaRouche cites, proposed to measure the value of man's productive activity, by the growth of the economy of labor, which is achieved through technological progress.

This interpretation differs from the Marxist definition of value with which we are familiar, in that value is attributed not to the object (commodity, for example), but to the process (productive activity). This is a new definition of the category of value, one conditioned by technological progress, on which economic progress depends. The economy of labor is impossible, without technological progress.

The growth of man's mastery over nature is easy to measure, with the indicator of the reduction of the area of inhabit-

able land, required to maintain the life of one average individual. This is an effective way of measuring the economy of labor. LaRouche terms this measure population density, which is defined by the number of people per square kilometer, able to subsist by means of their own labor. In practice, this expresses the level of technology in a given society.

The indicator to be measured is the rate of growth of population density. In this way, LaRouche proposes to measure the rate of growth of economy of labor, at which growth of the productive power of labor occurs.

Calculation of the magnitude of the economic category of value is based on this. Its measure is the rate of growth of potential relative population density, in comparison with its existing level.

In mathematical terms, this definition of value may be precisely expressed, using C. Gauss's functions of a complex variable.

No 'post-industrial society'

This is why the *leitmotiv* of LaRouche's book is a protest against all sorts of proposals to reduce the rate of technological progress.

LaRouche harshly criticizes the policy of the "post-industrial society," which, due to the decline of the productivity of labor, expressed as a reduced output of physical goods, will lead during the next 40-50 years to a chain reaction of outbreaks of famine, epidemics, and the death of around 4.5 billion people in the world, as well as a fall in potential relative population density.

The "post-industrial society" policy began to be implemented in the U.S.A. in the mid-1960s. LaRouche terms Zbigniew Brzezinski's well-known theses on the "technetronic society" a reflection of the linkage between the utopian strategic thinking of American Presidents beginning with Lyndon Johnson, and social and economic policy.

LaRouche identifies the Harvard Business School, working along lines charted by Robert McNamara of Ford Motor Co. and the Pentagon, as a center that influenced the transformation of industrial management philosophy. The idea of "buy cheap, sell dear," became a doctrine of economic science.

To dress this doctrine up in a scientific costume, ideas were used from the book *Mathematical Economics* by John von Neumann (1903-57). The phrase "opportunity cost" attained magical popularity. LaRouche thinks that the philosophical views of von Neumann are close to those of Laplace, Clausius, Helmholtz, and Boltzmann. Worst of all, in his view, was the application of von Neumann's theory of games to economic processes, which were thereby reduced to solutions of systems of linear inequalities. The notion that the economy was in a state of zero technological growth and that tendencies of the technological level to fall could be ignored, was most absurd.

LaRouche also holds that a Gaussian synthetic-geometrical interpretation of negentropy suffices for "rejecting the

incompetent Wiener-Shannon 'information theory' dogma."

Analysis of the mathematical conceptions that influenced the development of economic science led the author to the conclusion, that the basic principles of such contemporary scientific fields as econometrics, operations research, and systems analysis are "consistent failures." I am not prepared to accept this conclusion "on faith," without special studies to back it up. But a comprehensive analysis of these areas would go beyond the framework of economic science and would require serious, complex research.

The science-driver

LaRouche advocates an economic policy of rapid growth in the economy of labor, on the basis of a science-driver for the economy. This requires political methods that stimulate mutual understanding between scientists and leaders of the economy.

For the next 50 years, the author considers three areas of fundamental research to be the most promising:

1) Controlled plasmas with a very high energy flux-density, obtained in experiments on thermonuclear fusion as the main energy source for mankind.

2) A related problem—the development of coherent radiation with a high energy flux-density, considered as a means of production and an implement for other applications. This area is represented by work on improving lasers and on particle beam experiments.

3) New directions toward a fundamental breakthrough in biology, a very important feature of which, though not the only one, will be achievements in microbiotechnology.

The author's proposed classification of various types of expenditures on social production, from the standpoint of their role in making up the national income, is of great theoretical and practical interest.

According to LaRouche, the essence of the economic category of value is the transmission of negentropy to the economy and to society as a whole, by means of productive activity. But the decisive role is played by the participation of scientists and specialists in transferring negentropy from science to production.

LaRouche in Russia

Let us suppose, that LaRouche's ideas will find partisans among influential economists and governing circles in Russia. Will they be able to be implemented swiftly? I think that we have an array of obstacles to this.

Above all, our poverty, against the backdrop of western abundance, creates the illusion that we should not seek anything new, but just skillfully copy the experience of the developed countries.

Another serious obstacle is the weak theoretical training of economists in our country. For decades, former Soviet students and graduate students had no opportunity to study any economic conceptions other than Marxist-Leninist ones. Now the situation is changing, and it has become possible to

get acquainted with the conceptions of LaRouche and other views, but time is required to master them.

Unfortunately, many constructive proposals contained in this book have not been carried out in practice. Therefore it is entirely possible that objections will arise, that Russia would become a "test range" for the latest experiments thought up in the West.

And there will also be those who discern a superficial resemblance between LaRouche's conception and Marxist principles, with respect to state regulation of production, for example, and the preferential attitude to the growth of means of production over mass consumer goods. But really, there are essential differences here.

While Marxism rejects private property ownership as such, in LaRouche's conception, "the basic productive functions remain the prerogative of private investment." While in Marxist political economy, the basic branches of industrial production are subjected to planned regulation, physical economy leaves to the government chiefly the functions of maintaining basic areas of productive infrastructure and utilities, such as water supply, transport (ports, railroads, highways, airports), production and distribution of electric power, the development and managed utilization of natural resources, and urban infrastructure, including basic services.

The most serious obstacle to economic transformations in Russia and the other newly independent states is the Bolshevik way of thinking, which permeates society from bottom to top. People are upset right now, because prices have risen catastrophically. But nobody is upset, that we are producing very little and, where we are producing, not what is needed. At the top, people are still convinced that it is possible on such-and-such a date to introduce a market, or to ban atomic power stations (which are continuing not only to be used, but to be built, around the world).

Society's life depends to a significant degree on the development of economic science. During the years of totalitarianism in our country, many sciences suffered a mortal blow. But while, say, cybernetics or genetics have begun to make up for what they lost rather intensively, this has not occurred with economics. The "generals" of economic science and the collectives they headed spent decades giving a scientific glaze to party slogans and resolutions.

As a result, economic science lost the most important characteristics and methodological principles, which are inherent in any normal science, whose goal is to seek the truth. LaRouche's book, in my view, makes an important step for economic science to acquire this quality. This makes it possible to overcome deep errors, both in economic research, and in the practice of running an economy.

An important step on the path of establishing a new economic theory will be to introduce a special course in physical economy, as a special subject of study at the Ukrainian University in Moscow. This and other books by LaRouche will be used as textbooks for students and graduate students of the university.

Freeing of Jordanian will set back British gameplan

by Muriel Mirak-Weissbach

On Nov. 10, Laith Shubeilat, the popular Islamic parliamentarian in Jordan, was sentenced to 20 years hard labor, commuted from the death sentence. The military court had pronounced him, another parliamentarian, and two shopkeepers guilty of illegal weapons possession, and conspiring to overthrow the state in order to establish an Islamic dictatorship, with Iranian backing. Two days later, the news was leaked to AP in Amman that Shubeilat and his co-defendant Yacoub Qarrash, would be freed by His Majesty King Hussein. It was expected that the surprising announcement would be made on the occasion of the monarch's birthday, Nov. 14. In the best hypothesis, the king's act would be not a pardon, but a declaration of the charges as null and void, and the subsequent restoration of Shubeilat to his parliamentarian dignity.

How is such a fairy-tale ending possible in this day and age? What are the implications for Jordan, for the Middle East, and relations with the Great Powers?

From the arrest of Shubeilat in late August, U.S. statesman Lyndon LaRouche had hypothesized that the case were the leading edge of a broader assault on the part of the Anglo-American establishment (and Israel) against the Hashemite Kingdom. LaRouche viewed it as the lever for effecting a strategic shift in the region, which would aim at forcing Jordan to accept a U.S.-brokered separate peace with Israel, and turn its back on Baghdad, which it had supported—in virtual isolation—during the Persian Gulf war. Shubeilat was to be sacrificed because he embodied the opposition to a second Camp David separate peace treaty with Israel, and because he stood up for Jordanian sovereignty against the supranational dictates of the International Monetary Fund (IMF) and Bush's new world order. Shubeilat was a particularly appetizing target for Washington and London because

he had openly endorsed the policies and presidential ambitions of Lyndon LaRouche. As a respected independent of the Islamic movement, Shubeilat reflected the growing political power of the Muslims, not only in Jordan, but in Algeria, Sudan, Egypt, and elsewhere. Smashing him would signal a crackdown everywhere. According to Anglo-American scenarios, the act of sacrificing the popular Shubeilat could unleash massive unrest, triggering chaos in Jordan and even war.

Sometime in August, as Shubeilat was completing his parliamentary commission's probe into corruption in high places (including past ministries), the order went out from the United States and London to nab him. He was arrested on Aug. 31. As it was leaked by the Paris daily *Le Monde* just recently, it was just prior to that date, on Aug. 22, that the Israelis managed to get the Jordanian peace negotiators to initial an agreement on an agenda, which was to lead to a peace treaty. The significance of the document for the Israelis was symbolic: They consider it a sign of capitulation. This agreement was engineered, significantly, in the absence of the king, who was in the United States for cancer surgery.

No evidence; witness recants

The legal case bore all the markings of a classical frame-up, as we have chronicled during October. Since the state security prosecutor running the trial in a military court had no evidence, it had recourse to a dangerous ruse, a "secret witness" introduced in "secret, closed session." The witness, presented as a Syrian businessman, "Yassin Ramadan Al-Yassin," provided damaging testimony against Shubeilat; he said he had carried 300,000 deutschemarks (\$200,000) from the Iranian government in Teheran to Amman for Shubeilat. This would prove that Iran backed the conspiracy to over-

throw the state. Shubeilat's defense lawyers abandoned the case in legitimate protest against such outrageously fraudulent tactics, and the accused started a hunger strike. With a court-appointed lawyer whose defense he rejected, Shubeilat sat through the remaining sessions, until the trial ended Oct. 30.

On Nov. 6, a man named Ali Shakarchi contacted the offices of the Schiller Institute in Germany, with a bizarre tale. He said he was an Iraqi-born German citizen, who had been lured to Amman and coerced into providing false testimony against Shubeilat. He was the real "Yassin Ramadan Al-Yassin" and, having safely returned home from a wild adventure, wanted to tell the real story. The Schiller Institute had been mobilizing for Shubeilat's freedom since early September, and had generated protest telegrams, petitions, and inquiries from parliamentarians, trade unionists, political and religious figures throughout Europe, the United States, and Ibero-America. All these messages had reached Jordan. A representative of the Schiller Institute had attended court sessions with French lawyer Claude Pernet in the first week of the trial, as observers.

Shakarchi's story (see affidavit) is an incredible account of how secret services function to frame up people. Once his version had been certified by a lawyer, the affidavit was presented to the German government (considering his citizenship) and to the Jordanian authorities. The German Foreign Ministry, incredibly, refused to accept it, explaining later that it did not want to be "involved." In Jordan, the affidavit circulated among the top political elites and selected press. Abroad, in Europe and other Arab countries, the news of it spread like wildfire. The most damning information contained in the affidavit was Shakarchi's charge that the persons who had coerced his false testimony were the very same persons running the trial: the state prosecutor, the judge, and secret service agents. Furthermore, he named by name the highest military judicial authority, the Attorney General.

Thus, when Prosecutor Hijazi and Judge Lt. Col. Yousef Faouri convened on Nov. 10 to deliver the verdict and sentences, they were fully aware of what had transpired. The judge commuted the death sentence to 20 years. Furthermore, he found Shubeilat not guilty of certain charges, such as undermining relations with Iraq, or slandering the king. He was found "not responsible" for instigating insurrection or slandering parliament. Regarding the convictions, the only "proof" the judge had was what was contained in statements made in testimonies of the third and fourth defendants, two shopkeepers named Ayoubi and Idkedek, who had confessed to weapons possession; during heavy interrogation, they had implicated Qarrash as a leader of the conspiratorial organization, and only indirectly mentioned Shubeilat, though never having had contact with him. For example, a document which Judge Faouri referred to, outlining the alleged conspiratorial organization's internal policy and structure, was, ac-

ording to the same two confessed defendants, "dictated" by Qarrash, but "probably inspired" by Shubeilat.

Most surprising in the sentencing was what the judge had to say about "Yassin Ramadan Al-Yassin." Suddenly the man who had been the crown witness was no longer useful! Faouri said he was not accepting his testimony because of his "lack of credibility" and the impossibility of verifying what the "Syrian businessman" reported. Evidently, Faouri and Hiza'ji were trying to control the massive damage done.

Unfortunately for them, one day following the sentencing, a major European paper, *Le Monde*, broke the story of the Shakarchi affidavit. The floodgates were opened. Many other leading media were ready to follow suit, some willing to publish the entire affidavit.

And one day after that, the news of the king's decision to free Shubeilat was leaked. Insiders reported that a key role had been played by Speaker of the Parliament Abdul Lattif Arabiyat, who made public his intention to call on Prime Minister Sharif Zeid Ben Shaker to order a retrial. Many parliamentarians of different political tendencies protested the verdict. The prime minister has the power to augment or reduce the sentence, or order a retrial. The government can propose a general pardon, which, if endorsed by Parliament and approved by the king, would restore Shubeilat and his co-defendant to their parliamentary seats.

What will happen in Jordan now?

The best outcome would be the full restoration of parliamentary dignity to Shubeilat. The king, who is beloved, would only gain support from his people. Furthermore, it will be important, as Muslim Brotherhood bloc parliamentarian Ibrahim Khreisat stated, to dispel the fear engendered in the country as a result of the trial. It became obvious to every citizen that if such charges could be made against a parliamentarian of Shubeilat's stature, no one was safe. In addition, the fact that the military court accepted illegally tapped phone conversations as court admissible evidence, threw the entire population into paranoia, as everyone feared his phone might be bugged.

What must come out

To dispel all fears, and restore confidence in the institutions, the whole true story behind the Shakarchi affair will have to be told. This means that several questions will have to be answered. First, who are all the players in the drama? Locally, they appear to be contaminated elements of the military and secret services, popularly known as the "Mafia," known to oppose the king's democratization plans and to challenge his authority. It can be expected that many will be removed from their positions, as they obviously constitute a threat to the democratization process inaugurated in the country. Secondly, who are their partners abroad? The consistent references in the trial to Syrian and Israeli inputs provide good leads: The secret witness was provided with an apparently authentic Syrian passport and identity; the prose-

cution cited Syrian law as its precedent for allowing tapped telephone conversations as evidence, and so on. Israel was even more important. The first key witness for the prosecution was one of two brothers, serving a prison term as a convicted Israeli spy. Under oath, he retracted his written deposition (incriminating Shubeilat) and confessed that he had been offered a reduced jail term if he would perjure himself. Finally, what is the significance of the attempt to blame the alleged conspiracy on Iran? It fits like a glove into the buildup of press propaganda in the West regarding the emergence of a new threat in the region.

If the full truth is found, it can lead to a very healthy process of clearing the air of those elements which are truly plotting to undermine Jordan's sovereignty from abroad. There are tumultuous upheavals rocking the elites in Great Britain and in America's lame duck administration at present; it is precisely in this process that earnest investigations into the "Great Powers' " role in the Shubeilat frameup can yield important discoveries.

Documentation

Text of the Ali Shakarchi affidavit

The following affidavit was made on Nov. 6 by Ali Shakarchi, who admitted that he had been coerced into giving false testimony on Oct. 17 against Laith Shubeilat.

Having been informed of the possibility of legal prosecution in case of falsely or not fully delivered statements in an affidavit, [and] also having been notified of the possibility that my written statement could be used in front of a German or foreign court, I herewith declare in lieu of an oath:

I. Regarding my person:

Name: Ali Shakarchi
Date of birth: 1/1/45
Place of birth: Nasiriyah
Profession: Car dealer
Family status: Married, 2 children
Citizenship: German

II. Regarding the Case:

On Oct. 8, 1992 I received a call from Amman at my residence in Munich. The caller presented himself as a high official of the Jordanian Royal Palace of King Hussein. He

gave his name as Hafez Amin. He told me that the king wanted to make my acquaintance. When asked, the caller replied that he had heard of me from a Dr. Galeb who had told him that I had been in Iran. He, Mr. Amin, was in possession of a certain picture. He said I probably knew the person in the picture and therefore he asked me to come to Amman to look at the picture and to tell the king if I knew the man or not.

I was very disturbed and asked again how he came to call me. He repeated that he had got my name from my friend.

Later that evening Mr. Amin called me again. He told me that a ticket was ready for me at the Royal Jordanian Airline counter at the airport. It was a first-class ticket. My stay in Amman would only be for one or two days and I would return safely.

I agreed with these terms, but told him that I would only fly the day after tomorrow.

On Oct. 13, 1992, I flew from Munich to Frankfurt, to fly from there to Amman. I had picked up my round trip ticket Munich-Frankfurt-Amman at the counter [of Royal Jordanian] at the Munich airport. As I took my seat on the plane in Frankfurt I noticed sitting next to me a well-known German nuclear physicist (small, well-fed, with glasses and a moustache). I knew him from his TV appearances from the time of the Gulf war when he had been often in Baghdad on certain missions.

Suddenly I realized that my wallet was missing. Probably I had left it somewhere while doing some shopping. In the purse I had around 18,000 Deutschmarks. I left the plane and asked in the office for lost objects. I also inquired at the office of Royal Jordanian. When I was at the office of the airline a Mr. Abu Haithem happened to call in. I did not know him, but he must have been a high official of the Palace or the prime minister. He had called there to inquire if I had actually flown off to Amman. The secretary of the airline told him, that I was still in Frankfurt and put me on with Mr. Abu Haithem. I told him about my lost wallet. Mr. Haithem told me that they would reimburse me and that I should fly to Amman.

I did not want to fly to Amman with empty pockets. So I flew back to Munich. That same evening I received a call from Mr. Amin who asked me why I had not flown to Amman. I told him the reasons. Mr. Amin said I should at least fly the next day. He said it was very important. He swore by the head of King Hussein that I could go back immediately and that my passport would not be stamped and that I would not have any difficulties. At this point I would like to explain that such an oath means a lot to an Arab.

On Oct. 14, 1992, the next day, I flew to Frankfurt again to go to Amman from there. Mr. Amin was very nervous and telephoned repeatedly to the airline to inquire if I had actually boarded the plane to Amman. This was reported to me later in Jordan.

At my arrival in Amman I was picked up at the airport

Amnesty International sees 'nothing blatantly unfair'

Another head that may roll as a result of the developments in the Shubeilat case is that of the murky "human rights" outfit known as Amnesty International. The day before Laith Shubeilat, Jordanian Member of Parliament and head of the Commission on Public Corruption of the Jordanian Parliament, was condemned to 20 years hard labor, a Jordan-sector Amnesty International spokesman in London, named "Claudio," found "nothing blatantly unfair" about the proceedings, and "nothing which could justify calling the trial a farce." For example, he pointed out that the prosecutor had not referred at all, in his final peroration, to the fact that the star prosecution witness had been a secret witness, with a false identity! As though the recourse to such means in order to obtain a guilty verdict, were not enough, by itself, to taint the entire proceedings.

When "Claudio" was told of the story circulating that the anonymous witness was a false witness, and when asked what he would say if an affidavit to this effect by the false witness existed, "Claudio" spluttered that this

might just dent the credibility of the prosecution and the court.

According to sources in the European Parliament, Amnesty International had warned callers from the European Parliament inquiring about the trial, that "there might be substance" to the allegation that Shubeilat was a terrorist! Amnesty's blanket statement that the trial was fair was cited by German ministers, in letters responding to inquiries, as a guarantee.

At the beginning of October, Ian Martin, secretary general of Amnesty International, visited Jordan for a week, and popped into the Shubeilat trial one day. Amnesty refused to issue statements on the trial.

Amnesty International is notorious in Great Britain, the state where it is based and whose interests it represents, for refusing to touch the Birmingham Six and the Guildford Four cases of Irishmen who had been framed by British security forces. Most damning is the fact that Amnesty has consistently refused to look into the LaRouche case. On the latter, spokesmen for the Americas Desk of Amnesty told *EIR* that their organization "never has anything to do with conditions in jails," that they had "no information whatsoever" on the case—an outright lie—and that they believed Mr. LaRouche to be a common criminal.

by a man with a white moustache, bald head, blue eyes, slim, and around 50 years old. I thought it was Mr. Hafez Amin. But the gentleman told me that Mr. Amin was still on his way to the airport.

Several men with walkie-talkies took me to the special VIP lounge, normally reserved for the welcome ceremony of high-ranking guests. I was treated in a very polite manner.

We then left the airport and after about 10 minutes a Mercedes arrived. In this car were a Mr. Mohammed Hijazi, the State Attorney in the trial as I learned later, and a Mr. Abu Hashim, a man of the Secret Service, as I also later learned. They were in plainclothes.

They took me to a villa outside of Amman in the suburb called Sweleh.

On the table in the villa were two albums, a red one and a black one. In one of them was a huge picture of Laith Shubeilat and another one of Mr. Qarrash. I was asked if I knew these people. I told them that I did not.

In the following encounter I was asked by every one of the people present again and again—I was pushed—to look at the pictures very carefully and to think very carefully if I did not know the respective persons or if I had not met them somehow in Teheran. I declared again and again that I neither knew these people nor had ever met them before in my life.

After I had answered these questions in this clear way,

Mr. Abu Hashim suddenly changed the subject and told me that I was of Iraqi origin and that he had heard that I was against Saddam Hussein and that I had connections to the Iraqi opposition. At this moment it became clear to me that I had run into a trap. I felt that I had two possibilities, either to do everything that was asked of me in the hope that I could return to my family in Germany, or to have made a journey without return. I had to take into account that Mr. Amin in the telephone conversation with me in Munich had sworn by the head of the king. I knew that this oath was false. An Arab who misuses such an oath is capable of anything, as I know. Also it became clear that I was not to see the king as I had been told in the telephone call in Munich.

My fear grew significantly as I thought of my wife and my children. I thought for a moment of fleeing, but then saw no possibilities for escape. The only way out that I saw was to play along with the game and to do what I was told to do. I eventually agreed to behave as I was ordered to do.

After my consent, the conversation was ended at this point and adjourned to the evening. In the evening I was picked up and taken to the office of the Military Court, Alqadaa Alaskari.

I was taken to the room of Mr. Hafez Amin. I was told the judge, Yousef Faouri, would come soon.

After about 10 minutes Mr. Faouri arrived. He was in

In memory: Indira Gandhi, 1917-84

November 19 marks the 75th anniversary of the birth of Mrs. Indira Gandhi, world leader and prime minister of India, who was brutally gunned down in her garden by two Sikh bodyguards on Oct. 31, 1984. Little does the world know the enormous vacuum of leadership that her death has left in the world today.

