

EIR

Executive Intelligence Review

February 25, 1994 • Vol. 21 No. 9

\$10.00

Ban on chlorine, another deadly 'green' idea
Caldera inherits once-rich Venezuela in rags
EIR seminar shakes up Washington on Russia

**LaRouche on physical economy
as basis of human knowledge**



Why U.N. plans for world government must be stopped

a new special report from
Executive Intelligence Review

with authoritative case studies of Iraq, Cambodia, El Salvador, Somalia, and the former Yugoslavia

- 240 pages
- maps
- charts
- illustrations



read the plan of the one-worlders in their own words

\$250

Make checks payable to:

EIR News Service, Inc.
P.O. Box 17390 Washington, D.C. 20041-0390

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*

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., 333 1/2 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, 65013 Wiesbaden; Otto von Guericke Ring 3, 65205 Wiesbaden-Nordenstadt, Federal Republic of Germany Tel: (6122) 9160. 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 © 1994 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

All of Lyndon LaRouche's admirers have their own reasons to be glad that he was released on parole from his unjust imprisonment in January. One reason *EIR's* editors and readers surely share, is our delight that he can now write his articles directly, instead of by the onerous process of dictation and transcription which so limited the quantity (though certainly not the quality) of his prison writings. This week's *Feature* starts the serialization of his first major writing since he was freed.

Its urgent relevancy at this time, is highlighted by many articles in this issue. The national and international leads report on the unfolding disaster in Russia and other former Soviet republics, as a powerful delegation of eastern opponents of the IMF's "shock therapy" regime arrives in Washington, at the invitation of the Schiller Institute. The *Economic Survey* dissects Venezuela's ruined economy as a new President takes office. And for an authoritative analysis of the Bosnian military situation, see the article by Gen. Count Hanno von Kielmansegg, a former NATO commander from Germany.

A piece of very good news broke too late for an article this week: On Feb. 17, the Federal Election Commission voted unanimously to adopt the recommendations of the Audit Division and General Counsel to grant LaRouche's 1992 presidential campaign matching funds and have the U.S. Treasury cut the first \$100,000 certified check to Kathy Magraw, campaign treasurer. Eligibility has been established through July 15, 1992, the date of Clinton's nomination. The campaign is invited to submit additional matching funds requests above the \$100,000 in April. The vote was unanimous, but the FEC only acted, as one commissioner admitted, to avoid being held in contempt of court, since they had withheld the matching funds in 1992 for purely political reasons on the wild allegation that LaRouche's prior campaigns had been caught stealing.

On the basis of government evidence now on the public record, the U.S. government knew at all relevant times, from 1979 to the present day, that Lyndon LaRouche and his co-defendants were innocent of the false charges for which they were convicted. See page 57 for new documentation of this, received under the Freedom of Information Act.

Nora Hamerman

EIR Contents

Departments

51 Northern Flank

Åslund's shock therapy under attack.

64 Editorial

A small question of demographics.

Photo credits: Cover, page 32, EIRNS/Stuart Lewis. Page 23, EIRNS/Michael Micale. Page 29, USDA-C&MS Photo. Page 35, EIRNS/Carlos de Hoyos. Page 59, EIRNS/Tom Szymecko.

Economic Survey

14 Venezuela at the crossroads, as Caldera takes office

Documentation: A statement from the office of Alejandro Peña Esclusa, secretary general of the Venezuelan Labor Party.

16 From riches to rags

In five years, Carlos Andrés Pérez and the IMF dismantled the Venezuelan economy. Jaime García documents the model "shock therapy" case.

18 War against the banks—or civil war

A statement by Alejandro Peña Esclusa.

Correction: See p. 21 for corrections to the feature story on China in our Feb. 11 issue.

Economics

4 Greens' ban on chlorine will spread epidemics

Greenpeace is spearheading a new hoax: the campaign in the U.S. Congress to ban the use of chlorine in the disinfection of water supplies. Based on no scientific evidence whatsoever, this policy would cause economic devastation and a health conflagration.

6 There's trouble in River City; Devil from Davenport on the move

The push is on for riverboat casino gambling in 18 states, but many of these enterprises are going to sink financially, along with the people who sold their souls to allow them.

8 Soros bets on 'ex'-communists to help turn Italy over to the world casino

The king of the Anglo-American speculators, George Soros, has decided to put his money at the service of Achille Occhetto, the leader of the former communists. Behind the surprising alliance is the New Age Venetian financier and pornography promoter, sportswear maker Luciano Benetton.

11 Currency Rates

12 Business Briefs

Feature



Lyndon LaRouche gives his first press conference following his release from prison, on Feb. 3 in Roslyn, Virginia.

22 Physical economy is the basis of human knowledge

Part 1 of a series by economist Lyndon LaRouche, titled "The Science of Physical Economy as the Platonic Epistemological Basis for All Branches of Human Knowledge." Writes LaRouche: "The only important economic policy-question confronting really intelligent thinkers is: This financial system is doomed; can we put a new, healthy economic system into place in time to prevent the political disintegration of our nations which must tend to occur in the wake of the financial avalanche about to crush the world as a whole?"

International

38 Military influence will grow as Russian crisis builds

Only weeks after its formation, the new Russian government is starting to crumble, faced with a wave of strikes and an increasingly desperate economic situation.

40 Europe is also being destroyed in Bosnia-Herzegovina

An analysis by Gen. Count Hanno von Kielmansegg, former Chief of Staff of the NATO Army Group North.

42 Vatican-Israel accord sparks controversy

Documentation: From the text of the "fundamental agreement between the Holy See and the state of Israel."

44 Narco-terrorism's war on Mexico: EZLN terror strategy escalates as coverage of EIR exposé grows

EIR's charges that the so-called Mayan insurgency in Chiapas was really orchestrated by foreign intelligence services, are getting full play in the Mexican press.

45 Chiapas: a first-hand report on the 'war'

Juan Manuel Martínez R. and Carlos Cota Meza report from Tuxtla Gutiérrez, the capital of Chiapas state.