Indira Gandhi was born into the independence movement for India against the British empire, that was being led by Mohandas K. Gandhi, her father Jawaharlal Nehru, and her grandfather Motilal Nehru. As a youth, she read the play about Joan of Arc, *The Virgin of Orleans*, by the German poet Friedrich Schiller, and determined that the young maid of Orleans would be her inspiration to save her own nation, India.

This, Mrs. Gandhi accomplished. Mrs. Gandhi was prime minister of India from 1966 to 1977 and again from 1980 to her death in 1984. In those years, her selfless devotion to her nation, which she placed above all other concerns throughout her life, enabled her to steer the ship of state of a nation of 700 million people. After a famine of 1966-67, Mrs. Gandhi determined that India must end its dependency on U.S. PL-480 food shipments, which always carried the threat of political blackmail with them. India would become food self-sufficient, in defiance of the malthusian claim that an independent India was destined for famine and starvation. Through the work of agronomist C.S. Subramaniam and the Green Revolution, India had achieved this goal by the end of the 1960s.

In 1974, India detonated a peaceful nuclear explosion for a dam-building project, thus signaling to the world that India has a nuclear capability.

From this position of strength, Indira Gandhi gave India the ability to carry out an independent foreign policy, and in the last years of her life, she was seeking to vastly improve relations with the United States to balance its long-standing relations with the Soviet Union.

At the time of her death, Mrs. Gandhi was a world

leader, the premier spokesman for the rights of the poverty-stricken millions of the developing countries. Following in the footsteps of her father, a founder of the Non-Aligned Movement, she was its undisputed leader at the time of the March 1983 summit in New Delhi.

"Non-alignment is national independence and freedom," Mrs. Gandhi said in her speech to the summit. "It stands for peace and the avoidance of confrontation. It aims at keeping away from military alliances. It means equality among nations and the democratization of international relations, economic and political."

Then, Mrs. Gandhi threw down the gauntlet to the malthusians of the West: "Non-alignment may shield us from war, but science is important for us to eradicate poverty. However, at present 97% of the world's research



Indira Gandhi is welcomed in Srinagar, the capital of the state of Jammu and Kashmir. Where would humanity be today, if Mrs. Gandhi were still alive to uphold the inalienable rights of every human being?

plainclothes and he welcomed me. At this point the following persons were present besides Mr. Faouri and myself: Mr. Hafez Amin, Mr. Mohammed Hijazi and Mr. Abu Hashim and two more persons in uniforms.

The judge, the State Attorney and the Secret Service officer discussed what kind of passport I should get. They agreed on a Syrian and that I was supposed to have been born in Dir Alzur. This town is situated in Syria near the border to Iraq. The decision was motivated by my Iraqi dialect.

They thought that the defense would become the least suspicious about my true identity. I was also told to speak in Modern (High) Arabic.

These people also discussed what my testimony in court should look like. They suggested that I was to have received DM 300,000 from Iran to deliver the money to Mr. Shu-beilat.

It was further decided that I would receive an artificial beard, a moustache, and Arabian clothing. Then the meeting



Indira Gandhi speaks in Washington at the National Press Club in July 1982. To her left is her son Rajiv Gandhi, the future prime minister who was, like his mother, assassinated by the enemies of a sovereign India.

is not relevant to us because it is earmarked for the priorities and to the induced appetites of technological leaders. . . . Each of our countries must strengthen its domestic base of science and technology and collectively we should devise more effective mechanisms for the pooling of our experiences. Earlier Non-Aligned gatherings have considered this subject. At this summit, let us move forward to make collective self-reliance a reality.”

Under Mrs. Gandhi’s leadership, the 1983 Non-Aligned summit put forward the boldest demands for ending the financial and economic tyranny of the western banks and their enforcer, the International Monetary Fund. The final declaration called for an “international conference on money and finance for development,” to be held outside the auspices of existing financial institutions, and stated that the mission of this conference should be to create a new world monetary system whose purpose would be to finance global development. “I am amongst those who believe that no sustained revival in the

North is possible without the development of the South,” Mrs. Gandhi stated in a subsequent Unctad meeting in June 1983.

It was at this point, when Mrs. Gandhi’s stature as a world leader in the fight for a new just world economic order was also at its height, that the British-orchestrated Sikh secessionist movement in Punjab dramatically escalated. *EIR’s* 1985 book *Derivative Assassination* fully documented the British origin of the plot to murder Mrs. Gandhi. The final go-ahead for Mrs. Gandhi’s murder came in August 1984, when the London *Economist* published a cover caricature of Mrs. Gandhi as Kali, the Indian goddess of destruction. By the end of October, Mrs. Gandhi had been killed by bodyguards, as she was on her way to an interview with British Trust operative Peter Ustinov.

“She is no more” came the announcement of Mrs. Gandhi’s death.

In the years since Mrs. Gandhi’s assassination, world events have redefined the global strategic chessboard. The collapse of the Soviet empire and the liberation of eastern Europe from the communist yoke offered humanity a unique opportunity to create the new just economic order that Mrs. Gandhi and the Non-Aligned Movement had fought for. Instead, the IMF and the looters of the West have descended upon the East like vultures; the Non-Aligned Movement stands in disarray, questioning its very existence. Where would humanity be today, if Mrs. Gandhi were still alive to demand the inalienable rights of every human being to economic development and national independence? Would the Anglo-Americans have been able to carry out the U.N. war to obliterate Iraq, if Mrs. Gandhi had been there to speak out against it? Would London-trained bureaucrats in the U.N. be able to dismiss national sovereignty as a bygone concept, with Mrs. Gandhi still on the world scene?

Like Joan of Arc before her, Mrs. Gandhi’s life was an inspiration for those who would take all of humanity into their hearts and summon the courage to give the leadership the world so desperately needs today.

—Linda de Hoyos

ended in this office.

The next day I was taken to the building of the Secret Service. I met there with a small, fat person wearing a moustache and another tall person of ca. 1.80 meters and fair hair. They had a suitcase full of cosmetics out of which they took a beard and moustache and put it on me. Then they took photographs. One person told the photographer that he should be careful not to get any chairs or doors of the room into the picture. He should only have the empty wall as

background. They took about six photos of me without the Arab clothing. But they gave me a different dark jacket to wear.

After that I was taken back to the villa for lunch.

Soon afterwards Mr. Abu Haithem arrived and thanked me for my collaboration. He told me that I would be paid back for the loss of the DM 18,000 and that I would receive more. I told him that I didn’t need anything else except what I had spent on expenses.

In the evening I was taken to the Alwaha restaurant in Amman. We had dinner and also drank alcohol. Present were Mr. Abu Hashim, Mohammed Hijazi and about 3 to 4 other persons.

After dinner we drove back to my villa. There I was told to make a phone call to Mr. Hafez Amin and tell him that I knew Mr. Shubeilat, that I had received DM 300,000 from Iran and that I had delivered that amount of money to Mr. Shubeilat. Abu Hashim then dialed a number not known to me. I was put on with Mr. Hafez Amin and told him accordingly.

As I said before, I played along in this game because I feared for my wife and my children.

The next day, Friday, was a day off. In the morning I was driven to the Dead Sea in an American car. There I was photographed several times. In the afternoon we returned to the villa. Abu Hashim was already waiting for me. He was impatient because we had been out for such a long time.

Mr. Abu Hashim explained to me that we had to rehearse my testimony. He then went through with me that my testimony was to be as follows:

My name would be Yasin Ramadan Al-Yassin. I was to have been born in 1945 in Dir Alsur. My profession was to be a businessman who traded with Syria and Iran. I had been to Iran, and met Mr. Hussein Shirazi, a high government official with the President of Iran. He had given me DM 300,000 which I was to deliver to Mr. Shubeilat. I was to deliver the money to Mr. Shubeilat only after he had given a secret code word "my birthday on Friday." Furthermore, I was to testify that I had visited the Jabri restaurant in Amman and that I had called a Mr. Abu Ahmed from there. He was reached and had told me that he would come by in half an hour. He had asked me how he could recognize me. I had told him that I wore an Arab-style long shirt and a jacket. I was to be waiting in front of the restaurant.

Furthermore, I was to state that a car had arrived with Mr. Shubeilat inside. We had then driven to a flat. Inside the flat Mr. Shubeilat had given me the secret code-word and I had given him the DM 300,000.

All of this was to have happened on April 4, 1992. The 4th of April was chosen because I had actually arrived in Amman on that date and therefore it was sure that I would definitely remember this date. But I was to state that I had flown from Teheran to Damascus on April 4, 1992 and then had traveled on to Amman by bus.

Furthermore, I was told to state that I had received two letters from Mr. Abu Ahmed two days after the delivery of the money. The letters I was to have delivered to Mr. Hussein Shirazi in Iran. Then I was to have flown to Iran and later heard the news through the media that Mr. Shubeilat had participated in a coup attempt against the king. For this reason, I had then decided to voluntarily travel to Jordan to offer myself as a witness.

I was then given a white piece of paper on which I should

confirm as Yasin Ramadan Al-Yassin that I had offered myself out of my own free will as a witness. I then wrote the pre-formulated text in handwriting on the paper and also signed.

Then I had to continually rehearse this testimony with the present people who were: Abu Hashim, Mohammed Hijazi and one to two more persons.

Early in the morning on Saturday I was picked up. I was given my Arab clothing. A beard and moustache were glued on my face.

Mr. Abu Hashim told me that I had no reason to be afraid but should speak as normally as possible. The judge and the State Attorney were in the know and I would only be asked questions by the judge. The defense lawyers would be allowed to ask questions to him only through the judge and the judge would not allow such questions.

We arrived at the Military Court where the State Attorney was already waiting. I was asked to introduce myself to the State Attorney, who was accompanied by other persons, as a witness.

I did as I was told. I was taken to the room of the State Attorney where I spoke with him. He told me that in my disguise even he would not recognize me any more. The State Attorney then said that he had to leave because he did not want to be seen with me by the defense lawyers. After half an hour, he came back to tell me that the beginning of the session would be a bit delayed because the defendants had to be brought to the court from different prisons in Amman. Because Laith Shubeilat had already arrived in the court building, the State Attorney told me that he was already here, that he was wearing a light-colored shirt with short sleeves, that he had glasses on and had a slight beard and that he would be sitting in the first seat on the defendants' bench. After about one and a half hours the session started. I was called into the courtroom. On the details of the arrangements of the seats for the lawyers, State Attorney, defendants' bench, and the defense lawyers, I refer to the enclosed sketch of the courtroom.

I was called to the witness-stand on which the Bible and the Koran were placed. Judge Faouri asked me for my name, family status, and my profession. I testified as rehearsed. The judge then asked me for my passport. I passed to him the Syrian passport that had been handed out to me only that same day. The defense lawyers wanted to see the document, which the judge refused to grant. He said that the number and the date of the passport, which he had announced, had to suffice for them.

I was then asked if I knew any of the defendants. As I had been instructed, I stated that I knew Mr. Shubeilat. I turned around and pointed toward him.

The judge then asked me in which context I had met Laith Shubeilat. I then told my story as worked out before.

After my testimony, the defense requested a copy of my passport in order to inform the Foreign Ministry of Iran and the Syrian embassy in Amman. The judge refused.

A dispute ensued between the defense and the court.

After my testimony, I was taken away and driven to the office of the Secret Service. I was greeted by Abu Hashim. He kissed me and thanked me for my testimony by strongly shaking my hand. Later on, also the State Attorney, came who also kissed me and also thanked me heartily.

I had to hand in my Syrian passport. The beard and moustache were removed. I gave back the Arab clothing (except for the long shirt).

I was taken back to my villa. Mr. Hafez Amin told me there that he was going to Cairo the next day and asked if I would like to accompany him. I refused by saying that I wanted to return to my family.

At 7 p.m. I met with the chief of the Military Court, Mr. Mohammed Mango. As a present, I was given a bust of King Hussein, made of marble. Also Mr. Mango thanked me heartily for my testimony.

Afterwards we went for dinner to the restaurant Attilal Assabaa. We stayed until midnight.

I was taken back to my villa. I was left alone with a servant. I was very nervous, and strong fear crept up on me. I asked the servant to call Abu Hashim and ask him how I would get to the airport. He did call Abu Hashim and he tried to quiet me down by saying that somebody would come and pick me up.

At 3:30 a.m. the bell rang. At 5 o'clock we left for the airport in an American car. We had to wait for two more people there who arrived at 6 o'clock. I was taken to the plane and left for Munich via Frankfurt.

The next day, I called from Munich the publishing company of the newspaper *Ad Dastour* in Amman and asked them to give me the telephone number of lawyer Bakr. They gave me the number and I called Mr. Ibrahim Bakr and told him the whole story. Two hours later I received a call in Munich from Abu Hashim who threatened me. He said that they would get rid of me, and if they did not do it, the Iraqis or the Iranians would do it. I replied to him that they could do as they pleased and hung up.

Several days later I called the private number of Mr. Shubeilat. I talked to his daughter and apologized to her for my testimony. I told her the whole story and asked her for understanding of my situation.

About three hours later, the wife of Mr. Shubeilat called back and told me that I could tell her everything without fear of being listened to because she was not calling from her private phone. I told her the whole story. I also offered to answer any further questions.

I have read this protocol and confirm the truthfulness of its content.

Munich, Nov. 6, 1992 [signature of Ali Shakarchi]

The questioning of the witness was conducted by me. The answers were fully incorporated into the protocol.

Munich, Nov. 6, 1992 [signature of Dr. Guenter Seefelder]

Is Kashmir slipping away from Pakistan?

by Ramtanu Maitra

With the failure of the Jammu and Kashmir Democratic Alliance (JKDA) to cross the line of control from the Pakistani-held part of Kashmir on Oct. 26, Pakistan is coming under pressure on the Kashmir issue for the first time.

What has emerged from the theatrics which highlighted the JKDA's proposed crossing of the line of control between India and Pakistan to unify Kashmir, is that Pakistan, despite popular support, cannot afford to allow the JKDA-led adventure to continue and risk plunging Pakistan into a likely war with India. At the same time, the Indian part of Kashmir, mainly the valley, remains in turmoil and the Indian security forces have their hands full trying to control militant Kashmiris who are demanding secession from India. Nevertheless, India is continuing its no-nonsense posture on the Kashmir militants and is slowly pushing Pakistan into a corner.

Internal pressures

Despite rhetoric implying that Islamabad is prepared for a *jihad* to liberate Kashmir and make it a part of Pakistan, Pakistan is afraid to go beyond arming, training, and instigating militants to carry out anti-India activities within the Kashmir Valley. The Pakistani Army has also shown that it is ready to shoot down anyone who violates the line of control in Kashmir, as Pakistani troops fired on Kashmiri militants in February and again in October.

Given Pakistan's strategic constraints, the independence-seeking Jammu and Kashmir Liberation Force (JKLF) is gaining credibility throughout Kashmir. The JKLF is led by Amanullah Khan, headquartered in London, and calls for a Kashmir independent from both India and Pakistan.

Pakistan is also losing its ground on its diplomatic position internationally. At the end of October, German Foreign Minister Klaus Kinkel, visiting Islamabad, brushed aside the longstanding Pakistani position that the Kashmir conflict be resolved by a 1940s U.N. resolution calling for the right to self-determination of the Kashmiris. Such rights are confined by the resolution to a decision whether to join India or Pakistan, and do not allow for an independent Kashmir.

Kinkel told his hosts that the U.N. resolution is dated, and that the Shimla Agreement of 1972, signed by the late Prime Minister Zulfikar Ali Bhutto and Mrs. Shrimati Indira Gandhi, to resolve all bilateral issues between India and Paki-

stan through negotiations and not through military means, is the starting point for a peaceful solution.

While still smarting from Kinkel's statement, Islamabad was handed similar advice from visiting British Foreign Secretary Douglas Hurd. Hurd said that the U.N. resolution of the 1940s could at best serve as background, and advocated initiation of a dialogue under the Shimla Agreement. He also pointed out that India should observe human rights in the valley and initiate a "valid political process." "I have told Pakistan not to allow material support [to those backing independence] which can only impede basic solution" of the Kashmir crisis, said Hurd.

Islamabad cannot but take notice of increasing allegations internationally that Pakistan is aiding and abetting terrorism against India. On the current affairs program "Dateline Pakistan," telecast from Islamabad on Nov. 5, former Foreign Secretary and former High Commissioner to India Abdus Sattar conceded that Indian diplomats had succeeded in projecting "the struggle for emancipation of Kashmiri people in a manner that equates some of the acts of freedom-fighters with so-called acts of terrorism."

Restraining war

While the Bush administration was keen on restraining both India and Pakistan from engaging in an all-out war over Kashmir, the Clinton administration may be more eager to accuse Pakistan of aiding terrorism.

The reason behind such speculation has something to do with Israel, and with Pakistan's growing problems with Washington. Israel considers Pakistan's nuclear weapons development as a threat to its own designs in the Middle East, and under the Clinton administration, U.S. pressure on this issue will likely increase.

This does not mean that the Kashmir conflict will be resolved in India's favor. India, having withstood the surge of militancy in the Kashmir Valley during the last three years and now on the road to returning Punjab to normalcy after a decade of violence, is in no mood to concede anything to Pakistan.

But it is equally evident that the Kashmiris, most of whom are Muslims, are not willing to remain either under the Indian or Pakistani flag unless serious political concessions are made by both sides. Meanwhile, the JKLF, helped by external forces centered around Britain, will strengthen its voice for an independent Kashmir.

As the Kashmir problem hurtles toward the formation of a new country, both India and Pakistan seem paralyzed. Indian politicians may consider such a solution preferable to Kashmir becoming a part of Pakistan. On the other hand, Pakistani politicians have all along fed a staple diet of anti-Indianism to the population. For four decades and longer, such anti-Indianism was centered around Kashmir and Pakistan's acquisition of nuclear weapons as a necessary armor against India's nuclear development.

'British Iraqgate' Thatcher, and

by Mark Burdman

On Nov. 9, the British government precipitously dropped a case in London's Old Bailey court against three executives of the Matrix Churchill machine tools manufacturer, which had been charged with illegally selling sensitive military-related equipment to Iraq. The case collapsed when former British Trade Minister Alan Clark admitted in sworn testimony that Matrix Churchill was acting in accordance with authorized British government policy.

Clark's contentions were complemented by testimony from agents from Britain's MI-6 and MI-5 intelligence agencies, that Matrix Churchill managing director Paul Henderson had been carrying out intelligence work for the British secret services since the early 1970s, and by the release to the court of documents, which four British government ministers had unsuccessfully tried to keep out of court, which prove the collusion of the cabinet of then-Prime Minister Margaret Thatcher, in the shipment of arms to Iraq.

The collapse of the government prosecution is sending shock waves throughout Britain, as well as across the Atlantic into the United States. A consequence may be that, in one of the great ironies of modern history, the same leaders who mobilized "the world" for war against "Hitler Saddam" in 1990-91, may soon find themselves behind prison bars, for their duplicitous role in arming the same country against which they were mobilizing for war.

Thatcher, for example, evidently either personally authorized arms sales to Iraq, or gave the nod to other cabinet officials' authorization, *right up to the eve of the Iraqi invasion of Kuwait*. Yet it was the same Thatcher, who became the world's most sanctimonious and hysterical crusader for war against Iraq, within hours of Iraq's Aug. 2, 1990 invasion. Her successor, John Major, is also coming under fire, from the leaders of British opposition parties and others, for his alleged role in having misled the British Parliament, as late as January 1991, about the British government's arms sales policy toward Iraq.

As to the self-professed leader of the "Gulf war coalition" and would-be new Roman emperor George Bush, the reverberations of the Matrix Churchill "British Iraqgate" case in the United States will only add to his woes. The late-October

may send Major, Bush to prison

release by special prosecutor Lawrence Walsh of a memorandum by former U.S. Defense Secretary Caspar Weinberger, pertaining to the parallel matter of covert U.S. arms sales to Iran, had already raised the possibility of Bush becoming the first U.S. President in history to follow his term in office by a term in jail. The well-informed British satirical magazine *Private Eye* has speculated that Bush may soon meet that fate.

EIR told you so

As sweet as such a historical irony may be, the implications of the Matrix Churchill case go far beyond that. There is a fundamental historical lesson to be learned. What is unfolding in Britain in November 1992 fully confirms, down to the most minute details, what *EIR* founder Lyndon LaRouche had been warning about, back in May-June 1990, when he issued an alert to the effect that highest-level Anglo-American networks, in league with relevant layers in Israel, were planning to launch a war in the Middle East.

Certain intelligence agencies and so-called Middle East experts reacted, at the time, with vituperation and scorn, when informed of LaRouche's forecast. LaRouche was proven right by the outbreak of the Gulf war, and now, the Matrix Churchill affair is effectively proving that Thatcher et al. were conspiring to cause such a Gulf war to happen.

From this standpoint, what Thatcher, Bush, and their co-conspirators must eventually be indicted for, beyond perjury and violation of their own country's legal prohibitions against arms sales into the Gulf, is for crimes against humanity—for planning and launching aggressive war and committing genocide against the people of Iraq.

A policy of 'realpolitik'

In public statements, including in Old Bailey, former minister Alan Clark blithely maintained that British arms policies toward Iraq were fully justified, since "the interests of the West are well served by Iran and Iraq fighting each other, the longer the better."

In a Nov. 11 commentary in the *Daily Telegraph*, Clark defended this policy from the standpoint of legitimate *realpo-*

litik, invoking the 19th-century view of Lord Palmerston that Britain has no permanent "friends," but only permanent "interests." Wrote Clark: "The 'world stage' is a greedy, hostile and treacherous place, where there are no prizes for coming second. It is necessary at all times to have a clear and overriding awareness of British interests, and how, in any particular situation, these are best served. . . ."

"The Cold War is over. . . . The fragmentation of power centers, and the conflict and overlap between spheres of influence as potential conflicts spread through the Middle East and the Pacific Rim, is reminiscent of the 19th century. Our policy has to be faster in response: more strongly founded in *realpolitik* and less on trust and goodwill that is not based on mutual respect. . . . Against such a background, the luxuries of moral posturing, the cultivation of peer-esteem by diplomats, should be indulged sparingly,"

Thatcher, Ridley, Rowland stage a war

The essential matter at stake in the Matrix Churchill case as such is the following:

The three officials of the firm—Paul Henderson, Peter Allen, and Trevor Abraham—were charged by Britain's Custom and Excise with having sold sensitive equipment to Iraq in violation of what was ostensibly an official British arms embargo.

As the case proceeded, four senior officials from the Thatcher regime—cabinet ministers Kenneth Clarke, Michael Heseltine, and Malcolm Rifkind, and Minister of State at the Foreign Office Tristan Garel-Jones—submitted memoranda to the court, demanding that some 500 sensitive documents be withheld from the court, under what is called in Britain "public interest immunity." Almost always, such an invocation of immunity succeeds in the British courts, since cabinet ministers are, by what passes for law in Britain, "ministers of the Crown," and therefore are under a form of special protection from the monarchy. But in this case, as one London insider told *EIR*, "the court overruled the Sovereign."

As it now turns out, what they were trying to hide—and by which concealment they were willing to send three innocent individuals to jail—was that it was the British government itself, in violation of a United Nations-mandated ban on weapons sales to both Iran and Iraq, in violation of its own publicly stated guidelines, and in violation of repeated promises to the Parliament, that had been authorizing weapons deals to the Iraqis.

The single most damaging piece of evidence, is a document that reports that on July 19, 1990, members of the British cabinet met, under the direction of Foreign Secretary Douglas Hurd, and approved a secret policy change, allowing for British arms sales to Iraq, and countermanning Great Britain's own embargo on such sales. Eight days later, a Matrix Churchill shipment left Britain for Iraq.

These two dates are, respectively, 14 and 6 days before

Iraq invaded Kuwait!

Why was this done? After all, by July 17 at the latest, from statements made by Iraqi, Kuwaiti, and other Mideastern leaders, it had become clear to anybody with eyes and ears, that a giant crisis was erupting between Iraq and Kuwait. So why did the British government *expedite*, rather than impede, arms sales to Iraq? Since Nov. 9, 1992, the general line coming from London, is that this was a “cock-up”—bungling, incompetence. But this explanation won’t wash, given the extensive evidence of British and American actions to *set up* Iraq’s invasion of Kuwait in the first place.

The new Profumo affair

Internally in Britain, the collapse of the Matrix Churchill prosecution is only adding to the woes of a Prime Minister John Major who is already beleaguered by the collapse of the economy, by scandals hitting several cabinet ministers, by a revolt within his own Conservative Party, and by polls showing him with a 14% approval rating. So heavy is the pressure on Major, that he was obliged to announce the formation of an “independent judicial inquiry” to look into the case. Major’s cynical calculation is that the announcement of such an inquiry will buy him some time, since it will take some months for the investigation to announce its findings.

The Nov. 12 London *Guardian* characterized this as part of a “desperate damage-limitation exercise,” with the aim of “preventing the inquest into Matrix Churchill from ballooning” in such a direction that a “wider Whitehall conspiracy to sell illegal weaponry to Iraq” will be unearthed that will call into question Major’s “integrity or his competence.”

One included effort, will be to attempt to find a scapegoat, whether it be former minister Alan Clark or even Margaret Thatcher. Hence, Major is denying that he was at the July 19, 1990 meeting of cabinet ministers, and the British Foreign Office released a statement on Nov. 11 that that meeting was “a secret meeting the foreign secretary was asked to chair by the prime minister”—i.e., Mrs. Thatcher.

This attempt to shift the blame is likely doomed to failure. As London *Times* political editor Peter Riddell wrote on Nov. 11, the Matrix Churchill scandal could turn out to be a new “Profumo affair,” a reference to the famous intrigues of 1963 centered around high-society prostitute Christine Keeler’s affairs with Defense Secretary John Profumo and a top Soviet intelligence operative, the which intrigues brought about the fall of the Conservative Harold Macmillan government. According to Riddell, “the Matrix Churchill affair stinks—of collusion, hypocrisy, and deceit. . . . The affair generally adds to the troubles of a government which is already tottering from crisis to crisis almost daily. Mr. Major can do without further bad headlines.”

This is not to say that Mrs. Thatcher will be spared. Aside from new revelations about her own illicit activities, there is the curious story about her son Mark and Iraq. This is amply

exposed in the new book *Profits of War*, by Israeli intelligence operative Ari Ben-Menashe (New York: Sheridan Square Press)—the book which has been withheld from publication in Britain because of its contentions about Mark Thatcher! But the cat is already out of the bag: On Nov. 10, maverick British Labour Party parliamentarian Ken Livingstone raised a question in the House of Commons: “Will the officers of MI-5 and MI-6 be under compulsion to tell the [judicial] inquiry whether they advised the former prime minister of her son’s arms dealings in this area and his own involvement in the shipment of munitions to Iraq?” Livingstone and two other MPs specifically cited the Ben-Menashe book.

Bush: in the loop

Nor can Major contain the effects of the scandal spreading across the Atlantic. For months, the American political scene has been rocked by the “Iraqgate” scandal, involving Bush administration duplicity in funding deals with Iraq, via the Atlanta branch of Italy’s Banca Nazionale del Lavoro (BNL). The Nov. 10 London *Financial Times*, in a dispatch from New York, reported that the collapse of the Matrix Churchill trial “triggered an immediate political reaction in Washington,” where the Bush administration was being accused by members of Congress of “covering up its knowledge of and possible involvement in the activities of [Matrix Churchill’s] Ohio affiliate.” Dennis Kane, the U.S. House Banking Committee staffer who has led congressional investigations into the Iraq arms sales affair, commented: “President Bush, Brent Scowcroft, his national security adviser, and other officials have claimed it was not U.S. policy to arm Iraq. Revelations in the Matrix Churchill case raise serious questions about the veracity of their statements and raise the question of whether the U.S. in fact illegally helped to arm Saddam Hussein.”

On Nov. 12, the lead story of the *Financial Times* reported new information, that U.S. authorities had granted immunity to Matrix Churchill managing director Henderson, thereby effectively impeding any efforts to investigate the firm’s role in arms deals with Iraq.

Bush is already in serious trouble over the parallel scandal of arms sales to Iran, known as “Irangate” or “the Iran case.” Aside from the Weinberger memo, which provided further evidence that Bush, despite his denials to the contrary, was very much “in the loop,” the British magazine *Private Eye* commented in its late-October issue: “The key question in the United States is not whether George Bush will be President next year, but whether or not he will be in prison.” The magazine said the BNL-Iraqgate scandal leads back to Irangate, “and any clearing out of the ‘Georgian’ stables might provide yet more proof that the man who has always claimed he was ‘outside the loop’ of Iraqgate was the man who started the whole scandal off—former Vice President George Bush.”

Bosnians cry for help to survive winter

On Nov. 4 the Schiller Institute announced that it had received an urgent appeal from the government of Bosnia-Herzegovina to pull together humanitarian aid for hapless Bosnians trapped within their own frontiers by the Serbian army. In its release, the Schiller Institute—a foreign policy and cultural think tank that teaches principles of republican statecraft—announced its intention to immediately launch such a worldwide effort.

According to the appeal, at present over 1.5 million people, including the inhabitants of Sarajevo, are cut off from the most basic means of survival, while another 1 million inside Serbian-occupied areas of Bosnia are also in desperate need. The government warned that hundreds of thousands, including many children, will die this winter unless they can be reached with basic supplies.

Referring to this appeal, Helga Zepp-LaRouche, founder of the international Schiller Institutes, stated: "The western world has stood by and watched for almost one and a half years, as the Serbians prosecute a barbarous war of aggression in the heart of Europe. Yet another catastrophe of gigantic dimensions looms: 2.5 million people may die of cold or hunger this winter.

"If the political institutions leading us continue to be so cowardly, so immoral, that they do not move to stop this mass murder, then European civilization will perish and go the way of the Roman Empire, whose elite was also incapable of responding to dangers.

"Humanitarian aid is no substitute for stopping aggression, but it is also urgently needed. I call upon all men of good will, in the name of brotherly Christian love, to take part in this mobilization and open their hearts to the suffering of those who lie under siege, or who have fled their homes."

What is needed, and where

To escape death at the hands of the Serbians, people have gathered mainly in the following places: Sarajevo; in Herzegovina, the areas of Neum, Mostar, Capljina, Konjic, Stolac; in central Bosnia, Travnik, Bugojno, Zenica, Zavidovici, and Gorazde (where 50,000 have been added to the city's 50,000 besieged inhabitants); in the northeast, Tuzla, Brcko, Orasje, B. Samac, Gradacac; in the northwest, Bihac, B. Krupa, Cazin, and Kladusa; in the Serbian-occupied areas, Banja Luka, Prijedor, B. Gradiska; in eastern Herzegovina, the towns of Trebinje, Gacko, and Bileca; and in the Drina region, Foca, Zvornik, and Bijeljina (see map).

The humanitarian aid collected will be shipped either to

Towns with refugee concentrations in Bosnia-Herzegovina



Zagreb (Croatia's capital), or the ports of Split or Ploce; and thence, through whatever corridors are open, into the relevant areas of Bosnia.

Items on the list provided by the government of Bosnia-Herzegovina include: wheat, flour, corn, rice, pasta, canned food (meat, fish, vegetables), powdered milk, oil, salt, baby food, sugar, potatoes, cabbage, butter, cocoa, frozen meat, smoked meat, vitamins B, C, E, and D, composite vitamins in tablet or powder form, hygienic material, detergents, water purification chemicals and equipment, plastic sheeting (to insulate window frames against the cold), tents for more than 1 million homeless, blankets, clothing, ovens for heating and cooking, containers for use as shelters, material for small pre-fabricated houses, building lumber and other home repair materials, gasoline, and diesel fuel.

The following medical supplies are also needed: surgical and medical equipment suitable for field conditions, bandages (gauze and elastic), adhesive plaster, disposable gloves; intravenous cannulas and catheters; TB, polio, typhoid, and DPT vaccines; disinfectants, anesthetics, analgesics, adrenalin, intravenous and oral solutions; dialysis material, blood pressure medication, antibiotics, mineral salts, penicillin, insulin, and syringes.

The Schiller Institute advises anyone wishing to form a committee to gather these supplies to contact one of the following coordinators: Mr. Paolo Raimondi or Miss Katharine Kanter in Wiesbaden, Germany, tel. 06122-916-0, fax 06122-91-61-01; or Mrs. Elke Fimmen in Munich, Germany, 089-725-4013, fax 089-725-4922.

Helga Zepp-LaRouche visits Brazil to forge world coalition for freedom

German political leader and founder of the Schiller Institute internationally Helga Zepp-LaRouche arrived in Brazil on Nov. 6 for a week of public and private discussions with prominent political leaders, scientists, academics, journalists, and others, on how most rapidly to accomplish a twofold task: forcing U.S. authorities to free her unjustly imprisoned husband, American statesman Lyndon H. LaRouche, and building a world coalition of patriots with such power that it can replace the dying international financial order sustained by usury, war, and genocide, with one built upon national sovereignty and economic justice.

During her visit, Zepp-LaRouche also attended a conference sponsored by the St. Michael Archangel Foundation on "The Fifth Centenary of the Evangelization of America, and Ibero-American Integration," held Nov. 9-13 in Anapolis, Brazil, and participated in the inauguration of the Center for Ibero-American Studies and Solidarity on Nov. 14, also in Anapolis.

Coming less than a week after the U.S. elections, discussion of what to expect from the incoming Clinton administration was inevitable. Zepp-LaRouche's response stressed that the onus is on Clinton: "If President-elect Bill Clinton wants to show that he is different from George Bush, he will reverse the greatest travesty of justice of the Bush administration, the jailing of Lyndon LaRouche," she insisted.

Head to head with Kissinger

Her arrival in Brazil comes at a moment of tremendous political openness in the strategically important South American country, whose citizens are debating what direction the nation should take following the ouster in September of President Fernando Collor de Mello on corruption charges.

Playboy Collor had been hailed worldwide as a hyper-energetic example of the new kind of "modern" Presidents in Ibero-America who reject "outdated" nationalism in favor of globalization. President George Bush praised Collor as "my kind of guy." Brazilians suffering the economic depression resulting from his policies were not so enamored with Collor, however, and when congressional investigators uncovered proof that Collor and his cronies had used their free trade policies to rob up to \$300 million from public coffers for their personal use, they took to the streets by the thousands to demand that the President be impeached.

With Collor's impeachment trial now under way in the

Senate, Brazilian patriots are more optimistic than they have been in years that crucial changes *can* be effected, if popular support is mobilized.

Ironically, Zepp-LaRouche's visit to Brazil overlapped that of former U.S. Secretary of State Henry Kissinger, a longstanding political enemy of the LaRouches, who came to threaten the new government of Brazil that it must continue to adhere to Collor's neo-liberal "free trade" recipes, even if those policies, according to new President Itamar Franco, now threaten to create a "social explosion" in Brazil. Kissinger is "confident" that the new government will not be "a nationalist government," one of his associates assured journalists in the United States, quickly adding, however, that "the jury is still out on that."

Among numerous meetings, Zepp-LaRouche met with the president, vice president, and other officers of Brazil's National Press Association (ABI). ABI's president, 94-year-old Barbosa Lima Sobrinho—who is virtually a national institution—has written several articles about the LaRouche case and is an ardent admirer of the "American System" of economics advocated by 19th-century economists Henry Carey and Friedrich List, which LaRouche has elaborated. So respected is Barbosa Lima that he was chosen along with the Brazilian Bar Association to present the formal request to the House of Representatives to impeach President Collor de Mello.

According to coverage of Zepp-LaRouche's visit in the Rio de Janeiro daily *Jornal do Comercio*, she discussed "the current status of her husband, who will have spent four years in jail in January, for opposing the new world order promoted by President Bush" and for opposing the policies of the International Monetary Fund. LaRouche's writings and proposals are widely known in Brazil, and have more than once become the center of congressional debates on economics, science, and environmental and population policies. The Rio daily also noted that in her meetings, Zepp-LaRouche described the tragedy unfolding in eastern Europe, where she has traveled extensively since the fall of the Berlin Wall in 1989.

Hope in the face of world crisis

On Nov. 9, Zepp-LaRouche spoke at the Brazilian Center for Strategic Studies (Cebres), which brings together retired engineers, military, and other professionals. In a broad-rang-

ing strategic briefing, she outlined the devastating crises facing the world today which, although horrible to observe, don't mean that the situation is devoid of hope. "We are the hope," she told her audience—not yet like a laser, but more like the thousands and thousands of candles held by the patriots of East Germany during the 1989 revolution. If enough people mobilize and join the world coalition now being forged, the "laser" will come into being.

The foremost concern of her audience is how to ensure Brazil's independent development under current world conditions. Zepp-LaRouche explained that we are today in a crisis which most people cannot comprehend. The concern which Brazilians have expressed about possible social upheaval is but a small part of a world crisis that is far worse than anything that happened in the 1930s, she said. The catastrophe that will occur if the situation is not reversed will "dwarf World War I and World War II." She outlined how Africa is dying, Ibero-America is being given the Africa treatment, and conflicts are ripping apart eastern Europe and the former Soviet Union. As for the new U.S. President, Clinton, his administration will be a "rude awakening" for many people.

Zepp-LaRouche then explained how the world arrived at this crisis, going back to the opportunities which presented themselves in November 1989, following the crumbling of the Berlin Wall. "The whole world could have changed . . . this was a unique situation in history," she said. And now, it is breathtaking to observe how these opportunities have been lost, and thrown away. Even from jail, her husband produced a visionary program for Europe, in the concept of the Paris-Berlin-Vienna "Productive Triangle" of high-technology and infrastructure development. Had it been implemented, it would have met everyone's aspirations for development and stability. But people failed to understand one crucial point that LaRouche had emphasized over and over: that the Triangle would only work if it were understood that economic liberalism as well as Marxism are bankrupt; the last thing the people of eastern Europe or the former U.S.S.R. needed, after having been looted for 40 to 70 years, was to now be looted by the proponents of British liberalism.

Yet, this is what happened. Through cowardice, Germany allowed eastern Europe to be looted by the same methods by which the developing sector had been looted.

The result of these policies is that in Russia, there is now the threat of the old communist *nomenklatura* combined with the Russian chauvinists coming to power, which portends a bloody future—an attempt to re-create the old Russian Empire within the old borders of the former U.S.S.R.; but since the newly independent nations will never accept this, the only possible result is a Thirty Years' War, including the possible use of nuclear weapons.

Zepp-LaRouche told the audience to look at the terrible events of Bosnia and Croatia: Over 500,000 people may die this winter according to the U.N.'s own estimates. Because

of the moral indifference to this situation on the part of the world's governments, if the Russian coup begins, then "our future will be Bosnia and Croatia." All of Europe will be affected by this situation. The Trilateral Commission, the Bilderberg Society, and other such entities are now predicting that East-West conflict will be replaced by North-South conflicts, and that migrations of people will be the key problem to deal with. Even NATO is discussing this, and there is talk of putting up new walls and barriers to prevent refugees from entering their countries.

No time to lose

The situation is not hopeless, but "can we mobilize in time?" she asked. Look at the United States, which is ready to crumble internally because of its economic crisis. A situation could develop there similar to what happened in East Germany, she forecast. Clinton is not the answer; LaRouche must be freed, she said. He is innocent, but he was jailed because he opposed the establishment, inspiring or authoring programs for how to develop virtually every continent and part of the world.

"There is no reason not to rebuild the world!" Zepp-LaRouche told the audience. Out of the U.S. elections has come a new coalition, joining the civil rights movement and the LaRouche movement, which will continue and expand the mobilization begun over the last several months. Clinton is not popular, and as LaRouche has predicted, after six months he'll be more hated than even Bush was. "Our coalition," Zepp-LaRouche said, "is united by its opposition to the Thirty Years' War," and its demand for a new just world order.

This new order requires: 1) a debt moratorium, not only for the Third World but also for Europe; 2) every country to have the sovereign right to generate credit; 3) the recognition that the order of Creation is being violated; if we don't act, God will punish us for failing to do so, and the world as we know it will disappear. The basis for all action by an ecumenical movement must be *imago viva Dei*—the living image of God.

For Ibero-America, this means countries coordinating among each other to build the necessary great projects for economic development. Brazil has a special mission to carry out. It, along with Argentina, must be the engine for the development of Ibero-America. In Brazil, she asked, "is there not someone with the qualities of a Charles de Gaulle who can come forward," and with his unimpeachable character and behavior, be an inspiration to the nation's youth and give them hope for the future?

In response to a question later, Zepp-LaRouche assured her listeners that her husband, who is 70 years old, would indeed be a candidate in the United States again, and pointed to the example in Germany of Konrad Adenauer, who became chancellor at age 74 and left office when he was close to 90.

Colombia adopts Fujimori tactics in battling narco-terrorism

by Javier Almario

Forced by pressure from such institutions as the military and the Catholic Church, by the outrage of the population, and by a tidal wave of new terrorist assaults which claimed the lives of more than 40 people (the majority of them policemen) in less than 48 hours, the government of César Gaviria Trujillo decreed a state of "internal commotion" on Nov. 8, in a long-overdue effort to respond to the bloody challenge of Marxist terrorists and their drug-trafficking associates.

The special state of emergency will last 90 days, with a possible extension of 120 more, during which time the Gaviria government will issue a series of decrees aimed at destroying the financial and political protection apparatus of the narco-terrorists, and to facilitate a military and judicial offensive against the subversive insurgency. "I know that all of Colombia is awaiting decisive action against the terrorists, against the assassins and kidnapers, against this handful of mad fanatics," stated President Gaviria in a televised address announcing the emergency presidential decree.

Among the first measures dictated by the government the next day were: severe penalties against any media which interview the criminals, make apology for their actions, or directly broadcast details of ongoing military operations; a freeze and confiscation of bank accounts, real estate, stocks, and investments traceable to the terrorists (the government estimates that the different narco-terrorist groups have savings or investments of some \$500 million); the government will directly control management of the oil royalties from the departments of Arauca, Putumayo, and Casanare, to prevent those funds which normally go into local treasuries from swelling terrorist coffers; cancellation of the contract of any foreign company which pays protection money or ransom to the terrorists; suspension or firing of any government official who holds dialogue or collaborates with the terrorists; severe penalties for anyone who assists the terrorists or refuses to inform on their activities; suspension of land distribution by regional managers of the Colombian Institute of Agrarian Reform, who generally hand over territory to agents and frontmen of the terrorists; an increase in life insurance for members of the Armed Forces; and payment of rewards to anyone who gives information leading to the capture of the narco-terrorist chieftains.

'If Peru can do it . . .'

These long-awaited measures were to a large degree inspired by the fight being waged in next-door Peru by President Alberto Fujimori, whose popularity has soared in both his own country *and* in Colombia ever since the capture of Abimael Guzmán, the psychotic leader of the Shining Path narco-terrorists in Peru. Indeed, ever since Guzmán's capture, the question has increasingly been, "If Peru can do it, why not Colombia?"

Representatives of the Colombian business sector and Catholic Church have been increasingly demanding that the Gaviria government abandon its disastrous policy of dialogue with the terrorists, and instead impose the rule of law. Said the head of the Colombian ranchers' federation (Fedegan) recently to an audience that included Gaviria, "Enough of bowing our heads. No more guilt complexes. War cannot be avoided. The terrorist wave of October must have a clear and crushing response!" He reported that 700 ranchers had been kidnaped and 154 killed in 1992 alone, on top of the millions extorted by the terrorists. He warned that cattlemen were abandoning their ranches in record numbers in order to try to save their own and their families' lives.

The head of the Colombian bishops' conference, Archbishop Pedro Rubiano, called for an end to negotiating with the narco-terrorists. Now, he said, "the only way out left to the government is the exercise of authority, putting the house in order with a strong hand."

"A 'pro-Fujimori' sentiment is rapidly spreading, and is no longer limited to the so-called oligarchic classes," wrote the alarmed co-owner of *El Tiempo* newspaper, Enrique Santos Calderón, on Nov. 7. "In the middle and lower classes one can hear that what we need here is 'a tough little Japanese guy like in Peru, who can put an end to all this mess.'"

Colombians are fed up with a decade of dialogue and negotiations with the different terrorist groups, and with the multiple concessions that successive governments have granted to the drug traffickers and their narco-terrorist allies. During these past 10 years, every guerrilla group has grown in number and armed strength:

- The National Liberation Army (ELN) was a tiny group made up largely of a handful of pro-Castro fanatics and a few

“liberation theologians.” Thanks to dialogue and the millions paid them by the oil multinationals as “protection money,” the ELN has become the scourge of the national economy and is now on a major offensive to seize control of the major oil and mining zones of the country. It is already known that the ELN owns both gold and coal mines, through “legitimate” fronts.

- The heads of the Colombian Revolutionary Armed Forces (FARC), which until 1982 was largely a gang of bandits run by the pro-Soviet Colombian Communist Party, have since been elevated by the media to the category of “statesmen” with whom one must discuss and negotiate government policy.

- The People’s Liberation Army (EPL), a Maoist creation, also grew during the dialogues. Today, one part of the EPL has “legalized” itself while another is in alliance with the ELN and FARC.

- Finally, there is the M-19. Notorious as the narco-terrorist group which massacred half the Supreme Court during its bloody siege of the Justice Palace in 1985, today the M-19 controls Gaviria’s Health Ministry and is angling for the presidency. The M-19 was legalized by presidential amnesty in 1989 and has been inside the presidential cabinet ever since César Gaviria took office. The visible head of that group, Antonio Navarro Wolf, today dedicates his efforts to demanding “international mediation” for a negotiated “peace” between the government and the terrorist groups.

The Gaviria government has shamelessly intervened on numerous occasions to prevent the courts from charging the M-19 terrorists with their multiple crimes, and has even promoted disciplinary investigations against those judges who have dared to apply the law.