47 Who is 'Bishop' Samuel Ruiz, and why is he aiding narco-terrorism?

49 French elites are nervous about a social explosion in 1994

52 International Intelligence

National

54 Washington shaken up by briefing on Russia

Leaders of the political opposition to the IMF's policies in Russia, Ukraine, Georgia, Armenia, and Latvia tell an *EIR*-sponsored seminar: "Instead of the invisible hand, we got the invisible foot."

56 Brits escalate media war on Mr. Clinton

57 Government lies paved way for LaRouche frame

58 Amelia Boynton's play 'Through the Years' performed in Chicago

Written in 1936, the play, by this civil rights veteran is a dramatic rendition of the birth of the African-American spiritual, told through the life of a slave. The current production was conceived and directed by Sheila Anne Jones, candidate for governor of Illinois.

60 Congressional Closeup

62 National News

Greens' ban on chlorine will spread epidemics

by Rogelio A. Maduro

Environmental activists in the United States are campaigning to use the reauthorization of the 1972 Clean Water Act to overturn more than 100 years of advances in public health. The activists, led by the discredited Greenpeace, are trying to include amendments to the act that would ban the use of chlorine in the disinfection of water supplies and sewage. If this passes, it will set the stage for a return of the most deadly infectious diseases, threatening the lives of millions.

Chlorine is used to kill microbes that cause deadly water-borne diseases, such as cholera, typhoid fever, and *giardia lamblia*. The reauthorization of the Clean Water Act will be voted on by Congress in the next few weeks, and if the greens have their way, the ban on virtually all uses of chlorine will be phased in over the next two years. The ban on water chlorination has been proposed as an amendment by Reps. Bill Richardson (D-N.M.) and Dan Hamburg (D-Calif.).

The ban is being proposed under the guise of saving people from a host of alleged health problems, including malformation and/or dysfunctioning of the sexual organs.

One does not need to go far to see the result of a ban on water chlorination. In 1991, Peru stopped chlorinating its water supply on the advice of the U.S. Environmental Protection Agency (EPA). Shortly after chlorination ended, a cholera epidemic erupted in Peru. It quickly struck 14 countries in Ibero-America, infecting more than 1 million people and killing more than 8,500.

Greenpeace's newest fraud

The environmentalists laid out their objectives during a briefing in the U.S. Capitol on Feb. 8, co-sponsored by Representative Richardson and several environmental

groups, including Greenpeace, the World Wildlife Fund, and the Natural Resources Defense Council. All speakers were environmentalists and the panel was led by Mark Flögel of Greenpeace. The speakers alternated between scary tales of the alleged toxicity of chlorinated compounds, and marketing hype for chlorine-free paper production.

At the end of the question and answer period, Greenpeace's Flögel briefed the audience on Richardson's strategy behind his "Chlorine Zero Discharge Act." This apparently embarrassed a Richardson aide, who rose to thank Flögel for his promotion of Richardson's bill, but stammered, "Let me say it is my boss's bill, not Greenpeace's bill."

The eco-fascists are working closely with the EPA, which will release its "Dioxin Reassessment Report," on April 15. But the EPA has been regularly briefing the greens on the content in advance of publication, even though none of the "scientific findings" of the report has been submitted to the customary procedure of peer review by other scientists.

Fred Webber, president of the Chemical Manufacturers Association, denounced this collusion between EPA and the eco-fascists in a press conference on Feb. 8. Webber noted that even before EPA Administrator Carol M. Browner gave her Jan. 31 press conference announcing EPA's proposal, environmental groups had received copies of it and had written press releases telling news organizations that a U.S. ban on chlorine was imminent. Browner stated during her press conference that the EPA planned to develop a strategy to "prohibit, substitute, or reduce" the use of chlorine.

Webber stated that "curiously—or perhaps it wasn't so curious—Greenpeace was spreading word around the U.S. and in Europe and Asia that the EPA intended to ban chlorine

here even before the administrator had her news conference. . . . Greenpeace even had time to organize a demonstration outside a plant in Australia, at which it spread the news that the U.S. planned to ban chlorine."

Webber noted that "a number of other organizations, including the U.S. Public Interest Research Group, also had advance word of the agency's plans and had statements and news releases supporting the EPA's proposal ready in time to hand out at the administrator's news conference last week."

The 'hormonal toxicants' hoax

The chlorine scare will be unlike any other recent environmental scares. Since chlorine and chlorinate compounds do not pose any conceivable threat of cancer, the greens have come up with several new categories of threats, including the unproven theory of "hormonal toxicants." According to this theory, organochlorides (produced by chlorinated compounds) mimic the body's hormones, causing disruptions in sexual signals, among other things. The greens describe all types of hypothetical damage that will be caused, concentrating on lurid descriptions of deformities to sexual organs. Some of the claims are that males exposed to these "hormonal toxicants" develop small penises, undescended testicles, testicular cancer, poor semen quality, and become effeminate.

The main shortcoming to the "hormonal toxicant" theory is that there is absolutely no scientific evidence to support it. Not one single paper has appeared in the scientific literature on the subject. That shortcoming, however, is an advantage to the greens. Since no medical or scientific journal has published papers on the subject, no scientist has criticized the theory. Therefore the greens can make all the claims they want and argue that there is a "consensus" on the subject, since no papers have been published criticizing the theory.

Greenpeace's fraudulent approach was criticized by Webber during his press conference. "Greenpeace and its allies," he said, "have determined wrongly that chlorine and all chlorine chemistry are inherently evil and must be banned. All they're trying to do now is figure out how to do it legally, of course. But they are not interested in an honest, thorough scientific examination of chlorine chemistry, a let-the-chips-fall-where-they-may approach to answering the questions that have been posed about chlorine and some of its compounds. Rather, they're prepared to pervert science and the policymaking process, to cook the books if they can, so that the answers come out to support the actions they propose to take. You see, there is one really big weakness in the campaign to ban chlorine: The science does not support a blanket ban."

One of the most important elements for a successful scare campaign is the issue of personal exposure. One could call this the "not in my backyard syndrome." In the case of the 1989 Alar scare, this was based on the claim that eating apples treated with Alar could cause cancer (the greens never mentioned that one would have to eat 20,000 apples a day

for 70 years to increase the cancer risk by one in a million).