The price of capitulation

Of course, as can now be readily seen, the deals struck between Gaviria’s government and the drug traffickers have reduced neither drug-trafficking nor the violence related to it, nor have they prevented the so-called guerrilla groups from financing themselves with drugs. What Gaviria’s deals with the narcos have accomplished is to lull the government and society into an illusion of security, leading them to lower their guard against narco-terrorism. Today it is paying the price.

With the October death in a firefight with the police of Brance Alexander Muñoz Mosquera (a.k.a. “Tyson”), one of the heads of the Medellín Cartel’s “military” apparatus, the Gaviria government’s justly ridiculed “surrender to justice” deal with the cartel was suspended. At least 20 policemen were assassinated by the cartel’s hitmen in Medellín and surrounding areas in the course of a single week following Tyson’s death.

The dialogues and their consequences have demoralized the Colombian population, already suffering the effects of severe economic decline. While those over 40 years of age

complain that the government has only had time to listen to and negotiate with the most brutal of criminals, a segment of the youth population has drawn the conclusion that to “make it,” it is not necessary to be educated, diligent, and disciplined, but simply ruthless and violent. It is precisely through the spread of this “culture of violence” that narco-terrorism has been able to recruit and grow powerful.

However, Fujimori’s successes in Peru have managed to swing the pendulum back toward the Peruvian model and away from the so-called Salvadoran model, where the United Nations and U.S. government have managed to blackmail the Salvadoran government into handing the discredited FMLN insurgency its quota of power.

The Fujimori model is the only one that can possibly work in Colombia, whose “guerrilla” movement coordinates strategy with Peru’s Shining Path. According to intelligence sources, the Colombian terrorists have held numerous meetings with representatives of Shining Path, to coordinate actions “in defense of the Peruvian revolution.” The best defense, insists Shining Path in these meetings, is to universalize the “revolution.” Shining Path is the most violent group in Ibero-America, which combines Maoism with “Inca fundamentalism” that seeks to wipe out western culture and return the continent to primitivism.

Recent brutal actions by the FARC and ELN show how quickly they are coming to emulate Shining Path. On Nov. 7, some 200 FARC-ELN terrorists massacred 26 police agents who were guarding a state oil installation in the southern department of Putumayo. Previously, such attacks were directed against the multinationals, as much to improve their image as “anti-imperialist” as to facilitate the extraction of protection money. This time, it was property of the state oil company Ecopetrol that was attacked and completely destroyed after the police guards were slaughtered.

Simultaneously, in the course of just two days, they set off more than 50 dynamite bombs at police posts, banks, markets, and pipelines, causing the deaths of 50 people and injuries to 70 more. According to II Army Division commander Gen. Harold Bedoya, military intelligence has acquired documents confirming that the ELN keeps a count of how many legs they cut off from peasants suspected of collaborating with the Army!

The Gaviria government’s response to this latest terrorist offensive will only prove effective if the population obliges the President to follow through on his word. In the past, Gaviria has responded to the general clamor for action against narco-terrorism with bombast and promises, designed to calm the citizenry and pave the way for a renewal of dialogue. Gaviria has always considered a military offensive a last resort to force the terrorists to the negotiating table, and never as a means of defeating them. Only by discarding the concept of “dialogue” and “peace pacts” with these murderers can Colombians hope to free themselves of this nightmare of instability and violence.

Italian magistrates seize list of 30,000 in sweeping probe of Masonry

During his imprisonment in the hands of the Red Brigades terrorists in 1978, the Italian Christian Democratic leader Aldo Moro wrote a memorandum. In those days, awaiting his barbaric murder, the statesman, who was a personal friend of Pope Paul VI and had been at various times prime minister, foreign minister, and secretary of the ruling Christian Democratic (DC) party, dwelt on the campaign organized against him by the American embassy in Rome. He was very specific: The orders had come from then-Secretary of State Henry Kissinger. That memorandum was Moro's final attempt to leave an explanation of the operation targeted against him and against Italy.

The memorandum has become a hot news item once again, since the prosecutor of the town of Palmi Calabro, Agostino Cordova, ordered the search of the central offices of the Italian Masonry and many other lodges all over the peninsula, which in some cases resulted in confiscation of huge quantities of material. The unprecedented case started with an investigation into the activities of the Calabrian mafia—the N'drangheta—that led to the “masonic level,” confirming the conviction held by many magistrates that organized crime and masonic lodges are often closely connected. Furthermore, the connection to the U.S. Southern Jurisdiction of the Scottish Rite Freemasonry—that of Gen. Albert Pike—is coming out of several facets of the investigation, including the discovery and search of the Albert Pike lodge in San Mango d' Aquino in Calabria.

Gianni Cipriani, co-author of the book *Sovranità Limitata* (*Limited Sovereignty*), has become one of the first journalists to follow the new activities of the Masonry and the connection with plans to destabilize Italy. With an eye toward that investigation, Cipriani is re-reading Moro's memorandum. “Moro knew that he had been excluded from the embassy's receptions because there was a decision taken by Kissinger to look toward a new generation of Christian Democrats, young technocrats, able to speak English and to transform the DC from a constituency-based party into a party of lobbies. Among them Moro includes Mario Segni.”

Fourteen years later, Mario Segni has become a formidable power in Italy. Sponsored by the major media and the whole Anglo-American apparatus, Segni has launched a full-scale offensive against the establishment, against the “cor-

ruption” of the party system, and against the political party conception of Aldo Moro. Segni's scheme is supported by Claudio Martelli, the number two official of the Socialist Party and present justice minister. Martelli has launched a personal campaign against Judge Cordova, preventing him from being tapped to be in charge of the special agency set up to carry out the fight against the Mafia. Also on the same wavelength are Giorgio la Malfa, secretary of the small, Anglophile, Republican Party, and the separatist North League.

“Traditional parties are in a crisis,” declared the Grand Master of the Italian Masonry, Giacomo Di Bernardo. “People like Segni can be a solution, yes, people like Segni and Martelli.”

Umberto Pascali spoke with Cipriani by telephone at his Rome office. Excerpts of the interview, which was conducted in Italian, follow.

(Item. It may be helpful to American readers to explain the term “Black Masonry.” In Italy, this refers not to racial divisions within the Masonry as in the United States, but to affinities to Fascism, since Mussolini's Fascism used the color black as its symbol, such as the “black shirts” of the Fascist private militias. Of course, Licio Gelli, the Venerable Master of the secret Propaganda-2 lodge, partially pushed into the limelight in 1981, was both an important official in Mussolini's Republic in Northern Italy and at the same time an agent for Anglo-American intelligence.)

EIR: Mr. Cipriani, how did the investigation start?

Cipriani: Judge Cordova's investigation started around one year ago. At the beginning, Cordova was focusing on the activities of organized crime, especially the Calabrian mafia, the N'drangheta. Following this, around one month ago, he discovered evidence of the connection between organized crime and some masonic lodges. He found out that the “business committees” of the N'drangheta, which managed public contracts, were in contact with the Masonry. Some ex-Masons and some ex-mafiosi turned state's evidence, testified to the existence of this link, in the sense that Masonry was one of the pillars of the interconnection between Mafia, politics, and business. There was indeed this masonic mediation.

Amid the evidence there are also audiotapes of phone

conversations that show clearly the link between [the former head of the formally dismantled P-2 lodge] Licio Gelli and representatives of organized crime. I want to stress though, that the problem is not only Gelli. We should not focus just on him. He is discredited, he is known to the public. He was the puppet master of many dark events in the 1970s and beginning of the 1980s, he was involved in the [Aug. 2, 1980] bombing massacre at the Bologna train station. But I think there are other, less known figures. In my opinion, perhaps the merit of Cordova's investigation is that it will help discover the Gellis of the 1980s and '90s. Who are those powerful masonic leaders who, having remained always in the shadow, were able to continue to proliferate? We have identified some of them, but of course I cannot mention—for the moment—the names.

EIR: How did Cordova proceed?

Cipriani: Starting with this information on the Mafia-Masonry connection, which I do not know because it is still under judicial secrecy, Judge Cordova decided that this track had to be followed and began a blanket investigation of Masonry. Now Masonry is formally a legal organization. There is also a law, though, which was approved after the P-2 scandal, the so-called Anselmi Law, that prohibits the existence of secret lodges and establishes some rules for Masonry. Italian law does not grant the Masonry the right to secrecy, though they can use *riservatezza* [privacy]. By playing on this ambiguity, many secret lodges were created. In fact, from what one could gather, Cordova's investigation discovered the existence of many covert lodges, i.e., entities that are totally illegal vis-à-vis Italian law.

So, he ordered searches and seizures all over Italy. First of all, he asked for the lists of all the members of Masonry of the Grand Orient of Italy, the so-called regular Masonry of Palazzo Giustiniani connected to the Grand United Lodge of the Duke of Kent [in England]. After some resistance, the lists were delivered. At the same time, he sent police and Carabinieri [military police] to the local offices of Masonry to check the lists. After that, he checked the offices of the other major masonic branch in Italy, the one of Piazza del Gesù, which is at the center of the present investigation. Also for this case, he ordered a series of seizures in the houses of lodge members. Then, following the confessions of certain witnesses, he seized certain safe deposit boxes and checked some banking accounts. At this point, Cordova is being helped by a pool of magistrates known for their determination to go after the Mafia and political destabilizations. The pool includes Felice Casson, the magistrate who launched the investigation into the secret paramilitary network codenamed Gladio; and Gherardo Colombo, who stood up to overwhelming pressures and conducted the search and seal of Gelli's Villa Wanda in 1981.

The magistrates have in their hands a huge mass of seized material. Just to give an idea, they have lists of 18,400 names

from the Masonry of Palazzo Giustiniani, 6,000 from Piazza del Gesù, plus others for a total of 30,000 names. The material fills a big room in a Roman barracks that is being watched day and night and whose name is kept secret, because very powerful forces are interested in destroying that evidence.

EIR: It was reported that Cordova succeeded in breaking the code of Masonry computer's "protected area."

Cipriani: Yes, he was successful in that. He had a hunch that a particularly smart technician had managed to hide some files in the computer of the Grand Orient of Palazzo Giustiniani. So the computer was put under police guard and two specialists were sent by Cordova. They found the "protected" list. It seems that during the first phase at least three covert, i.e., illegal, lodges were discovered, the heads of which were very important figures, two of them already members of the P-2 in the past and the third being a top leader of the Grand Orient itself. Of course this intelligence has not yet been confirmed. It has also been reported in the Italian press that many documents have been found concerning the Colosseum lodge. . . .

EIR: The Rome-based Colosseum lodge had already been mentioned during the investigations into the P-2 lodge. It has been reported that it's one of the most powerful lodges in Europe. It had even been dissolved, at least officially, by the Grand Orient a few months ago, and seems to be connected to the U.S. Southern Jurisdiction of the Scottish Rite, the Masonry of the Albert Pike tradition.

Cipriani: The Colosseum is a lodge that includes several employees of the U.S. embassy in Italy. It has been defined as a lodge with a high CIA presence. The name of the Colosseum popped up during the P-2 inquiry, but this did not stop it; it continued to function, using the name Center for Historical Studies. Colosseum is not a secret lodge, it is official; the only problem is that nobody knows what really was going on there, and who were the real members. In the Colosseum, Elvio Sciubba also used to play a role. He is the Grand Commander of the Scottish Rite who is the correspondent in Italy of the U.S. Southern Jurisdiction. Sciubba has been in the past months one of the main ambassadors of the Southern Jurisdiction to countries of eastern Europe, where the Scottish Rite has been exported over the last years.

It will be very interesting to see what really was happening inside the Colosseum, if documents have been found. Last May the lodge was, at least formally, dissolved by the Grand Orient, by the Grand Master De Bernardo. Officially this happened because of irregularities in the management, but there may be other reasons. In any case, the Colosseum continued its activity as usual. But what is happening around the Colosseum, seems to indicate a certain split inside the Masonry.

EIR: What sort of split?



Back in the news: Henry Kissinger, whose Italian masonic friends want to replace the former U.S.-Soviet bipolar order with Anglo-American hegemony, crushing any autonomy for Europe or Japan.

Cipriani: We shouldn't see the Masonry as monolithic. First of all, there are some minor divisions among local lodges for reasons of business rivalry. But I believe that the whole Masonry underwent a split for strategic reasons after the fall of the Berlin Wall. On one side there is what we called the Black Masonry, the continuation of the P-2, which is an emanation of the Anglo-American Masonry. This group has worked to substitute for the former U.S.-Soviet bipolar world, a sort of new world order, an Anglo-American hegemony, against any autonomous role for Europe or Japan. On the other side there is the faction we could call Europeanist, not because they are totally against the Anglo-Americans—nobody in the Masonry really is—but because they are trying to find forms that would make it less dependent—for everything—on Anglo-American interests.

The Black Masonry has worked to export to the countries of eastern Europe a super free market line, to introduce shock therapy capitalism that it seems to me has caused big troubles there.

EIR: You are the author, with your brother Antonio, of the book *Limited Sovereignty*, in which you have described the subordination of Italy to Anglo-American power and to the Yalta game. Is the attention you gave to the masonic destabilization of Italy a consequence of this work?

Cipriani: Indeed it is, because we know that the masonic phenomenon, the P-2 phenomenon, has been one of the instruments to keep Italy under a limited sovereignty. Of course, Italy's limited sovereignty is a documented fact. For example, it seems to me that it is particularly interesting to re-read the Plan for a Democratic Rebirth, drawn up by Licio Gelli.

["The Plan for a Democratic Rebirth," also known as the "Memorandum on the Italian Situation," is a 22-page report

prepared in 1976 by Licio Gelli. It was seized five years later by the magistracy who searched Gelli's villa in Castiglion Fibocchi near Arezzo. Gelli, it was discovered, was at the center with his covert P-2 lodge for activities in political, criminal, and terrorist destabilization. The plan was a blueprint for a final destabilization. It reads in part: "In other countries and in other times (Italy 1922, Russia 1917, Germany 1933, Spain 1936) the concomitance of moral, political and economic crisis led to the installation of iron regimes. . . . We cannot imagine how Italy can escape such ineluctable destiny." The plan proposes the elimination of the political parties, to be replaced by "territorial and sectorial clubs," and by pushing for a forced political bipolarity, allowing only "two political movements, one of social-labor inspiration and the other moderate-conservative." It also called for a general reorganization of the media along the same lines. The magistracy is indicated as a necessary terrain of activity and recruiting for the P-2—ed.]

EIR: Gelli's plan was written long ago.

Cipriani: Yes, but it is the same as in the case of Moro's last memorandum. He was warning against Kissinger's plans, and then 14 years later we see that those plans look more and more like the political reality of the day. In the same way, 16 years after Gelli's plan, it seems to me that it is more real than ever. Just as an example, it is interesting to read how Gelli stresses the necessity of introducing corruption into the political parties. Today, in Italy, we have this huge scandal that has involved basically every party. So many politicians have been indicted for having accepted bribes, not for themselves, but for their party. Suddenly it is being discovered that basically every party functions through a system of illegal fundings, taking bribes on state-financed works. This scandal has been the most efficient instrument for those who try to undermine and discredit the party system, substituting it with power lobbies, and with two formally opposed political formations, in a situation in which whoever controls the financial power would have direct control, no longer mediated. I think it was Rockefeller who said: "Vote for whomever you want, you will always vote for us."

You must also consider that historically the Anglo-Americans never totally trusted the Christian Democracy. They would have preferred the men of the minor parties, which are more controllable, like the Republican, or the Liberal Party, but, given the communist-anticommunist counterposition of the postwar period, they had to make a deal with the DC. Christian Democracy was a very strong party, with real, popular support, linked to the Catholic Church, and the Catholic Church in Italy has influence. Today, when a bipolar system is being considered obsolete, the Anglo-Americans want to drop that party. Only a part of the DC enjoyed the total confidence of the Anglo-Americans. And today we see that the strongest attacks against the Anglo-Americans come precisely from Christian Democrats.

CAP spurns confidence vote

The Anglo-Americans' champion of "democracy" rejected a Senate ruling and defied a constitutional order.

On Nov. 5, Venezuelan President Carlos Andrés Pérez (or CAP, as he is known) rejected a Senate ruling that requires him to include on the ballot for the Dec. 6 election of mayors and governors, a "yes/no" referendum on whether the population wants him to remain in the presidency. CAP's response was given within hours of the Senate vote; in announcing it on national television, the President took the unusual step of requiring the presence of the entire military command at his side.

The Senate ruling, authored by Social Christian party (COPEI) Sen. Pedro Pablo Aguilar, responded less to the demands of the population for an end to CAP's rule than to the desperation of the Venezuelan political establishment to forestall a coup. If the referendum is not included in the Dec. 6 election, estimates are that abstentionism will be in the range of 80% or greater. By including the referendum, some hoped to channel this disenchantment to the polls. The population would be given their opportunity to boot CAP out of office, but the political system which spawned him would be saved.

CAP's rejection of the Senate's "vote of confidence" ruling has thus created an institutional crisis only comparable to the failed military coup of Feb. 4. In Aguilar's view, CAP's refusal to abide by the vote is made even more serious by the fact that he denounced the vote as "unconstitutional." According to the Venezuelan Constitution, only the judiciary can determine whether or not a measure is constitutional. Thus, says Aguilar,

CAP not only repudiated a decision of the Senate, but also "usurped" the functions of the Supreme Court.

Further, by insisting on the military command's presence during his rejection of the Senate ruling, CAP, in Aguilar's view, was also "abusing" his position as supreme commander of the Armed Forces.

It is ironic that the greater the effort the United States government makes to keep CAP in power, the more there are demonstrations against him in his own country. On Oct. 21, U.S. Ambassador to the Organization of American States Luigi Einaudi told a select audience of the Washington-based Woodrow Wilson Center that "Venezuela has a President with personal charisma, history, a potential of external reality . . . [who] still projects vigor, courage, modernity, adaptability."

Einaudi concluded with a warning that "if there is any interruption [of his mandate], let me assure you all that there will be . . . a whole range of reactions, which will make business as usual impossible."

And yet on the very night of the Senate vote, Venezuelans in several parts of the capital city jubilantly celebrated the decision with pot-banging and fireworks.

What nervous elements of the political establishment apparently hoped to accomplish with Aguilar's proposal is that, by bringing about CAP's resignation "democratically," there can be a peaceful way out of the current crisis in Venezuela. Declared Aguilar, "The worst tragedy that could happen would be a combination of violence,

anarchy, and the inability of the state to guarantee public order. It would be something like a civil war, of an unprecedented sort that could better be called 'bloody anarchy.'"

Aguilar's proposal implicitly requires that CAP resign following a vote of no confidence. According to Aguilar, CAP would be immediately replaced by the president of the Congress, who would then call on Congress to name an independent to fill out the remainder of the term and initiate reforms, including election of a Constituent Assembly.

Should the referendum take place, of course, the political dynamic in the country would be dramatically altered. This reality has triggered factional brawls within the political parties.

For example, Andrés Velázquez, leader of the leftist Causa R party, had rejected Aguilar's proposal two days before the Senate vote, during a visit to U.S. Ambassador Michael Skol's home in Caracas where he went to watch the U.S. election returns.

Velázquez, who is hopeful of improved relations with the United States under a Clinton presidency, has presidential aspirations for 1993. Causa R Secretary General Pablo Medina has already advanced the idea of requesting the presence of international observers, including former U.S. President Jimmy Carter, French President François Mitterrand, the head of Brazil's Workers Party "Lula," and Mexico's Cuauhtémoc Cárdenas. The last two, like Causa R, are affiliated with the Cuba-spawned São Paulo Forum, a continental collection of leftist parties.

But Causa R's representative to Venezuela's Supreme Electoral Council has backed the Senate ruling, and has already convoked an urgent meeting of the council to plan how to implement the referendum.

International Intelligence

In Soviet republics, 'a storm is gathering'

An editorial in the *Times* of London on Nov. 2 draws attention to the crisis in the former Soviet republics, which is being blissfully ignored in the West. The article is titled "The Bear's Troubles: Eastward the Land Is Dark, and Growing Darker."

"Europe has been bogged down by Maastricht, America by its elections, and both have not looked beyond the conflict in Yugoslavia," the article says. "But further East a mighty storm is gathering."

President Boris Yeltsin is being "cornered by his enemies," who want to return Russia to "evil totalitarianism," while "failure stares his reform government in the face. Hyperinflation has impoverished the nation. The stench of fascism rises from the crowds who parade their ethnic hatreds and jeer at Russia's fledgling democracy. . . . The President's popular support is falling rapidly, as the country slides into ungovernability. . . . His room for maneuver is growing ever less, the influence of his opponents ever greater."

But side by side with these dramatic words, the editorial hints at sympathy for the International Monetary Fund and other "monetarist reforms" in Russia, so the British elites have only themselves to blame, if they are now worried about what will happen in Russia.

Will Britain make Malvinas a new state?

A leader of Argentina's Constitutional Nationalist Party, Alberto Assef, charges that a secret plan is under way, "promoted by London, to design the future of the Malvinas [Islands], the Antarctic, and the South Atlantic." According to the periodical *El Informador Público*, Assef said, "Britain has decided that the Malvinas will be the beachhead of a new independent state, which will extend 3,000 km to the south, reaching the Pole, 2,000 km to the southeast to the South Sandwich Islands."

These plans are developing at the same time that Argentina is trying to join NATO and to create a South Atlantic Treaty Organization, with several European and Southern Cone nations.

The plan described by Assef would include areas historically claimed by Argentina. However, the extension south to the Antarctic would constitute a further British claim over a portion of this much-coveted region, rich in mineral wealth and oil. Under anyone else but President Carlos Menem, this would be taken as a direct threat to Argentina's national security. But Menem is busy handing over sovereignty to the British as fast as he can.

Vatican, Israel talks move toward recognition

The possibility of formal diplomatic relations between the state of Israel and the Holy See is not dependent on final agreement on such "political issues" as the status of Jerusalem, the Vatican's top diplomat in Israel told the *Jerusalem Post* on Oct. 17. Archbishop Andrea Cordero Lanza di Montezemolo, the apostolic delegate to Jerusalem, gave the first ever interview by any apostolic delegate to any Israeli paper.

Montezemolo reported that the Holy See and Israeli government have been holding "confidential meetings" for more than a year, intended to possibly "normalize relations between the Holy See and Israel." He was asked about a joint letter issued in July, signed by the Latin Patriarch of Jerusalem Michael Saba, the Grand Mufti, the Anglican archbishop, and the head of the Greek Catholic Church, which asserted that any discussions between the Holy See and Israel must "naturally touch the status of Jerusalem." Montezemolo said the letter reflected a misunderstanding.

At the end of October, Israeli Foreign Minister Shimon Peres met with Pope John Paul II at the Vatican. Following the meeting, the Vatican sent special envoys to Amman to meet with the Jordanian government, and also met with a Palestine Liberation Organization delegation in Rome.

Commenting on the negotiations, Anti-Defamation League Director of Inter-Religious Affairs Rabbi David Rosen told the *Jerusalem Post* that it would be a mistake if the Israelis now demand too much from the Vatican—for example, a commitment to eradicate anti-Semitism among Catholics in eastern Europe. Instead, Israel should stick to political issues. "It is far more in our interest to strengthen the hands of the Sons of Light in the Vatican and go ahead with all issues that relate between states," he told the paper.