The chlorine scare will be based on meat consumption. Environmentalists are tailoring the scare to present meat as the major source of organochloride contamination: "Your meat is loaded with the toxic dioxin!" The public will be told that dioxin is "the most toxic compound known to man," and that it and other organochlorides are the product of man's meddling with Mother Nature.

Dioxin is also produced in nature. It is the by-product of high heat plus chlorinated compounds, which could just be simple table salt, sodium chloride. Dioxin is created by volcanoes, forest and prairie fires, lightning, slash-and-burn agriculture, household fireplaces, and soil and ocean bacteria. As a matter of fact, the EPA considered a ban on fireplaces some years back, because of the high concentrations of dioxin produced by the burning of firewood.

An economic and human debacle

What is not a fantasy, however, is the effect on human life and the economy of a ban on chlorine. This point was underscored by Webber, who said that chlorine chemistry "contributes enormously to the health of Americans: Ninety-eight percent of our nation's drinking water is purified with chlorine; 85% of all medicines are made through chlorine chemistry medicines, used to treat everything from Hodgkin's disease to pneumonia to heart disease."

The economic consequences of a ban, Webber added, would be staggering. "Chlorine chemistry accounts for nearly \$100 billion of our national economy. A ban on chlorine [would] not only put people's health at considerable risk; it would weaken our overall national economy." A ban, he said, would "impoverish the economies and the people of a number of individual states."

In terms of U.S. industry, the greens seek to ban an industrial process that releases dioxin and other organochlorides. They argue that dioxin is produced by all municipal solid waste incinerators and all hazardous waste incinerators, cement kilns, and boilers and industrial furnaces that burn wastes to produce heat. Dioxin is also produced by metal smelters, paper mills, and by many other common industrial processes. The pulp and paper industry estimates that 19,000 workers will lose their jobs in less than a year after a ban is enacted.

The greens are confident that they can get away with this monstrosity, as they have with other environmental hoaxes before it. This time, however, patriotic activists have risen to challenge the fraud. The Alliance for America, an umbrella group that represents more than 400 grassroots organizations, the Environmental Conservation Organization, and many other groups have mobilized to expose the lies. Scientists are denouncing the claims made by the greens, and municipalities across the country are up in arms at the consequences to human health of a ban on water chlorination. This latest green fraud may prove to be the straw that broke the camel's back.

There's trouble in River City: Devil from Davenport on the move

by Marcia Merry

As of a Feb. 8 filing deadline for an April statewide referendum, Missouri became the most recent of 18 states that either already have riverboat gambling, or are in the process of putting it to a vote in a plebiscite or in legislative elections. As the map shows, the 18 states are mostly located in the eastern half of the United States or along the Gulf coast, where there are rivers big enough to float casino boats. The way the craze is sweeping the country, the only thing holding back the arid western states is lack of rivers.

However, don't expect all these enterprises to float financially. If all the proposed riverboat gambling operations are approved, there is a prospect of 250-300 riverboats in these 18 states, with a promised gross take reputedly to provide \$2.55 billion a year to the states in taxes. Illinois now has 12 operating gambling boats, with 8 more in the works. Louisiana anticipates 15 river casinos. There's a campaign for 20 in West Virginia alone. But just from the numbers, it is clear that many of these riverboats are going to sink financially along with the good folk who sold their souls to allow them. So much for a deal with the devil.

The argument made in favor of legalizing riverboat gambling is the same pitch as the devil made to Davenport, Iowa on the Mississippi River back in the 1980s: "There's no money for infrastructure; there's no future in agriculture or manufacturing; go modern. Go for the leisure industry, go for gambling. We'll kick back some money and jobs for your dying town and hopeless kids." The people of Davenport fell for it. They even agreed to forgo construction of a town levee, because the riverboat operators insisted that it would spoil the view and deter tourist-gamblers. When the 1993 mighty Mississippi flood hit, as economist Lyndon LaRouche observed, "the people of Davenport had their riverfront view . . . right in their living rooms."

What are the river towns in the other 17 states getting and giving up? Their stories are all the same as how the devil came to Davenport. It's a lot like the theme song of the cornball Hollywood/Broadway musical, "Music Man." A shyster comes to River City, Iowa, and plays on peoples' fears of their children succumbing to the evils of the pool hall. He warns you about "Trouble in River City . . . with a capital T, and that rhymes with P, and that stands for pool."

Then he sells you his snake oil solution. Today, the shysters offer you a way you can supposedly "save the economy," by going along with riverboat gambling. Apart from Davenport, Iowa, the state of Missouri is nationally one of the most dramatic battlefronts of the riverboat gambling fight.

'Show me' state says yes

Despite its state motto "Show me," Missouri is falling hook, line, and sinker for riverboat gambling. The Missouri River joins the Mississippi River in this state, which, in recent years, was targeted for legalized floating casinos by gambling/organized crime interests. In 1992 a riverboat gambling law was approved by Missouri voters. However, subsequently, the state Supreme Court found constitutional flaws in the law. Meantime, certain localities—Riverside, St. Louis, St. Joseph, and others—went ahead with local arrangements for riverboat gambling, all of which were then called into question by the state Supreme Court ruling against the legality of the 1992 gambling law.

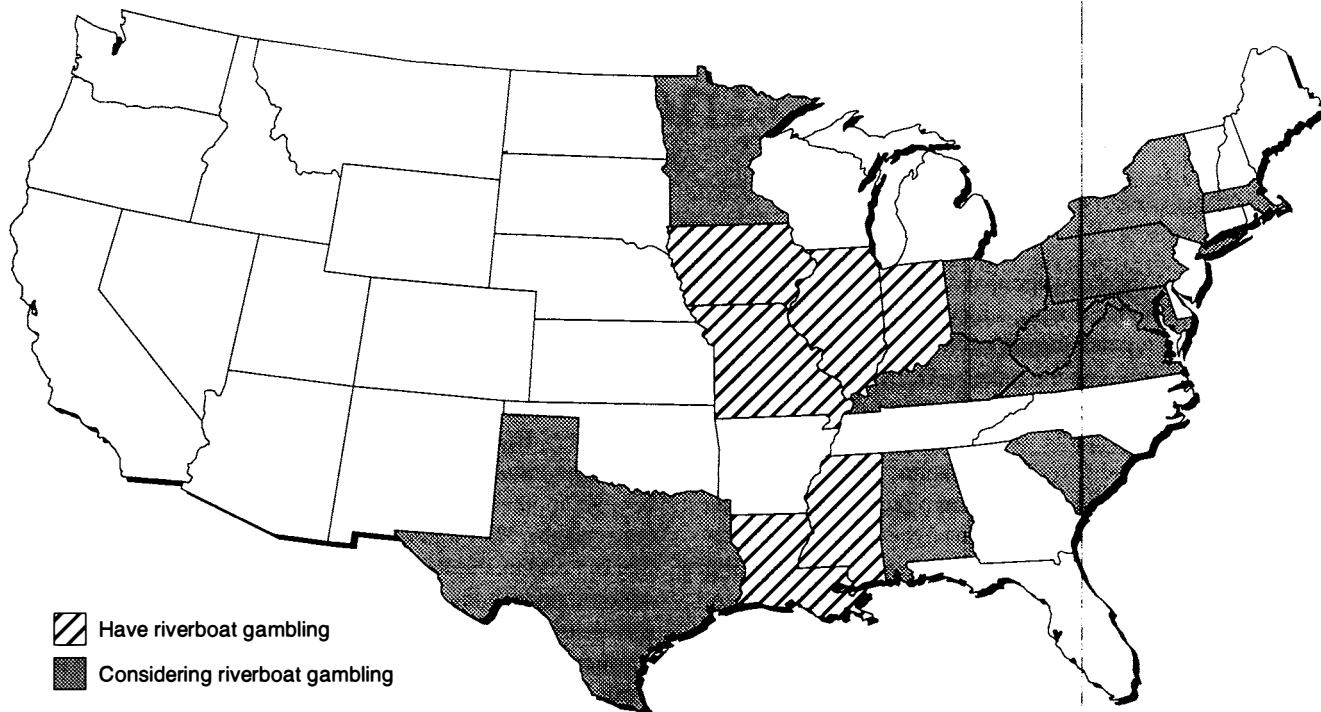
Then, the state was inundated by flooding in 1993. Levees were broken, unprotected towns were wiped out. A massive infrastructure rebuilding program is needed. Missouri Gov. Mel Carnahan reported in January that unless levees are repaired, many cleaned up towns and agricultural areas will be hit again by spring floods.

However, the rebuilding plan is not forthcoming. As of late January, the levee repair and construction program for Missouri required \$53 million; but only \$18 million has so far been approved by the federal government for all nine flood-hit states *combined*. In addition, 50 Missouri river towns have applied for federal aid for relocation, a number Governor Carnahan said was "a surprise to us and a surprise to the administration." The needed funds are not forthcoming.

Enter, the devil from Davenport.

Governor Carnahan pressed the plight of his state in Washington, D.C. in early February, at the National Conference of Governors, where he met with Vice President Al Gore and other top officials, and warned that unless levees are rapidly repaired, the spring floods will "create havoc all up and down the river."

Riverboat gambling is a live issue in 18 states



What is called for is a declaration of national economic emergency, and a roll-up-the-sleeves approach to an infrastructural development program. Anything less than that becomes the devil's playground.

A frenzy of action took place in Missouri in late January, as legislative stoolies for the gambling interests rushed to meet the paperwork deadline of filing by Feb. 8 for putting a new riverboat gambling issue on the ballot April 5. Local river towns are already geared up for gambling operations. A state commission has started the procedures to consider for approval the Argosy Gaming Co., to operate floating casinos in Riverside. At St. Joseph, the *St. Joe Frontier Casino* is already docked, waiting for approval to weigh anchor and deal.

West Virginia: 'Come aboard'

In West Virginia, the gambling companies have run a heavy advertising campaign called "Come Aboard," to try to ram through state approval for riverboat casinos, and beat back the public disgust over the 1980s convictions for corruption in state-approved land-based casinos. Several state legislators were found guilty in the scandals.

The well-funded "Come Aboard" public relations campaign of the West Virginia Riverboat Gaming Association uses the old devil-in-Davenport pitch that 7-9,000 new jobs would come to the depressed state, \$300 million in new

business, and \$50 million in state taxes the first year.

These enticements are based on 20 riverboats, two at each of ten locations on the major rivers in the state, including dockage on sites along the 277 miles of the Ohio River. The West Virginia Riverboat Gambling Association targets the state capital, Charleston, as the purported chief potential beneficiary of new revenue if riverboats are allowed. The association points to New Orleans, where the Star Casino operates 17 hours each day, and employs 962 people.

The tines on the devil's pitchfork in West Virginia say that if they don't allow riverboats fast, Pennsylvanians will beat them to it, and the riverboats will go upstream to Pittsburgh, where the Ohio is formed at the junction of the Monongahela and Allegheny rivers. So far, Pennsylvania has held out against floating casinos.

Members of the West Virginia Riverboat Gaming Association include the American Entertainment Corp. of New Orleans; Winamax Corp. of Eden Prairie, Minnesota; Horseshoe Casino of Las Vegas, Nevada; and Bender Shipbuilding of Mobile, Alabama.

West Virginia Gov. Gaston Caperton has said that he will neither introduce nor promote gaming legislation. "I don't think the people of West Virginia want casino or riverboat gambling at this time," he said. The opposition to gambling includes the state's Council of Churches (15 denominations) and the Roman Catholic Diocese of Wheeling-Charleston.

Soros bets on 'ex'-communists to help turn Italy over to the world casino

by Claudio Celani

Big international finance capital is voting Democratic Left (PDS) in Italy. The right wing which can't get further to the right—the financial speculators of Wall Street and the City of London—is betting on the Italian left, the renamed Italian Communist Party to be precise, in the March 27 general elections.

The great elector of Achille Occhetto, secretary general of the "former" Italian communists, is none other than George Soros, the king of speculators, the man who in September 1992 collapsed the British pound and the Italian lira, making a cool \$2 billion profit. This was revealed by Giuseppe Turani in an article in *La Repubblica* newspaper on Feb. 4. Turani has inside sources: The major Italian partner of Soros, Isidoro Albertini, is a bosom buddy of Carlo De Benedetti, the owner of the paper for which he writes.