Inaction on Somalia, Bosnia is 'inexcusable'

The current inaction by the world community in the face of the crises in Somalia and Bosnia is inexcusable, the president of the International Committee of the Red Cross said in Tunis on Nov. 3. ICRC chief Cornelio Sommaruga criticized the nations of the world for failing to intervene in Bosnia to prevent attacks on civilians and relief convoys: "In Yugoslavia, what governments should have done was to prevent attacks against the population. How can such an ethnic elimination have been perpetrated without any intervention? . . . Yes, I am criticizing."

On Somalia, he said: "The community of states should take its responsibilities and implement the embargo decreed on arms entry to Somalia. This is an appeal. Is it possible that with such a situation in Somalia, arms and ammunition can enter this country? The international community should also act urgently to get the parties around a table for reconciliation and reconstruction."

Mohamed Sahnoun, an Algerian diplomat, resigned the week before as the U.N.'s special envoy to Somalia, criticizing the do-nothing attitude of the United Nations.

Europe is moving to restrict immigration

The interior ministers of the European Community (EC) have drawn up a scheme for

restricting immigration into Europe, under the rubric of "harmonizing policy toward asylum seekers," the British Broadcasting Corp. reported on Oct. 22. British Home Secretary Kenneth Clarke denied the existence of the plan, but senior political figures interviewed by BBC expressed belief that something along these lines is under discussion.

According to BBC's Brussels correspondent, the new guidelines would "deny refugee status for those trying to escape from civil wars," and to those coming into Europe from "another continent." Those coming to Europe claiming to be escaping political persecution would have to "seek redress in their own country first," a truly breathtaking demand.

At least four groups within the EC structure are now working on the question of asylum, refugees, and migration. Senior intelligence sources in Europe have told *EIR* that draconian legal guidelines are first needed, so that military deployments to stem the flow of refugees can then be set into motion. The British, in particular, have been pushing for harsher measures, with Foreign Secretary Douglas Hurd having stated repeatedly that the main threat facing Europe would be from "refugees and migrations." The British currently occupy the presidency of the EC.

Britain cancels military exercises in Hong Kong

Great Britain has called off scheduled military exercises in Hong Kong, which were to have simulated a Chinese invasion of the colony, the British Broadcasting Corp. reported on Nov. 5. The decision to call off the exercises, which would have been only classroom simulations, was to prevent any further tensions with Beijing, already exacerbated by quarrels between Hong Kong Gov. Chris Patten and the Chinese government.

A British military spokesman said, "It was a decision by Her Majesty's government, and it was felt that it wasn't the best time to hold an exercise of this nature." He

said that 150 soldiers and technicians of the Fifth Airborne Brigade were to have been shipped out from Britain for the command exercise.

The plan was stopped when newspapers leaked that the exercise was to be based on a scenario involving a breakdown in Sino-British ties and an incursion by Chinese troops. Mainland Chinese patrol boats have been entering Hong Kong waters in recent months, and there has been at least one armed face-off between marine officials from both sides. Chinese officials have boarded and hijacked more than a dozen ships leaving Hong Kong waters recently, confiscating goods they claimed were contraband.

Turkish Islamic party wins in local elections

Necmettin Erbakan's Welfare Party took control of 5 of 20 districts contested in local elections in Turkey on Nov. 1. Four of the five victories were in the province of Istanbul. "Welfare Party Shock in Istanbul," was the headline in the widely read daily *Hurriyet*. "The question of whether Turkey is entering an 'Algerian syndrome' can come to the minds of many people," the paper reported. The party took 24.5% of more than 500,000 votes cast.

The main opposition Motherland Party won in four municipalities with 22.8% of the vote. Prime Minister Suleyman Demirel's True Path Party took 16.7% and won in eight districts. Its coalition partner, the Social Democrat Populist Party, took 19.2% and three districts.

The Welfare Party advocates forming an Islamic state and overturning the secular tradition of Mustafa Kemal Ataturk, the founder of modern Turkey. It has condemned Turkish involvement in the war with Iraq; Turkish intervention into northern Iraq; and the presence of U.S. troops on Turkish soil since the war. Such positions, as well as its condemnation of International Monetary Fund privatization programs, probably account for part of its popularity.

● **IRAQI OPPOSITION** parties decided at the beginning of November to form a "temporary Iraqi government," headquartered in London. While the "government" of squabbling parties is expected to rapidly fissure, its official establishment provides the context for the Anglo-Americans to recognize it as the "legitimate" government of Iraq.

● **THE VATICAN** newspaper *L'Osservatore Romano* on Nov. 7 urged Bill Clinton against promoting abortion and euthanasia: "Do not ever let freedom be deformed into devastating models of behavior elevated to norms of life, nor into license to strike the weakest, from yet unborn infants to the elderly on the margins of society. . . ."

● **BRITAIN'S** Prime Minister John Major squeaked by with a 319-316 "victory" in a confidence vote in the House of Commons on Nov. 4. Parliamentarians were subjected to threats, harassment, and blackmail in order to ram the vote through, the *Daily Telegraph* reported.

● **SAUDI ARABIA** has turned down a PLO request for Yasser Arafat to visit the kingdom. The PLO's Subhi Abu Karsh met with Crown Prince Abdullah, the first such meeting since the Gulf war, in which the PLO supported Iraq. "We are brothers, but the issue needs some more time before this step can be taken," the prince reportedly said.

● **RUSSIAN MILITARY** officers are out to replace the government of Boris Yeltsin, said Stanislav Terexkhov, chairman of a group of military dissidents, in an interview with the German weekly *Der Spiegel* published Nov. 2. He said they also disagree with Defense Minister Pavel Grachev.

● **ARGENTINA'S** President Carlos Menem will visit South Africa, announced Adm. Jorge Ferrer, the head of the Argentine Navy, as part of Argentina's effort to form a South Atlantic Treaty Organization.

'The lamps are going out all over Europe'

by Stuart Rosenblatt

Dreadnought: Britain, Germany, and the Coming of the Great War

by Robert K. Massie

Ballentine Books, New York, 1992

1,007 pages, paperbound, \$14

As the world plunges toward another Dark Age, it is critical to examine the root causes of today's crisis, which can be traced efficiently to the period from the U.S. Civil War to the outbreak of World War I. Unfortunately the United States has never understood the lessons of the Civil War, i.e., the resurgence of British-inspired Confederate policy in the late 19th century, as a result of which the United States entered World War I on the side of our historic enemies! (See *EIR*, Nov. 6, "LaRouche Broadcast: 'We Wrestle against Principalities and Powers.'") Unless we unravel the wrongheadedness that led into the First World War, and extirpate all vestiges of Anglo-inspired foreign and domestic policy, the U.S. as a nation is doomed, and a third world war our future.

Robert Massie's *Dreadnought* allows us to study the events leading into World War I from the vantage point of an American who is pro-British, and we can therefore use it to draw the opposite conclusions from Massie, as to the causes and culprits for the war.

From the outset, Massie tries to legitimize British actions according to the Alfred J. Mahan interpretation of the 1850-1914 period: "In 1890, an American naval officer, more scholar than sea dog, codified the Briton's intuitive sense of the relationship between sea power, prosperity, and national greatness. In *The Influence of Sea Power upon History*, Alfred Thayer Mahan traced the rise and fall of maritime powers

in the past and demonstrated that the state which controlled the seas controlled its own fate; those which lacked naval mastery, were doomed to defeat or the second rank. . . . From the metaphor arose an imperative: to patrol the common, a policeman was needed; to protect shipping and trade routes, maritime powers required navies."

Massie introduces his three-pronged thesis in the introduction: 1) British sea power was the guardian of the empire and implicitly the world and this global policing was necessary. 2) When Germany, in particular, began to catch up to England in naval power, balance-of-power theory dictated the necessity of an alliance of Britain, France, and Russia against it. 3) Germany should have realized that violation of this scheme would lead to war. Despite Massie's attempts to force events to conform to his thesis, his ample historiography allows the careful reader to gain tremendous insight into the real turn of events.

Sunset on the empire

Britain created and maintained its empire throughout the 19th century at the point of a gun—its Navy—and through the spread of anti-industry "free trade" policies to halt the growth of rival nations. However, this policy began to fail by the second half of the century as Germany, France, Russia, and the United States made remarkable strides toward industrialization by their application of American System programs of rapid scientific and technological progress, coupled with protectionist trade policies. This growing threat to British global domination caused the empire to jettison its time-honored "Splendid Isolation" from affairs on the European continent, and to launch a full-blown encirclement of its major rival, Germany. This gambit was accomplished by the successful manipulation of bitter enemies France, Russia, Japan and the United States into an anti-German, anti-Austro-Hungarian entente.

Massie details quite well what Britain looked like from the inside and highlights the little-acknowledged French surrender at Fashoda in Sudan in 1898 as crucial to the process. He also provides excellent quotes from the treacherous French Foreign Minister Théophile Delcassé on his surrender to British superiority. When Delcassé took over as foreign minister at Quai d'Orsay, Massie reports, "he had a personal goal. 'I do not wish to leave this desk,' he told a friend, 'without having established an entente with England.' "

Following the Fashoda surrender, France—Britain's enemy for centuries—became an ally. Massie then documents the manipulation of another British rival—Russia—into the British camp. In the process, he also exposes the fact that England had deep-seated fears that Russia and China would come together around Russian Foreign Minister Count Sergei Witte's ambitious rail and infrastructure program, and that Russia's eastward expansion might sever England's link to India, the "Jewel in the Crown." "In private, Queen Victoria described Tsar Alexander III as 'barbaric, Asiatic, and tyrannical.' Conservatives feared Russia thrusting towards the Dardanelles, into the Far East, against the frontiers of India, through Persia towards the Gulf. Liberals rejected the Russian autocracy as anti-democratic. Britain's first step away from Splendid Isolation had been the alliance with Japan, a treaty specifically aimed at containing Imperial Russia."

The entente with Russia that was consolidated was hardly a "community of principle."

Massie also depicts events and personalities inside the degenerate court of Kaiser Wilhelm II that facilitated the British encirclement. He unmasks key advisers such as First Counselor Friedrich von Holstein, Count Paul Wolff Metternich and Prince Karl Lichnowsky as likely agents or at least pawns in the British Great Game. For example, Massie describes Holstein's maneuverings, which led Germany away from renewing its Reinsurance Treaty alliance with Russia in the late 1880s. This stratagem paved the way for Russia's unlikely embrace of previous enemies France and England, a move that would have been inconceivable for Holstein's previous master, Otto von Bismarck.

Jacky Fisher and the 'Dreadnought'

Once the encirclement of Germany is completed, and the United States and Japan are towed into the new alignment, Massie proceeds to document the rise of mercurial Jacky Fisher and the new Royal Navy in the 20th century, and its pivotal role in events leading toward war. Fisher was the architect of the new Dreadnought battleship, whose oil-powered turbine engine allowed it to carry very big guns that could fire from over the horizon. His name was synonymous with rebuilding the British fleet and with war against Germany. Massie provides quote after quote from Fisher on the deliberate targeting of Germany as England's only adversary from 1902 onward, such as the following scenario of Fisher's:

"Fisher was convinced throughout his term as First Sea

Lord of the inevitability of war with Germany. . . . Fisher thought that the Germans would choose a weekend, probably a weekend with a bank holiday. He had no difficulty pinpointing the date, the name of the British admiral, and the name of the battle in which Britain's future would be decided. 'Jellicoe to be Admirallissimo on Oct. 21, 1914 when the Battle of Armageddon comes along,' he wrote in 1911. Fisher's premise and most of the details of his prediction were correct. He picked the date because it corresponded with the probable completion of the deepening of the Kiel Canal, which would permit the passage of German dreadnoughts from the Baltic to the North Sea. War did come on a bank holiday weekend, although it was in August, not October, 1914. (The Kiel Canal had been completed in July.) At the Battle of Armageddon, which was the Battle of Jutland, when the whole strength of the German High Seas Fleet was hurled against the Royal Navy, the Commander-in-Chief of the Grand Fleet was Sir John Jellicoe. Jellicoe was in command because, over the years, Fisher had guided his career and insisted that no one else would do."

As war became inevitable, Massie details, the British ruling class stepped up its preparation of cultural and psychological warfare against the British people to prepare them. He systematically goes through the contrived "media events" of 1908-12 that paved the way for combat. An example, among the numerous pulp novels that appeared in those years, was the "futuristic" *The Invasion of 1910* by William Le Queux.

" . . . On both sides, the war was fought with ferocity.

"The Germans are monsters who bayonet women and children, force terrified citizens to dig their own graves, and, in retaliation for the ambush of a German supply party, slaughter the entire population of an English town. The Kaiser is not a 'splendid chap,' but a bloodthirsty barbarian who craves the bombardment and sacking of London.

" 'The pride of these English must be broken,' commands the All Highest. The English are almost as brutal: Any German who falls into their hands is shot stabbed, hanged, or garrotted."

Massie's final chapters reveal many of the machinations of Foreign Secretary Edward Lord Grey, who transformed the Serbian-authored assassination of Archduke Franz Ferdinand into the detonation of European genocide. While the crisis around the murder was crescendoing, Massie writes, Grey failed to brief the British cabinet, despite the fact that he was monitoring all European communiqués. The British government was not advised about the situation until one week prior to the German declaration of war. In Grey's mind, the trap of war against Germany, carefully plotted for over 15 years, had been sprung. Massie concludes his book with Grey's lament on the inevitability of it all: After delivering his ultimatum to Germany to halt its mobilization, Grey "uttered the lines which memorably signaled the coming of the First World War. 'The lamps are going out all over Europe. We shall not see them lit again in our lifetime.' "

Portrait gallery features exhibit on Hamilton-Jefferson debate

by Paul Goldstein

"The Spirit of Party": Hamilton and Jefferson at Odds

by Margaret C.S. Christman

National Portrait Gallery, Washington, D.C., 1992
64 pages, paperbound, \$12.95

One of the more intriguing and interesting exhibitions now on display at the Smithsonian Institution's National Portrait Gallery is "The Spirit of Party": Hamilton and Jefferson at Odds. The exhibition, which opened Sept. 11 and lasts until Feb. 7, presents an examination of the critical political battles fought at the founding of the republic. Using Gilbert Stuart and John Trumbull's portraits of the Founding Fathers as a focal point, the exhibition also lays out, through documents, political cartoons, personal letters, and etchings, the essential political and philosophical struggle between the outlook of Alexander Hamilton and Thomas Jefferson.

"The Spirit of Party," Alexander Hamilton's famous quote taken from a letter written to William Short on Feb. 5, 1793, was chosen as the title to represent the political and philosophical differences between Hamilton and Jefferson. The exhibition is divided into two rooms and spans the historical period of 1790-1800. The author of the exhibition, Margaret C.S. Christman, draws attention to the momentous struggle to establish the First National Bank of the United States and the subsequent developments surrounding the young republic's foreign and domestic policies. In the display of two newspapers, *The Gazette of the United States* (Federalist) and *The National Gazette* (Republican), coverage of the debate surrounding the founding of the National Bank is laid out.

The exhibition's catalogue even discusses the Jeffersonian charges that Hamilton modeled the National Bank on the Britain's central bank, the Bank of England. Foolish and dangerous as those charges are against Hamilton, nevertheless, in the foreword of the "*The Spirit of Party*," director Alan Fern of the National Portrait Gallery cites the reason why Jeffersonianism has dominated American history. Fern quotes historian Forrest McDonald: "Most of American history was written by New England Yankees who, except for

descendants of John Adams, almost uniformly idolized Jefferson."

McDonald also charges that the "Hamiltonians viewed Jefferson's approach as overly favoring rural America, with its dependence upon market restraints, reliance upon slave labor and weakening of the central government through excessive favoring of the rights of the states." Jeffersonian governance, he says, fostered dependence and lawlessness, "governed by coercion and party spirit, but Jefferson's view prevailed, especially in the South, until the Civil War forced the issue."

Jefferson's philosophical 'trinity'

In a limited way, McDonald's view of the struggle correctly identifies the problem. However, it is the underlying philosophical problem of Jefferson which defines the nature of the problem. Nowhere is this more clearly exposed than in Jefferson's Jan. 16, 1811 letter to Dr. Benjamin Rush. Situated in the second room of the exhibition, Jefferson's letter discusses his philosophical differences with Hamilton and goes on to declare that John Locke, Isaac Newton, and Francis Bacon were the basis of his philosophical foundations. "They were my trinity of the three greatest men the world has ever produced."

What Jefferson reveals is not only that his philosophical outlook was part of the "Enlightenment" attack on the Christian view of man, but also that his outlook was shaped by the Venetian Party of England, France, and Switzerland, which sought to subvert the principles of the republic. Ironically, Jefferson's actions during crises betrayed those very principles to the furthering of the nation's development.

Though Hamilton is falsely accused of being a "tool of the monied interests" the reality is quite different, with Jefferson actually being the one manipulated by the Venetian Party—the usurious class. In fact, the Venetian-Swiss agent Albert Gallatin is presented as representing the opposite view of Hamilton's economic program. Gallatin's pamphlet "A Sketch of the Finances of the United States" is also on display. Jefferson not only appointed Gallatin as secretary of the treasury during his administration, but aligned with Gallatin's seditious actions in their support of the Whiskey Rebellion.

Perhaps the most telling aspect of this Venetian Party



THE PROVIDENTIAL DETECTION

The Providential Detection ca. 1800. Engraving by an unidentified artist. The exhibition catalogue explains the cartoon: "In the nick of time, the federal eagle prevents Thomas Jefferson from sacrificing the Constitution upon the 'Altar of Gallic Despotism.' The document labeled 'Mazzei' refers to a letter that Jefferson wrote his Italian friend Philip Mazzei, deploring 'men who were Solomons in council, and Samsons in combat, but whose hair has been cut off by the whore England'—which the Federalists trumpeted as a pointed insult to Washington."

outlook is the cartoon lampooning Jefferson and the French Revolution. Entitled "The Providential Detection" the cartoon depicts the American Eagle saving the Constitution from Jefferson. Using "masonic symbolism," the Federalist cartoon attacks the "Altar to Gallic Despotism" and shows at the base of the altar the building stones for the French Revolution and Jefferson's outlook. On the left of the altar is the stone for Venice, followed by Sardinia, Flanders, the Dutch Republic, and American Separatism—the result of Jefferson's outlook.

All in all, the exhibition is worth seeing. What's more, it is high time that the issue of Hamilton's financial reorganization program be publicly displayed. Only through the work of Lyndon LaRouche and *EIR* has such emphasis been placed on Hamilton's financial and economic applicability to today's crisis. Despite some of its shortcomings, this exhibition will provoke people to think about how the U.S. can get out of the present economic depression. As Alan Fern wrote: "These debates are by no means remote to our own times. As this is being written, the contest for the American presidency is more complex than it has been for more than 75 years and the 'Spirit of Party' is undergoing close scrutiny by the public and candidates alike."

A free black family tells its story

by Margaret Sexton

We Were Always Free: The Maddens of Culpeper County, Virginia, A 200-Year Family History

by Thomas O. Madden, Jr. with Ann L. Miller
W.W. Norton & Co. Inc., New York, 1992
218 pages, hardbound, \$19.95

Thomas Obed Madden, Jr., has written a powerful history—not only of his family, "free" Negroes from Culpeper County, Virginia—but a history of slavery versus true freedom of mind and spirit. Mr. Madden, now 89 years old, began this book after he found a trunk full of old papers and photographs representing family history, which Mr. Madden augmented by digging into archives, corroborating dates, places, and names with county records, and, most strongly, with quotations from Virginia laws regarding the status of free—not enslaved—Negroes. (Mr. Madden's preferred terminology is Negro.)

The result is much more than a genealogy. It is a slice of life in Virginia from the 1700s to the present day, from the standpoint of a family of Negroes who were never slaves, but who were treated, by law, almost as if they were.

The family's story begins with Mary Madden, a white Irish woman, who bore a child in 1758 named Sarah, whose father was black. Because Mary Madden was white, her children, although mulattos, were free, and could not be sold as slaves. But because Mary was a pauper, she and her children became indentured servants; there was no welfare in the mid-1700s. Mary had to serve her indenture, which could itself be sold, though neither she nor her children could be, until she was 31 years old. Little Sarah's indenture was sold first to George Fraser when she was only two, and then to the Madison family of Orange (the son was our fourth President, James Madison), when she was nine. There, she learned to be a domestic worker.

In turn, Sarah's indenture and those of four of her children were to be sold in 1783 to a man in Pennsylvania. Sarah

feared they would be wrongly sold into slavery, and was only able to prevent the sale of the indenture of her year-old daughter, Betty. Later, Sarah had several more children, including Willis Madden (1799-1879), Thomas O. Madden, Jr.'s great-grandfather.

Free, but not equal

The story of Willis Madden occupies much of *We Were Always Free*. Free blacks were, in Virginia in the 18th and 19th centuries, forbidden to learn how to read, to marry, except for common-law marriages; and were forbidden to marry outside their race, even though many were already mulattos.

Sarah Madden made a living as a skilled seamstress and laundress for many leading families in the area of Stevensburg, Virginia. Although she could not read or write, her books were kept by an employer. Sarah's condition in life is described this way:

"Sarah was caught between two worlds. She was more than a slave, less than a white woman. Her skills and free status gave her some chance at acceptance in a white world, but there was a price to pay for this. She depended on whites for her livelihood, in a time and place where many whites considered free Negroes immoral, dangerous, and potential subversives. Sarah's life-style had to be quiet; she had to avoid the company of slaves and even that of many free Negroes, so she wouldn't be suspected of involvement in crimes or slave rebellions.

"There was another consideration for Sarah: If she could not support her children, they would be taken away from her and bound out, as she herself had once been."

The Maddens, like other free blacks, were subject to great restrictions, by law, on their freedom. Just as in South Africa today, free blacks in Virginia had to carry on their person "free papers," which included physical descriptions proving they were not slaves.

Laws enacted in Virginia in 1792 (after the American Revolution!) were, says Mr. Madden, enacted in part because of fears by whites that slaves would rebel; enforcement was lax until the 1831 Nat Turner Rebellion.

After that, new laws were passed that imposed severe restrictions on free Negroes: They could not be legally educated; they could not change residence within the state; they could not own any gun, even for hunting; they could not legally hold meetings without whites being present, or conduct any meeting (such as a church service); they were not allowed trial by jury, except for capital crimes, and punishment for conviction was more severe than for whites.

As Mr. Madden writes, besides fear of slave rebellion, whites feared "Negro success." He quotes from an 1831 petition to the Virginia General Assembly, signed by over 100 Culpeper citizens, demanding "a law for the encouragement and protection of the white Mechanick, by Prohibiting

any slave, free negro or mulatto, being placed as an apprentice in any manner whatsoever to learn [a] trade or art," referring to skilled trades such as stonemason, miller, carpenter, shoemaker, etc.

Other petitions even demanded free Negroes be driven from the state.

Willis Madden's success

It was in the mid-1800s that Willis Madden became the head of household, as a teenager handling his aging mother's business affairs. The Maddens rented a farm (with barely arable land), and eventually bought it. Willis married in a common-law marriage ("jumping the broomstick," as the author puts it), and had nine children. He learned to be a cobbler, blacksmith, made brandy and whiskey, and became a teamster. Eventually, carefully skirting laws designed to keep free blacks from having businesses, he ran an inn, where teamsters could stop overnight and get food and lodging for themselves and their horses.

Despite the political climate, which worsened as the nation drew nearer to the Civil War in the 1850s, Willis Madden was successful, though not well to do. Ironically, when the Civil War battles, especially Brandy Station were fought nearby, the Madden farmstead suffered more from the Union troops' requisitioning of food, horses, and livestock, than from the Confederates. According to Mr. Madden, Willis's fortunes never recovered, emotionally or financially.

Segregation and education

The final portion of the book deals with Mr. Madden's parents and his own recollections of growing up under segregation. He writes:

"Unless you have actually lived through segregation, unless you have experienced it firsthand, you can never know exactly what it was like. . . . Segregation was someone's assuming that you are different and not quite as good as he was; only it wasn't just someone's opinion, it was the law. . . . Having lived through segregation, I know exactly how Jesus felt when Peter denied him."

The one lesson to be learned above all else, from the Madden family's history: Black people had to be educated. Mr. Madden writes that his parents were both teachers but that in order to teach, their own children had to stay home and do the farm work, rather than attend school. Mr. Madden writes that he sent his children to Catholic schools in the North, rather than have them educated in segregated schools, and adds that "I'm not sure that integration itself meant that much to me. The important thing to me . . . was that segregation had ended."

Reading the history of his family, we can all appreciate the strength of character that was needed to endure living under both slavery and segregation, and yet remain truly free.

Recording catches up with bel canto

Nimbus Records Prima Voce:

"*Jussi Björling: The First Ten Years*" (NI 7835)

"*Enrico Caruso: Arias, Ensembles, Songs*" (NI 1790), 3 CDs

"*Conchita Supervia in Opera & Song*" (NI 7836/7) 2 CDs

Nimbus Records has just issued the first CDs of great singers using its new "Big Bertha" gramophone horn, which pulls so much sound off old 78s, that it seems the singer is in the room. While the best bel canto singers died before the recording era, it is nevertheless a service to history that so much of the first-generation recorded voices can now be heard. The first such releases are the legendary tenors Jussi Björling (1911-60) and Enrico Caruso (1873-1921), and mezzo-soprano Conchita Supervia (1895-1936).

The hallmarks of the Italian school of bel canto are roundness of sound, "elevation," and a rapid, refined vibrato. All these are compressed into too narrow a range for the real voice heard on recordings *electronically* transferred from 78s before 1940. Lovers of vocal music know from the LPs of these artists, for example, that all three had plenty of vibrato—but so much of it often sounds annoying, because the high range of frequencies "sticks out."

"Elevation"—one of several terms for the bel canto method of amplification of tone purely in the head, not in the throat—can also seem tinny or nasal on electronic transfers.

The relation between the *acoustical* transfer process used in these recordings to electronic transfer is a bit like comparing an acoustical guitar to an electric one. Nimbus plays old 78s on a 1923 Victrola in the warm acous-

tics of a ballroom in an 18th-century Welsh castle. They use a teak thorn needle, the old needle of organic material which "gives" with the old shellac 78s, where metallic needles just scratch.

Classical technology

Nimbus first used Victrola's original papier-maché horn, which was curled up ram's-horn style to fit into living rooms. Then they created a straightened horn, expanded, which pulled even more sound off the 78s. The third generation Mark III horn just on line, "Big Bertha," has been widened in fiberglass to 10 feet across, and the results are big, too.

Electronic transfers are much cheaper (thorn needles used in acoustic transfers, for instance, are very costly and wear out with one or two playings) and far less time-consuming. But they lose a lot of the voice, and also pick up surface noise off the 78s. The electronic transfers must then use Dolby noise reduction, which compresses the signal, taking the highest and lowest frequencies out, deleting whole swaths of singing voice with it. After all, Dolby is a rock technology, used to compress a sound signal for radio transmission, because it helps pop music sales to broadcast music uniformly. It has no place in classical music.

The first CD on the new horn, "Jussi Björling: The First Ten Years," was a pleasant shock. His "Ah si, ben mio" from Verdi's "Il Trovatore" is a veritable definition of "round sound": every vowel made with a very large, round space inside the mouth—a hint of "o" and "u" in each vowel—imparting what is described as a golden color. The depth of tone allows a full legato which makes even Puccini (a

composer who scrapped bel canto for raw sensuality at the end of the 19th century) sound like music.

Rounder and rounder

Remarkably, Big Bertha makes Enrico Caruso's 1908 recordings sound almost as full as Björling's 1938 ones. Caruso was a baritone before becoming a tenor, but, as with Björling, none of the earlier electronic reproductions prepares one for the depth of his instrument. As the liner notes report, he continued to fill in for the baritones.

Caruso had artistic problems, a coarseness which stemmed from collaborating too much with Puccini and others of the *verismo* school. Nonetheless, this CD set—one each of arias, ensembles, and songs both in Italian and other languages—shows his best. They are available singly as NI 7803, NI 7809, and NI 7834.

Noteworthy are the tempi and the poetic uses of rubato ("stealing" from one beat and adding to another) and portamento (anticipation of the next note over a wide interval), which are much more drawn out than anything allowed in today's "just the notes, please" world. In the "Sextet" from Donizetti's "Lucia di Lamermoor" on the ensemble disc, the group's ability to "stretch" out a line is breathtaking.

Spanish mezzo-soprano Conchita Supervia championed bel canto composers in the 1920s, returning many forgotten Rossini works to the stage. Her elevated tone, nearly unique for a low voice, is obvious on electronic transfers, where she often sounds like a high soprano, so highly placed in her head are the fast passages. It might prompt some to say she is too nasal. Not here, where the whole voice comes through, with a richness, especially in the low register, which is never heard today.

Clinton must take on the 'Casino Mondiale'

by Kathleen Klenetsky

If President-elect Bill Clinton doesn't move immediately to crack down on the worldwide "casino" created by the last 10 years' orgy of international financial speculation and deregulation, he won't have a snowball's chance in hell of delivering on his promises to revive the U.S. economy and to provide millions of new high-wage, high-technology jobs. Instead, he will be faced with the worst financial and economic collapse in modern times, one that will make Herbert Hoover's political fate following the 1929-31 collapse seem a bed of roses.

That friendly warning was issued on Nov. 10 by international economist and former presidential candidate Lyndon LaRouche, who called upon Clinton to prick the speculative bubble that dominates the world economy, before it forces a wholesale restructuring of the U.S. economy on the model of the savage austerity implemented in 1930s Germany.

Prick the bubble

"Contrary to the popular mythology which grips public opinion among the so-called reader of newspapers and viewer of television news and talk shows," said LaRouche, "The problem is not . . . the deficit nor even the size of the federal official debt.

"The problem of the U.S. economy is a policy of deregulation unleashed during 1978-79 . . . by the Carter administration and by Paul Volcker's leadership of the Federal Reserve System, which created . . . the biggest international financial bubble in world history. That bubble is what is crushing the U.S. economy and the U.S. people," said LaRouche, "not the debt, and not the federal deficit."

Under these policies, the international economy has been turned into a "Casino Mondiale," a world casino, in which a trillion dollars is gambled daily in the world financial markets.

The devastating damage which this has caused to the real

economy was detailed by *EIR* in a feature published in the Oct. 23 issue. The study showed how the U.S. economy has been deliberately and systematically looted, especially since the early 1980s, through such features of this global crash as the so-called derivatives markets, through which flow billions of dollars in drug money, as well as trillions in other speculative transactions, completely unregulated.

In his statement, LaRouche also urged Clinton not to take the advice of such people as Ross Perot, Sen. Warren Rudman (R-N.H.), and former Democratic presidential candidate Paul Tsongas, who insist that draconian cuts in social spending, especially in Social Security and Medicare, must be enforced to "save" the economy.

As LaRouche put it: "Unless the Clinton administration changes its policy and recognizes that Ross Perot did not understand economics, did not recognize that the Fed is the one thing they must attack—its policies, and free trade, and GATT [the General Agreement on Tariffs and Trade] and this other nonsense—and instead follows my particular program, this country is going to spiral deeper and deeper into the worst depression of the 20th century, or perhaps into something as bad as hit Central Europe in the 14th century."

Pressure on Clinton

The issue which LaRouche raised is the crucial one for Clinton to address. Wall Street and its minions have already started bombarding Clinton with the message that if he goes beyond the extremely limited "growth program" he has outlined—a piddling \$20 billion per year infrastructure program combined with another \$25 billion allocated among an investment tax credit and some new worker retraining and educational projects—he'll be cut off at the knees.

So far, the bluntest public message from this gang was delivered by the *Wall Street Journal* on Nov. 6, in a lead article headlined "The Vigilantes: World's Bond Buyers

Gain Huge Influence Over U.S. Fiscal Plans.”

“Big bond investors around the world may now hold unprecedented power—perhaps even a veto—over U.S. economic policy,” the article began. “Bill Clinton got a taste of that power in the past four weeks. Bondholders, increasingly anticipating the Arkansas Democrat’s victory in the presidential race, pushed down prices of U.S. Treasury bonds and thus pushed up long-term interest rates to about 7.7% from 7.3%. It was the bond market’s way of warning Mr. Clinton that as the new President he will long be on probation, with his every move instantaneously scrutinized.”

(Although not mentioned in the *Journal* article, the rise in the bond prices coincided with rumors that Clinton was considering a proposal for doubling the size of his proposed public works program.)

The article asserted that Clinton will be allowed to implement some form of stimulus package. But if it means increasing the deficit significantly, or causes a rise in the inflation rate, “the reaction could be stiff and painful. With computerized trading linking global trading in U.S. government bonds, which now averages \$150 billion a day, a worried investor can unload millions of dollars of bonds in seconds—and virtually 24 hours a day. If thousands of investors worldwide dump U.S. Treasury bonds, they could drive up long-term rates, which move inversely to bond prices, hobble America’s economic growth and even plunge the nation back into recession.”

The *Journal* quoted Robert Hormats, vice chairman of the Wall Street investment bank Goldman, Sachs: “The global bond market can be a very tough disciplinarian. Bond buyers have a very conservative bias, they’ll be looking very hard at whatever Clinton does.”

Coming from Hormats, that message is indeed significant. Hormats not only served as an adviser to Clinton on economic policy, his name has also been mentioned for a top economic policy position in the new cabinet. Moreover, his firm, Goldman, Sachs—one of the key players in the derivatives markets—was the largest single contributor to the Clinton campaign.

The *Journal* is just one among many organs of the international financial elite which has been telling Clinton that he must move immediately to assure the “markets” that he won’t embark on a growth plan beyond that which he outlined during the campaign.

Paul Tsongas, a founder of the rabidly pro-austerity Concord Coalition, along with Warren Rudman, Council on Foreign Relations Chairman Peter Peterson, and Washington attorney Lloyd Cutler, went on national television on Nov. 9 to tell Clinton that his constituency is no longer the U.S. electorate, but the international financial markets.

Similarly vicious advice has come from a host of media scribblers who speak on behalf of the Wall Street establishment. Morton Kondracke of the *New Republic*—which supported Mussolini’s fascist policies—wrote in the Nov. 7

Washington Times that “to calm the financial markets, [Clinton] ought to limit his plans for infrastructure spending.” Kondracke urged Clinton to appoint “market-oriented moderates to key economic positions and include some Republicans in the groups,” naming Rudman, Peterson, and Tsongas.

Former JFK adviser Ted Sorensen, writing in the Nov. 7 *New York Times*, urged Clinton to give a State of the Union speech early in his administration, to prescribe “the unappetizing medicine that must be taken for several years by each segment of our society.”

Key appointments

How is Clinton reacting? To the extent he’s talked about economics since his election, he’s reaffirmed his commitment to his initial program, but has also gone out of his way to pledge his allegiance to deficit reduction, and to reassuring the markets that he can be trusted.

One important indicator of the incoming administration’s economic direction will be whom Clinton appoints to fill key economic positions, such as treasury secretary. Those who are reportedly on Clinton’s short list for the posts do not augur well, however. In addition to Hormats, they include:

- Paul Volcker, chairman of the Federal Reserve under Jimmy Carter and, subsequently, Ronald Reagan. Volcker, who publicly endorsed the idea, first circulated by the Council on Foreign Relations’ *1980s Project*, for the “controlled disintegration of the world economy,” is perhaps best known as the man who put the U.S. economy through the floor via his 20%-plus interest rate policy while at the Fed. Volcker is by far Wall Street’s favorite candidate, although some in the Clinton camp fear he might overwhelm the fledgling administration.

- Robert Rubin, a lifelong Democrat and close friend of Robert Strauss, who co-chairs Goldman, Sachs. He recently stated that “you have to combine fiscal stimulus with long-term deficit reduction, and the art of it is to make the deficit-reduction part credible.” He has also asserted that Clinton would deal with the deficit more aggressively than the Bush administration, because the markets wouldn’t give a Democrat the same leverage they would give a Republican.

- Roger Altman, who met Clinton when a student at Georgetown University. He served as Jimmy Carter’s assistant treasury secretary for domestic finance. He currently is a partner in the Blackstone Group, an investment firm headed by Peter Peterson, which specializes in buying up failed savings and loan institutions.

- Felix Rohatyn, of Lazard Frères, who created “Big MAC,” the bankers’ dictatorship which has virtually run New York City since the mid-1970s, placating the city’s creditors by slashing social services and stretching out infrastructure maintenance and investment to the point that the conditions of roads, bridges, and the water system have become nearly life-threatening.

Clinton means trade war and mediocrity

Malaysian Prime Minister Mahathir Mohamed, quoted in the *New Straits Times*, Nov. 4:

Prime Minister Mahathir suggests that Clinton attend to human rights and environmental issues in his own country, before exporting his ideas elsewhere. "You cannot preach something you do not practice. We hope there is no attempt to export their ideas and standard to other people," said Mahathir.

In its lead editorial, the newspaper stresses that Clinton has no mandate from the voters. "The prosaic truth is that they came to vote in rejection of the Bush government. The electorate responded, not to Clinton for his ideas, but simply to the idea of change."

Japanese Foreign Minister Michio Watanabe, addressing constituents in Tochigi on Nov. 4:

Watanabe warned that the Clinton victory may mean the reactivation of the U.S. "Super 301" trade war legislation, which imposes tariffs of up to 100% on exports of any country that refuses to open its markets sufficiently to U.S. goods. "The Democratic Party has been supporting trade protectionism and attempting to put a brake on the sale of cheaper Japanese goods. It's possible [Clinton as President] would reactivate Bill 301," he said.

Taiwanese Economics Minister Vincent Siew, quoted in the *Economic Daily News*, Nov. 4:

"The U.S. will no longer be a completely open market. Priority will be given to U.S. interests. This will affect the global economy."

Economic Times, India, editorial, Nov. 5:

The fact that the U.S. is bankrupt means that the U.S. will exercise its muscle in various commercial and political fields. This is not the arrogance of a superpower, "but the cattiness of a declining power wanting to blame everybody else for its decline. . . ."

"President Clinton is likely to bring back Super 301 in a far stronger fashion than before, and perhaps Special 301 also. He is more likely to cut back than expand U.S. aid and U.S. funding of global agencies. He is likely to add more conditions for the disbursement of funds, including provisions on human rights and defense, that India is likely to find irksome."

El País, Spain, "Europe Fears Trade War with U.S.," Nov. 3:

"If Clinton gets to the White House, many experts say, customs wars will break out for certain. The French will be the first with their heads on the chopping block, they will see Washington strike French wines heavily."

Panama, report from *EIR*'s sources, Nov. 4:

As soon as Panamanians heard that George Bush had gone down in the polls, they lit up the skies with fireworks and took to the streets with horn-toting motorcades. Since Nov. 3 was the anniversary of Panama's separation from Colombia, a reporter asked several people whether the fireworks display was not in fact to celebrate the founding of the republic. "No, it was to celebrate the fall of Bush, the genocidalist," replied one person. Another said, "People are just happy because Bush the criminal is gone. There is optimism now. The man who put Guillermo Endara into the presidency and kept him there, is done for. There is hope."

Le Figaro, France, Nov. 5:

Clinton's victory was "fragile and ambiguous." His triumph has the sense of being a "victory by default. Over the course of months, the pressing desire to rid themselves of George Bush slowly supplanted the profound doubts that a majority of Americans still have about the strength of character of Bill Clinton."

Antonio Gambino, senior foreign policy analyst for *Espresso* magazine, in an interview with *L'Unità*, Italy, Nov. 6:

"Clinton resembles Carter more than Kennedy. . . . The same voters who had believed in Reagan, in easy money . . . rely on Clinton's smile. . . . But Carter, when he had to face the economic crisis, was crushed. . . . The Americans want to stay in Europe, want to use NATO as a means, an instrument to control us. Therefore, I do not believe that Clinton will change the old policy."

Neue Zürcher Zeitung, Switzerland, Nov. 4:

A Clinton administration would be much more inclined to engage U.S. military forces in regional hotspot conflicts than even the Bush and Reagan administrations were. Clinton's advisory team, typified by his defense advisers Sen. Sam Nunn (D-Ga.) and Rep. Les Aspin (D-Wisc.), belong to what is known as the "limited objectives school," which foresees a reshaping of the U.S. military, in the "post-Cold War world," to deal with "new threats and regional conflicts." They foresee smaller, more flexible forces, of a "conventional reaction" type, using "smart weapons," to be deployed under a "multilateral United Nations" mantle. In their doctrine, targeted military power is vital as an arm of foreign policy, to maintain the "credibility" of that policy. They also insist that the risks and dangers of U.S. involvement are decreased, because it is less likely that regional conflicts would escalate, now that the Soviet Union has disintegrated.

ADL and Congress: the best government drug money can buy

The following profile of the Anti-Defamation League of B'nai B'rith, the American-Israeli Public Affairs Committee, and other leading Zionist lobby agencies is excerpted from a forthcoming book by an EIR investigative team. That book, which is scheduled for publication before the end of the year, catalogues the pernicious central role of the ADL and AIPAC in the international organized crime apparatus, especially in the drug trade. The role of these drug-lobby fronts in the corruption of our federal government is a critical feature of America's ongoing political crisis and, for that reason, this material is released in advance of the book's publication.

In 1974, Richard Nixon resigned as President as the result of the botched Watergate break-in at the Democratic National Committee's headquarters in Washington, D.C. during the 1972 presidential campaign. As reporters, congressional committees, and special prosecutors pored over the details of the Watergate scandal, evidence of a pattern of bribery and coverups emerged that contributed to Nixon's resignation more than the break-in itself.

Since the fall of Nixon, the American political lexicon has been blessed with such Watergate offspring as "Debategate," "Cartergate," "Iragate," "Bushgate," and "Iraqgate." Political corruption scandals have become commonplace.

Yet despite this growing addiction to political sleaze, the vast majority of Americans are totally oblivious to the fact that the Anti-Defamation League of B'nai B'rith (ADL) and its fellow hooligans in what is euphemistically dubbed the "Zionist lobby" ("drug lobby" is a far more appropriate description) commit crimes against the American electorate that make Watergate seem tame by comparison. Blackmail, extortion, and bribery are such routine tactics of the Zionist lobby that its primary target-victims, the U.S. Senate and House of Representatives, have been turned into political mush, incapable of governing under the best of circumstances, and completely paralyzed in the face of the current political and economic crises.

While the media have led the charge against congressional incumbents, appealing to a justified and growing "throw the bums out" sentiment among the majority of voters, the sad reality is that unless the power of the Zionist lobby is cut down to size, any newly elected Congress will be like lambs walking to the slaughter, and nothing will change.

An illegal system of contributions

Officially, both the ADL and its leading collaborator in this corrupting of the Congress, the American-Israeli Public Affairs Committee, are forbidden from engaging in political campaigning due to their tax-exempt status. Both groups have managed to systematically break the electoral and tax laws with impunity—largely due to the fact that they have placed fellow travelers in key posts in the Executive branch regulatory agencies that are supposed to monitor the activities of groups benefiting from the tax exemptions: the Federal Election Commission (FEC) and the Internal Revenue Service (IRS).

A glimpse at how the Zionist lobby has used the power of the narco-dollar to corrupt and control the Congress is contained in a lawsuit filed in federal court in Washington, D.C. on Aug. 10, 1992. The suit, filed by a group of retired U.S. diplomats against the FEC, charges that the agency failed to impose sanctions against AIPAC for functioning as an unregistered political action committee. Even though the general counsel at the FEC agreed that AIPAC had violated the law, FEC commissioners decided in July 1992 not to take any action against the group.

According to the court papers, AIPAC secretly controls at least 27 different political action committees (PACs) (other investigators place the figure at 59), and uses them to funnel enormous amounts of money to candidates for Congress who support AIPAC's political agenda. Under FEC statutes, strict limits are imposed on how much money can be given to an individual candidate by a single PAC. The purpose of the regulation is to curb the power of special interest groups in the financing of candidates. But by running dozens of PACs, AIPAC, according to the suit, illegally circumvents the law.

The case of the Joint Action Committee for Political Affairs (Jacpac), one of the 27 PACs named in the suit, underscores the close relationship between AIPAC, the ADL, and the PACs. Jacpac lists among its directors the wives of Thomas Dine and Stuart Eizenstat. Since 1980, Dine has been the executive director of AIPAC. Eizenstat, a former domestic policy adviser to President Jimmy Carter, is the head of the National Jewish Democratic Council (NJDC), an ADL-dominated organization dedicated to winning control over the Democratic Party and placing as many of its members as possible on the staffs of congressmen, governors, and mayors.

Spreading narco-dollars

Where does all of the money come from to buy up the hundreds of congressional seats currently owned by ADL-AIPAC? A brief look at the Roundtable PAC, another one of the 27 outfits cited in the lawsuit as AIPAC-owned, begins to answer that question. Roundtable PAC was founded in 1981 by a group of ADL and AIPAC officials and contributors, led by Malcolm Hohlein, the head of the Jewish Community Relations Council of New York. From its inception, it was housed in the Manhattan offices of a firm called Integrated Resources. Integrated was a thinly veiled money conduit for Michael Milken and his crew of junk bond peddlers at Drexel Burnham. In fact, Drexel CEO Stephen Weinroth, the liaison between Milken and Ivan Boesky in their insider-trading scams, was a director of Integrated. All of Milken's prime "investors" socked their money into Integrated as a tax dodge. All of them also poured contributions into the Roundtable PAC.

Among the biggest donors to Roundtable were Ivan Boesky, Robert Davidow (Milken's personal aide at the Beverly Hills office of Drexel), and the sons and daughters of Meshulam Riklis, Laurence Tisch, Saul Steinberg, and Paul Milstein (of Carl Lindner's United Brands).