Turani reports: "It is said of [Soros] that before the last administrative elections, he came to Italy and contacted spokesmen of the Italian left, to get a personal assessment of the 'danger' represented by them. After these meetings he went back to America and reportedly decided that the Italian progressives pose no danger to Italy and therefore he decided to oppose any maneuver to bring down the lira." Obviously Soros never does anything which does not suit him. If, as Turani states, he decided to shore up the lira, it is because he can make money on it. And if, in fact, "Soros has thrown a kind of security net around Italy," that is because the Ciampi government has done everything which the "markets," alias Soros and speculative finance, wanted: The ex-boss of the Banca d'Italia, the central bank, has not only implemented ferocious austerity, which no other government had been able to do, but he has institutionalized a mechanism for increasing transfer of wealth out of Italy. With the start of the conversion of the public debt into international debt (the well-known issues of Treasury bonds in dollars and other currencies), Ciampi has applied the principle of privatization in the broadest possible sense, transforming public debt into private debt, i.e., into the hands of international speculators.

Thus Italy's public debt, already enormous but manageable under the state's jurisdiction, has been put into the circuit of the international gambling casino of so-called "derivative finance," the roulette wheel where people bet on the future ups and downs of stocks. After the experiences of the Ferruzzi food conglomerate, the German Metallgesellschaft, and

the Spanish Banesto, which went bankrupt thanks to derivatives roulette, Ciampi and his banking ministers have handed over to Soros and company an entire nation as their partner in the next round.

The extraordinary report that Soros had sat down with Occhetto's henchmen was confirmed to *EIR* by a London banking source well versed in Italian affairs. Not only that, but out of the get-togethers an actual pact was cemented between the PDS and City of London representatives who met in London and Rome, along these lines: Soros and international finance think that the concessions offered by the left suit them better than those which a centrist or right-wing alternative lineup would offer. The left guarantees that Italy's State Holdings, and in particular the "family jewels" contained in IRI (the big public holding company) and ENI (state hydrocarbons), will be privatized. At first, the state will keep the majority of shares or majority control of them; but what counts is that productive companies will be asset-stripped and sold off one by one. Acting through fiduciaries, Soros and his allies will gradually enter into ownership of blocs of shares. This takeover bid is already under way, reports Turani: "In recent weeks many operators from Piazza Affari [Milan's 'Wall Street'] swear that they have seen his hand behind several operations on the lira and the major stocks listed on the Milan stock market."

Who should step in to lend Soros a hand but Moody's Investor Services. At the moment when Credito Italiano, Banca Commerciale Italiana, and the IMI were privatized, Moody's downgraded the Italian banks' ratings, causing their market values to drop. Hence, anyone now buying up these stocks will get them for much less than the savers who were promised by the Italian government that their value would go up "after" privatization.

But the PDS's real job is to dismantle the public employment sector and the pension system, a gold mine for the speculators in hot pursuit of liquidity. A new player, the Pension Funds, which will arise out of the dissolution of the present pension institutions, will sit down at Soros's gaming table, not to win, of course, but to get plucked by the card-sharps disguised as derivatives financiers. Of course the PDS will lose votes because of the social effects of the crisis which it has helped make worse, and it is prediscouted that the left-wing regime will be used up and thrown away. Then

Soros and his banker friends will focus on other, more classically free-market political formations, to finish off the job of demolition.

The romance between the PDS and international finance also got a helping hand from the U.S. ambassador to Italy, Reginald Bartholomew, a Kissingerian hawk who set up PDS leader Giorgio Napolitano's trip to the United States. Napolitano presented himself as president of the Chamber of Deputies, but in reality he was acting as a PDS salesman, announcing, to the satisfaction of a Georgetown University audience on Feb. 11, that the left has already decided to back former central banker Carlo Azeglio Ciampi's candidacy for prime minister. What better guarantee could there be for an unbroken continuity with the policy which has enriched Wall Street so far?

Futurist oligarchy

The major oligarchist lobby which is backing the leftists in Italy is the De Benedetti-Benetton-Visentini group, directly hooked into Soros via Isidoro Albertini, the dean of Milan stock brokers (by the way, before Albertini, the number one on the Milan exchange was Aldo Ravelli, now retired, whose daughter was Communist leader Occhetto's first wife). This Venetian-run lobby backs both a certain "left" and a certain "right"; in the laboratory of the lagoon, in fact, it controls both Venice's "progressive" Cacciari administration and the Northern League opposition, whose slate was headed in the last election by Visentini's niece Mariconda.

This lobby recently set up the Businessmen's Club which, besides collecting votes for the left in the business world, works to "sell" the new image of the left to public opinion. The club's spokesman is Marina Salamon, Benetton's ex-mistress and the manager of a company in his group, as well as a member (no one knows in what capacity) of the Cacciari municipal government. In the club, besides Luciano Benetton and Salamon, are Olivetti Corp.'s Franco De Benedetti (his brother, Carlo, stayed out on account of his well-known legal problems), and the industrialists Paolo Marzotto, Lino Romano, Carlo Buzziol, and Averna, from the company that makes Averna bitters.

Scratch a little, and behind the image of an enterprising middle class emerges that of the oligarchy, whose power is concentrated in finance and the mass media, i.e., in manipulating public opinion. The De Benedetti group's clout is well known: Olivetti general manager Carlo De Benedetti owns the nationally circulated daily *La Repubblica* and the news-weekly *L'Espresso*, the two major players in the collapse of the First Republic of Italy, thanks to their role in turning the anti-corruption actions of the Milanese magistrates into a political trial-by-media of the Parliament. De Benedetti is, like his comrade Benetton, mainly a financier and only secondarily an industrialist. The few productive activities carried out by Olivetti and the Benetton group have primarily relocated abroad (only 20% of Olivetti's total turnover in-

volves the Italian market), in keeping with "globalization" strategies [cf. William Engdahl, "Globalization Wrecks Industry and Labor Force," *EIR*, Dec. 3, 1993], i.e., the search for production sites where labor is cheapest. Benetton and the other textile industrialists in his Businessmen's Club make consumer goods which require low-skill labor and have an intrinsically minimal value, but with prices maintained artificially high by the "image" campaign for which the group has become famous.