When the Roundtable PAC holds its meetings, guests of honor include New York Attorney General Robert Abrams, Minnesota Attorney General Hubert "Skip" Humphrey, and Sen. Daniel Patrick Moynihan (D-N.Y.). All are regular recipients of AIPAC-controlled PAC dollars. In return for such generosity, Moynihan in 1986 shepherded a revision of the tax code through the U.S. Congress that gave Integrated Resources an added \$43 million in tax breaks. With friends like Moynihan in the U.S. Senate, Integrated could afford to be generous—at least for a while.

The relationship between Milken and Integrated was so tight that within three months of Milken's indictment in March 1989 for insider trading, Integrated defaulted on \$1 billion in short-term loans. It seems that without the running pipeline of hot money from Milken's bottomless Caribbean cash pool, Integrated was lost. The AIPAC-ADL-run political action committees, in short, represent the combined financial clout of the Lansky dope syndicate. Any similarity between ADL-AIPAC and the national interests of the state of Israel or the Jewish people is purely coincidental.

Contributions are staggering

All told, 211 candidates for the U.S. House and Senate from 48 states received money from the ADL-AIPAC PACs between Jan. 1, 1991 and March 31, 1992. Of the 211 recipients, 187 were incumbents. The total amount contributed in that 15-month period was well over \$2 million, making the ADL-AIPAC combination the second largest source of institutional money to candidates for federal office, second only to the combined donations of all of the labor union PACs. By October 1992, that figure had soared past the \$3 million mark.

The ADL-AIPAC PACs don't funnel the majority of their

money to Jewish candidates, or even into candidates running for office in states where there are large Jewish populations. More typical of the kinds of officeholders and candidates who receive AIPAC funding is Richard C. Shelby (D-Ala.). First elected to the Senate in 1986, Shelby has recently gained notoriety for attempting to impose the use of the death penalty on the District of Columbia. Shelby received \$67,800 from the AIPAC PACs in the 15 months beginning in January 1991, and has a career total of \$133,825 in contributions.

Another recipient of AIPAC largesse is Sen. Tom Harkin (D-Iowa), who ran an unsuccessful bid for the Democratic presidential nomination in 1992. Harkin came into the Senate in 1984 by defeating incumbent Roger Jepsen, who in 1981 had cast a decisive vote against AIPAC in a fight over the sale of AWACS surveillance aircraft to Saudi Arabia. In his first Senate bid, Harkin received over \$100,000 from the AIPAC combine. His career total in AIPAC money is a staggering \$366,130.

A total of 29 current incumbent senators and congressmen have received over \$100,000 in contributions from the ADL-AIPAC PACs. A dozen have received \$50,000 or more just for their 1992 reelection campaigns.

That "dirty dozen" is made up of Richard Shelby (D-Ala.), Mel Levine (D-Calif.), Timothy Wirth (D-Colo.), Daniel Inouye (D-Hawaii), Barbara Mikulski (D-Md.), Christopher Bond (R-Mo.), Kent Conrad (D-N.D.), Robert Packwood (R-Oreg.), Arlen Specter (R-Pa.), Harris Wofford (D-Pa.), Thomas Daschle (D-S.D.), and Robert Kasten (R-Wisc.).

Narco-dollars are the key to the ADL's hold over the U.S. Congress, but the ADL and AIPAC have other trump cards as well. Both groups operate secret, highly illegal units that gather blackmail material and carry out dirty tricks against political opponents.

When Richard Nixon got caught running such a "plumbers unit" at the offices of the Committee to Re-elect the President (CREEP) in 1972, the American people demanded his scalp. It remains to be seen what the reaction will be now that AIPAC has suffered its first damaging defection from its own "plumbers unit."

Gregory Slabodkin, who worked for a number of years in AIPAC's Policy Analysis unit, eventually got turned off by some of the dirty deeds he was ordered to carry out by the unit's chief, Michael Lewis, and he quit his job and went public with his story. Michael Lewis is the son of Dr. Bernard Lewis, the Oxford-trained Arabist who was the architect of the Carter administration's "Arc of Crisis" policy which abetted Ayatollah Khomeini's Islamic Revolution in Iran and the spread of fundamentalism throughout the region.

"Policy analysis," the euphemistic label given to AIPAC's "plumbers," maintains dossiers on thousands of American activists—many of them Jewish. University professors who criticize AIPAC or ADL's activities are placed on a blacklist. Their lectures are monitored by spies, who occasionally stage disruptions. Their homes and cars are vandalized. University alumni linked to ADL and AIPAC threaten to pull financial backing

Illegalities finally catching up with AIPAC

The Zionist lobby's arrogant bullying tactics, especially as they relate to the Washington political scene, are finally beginning to blow up in its face. On Nov. 3, David Steiner, the president of the American-Israeli Public Affairs Committee was forced to suddenly resign when a taped conversation, in which he brags about his group's control over the incoming Clinton administration, was made available to the *Washington Times*. Excerpts of the tape, a conversation between Steiner and New York Jewish activist Harry Katz, were published the next day by the newspaper and were later carried by all major news outlets.

Katz, a longtime Jewish activist and small-scale financial backer of AIPAC, covertly taped a conversation in which the AIPAC president boasted that:

- AIPAC had dozens of people in key posts inside the Clinton campaign;
- he was personally negotiating Clinton's choices for secretary of state and national security adviser;
- AIPAC had worked out a secret deal with Bush administration Secretary of State James Baker III which led to Israel receiving nearly \$1 billion in additional under-the-table U.S. aid;
- AIPAC aided the reelection campaign of Sen. Daniel Inouye (D-Hi.) by conducting a \$27,000 voter poll and providing other aid.

All of these actions by AIPAC, which has tax-exempt status, are totally illegal. Naturally, once the tape was

made available to the press, Steiner resigned, issuing a statement in which he denied that his bragging was a true reflection of AIPAC's activities. "In an effort to encourage and impress what I thought was a potential political activist calling on the telephone, I made statements which went beyond overzealousness and exaggeration and were simply and totally untrue."

Steiner's indiscretions are not the only problem besetting AIPAC. Israeli Prime Minister Yitzhak Rabin is reportedly furious at AIPAC's heavy-handed warfare against the Bush administration and its cozy ties to the now-defeated Likud Party. Rabin is in the middle of a war with Likud operators inside the Israeli intelligence establishment who are apparently running an underground war to retain power over the all-important foreign intelligence service. AIPAC has been an important collaborator of those Likud-Mossad circles. As part of Rabin's reported cleanout efforts, AIPAC Executive Director Thomas Dine has reportedly been kicked upstairs and another senior AIPAC official, Steve Rosen, is said to be about to be given the axe.

Early this year, the Federal Election Commission refused to act on a complaint filed by a group of former government and elected officials who charged that AIPAC was secretly running dozens of pro-Israel political action committees in violation of its tax-exempt status. The FEC and Internal Revenue Service are notorious for their protection of groups like AIPAC and the ADL.

But now, with Steiner's remarks out in public, with a lawsuit pending in federal court on its coverup of AIPAC's activities, and with Steiner now at least potentially a target of federal prosecution for fraudulent solicitations of contributions, the FEC may find itself under the gun.

from the schools unless the targeted faculty members are immediately fired or blocked from tenure.

Members of Congress are cast as either friends or targets of the ADL-AIPAC syndicate. If they are on the friendlies list, they may be the recipients of weekly computerized blackmail dossiers on some of their colleagues and other policy-shapers, which are called "activities." The "activities" dossiers are sent out in plain white envelopes bearing no organizational emblems. Deniability is a priority, and the whole filthy blackmail and extortion program was deniable—until Slabodkin's defection.

AIPAC's Policy Analysis unit maintains a singularly close link to the ADL's parallel Fact Finding department, which engages in the same kind of activity. In fact, shortly after Thomas Dine took over as executive director of AIPAC, he hired Amy Goott as the first full-time staffer of the Policy Analysis unit. Goott had worked for years at the ADL; her shift of address was apparently blessed by her

bosses at the ADL, and she continued for a period of time to work for both agencies, thereby assuring near-total integration at the covert operations level.

One feature of the job that ultimately got under Slabodkin's skin was the fact that many of his targets were prominent Jewish activists, usually affiliated with left-wing causes in both the United States and Israel. Many were outspoken critics of the Israeli Likud government's brutality toward the Palestinians living in the Occupied Territories. Many simply favored a peaceful and equitable solution to the Arab-Israeli conflict. And many of these Jewish activists were treated to the same violence and vicious smearing by ADL-AIPAC that was meted out to Palestine Liberation Organization (PLO) officials.

This "McCarthyite" targeting of prominent Jews who bucked the ADL or AIPAC on some policy issue or financial deal underscores the fact that the ADL and AIPAC are anything but a Jewish "defense organization."

LaRouche, Bevel vow to continue campaign, fight for economic sanity

What follows is excerpted from impromptu election night remarks by the Rev. James L. Bevel, Lyndon LaRouche's vice presidential running mate, to campaign workers in northern Virginia. In an unusual move, LaRouche announced that the LaRouche-Bevel independent campaign plans to continue after the Nov. 3 presidential election. He said that the platform book, The LaRouche-Bevel Program to Save the Nation, will be reprinted to circulate a sane alternative to austerity during the six months from the election through the first 90 days of the Clinton administration, a minority government with no popular mandate.

The campaign's successful fight to defeat a death penalty referendum imposed by Congress in Washington, D.C., and the momentum of its drive to topple a statue there of KKK co-founder Albert Pike, typify the leading role candidates LaRouche and Bevel will continue to play in national life, LaRouche said later in private remarks. He pointed out that the District of Columbia is not just "some part of the United States," in the minds of most Americans, but the nation's capital; hence "conceptually, psychologically" it represents the nation as a whole.

. . . First of all, let me thank all of you guys. What is important to me, in terms of what our impact has been, is that we're bringing *principle*; we're raising the question in people's minds about the fact that government is principle and that when you're in government, in public office, and you are running, it's a question of principle, it's not a question of winning. I think that that level of morality is being brought back. I think we have built a solid identity.

It doesn't make any difference if you win, if you have badly served people as to principle. That means when people are getting ready to do something on principle, you are that point of reference. To me, that's important, that all of our fights are about principle.

On the Washington situation, I think that what was important is that when we started, if you recall, there was really no movement in Washington over the death penalty . . . the mayor was waffling on that question, and we came in on the question of principle. We didn't come in fighting the death penalty. For a political reason, we'd be against murder period, which set a broader parameter for everybody to join in that struggle . . . to mobilize the whole town.

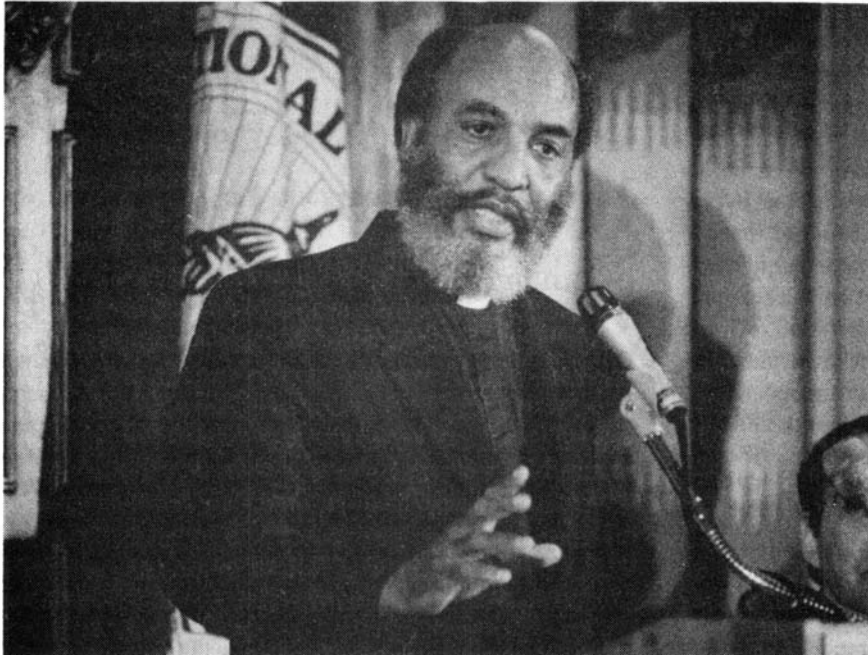
Now what we've got to do now is to convince the people, show the people, not convince them, but show them how, in fact, it is as easy to be able to do this, it is as easy to stop the murder in the streets as it was to vote down the death penalty. Let me say to some of you, that some of you may not even believe that. But it is.

Why is it easy to do that? First of all . . . most people do not understand the crisis of America. Most of us have never thought about it. What gave me an insight into this crisis, or the crisis in the South when I was working: My brother Clarence, who was four years older than me, beat me up, and broke my nose. Since he didn't apologize, and I didn't forgive him, we walked around mad with each other for years, and then finally Clarence got killed. The mafia in Cleveland killed him. I walked up to his casket, and what was interesting is the profound fact of how frail and helpless people are. I had never thought about it before. Since that point, I've really never been seriously angry with anybody, because I'm reminded of how frail and helpless people are.

Now, when you look at America, this great nation, with all its chaos, confusion, busting at the seams, the economy is in shambles, drug addictions, schools not educating; and all these people are really frail and helpless. And in order to understand that situation, most of us see the problem in terms of some evil people. But don't see it as that! See it as a ship in a storm and nobody on the ship has the ability to call order. So that ship is out in the storm, and the ship can well wreck. That's the condition that America is in tonight.

When you understand that, you understand how frail and helpless Bush, and Clinton, and the congressmen, and the mayor, they all are! They are frail and helpless; which puts a great responsibility on us to really be compassionate and enthusiastic and to come up with the insight for addressing the problems of this nation. You've got to think about that, that there is nobody out there at this point, there's no community, that is giving decisive, clear leadership, and you've got to understand how frail those people are. When you understand that, then you approach people differently. You will not approach them as an enemy, you will approach them as a student and as a patient.

What all of us have to do is understand what our nation is. Most of us have never understood what America is. In order to understand America, you have to really go back and



The Rev. James Bevel announcing his decision to run for vice president on the LaRouche independent ticket on Aug. 4. LaRouche and Bevel have decided to continue their campaign beyond Nov. 3.

understand the prophet Isaiah, who says, “And the government shall be upon his shoulders.” Well, that has actually happened; most folks don’t know it. In other words, the crisis is that there *is* a Christ. The next crisis is that there is a government upon his shoulders. And it’s our government. If you’re called into a situation and you are in a government system and it’s upon the shoulders of Christ, and he is correct and the government system itself is correct and you and all the other citizens are incorrect, how could you get control of your government?!

In other words, the crisis in America is that our government says this in effect: “You must at all times operate with the consciousness of not violating the rights of any of these fellow citizens. You must operate at all times by not compromising your integrity.” Now that’s difficult. So what is the crisis in America? All of us do not take seriously the old question of impeccable integrity in operating in a way that we don’t violate folks’ rights, we don’t aid and abet in the violating of folks’ rights and we don’t consent to the violating of folks’ rights. The crisis cannot be addressed until there is a community of people who are like that. It’s interesting, because if you can’t throw the government over, because it’s along Christ Jesus’s shoulders. You can’t overthrow America. You can’t overthrow this government. It’s like a wild horse and it’s bucking people. But you can’t do anything but what I just suggested. You can’t run it out. You can’t throw it over. The only thing you can do is come to order. . . .

The priority of education

Every problem we have can be traced back to people violating the rights of other people. Just let me give you an illustration on the education question.

Would we have poverty, if the education of whites, of all the children, were protected? No. . . . And then you must ask the question, “Where am I off in my integrity, and why am I negligent to the violating of children’s rights to be educated, that causes me not to make that one of my priorities?” And then no matter what we did in America, based on the fact that the government is run by the people, it’s a government of, for, and by the people; . . . how could the country run properly if the rights of the children aren’t protected, in terms of education? . . .

Why am I saying all this? Because we must be the community that develops impeccable integrity. And we must *learn* to operate to such a refined level of thinking, that everything we do is designed *deliberately* to serve the health, interests, rights, and needs of the people, and not violating anybody’s health, interests, rights, and needs. We’ve got to be that refined.

There is *no* political solution to the American crisis. There is no political solution; there is a *constitutional* solution. But there’s no political solution. You’ve got to understand my understanding of the difference between a political solution and a constitutional solution. There’s a constitutional solution, and we are called on in the community to be that congregation and that community, to give that leadership. . . .

Washington is wide open. We operated in Washington in such a way, that all the doors are open for us. . . . Some people had to jump in and fight against the death penalty, to keep LaRouche from being the leader of that—that’s true. But everybody else tonight, they’ll be resting for two years. So, what we resolve is to double our base. Everybody else will be taking a two-year vacation; then we should open and

run for two years, in terms of building the kind of movement we have to build. . . .

What I would like to do, and what I would like to propose, is that as we went and worked in Washington against the death penalty, we have to take some city and make it what I call "Exhibit A." Where is the city, where organizers so impact that city, that it incites them to change, so that everybody says: "What the hell happened?" I propose that we literally do that, in terms of being a catalytic agent to move ministers, students, community organizing, into an economic development protest. We're in a good position. All the boys who are selling drugs, and the people who are marching at night, saying they're victims—they do not understand that part of marching has to go into fighting so that the Federal Reserve is put under Congress. But that lesson needs to be taught, in the context of taking one city and making it an exhibit. . . .

Now, I know when you're young and you're full of energy, you have a tendency to think you're going to live at least 10,000 years. The truth of the matter is, all of us have to replace ourselves—tenfold. We have to replace ourselves tenfold. So we have to pray about, think about, putting together schools, where we seriously recruit, and then develop a whole curriculum around what we're dealing with. There has to be a school.

When you're bringing people out of hell, you've got to show them a whole alternative. A whole school of thought. So we have to have a school—and all of us need to think about that—where we educate people in depth to fight this war. We have to come up with hundreds of organizers in America. In 12 years, we're going to have hundreds of young people organizing and selling papers and selling subscriptions and putting together the *EIR*—we've got to have that, just in terms of impacting situations in the community as we need.

So there are two things we need to think about: the fight that's got to go on in Washington in terms of turning it into Exhibit A, and the whole question of, can we build a school which gives us the power to organize and impact on a continuous basis all over the country?

. . . I've had a good, good time. . . . I want to thank Mr. LaRouche for giving me another context in which to learn about America and about our government, and what I shall do is to take the knowledge and increase it and give it back and give myself to solving the problem in America. It's our nation, I love our nation, and if our nation doesn't get straightened out, then there's not a light for the rest of the nations and the rest of the people. So let us recognize the awesome burden that we're under, and then let us, with patience and love rededicate ourselves, reset our boundaries and our objectives—short-range, medium-range, and long-range—and let's take the Washington situation, that victory, and build on it, and let's create the kind of mass, non-violent, constitutional movement that the country and the world need.

Court allows ERISA health benefits cuts

by Linda Everett

Despite appeals from the American Medical Association, the American Hospital Association, the American Bar Association, the American Public Health Association, and numerous advocacy groups including the Michigan Protection and Advocacy Services and American Association of Retired Persons, the U.S. Supreme Court has let stand a federal court ruling that allows self-insured employers to slash health care benefits to workers and their dependents, even during the course of medical treatment for chronic, life-threatening illnesses. On Nov. 9, in a 7-2 decision, the court refused to hear an appeal in the case of *Greenberg v. H&H Music Company*, in which two federal courts upheld the right of a Houston music store to cut an employee's health care benefits from \$1 million to \$5,000 while he was being treated for AIDS.

The case turns on an extremely broad—and barbaric—interpretation of the 1974 Employee Retirement Income Security Act (ERISA), which was meant to provide protection to employees who rely on employer-sponsored benefits such as pension or retirement plans. But, as this case demonstrates, instead of assuring employee health care benefits precisely at the point when they are needed the most, ERISA is being wielded in a series of federal court rulings to strip employees of *any* safeguards, leaving them with fewer benefit rights than before the law was enacted.

In December 1987, Jack McGann, an employee of H&H Music Company, was diagnosed with AIDS. McGann requested reimbursement for AIDS-related medical expenses from H&H Music's group health insurance, which, at the time, provided up to \$1 million in lifetime benefits to all its employees. In 1988, H&H informed its employees that, effective Aug. 1, H&H would no longer carry group insurance, but would become self-insured. The new policy eliminated treatment of drug or alcohol abuse; increased premiums and deductibles; and reduced lifetime maximum payments for AIDS treatment from \$1 million to \$5,000. Under the new plan, McGann could not recover the substantial amount spent on his medical treatment. Not only did the new \$5,000 cap cover his AZT treatment for only five months, but his chronic, life-threatening illness effectively foreclosed any possibility of purchasing alternate insurance.

Since H&H's new plan placed no similar limitation on treatment for other diseases or conditions, McGann was ef-

fectively singled out for exclusion by the policy change, suggesting not only retaliation by H&H in response to his filing medical claims for treatment of AIDS, but also discrimination. As Rep. Sherwood Boehlert (R-N.Y.) told a Subcommittee on Retirement Income and Employment hearing: "Sounds like discrimination to me. One day you have a promised health benefit, the next day it's removed based on the fact you're using it." When McGann sued H&H and its former insurer, General American Insurance Company (now acting as administrator of H&H's self-insured plan), the court disagreed.

'Just cost-containment'

Under typical contract laws, an insurer cannot decide not to cover a patient just because his or her treatment is too costly, nor can it unilaterally change the terms of its contract to provide fewer than the originally promised benefits. But, under ERISA, self-insurers are *not* governed by state insurance laws, so patients have no legal recourse. The U.S. District Court judge rejected McGann's suit, saying ERISA does not require employers to provide any particular benefits, nor does it prohibit them from discriminating in their coverage of different diseases. H&H, the court said, had the right to change or terminate its medical plan at any time. Further, the court found there was no claim of discrimination against the then-dying McGann—because the company simply acted for cost-containment purposes! The U.S. Court of Appeals for the Fifth Circuit affirmed the ruling, saying ERISA does not require different groups of participants to be treated equally: "ERISA does not broadly prevent an employer from 'discriminating' in the creation, alteration, or termination of employee benefit plans."

Although McGann died on June 4, 1991, the executor of his estate, Dr. Frank Greenberg, asked the Supreme Court in the fall of 1991 to review the Court of Appeals' ruling. The Supreme Court asked the advice of the Bush administration on whether it should accept the case. Solicitor General Kenneth W. Starr agreed with the Appeals Court, saying there was no justification for a Supreme Court review.

The American Medical Association, among a coalition of health and consumer groups, urged the administration to press the Supreme Court to take up the case. In June 28 testimony before the Retirement Income and Employment Subcommittee of the House Select Committee on Aging, Dr. Richard Corlin, vice speaker of the AMA's House of Delegates and a gastroenterologist from Santa Monica, California, forcefully enunciated what was at stake if the loopholes for abuse and discrimination under ERISA were allowed to continue. In 1979, five years after ERISA was enacted, only 30% of employer health plans were self-insured. By 1983, that number jumped to nearly 51%. Now, with the increase in health care costs, 65% of all health plans are self-insured. Thus, state insurance consumer protection laws are inapplicable, leaving workers unprotected. Employ-

ers, Corlin says, have "increasingly pushed the envelope to see how far they can go in cutting or refusing to pay certain benefits."