Curiously, while an entire political and business class is being wiped off the map by suspicions stirred up by the mere report that someone is under investigation, the fact that Luciano Benetton is going on trial in the Fiorucci corruption case does not even make the news, and the United Colors financier continues to act as the champion of the New.

"Operation Clean Hands," the Milan corruption probe, has barely touched this sector of the oligarchy, which has certainly taken advantage of the protections afforded by Italy's political system as much as, if not more than, other major private and public groups. A dazzling trove of conflicts-of-interest among these oligarchs lies unmined by the magistrates: Consider the fact that Bruno Visentini, president of the Olivetti business machines giant, in his capacity as Italian finance minister forced all Italian merchants to acquire a tax receiver machine. Or the persistent rumors that the Benetton group was getting rich in the days of the lira devaluation, rumors which could easily have been confirmed by the investigation announced at the time by the government, but which never came to anything. All of Soros's clients got rich, while Ciampi at the Banca d'Italia was burning 60 trillion liras and Italy's currency was being devalued by 30%. Soros played the game with money made available to him, among other sources, by Citibank—the same bank which provided Benetton's managing director, Aldo Palmeri.

Curiously, too, the investigations into the illegal slush fund of the Siste secret services, which sent tremors through the highest institutional levels of Italy, never revealed that the owner of the Banca di San Marino, where the "black funds" were deposited, is none other than Luciano Benetton. A probe into why Benetton bought that bank, known to experts as an "empty shell," just before the scandal erupted, and into possible ties with the so-called rogue sectors of the intelligence services, may perhaps hold some surprises in store. One could read a whole series of events which have shaken Italy in the last 12 months in a new light, starting with Ciampi's naming as prime minister and other decisions which lead some observers to think that someone is heavily conditioning the decisions made in the Italian presidential palace.

One thing is sure—Benetton, defined by an insider as "the expression of the new Venetian power," is quietly building a formidable base in the mass media, which could make him the Big Brother of the Second Republic. He already owns *Gazzettino di Venezia*, which under the present director Giorgio Lago, a freemason with a background in Mussolini's

wartime Salò Republic, has acted like the loudspeaker for the regionalist Venetian League. Lago is said to be ready to be recycled as a “progressive” if the Benetton clique buys *Il Giorno*, the ENI newspaper which will soon be up for sale. In Milan, Benetton already owns one daily, *La Voce*, and is setting up its editorial staff, to be headed by the right-wing liberal Indro Montanelli. If the rumors are true that Benetton is in the “pole position” to replace Carlo De Benedetti in the *Espresso-La Repubblica* publishing group, there is enough here to arouse the concern of the anti-trust authorities.

The “left” oligarchy is gearing up to win the election. Backed by the Doxa polling outfit, which is run by Marina Salamon’s daddy, it is well positioned in a campaign which, as everyone knows, will be determined by the polls which condition the candidates.

From Schacht to the New Age

Is it possible that the PDS ruling group may be making a strategic alliance with the “money bosses,” and also underwriting an austerity program which will guarantee their political suicide? Even if some think the Occhetto leadership group has tactical aims (although any talk of “Leninism” is absurd) in allying with the strongest lobbies for their bid for power, the PDS is actually more ideological than the old Italian Communist Party, which believed in the class struggle, but also in industrial development. The PDS leaders have dumped development and kept the class struggle (the enemy is always the productive bourgeoisie), lining up on the side of usury. The Italian “left” (like the “right”) is saturated with malthusian, one-worldist ideology, which says that mass unemployment is the inevitable result of adaptation to the global markets. In the absence of dirigistic government measures, the only investments the “market” allows are those of high labor intensity, and even these only when “compatible” with the budget. With the crumbs left over after having sated Soros’s appetite, the left claims that it can create jobs at the lowest capital intensity. This is called Schachtian policy, in memory of Hitler’s economics minister, Hjalmar Schacht, the first to carry this out on a national scale. Of course, the next productive cycle will show that such investments make the crisis worse instead of easing it, but the “progressives” trust in the unlimited manipulative capacity of the mass media (which they control), to win acceptance for the next phase of Schachtian austerity. Next to this, past Christian Democratic porkbarrels look like the acme of productivity.

Reality will be different and less linear. But this is the line along which the PDS and the “progressive” business world backing it are moving, as confirmed by the program announced by the left electoral cartel, which explicitly calls for cancelling two urgently needed, capital-intensive infrastructural projects: high-speed rail and the doubling of the Appennine loop of the Autostrada del Sole, Italy’s north-south superhighway.

The financial oligarchy is on the same track. Bruno Visentini announced at the party congress of the bankers’ Italian Republican Party that the priority of the left cartel, of which he considers himself a part, is “labor.” Benetton repeated this in *Corriere della Sera* on Feb. 11: “The next government will have to concentrate . . . on the problem of employment.” Marina Salamon, speaking for the Businessmen’s Club, echoed this in an interview with *EIR*, where she said that an employment policy should create jobs in ecology and tourism. Alongside an increasingly cancerous and uncontrolled finance, a “tertiary sector of poor people” will grow.

The most dumbfounding thing is that today such programs can be discussed without being unmasked as charlatanism. This is because the free-trade revolution in the economy brought with it a change in fundamental paradigms, that is, how one judges what is productive and what is not. Once this basic distinction is lost, economic theories get further and further away from rationality, and turn into something like astrology.

New Age and slavery

Some have negotiated the passage from politics to astrology with great aplomb. Giorgio Galli, inventor of the “imperfect two-party system” (as he titled his 1960s book on Italy’s Christian Democratic and Communist parties), the theory which influenced generations of political scientists and sociologists who led the cultural assault on the First Republic, converted some years ago to the New Age, the outlook which maintains that millennial astrological changes cause the shifts in a society’s basic values. Galli is today a devout follower of the Age of Aquarius, which supposedly replaces the Age of Pisces, the Christian era, as the two constellations approach each other. The September 1993 issue of the magazine *New Age*, which has an editorial by Galli himself, is completely dedicated to the change in the concept of labor in the Aquarian society.