Broader implications

Corlin testified that if self-insured ERISA plans are allowed to continue to cut benefits for AIDS, they will begin to limit benefits for other costly or long-term illnesses now protected from discrimination, including cancer, heart disease, Alzheimer's disease, premature and seriously ill infants, and long-term rehabilitation and services for the handicapped. This concern was reiterated by Dr. Greenberg, associate professor of clinical molecular genetics, pediatrics, obstetrics, and gynecology at Baylor College of Medicine in Houston. Dr. Greenberg told the subcommittee, "A diagnosis of Huntington disease, Marfan syndrome . . . and many other disorders may have disastrous effect on a patient's health insurance coverage." The overall lifetime costs of many of these chronic disorders are likely to be greater than those of AIDS. But, many families of "children with birth defects, genetic disorders and/or mental retardation . . . are solely dependent on their employer-supplied health coverage for their children."

Dr. Corlin advised that self-insured employers should no longer enjoy corporate tax deductions in exchange for providing employee benefits while legally avoiding their insurance responsibilities. Reps. William Hughes (D-N.J.) and Sherwood Boehlert (R-N.Y.), both members of the House Select Committee on Aging subcommittee that oversees ERISA, have proposed legislation that addresses "the most egregious aspect of H&H Music—the retroactive reduction of benefits to employees who have relied on benefit coverage promised by their employer." Under H.R. 6147, to be reintroduced in January, any changes made to eliminate or reduce benefits to employees, who at the time of the change were in a course of treatment which was medically necessary, would be deemed a form of discrimination.

In their October letter to Secretary of Labor Lynn Martin, Hughes and Boehlert took issue with the Labor Department's recommendation to the solicitor general to deny a hearing of the *Greenberg* case. The congressmen pointed out that as a matter of public policy, the Appeals Court decision "exacerbates one of this country's most pressing problems." They pointed to the 37 million people who are currently uninsured, the 20 million more who are underinsured, and 63.6 million who are sporadically uninsured due to waiting periods and preexisting limitations. If employees' health benefits are cut via ERISA, then Medicaid, other federal and state programs, and local governments will have to provide charity care. While the congressmen correctly call for a halt to "federal courts chiseling away at the employee safeguards the drafters incorporated into ERISA 18 years ago," this can only be achieved with a national economic policy that sees each human life as an investment in the future—not a liability.

National News

Sioux casino opposition wins first victory

Opponents of casino gambling won an important partial victory on Nov. 5 when the Tribal Council of the Standing Rock Sioux Reservation in North Dakota voted to break its casino contract with North Dakota attorney and Democratic Party figure Arly Richau. Richau's Bismarck office had been picketed only a week earlier by a coalition of Standing Rock members and Lyndon LaRouche supporters, who exposed Richau as a front man for shadowy Swiss and South African casino interests.

"The whole purpose of the LaRouche-Bevel campaign is to build a movement that will win economic justice for all people," said LaRouche for President North Dakota spokesman Philip Valenti. "This partial success shows the potential power of the coalition we're building."

While some Tribal Councilmen plan to continue negotiations for a "better" casino deal, opponents are looking to roll back casino gambling on Indian reservations nationwide.

"Everyone who opposes the total organized-crime takeover of America had better join the fight against this casino," Valenti declared. "Dope, Inc., the international narcotics cartel, plans to use gambling on Indian reservations as a lever to force legalized casino gambling everywhere."

CAN's Kisser in libel suit vs. 'New Federalist'

The Cult Awareness Network's executive director, Cynthia Kisser, has apparently decided to ignore the fact that individuals connected to CAN's kidnaping and deprogramming operations are about to be tried for their crimes, and to seek to suppress revelations about CAN's filthy activities. Papers are finally being served against a raft of publications, including *New Federalist*, in a federal libel suit first filed by Kisser in Illinois back in July 1992.

Kisser's civil suit claims that she has

been libeled by groups of publications, which have "made defamatory statements about her and . . . conspired together to give such statements the widest possible currency." The suit seeks a jury trial to win punitive and compensatory damages as well as an injunction against further spread of the alleged libels.

The only statement Kisser alleges to be untrue is the report that she was once a topless dancer in an Arizona bar—an allegation which, according to the original reporter, is backed up by affidavit from a co-worker. Her other allegations are that various publications have linked her with individuals who have records for sexual perversion, brainwashing, and other unsavory activities. But never does Kisser deny that the previous president of CAN, Michael Rokos, was arrested "for soliciting sado-masochist sex with a male police officer posing as a minor."

Kisser's organization also finds itself implicated in some current criminal litigation: the federal case against E. Newbold Smith, Donald Moore, Galen Kelly et al. for conspiracy to kidnap LaRouche associate Lewis du Pont Smith. Newbold Smith is, minimally, a member of CAN, and Moore and Kelly have been consultants of some sort for CAN, according to published reports. Smith, Moore, and Kelly are to go on trial in Alexandria, Virginia on Dec. 14. The latest indictment charges that these three, plus two others, began conspiring to kidnap the young Smith at least as early as September 1991.

Arkansas paper defends statue's rights

Richard Allin, whose "Our Town" column is a daily feature of Little Rock's *Arkansas Democrat Gazette*, comes out in defense of the Washington, D.C. statue of Ku Klux Klan founder Gen. Albert Pike on Nov. 5. Under the headline "Keep D.C. Statuesque," Allin begins by asking, "Does Art have to be politically correct?" He reports receiving a clipping from Washington which covers the movement to remove the statue and D.C. City Councilman William Lightfoot's resolution to remove it. Allin responds:

"Perhaps local experts on Gen. Albert Pike will step forward to put the great man in historical context.

"Local Masons might think it appropriate to come forth with a brief appreciation of his work and leadership in the masonic movement. He was a prolific author of masonic writings and his name is blazoned on one of the South's masonic monuments in Little Rock.

"His contributions as a poet are readily available to Arkansans and many homes have volumes containing his verse.

"Pike was a many-sided individual with qualities that are perhaps politically unacceptable in modern society, but whose contributions may be great enough to outweigh his perceived bad side. He was a Northerner who adopted Arkansas as his home and who cut a wide swath locally as a rather flamboyant figure, affecting shoulder-length hair and sometimes curious attire.

"He was a controversial general commanding troops in battles of the Civil War.

"Practically speaking, this might be a bad time to remove a person so strongly identified with Little Rock and Arkansas from the District of Columbia. . . ."

LaRouche wins 20% in local S.C. race

Independent presidential candidate Lyndon LaRouche won 20% of the votes as a write-in candidate for county commissioner in Kershaw County, South Carolina. According to citizens in the county seat of Lugoff, the LaRouche write-in campaign was organized by a voter as a protest against the ineptitude of the competing candidates on the issue of water supply, which was a hot local issue. LaRouche has made a national name for himself for promoting large-scale water infrastructure projects.

A local voter decided the local candidates on the ballot were presenting unserious solutions, and photocopied the water policy chapter of the LaRouche-Bevel national campaign book, and distributed 500 copies in mail boxes on election eve. The voter's cover sheet said, "If you are sick and tired of all the nonsense about water, vote for Lyndon LaRouche as a protest vote."

Briefly

● **'I OPPOSE RACISM'** Day was declared for Nov. 14 by Hadasha Maryam and Jamal Muhammad of the Universal Human Rights Association for African People, of Des Moines, Iowa. Among other activities, they are circulating a petition demanding the removal of the Albert Pike statue in Washington, D.C.

● **ROBERT GATES** has announced he will retire as CIA head in January, although there had been some speculation that Gates would stay on for a while. Three top Clinton choices—Bobby Inman, Sen. David Boren, and Adm. William Crowe—have declined the office.

● **AN ACCUSED** polluter in Cincinnati has been sentenced to pay dues for the next five years to the Sierra Club after serving a year's sentence in prison for illegally dumping hazardous waste, according to *Insight* magazine.

● **AN ARKANSAS** judge has ruled that the Ku Klux Klan may have itself advertised by the state in the Transportation Department's "adopt-a-highway" program. Officials of the department planned to meet on Nov. 10, to decide what to do about the court ruling.

● **150 PEOPLE RALLIED** in Mendenhall, Mississippi on Nov. 7 to demand justice in the suspicious death of Andre Jones in the Simpson County jail. He was the son of NAACP leader Esther Jones Quinn, and the step-son of Charles X Quinn, a minister of the Nation of Islam. His death is the 22nd such "suicide" in two years in Mississippi local jails.

● **'GAY' GOPER** Paul Cellupica proclaimed, "The political dawn arrives for gays" with the incoming administration, in the Nov. 7 *New York Times*. Homosexuals mobilized in an "unprecedented frenzy of activity. . . . The Human Rights Campaign Fund, a national gay political-action organization, estimates that more than \$3 million in gay political contributions were channeled to the Clinton campaign by various routes."

Malaysian tourists get unwelcome treatment

"Human Rights U.S.-Style" is the title of the *Malaysian Business Times* Nov. 6 lead editorial, which reports on the detention by the U.S. Immigration and Naturalization Service of 24 Malaysian tourists in Boston. The leader of the group, Choong Chee Keong, has been charged with trying to smuggle several of its members into the country.

"Was the detention constitutional?" asked the *Business Times*. "Has the U.S. government the right to detain Malaysian tourists possessing valid travel documents without charging them with a crime? Can the U.S. government jail innocent people so that they can testify for or against someone charged with a crime? The Malaysians were also handcuffed and forced to sweat it out for two hours in a heated courtroom in their warm winter clothing during the hearing. One question involves the need for handcuffs. Where can the Malaysians run to in a confined courtroom? What is more, a woman detainee was interrogated and threatened with life imprisonment if she did not confess to coming to the U.S. to find work or to be a prostitute. . . ."

"If these actions do not amount to violation of human rights and human freedom, then there must have been redefinition of the terms without Malaysians having been aware of it. Or, perhaps the U.S. has its own definitions—one set for itself and another for Third World countries? . . . So long as the U.S. continues to think of itself as always being in the right because of its might, the less-developed countries will continue to face discrimination at the hands of this self-proclaimed 'policeman of the world.' "

Crack gang desecrates South Bronx church

Four separate fires were set around 4 a.m. at Holy Cross Roman Catholic Church in New York City's South Bronx and the church was ransacked, according to several

news reports from Nov 5. Police attribute the action to the work of "crack" cocaine gangs. The vandals attacked two statues of Mary, badly breaking one, and tearing the arm off the Christ child on the other.

Holy Cross has traditionally taken a tough stance against the drugs that plague this neighborhood. On Oct. 17, 300-400 of the church's parishioners had participated in a march against drugs. They had gone to Randall and St. Lawrence Avenues, a known drug marketplace, and rallied there for 30 minutes. Flyers announcing their next rally for Nov. 21, had been posted for two weeks. No threats had been received by the church prior to the attack, and none have been received in the four and a half years the current pastor, Rev. Michael Tyson, has been there.

\$52 million fine vs. UMW upheld in Virginia

In a unanimous decision, the Virginia Supreme Court on Nov. 6 upheld \$52.4 million in civil contempt fines against the United Mine Workers imposed during the UMW's 1989 strike against Pittston Coal Company, overturning a Virginia Court of Appeals ruling last year. The lower court held that because the strike involved two private parties, and because the fines were civil penalties sought by Pittston, the fines should be dissolved once the strike ended. When the strike was settled, both the UMW and Pittston joined in asking the court to drop the fines.

However, Russell County Circuit Judge Donald A. McGlothlin, Jr. agreed only to dismiss \$11.2 million in fines to be paid to Pittston. He let stand \$25 million to be paid to the state and another \$27 million in fines to Russell and Dickenson counties, despite the fact that both counties told McGlothlin that they preferred seeing the strike settled to receiving the fines.

In a statement on Nov. 11, independent gubernatorial candidate Nancy Spannaus said the decision "shows working people the kind of justice they can expect from Mary Sue Terry and her friends, if she is elected governor in 1993."

Editorial

Mrs. Thatcher called the tune

In the period leading into Desert Storm, until she was driven out of 10 Downing Street, no voice was shriller than that of Mrs. Maggie Thatcher (now baroness), in demanding Iraqi blood. While there is no way in which President Bush or the U.S. population, which rallied enthusiastically behind him, can be exonerated for their unjust war against Iraq—and the continuing brutal blockade of that nation to this day—it is about time that the British role in this genocide was duly noted.

The question is being raised in Britain today of illegal arms sales to Iraq, but the real issue is how the British set up the conditions in which a U.S. invasion of Iraq might appear plausible. As early as May and June of 1990, Lyndon LaRouche warned that there was a British and American gameplan to foment war in the Middle East. One clear tipoff was the worsening economic situation, which was causing both Thatcher and Bush to seek some diversion, coupled with Anglo-American complicity in allowing Israel and Syria to finalize their occupation of Lebanon.

The British, with the Americans, the French, and the Israelis, were carrying out their typical balance-of-power policy of fomenting war between countries in regions which they intend to control. The revelations coming to the surface now, in the context of the Matrix Churchill court case, confirm *EIR*'s documentation of this process throughout the 1980s. It is in this light that the Iran-Iraq War must be viewed, as well as earlier intervention by the United States and Britain to bring the Ayatollah Khomeini to power. Regular readers of this publication may be outraged by the newest revelations coming from Great Britain, but they should hardly be surprised.

Let us look at LaRouche's assessments from 1990 on. After the Gulf crisis erupted with Iraq's invasion of Kuwait, LaRouche and *EIR* charged that Iraq had been "sandbagged" into invading Kuwait, in order to provide a pretext for the Anglo-American powers to stage a giant international crisis. Crucial to this were Anglo-American and Israeli efforts to "sting" Iraq, by selling it advanced weaponry, weaponry which could

then be cited as a pretext for why Iraq had to be attacked. LaRouche charged that the "Gulf war" was not only being used as a means of diverting attention from the deepening economic crisis in the Anglo-American sphere, but of conducting surrogate war against Europe, in particular Germany. A key actor in this was Britain's then-Trade and Industry Secretary Nicholas Ridley, who had launched a propaganda campaign attacking Germany as the emerging "Fourth Reich," and a threat to British interests.

Now, lo and behold, the Matrix Churchill case documents reveal that the same Nicholas (since made Lord, evidently an award for his powers of duplicity) Ridley was the central figure in expediting arms sales to Iraq! This is amply documented by the *London Guardian* (Nov. 11) and *Daily Telegraph* (Nov. 12), which cite confidential government papers showing that, just six weeks before the Iraqi invasion of Kuwait, Secretary Ridley was "trying to protect arms exports" to Iraq.

Ridley's initiatives coincided with another development, which has been ignored by the British press in the recent retrospectives on British policy toward Iraq, but which was given great importance by LaRouche at the time. This was the peculiar mid-July 1990 mission to Baghdad by British wheeler-and-dealer Tiny Rowland, chairman of the Lonrho conglomerate and owner of the *Observer* newspaper, ostensibly to arrange the release of a British national held in an Iraqi jail. What Rowland was doing then was a mystery to most, since it had been a journalist for his *Observer*, Farzad Bazoft, whom the Iraqis had hanged as a spy only months earlier. It can be surmised, that more on the Rowland trip will surface in the British media soon.

From a prison cell in Minnesota, LaRouche was far smarter than his fellow Americans who allowed the toadies of the British Crown, who were in control of U.S. policy, to cause Americans once again to fight an unjust war. He was able to easily pierce the veil of intelligence assessments which were either sadly ignorant or deliberately pedaling disinformation.

SEE LAROUCHE ON CABLE TV

ALASKA

- ANCHORAGE—Anchorage Community TV Ch. 46
The LaRouche Connection
Wednesdays—9 p.m.

CALIFORNIA

- MODESTO—Public Access Bulletin Board Ch. 5
The LaRouche Connection
Thurs., Dec. 3—6:30 p.m.
- MOUNTAIN VIEW—MVC-TV Ch. 30
The LaRouche Connection
Tuesdays—4 p.m.
- SACRAMENTO—Access Sacramento Ch. 18
The LaRouche Connection
Wed., Nov. 25—10 p.m.

DISTRICT OF COLUMBIA

- WASHINGTON—DC-TV Ch. 34
The LaRouche Connection
Sundays—12 noon

GEORGIA

- ATLANTA—People TV Ch. 12
The LaRouche Connection
Fridays—1:30 p.m.

MARYLAND

- MONTGOMERY COUNTY—MC-TV Ch. 49
The LaRouche Connection
Thursdays—2:30 p.m.
Saturdays—10:30 p.m.
- WESTMINSTER—Carroll Community TV Ch. 55
The LaRouche Connection
Tuesdays—3 p.m.
Thursdays—9 p.m.

MINNESOTA

- MINNEAPOLIS—Paragon Ch. 32
EIR World News
Wednesdays—6:30 p.m.
Sundays—9 p.m.
- ST. PAUL—Cable Access Ch. 35
EIR World News
Mondays—12 noon
Thursdays—5:30 p.m.

NEW YORK

- BROCKPORT—Cable West Ch. 12
The LaRouche Connection
Thursdays—7 p.m.
- BUFFALO—BCAM Ch. 32
The LaRouche Connection
Tuesdays—6 p.m.

MANHATTAN—MNN Ch. 17M

- The LaRouche Connection*
Fridays—6 a.m.
- ROCHESTER—GRC Ch. 19
The LaRouche Connection
Fridays—10:30 p.m.
Saturdays—11 a.m.
- STATEN ISLAND—SIC-TV Ch. 24
We Will Not Settle for a New Arrangement of Slavery
Tues., Nov. 24—4 p.m.
Rev. James Bevel's Struggle for America's Future
Sun., Nov. 22—11 p.m.

TEXAS

- HOUSTON—Public Access Channel
The LaRouche Connection
Mondays—5 p.m.
Mussolini Wins
Tue., Nov. 24—6 a.m.
Wed., Nov. 25—7 a.m.

VIRGINIA

- ARLINGTON—ACT Ch. 33
The LaRouche Connection
Sundays—1 p.m.
Mondays—6:30 p.m.
Wednesdays—12 noon

CHESAPEAKE—ACC Ch. 40

- The LaRouche Connection*
Thursdays—8 p.m.
- CHESTERFIELD COUNTY—Storer Ch. 6
The Schiller Institute Show
Tuesdays—9 a.m.
- FAIRFAX COUNTY—Media General Ch. 10
The LaRouche Connection
Wednesdays—6:30 p.m.
Thursdays—9 a.m.
Fridays—2 p.m.
- LEESBURG—MultiVision Ch. 6
The LaRouche Connection
Mondays—7 p.m.
- RICHMOND & HENRICO COUNTY—Continental Cable Ch. 31
The Schiller Institute Show
Thursdays—6:30 p.m.
- WASHINGTON
- SEATTLE—Seattle Public Access Ch. 29
The LaRouche Connection
Sundays—1 p.m.

Executive Intelligence Review

U.S., Canada and Mexico only

- 1 year \$396
- 6 months \$225
- 3 months \$125

Foreign Rates

- 1 year \$490
- 6 months \$265
- 3 months \$145

I would like to subscribe to
Executive Intelligence Review for

1 year 6 months 3 months

I enclose \$_____ check or money order

Please charge my MasterCard Visa

Card No. _____ Exp. date _____

Signature _____

Name _____

Company _____

Phone () _____

Address _____

City _____

State _____ Zip _____

Make checks payable to EIR News Service Inc.,
P.O. Box 17390, Washington, D.C. 20041-0390.

The book that will unleash a musical revolution—

A Manual on the Rudiments of
*Tuning and
Registration*

BOOK I:
*Introduction and
Human Singing Voice*

From Tiananmen Square to Berlin, Beethoven's Ninth Symphony was chosen as the "theme song" of the revolution for human dignity, because Beethoven's work is the highest expression of Classical beauty. Now, for the first time, a Schiller Institute team of musicians and scientists, headed by statesman and philosopher Lyndon H. LaRouche, Jr., presents a manual to teach the universal principles which underlie the creation of great works of Classical musical art.

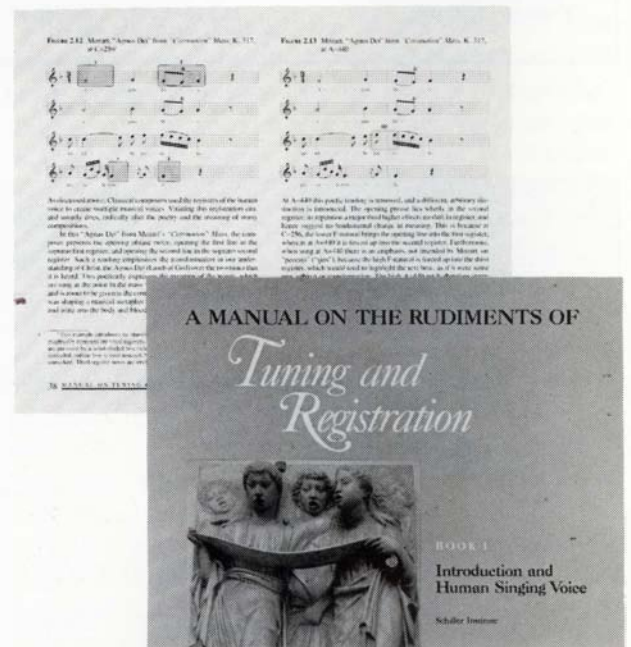
Book I focuses on the principles of natural beauty which any work of art must satisfy in order to be beautiful. First and foremost is the bel canto vocalization of polyphony, sung at the "natural" or "scientific" tuning which sets middle C at approximately 256 cycles per second. Copious musical examples are drawn from the Classical musical literature to show how the natural registration of each species of singing voice, along with natural tuning, is the composer's indispensable "raw material" for the rigorous creation of poetic ironies without which no work of art can rightly be called "Classical."

"This Manual is an indispensable contribution to the true history of music and a guide to the interpretation of music, particularly regarding the tone production of singers and string players alike. . . . I fully endorse this book and congratulate Lyndon LaRouche on his initiative."

—Norbert Brainin, founder and first violinist,
Amadeus Quartet

"... without any doubt an excellent initiative. It is particularly important to raise the question of tuning in connection with bel canto technique, since today's high tuning misplaces all register shifts, and makes it very difficult for a singer to have the sound float above the breath. . . . What is true for the voice, is also true for instruments."

—Carlo Bergonzi



\$30 plus \$4.50 shipping and handling

Foreign postage:

Canada: \$7.00; for each additional book add \$1.50

Mexico: \$10.00; for each additional book add \$3.00

South America: \$11.75; for each additional book add \$5.00

Australia & New Zealand: \$12.00; for each additional book add \$4.00-

Other countries: \$10.50; for each additional book add \$4.50

Ben Franklin Booksellers

107 South King Street, Leesburg, VA 22075

Phone: (800) 453-4108 or (703) 777-3661

Fax: (703) 777-8287

Visa and MasterCard accepted. Virginia residents please add 4.5% sales tax.