Galli explains that 2,000 years ago Christianity (the Age of Pisces) revolutionized the concept of labor, which had been synonymous with slavery, and made it into the instrument of human emancipation. According to Galli, however, with the lapse of the mandate of Pisces, the positive content of the Christian concept of labor also lapses, and turns into its opposite: Labor becomes the quest for money and material prosperity, in short, it returns to being slavery. Fortunately, the Age of Aquarius is dawning, which will offer us “a positive transformation of the concept and the value of labor.”

“The possibility,” Galli writes, “is that of self-realization.” What is meant by self-realization is explained by other articles in the issue. One especially, signed by Cristina Bassi, states: “The productivity of human enterprises will be measured not on the basis of the material product or service which each one produces, but by its contributions to the spirit.” Citing Anglo-Saxon author Gary Zukav, “Aquarianist” Bassi gushes of “values and behaviors of a new humanity which is

about to be born,” whose power “is now evolving toward the authentic power, that of the alignment of the personality with the soul.” She goes on, “Intuition is the voice of the non-physical world. The multisensorial human being depends much more on intuition than on any other human faculty. In commercial terms this means that intuition will replace rationalism.”

It takes no genius to recognize that this is a doctrine which justifies underpaying labor, exploitation, and slavery. Decoupled from the concept of use-value and need, the Aquarian idea of productivity already applies to Benetton knitwear, whose value is fixed not by the material product but by the image (“contributions to the spirit”) built up by Toscani’s posters, or the clocks which Benetton is about to launch on the market—junk which will sell for sky-high prices not because it is better, but because owning it is a “spiritual” event. The Aquarian doctrine of labor also justifies converting the economy from industry and agriculture, the productive sectors, to ecology, a “sector” which is not productive in itself (and never addresses moving to new and less polluting technologies of production, which require huge investments). As for intuition replacing rationality in commerce, we are already there in the financial markets, where in order to camouflage the looting system represented by financial liberalization, one speaks of the “psychology of the market.”

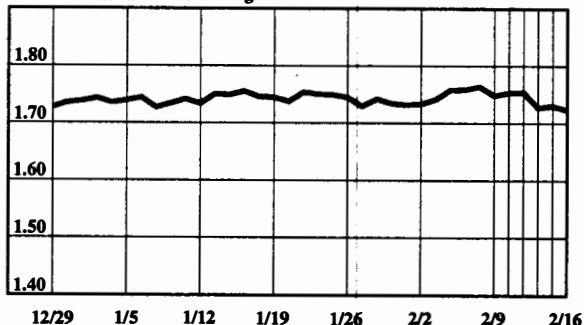
Without overblowing the Aquarians’ influence, their danger should not be downplayed. While he is taken more seriously today in some salons and universities than back when he babbled about the two-party system, behind Galli’s soft New Age language, the true Nazi face of the new cultural paradigms is not hard to discover. His 1989 book on “Hitler and magic Nazism” reconstructed the rise of Nazism as the fruit of esoteric doctrines promoted by sects, such as the Thule Society, and the reasons for Hitler’s popular success. Galli explained that the National Socialist Party’s public ideology corresponded to a Secret Doctrine, derived from oriental and esoteric philosophies, which was believed by Hitler, Hess, and others. This doctrine made the Nazi leaders zombies, completely subject to the influence of outside interventions, such as horoscopes.

Galli wrote that his study was “particularly useful to comprehend the reflowering in our history and in our society of ancient submerged cultures, of which the secret doctrine of the builders of the Third Reich is a negative aspect, but one which should not be neglected.” Hence, only the “negative aspects” of esotericism should be rejected, and all the rest should be saved. Galli has pursued this theme, especially the role of astrology in forming future Nazi leaders, in two subsequent books. It’s only a small step from here to the theory of the master race. Some think this might be the next surprise which Galli has in store—perhaps in the pages of *Padania*, the monthly review of ethnicity for which he regularly writes.

Currency Rates

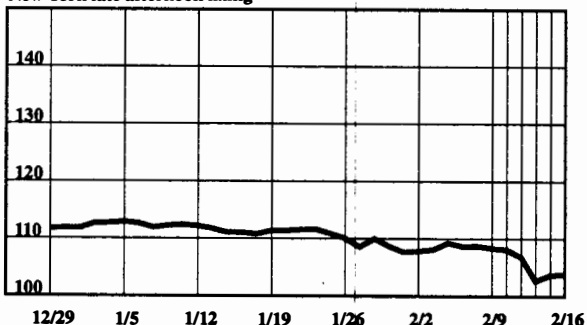
The dollar in deutschemarks

New York late afternoon fixing



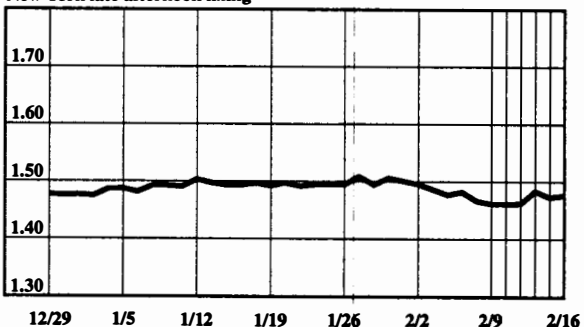
The dollar in yen

New York late afternoon fixing



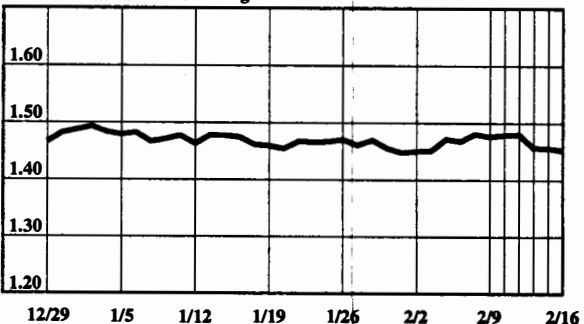
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Business Briefs

Medicine

AIDS-contaminated blood scandal may hit U.S.

The political and health establishment in the United States may soon be hit by a scandal over AIDS-contaminated blood like the one that recently rocked France, French journalist Franck Nouchi wrote in the Feb. 12 daily *Le Monde*.

According to Nouchi, the minutes of a meeting on May 6, 1985 of the Public Health Service (PHS) Executive Task Force on AIDS, presided over by Dr. James O. Mason, director of the Atlanta-based Centers for Disease Control and later U. S. assistant secretary for health, reveal that high-level officials were aware that certain manufacturers of "anti-hemophilic factors" were selling stocks of "unheated products," even though they had available "heated products, inactive for the AIDS virus." The minutes show that the FDA was fully informed of the circumstances of the matter, but was only prepared to "pressure" the relevant companies not to sell unheated products.

Dr. Mason was one of the bitterest opponents of the LaRouche movement on the AIDS front in the mid-1980s, using his position at the CDC to run a gigantic coverup of the extent of, and dangers represented by, the AIDS epidemic.

Chemicals

Kohl defends German industry from attack

The international campaign against the German chemical industry is aimed at hitting the world's leader in chemical research and production, declared Chancellor Helmut Kohl at the Wehrkunde (military policy) conference in Munich on Feb. 5. Kohl indicated that the motivation for the attacks is not what the attackers claim.

Kohl warned that concern over proliferation of "dual use" (i.e., civilian and military uses) technologies cannot be allowed to hamstring industrial advances. "We cannot stop all

research and development because of the dual-use aspect," Kohl said. In this light, he said that he wanted to make some remarks "on this occasion . . . in defense of the German chemical industry."

Kohl said that he wished that within the western world there were a spirit of "fair cooperation" among the respective industries. "Don't always blame the Germans, just because some despicable German firms have traded chemical technology to Iraq and other states," Kohl said. He urged the media to publish the list that is available from the U. S. Congress of "all the names of firms that did that, and there also others, many others, not just Germans."

Kohl said that he suspected other motives than concern about proliferation of dangerous technologies behind the German-bashing campaign in the media. "We are number one in chemical research and also in the production of chemical products, on a world scale," he said.

Sen. Donald Riegle (D-Mich.), chairman of the Senate Committee on Banking, Housing, and Urban Affairs, stated on Feb. 10 that the U. S. government under the Reagan/Bush administration routinely approved shipment of viruses and bacteria (used to develop biological weapons) to Iraq prior to the Persian Gulf war.

Poland

Free trade finance minister resigns

Polish Finance Minister Marek Borowski, a backer of "free trade," resigned on Feb. 4. Borowski, who was deputy prime minister responsible for the economy, said he was annoyed that his economic policies had been undermined by Prime Minister Waldemar Pawlak. It is not clear if Borowski's resignation will lead to a dismantling of the left-wing coalition government which took power three months ago.

The row between Borowski and Pawlak, leader of the Polish Peasant Party (PSL), erupted the week before when the prime minister fired Deputy Finance Minister Stefan Kawalec without consulting Borowski. Borowski was

often a target of veiled attacks from the PSL for his refusal to divert from a strict free market course, and for drafting a tight budget for this year, based on strict monetary policies.

Media commentators have said Pawlak jumped at the first opportunity to humiliate Borowski, when a controversy erupted over the sale of Bank Slaski, the country's third biggest bank. Slaski shares climbed 1,250% from the issue price on their first listing, stirring accusations that the Finance Ministry had grossly underpriced the issue. A 25.9% stake in the bank was sold for \$56 million to the Dutch banking and insurance firm Internationale Nederlandse Groep in the first privatization deal signed by Borowski. PSL deputies in the Sejm (parliament) criticized the sale, saying the treasury lost hundreds of millions of dollars, and Pawlak fired Kawalec, who had direct responsibility.

Russia

Volsky blasts Sachs, looks to French model

Arkady Volsky, the president of the Russian Union of Industrialists and Entrepreneurs, blasted the "Jeffrey Sachs-Harvard" shock therapy economic program for Russia, the Paris daily *Le Figaro* reported Feb. 11. Volsky, who headed "an important delegation of heads of firms of the Russian military-industrial complex" that visited Paris Feb. 9-11, according to the paper, said he prefers the "French model" of targeted state aid to key sectors of the economy. The Russian delegation was invited by the French CNPF industrialists' association.

Speaking to *Le Figaro*, Volsky blasted those kinds of "reforms" that have been inspired by "Jeffrey Sachs and the bunch of Harvard graduates." A preferable foreign example for Russia to follow is "the French model: Here, in France, it is normal to give [public] funds to aerospace or to fishing."

It is assumed that Volsky would be referring to the traditional Gaullist dirigist model of what the French call "planification," and not to the current Balladur government's practice of giving out state money only to calm anger at austerity measures that result from the gov-

Briefly

ernment's privatization and free trade policies (see p. 49).

Volsky stressed that "the important thing today, in Russia, is to prevent people from going out into the streets [in protest]. Today, in Russia, one-third of the population lives below the poverty threshold." Fighting inflation is not the highest priority for Russia, he indicated. The fact that Yegor Gaidar, an architect of the reforms, claims to have brought down the monthly inflation rate is of no importance, since "to reach this result, they didn't pay workers for three months," he explained.

Volsky said that he supports assistance to large-scale enterprises, particularly to "agriculture, medicine, and all that which affects the daily life of people: energy, food for children, in sum, everything that is vital."

Le Figaro noted that despite all the difficulties that the Russian market presents, French businessmen continue to be interested in it. According to Michel Freyche, president of the "Russia Committee" of the CNPF, French exports to Russia are second only to those of Germany.

Defense

Neutral-particle beam weapon may be 'elipton'

The super-weapon, "non-nuclear, but able to destroy the world," referred to by Russian Third Rome ideologue Vladimir Zhirinovsky last December, would most likely be a neutral-particle beam weapon, according to the French monthly *Science & Vie* in February. During the work on the U.S. Strategic Defense Initiative (SDI) program, both McDonnell Douglas Astronautics and Los Alamos National Laboratory worked on the concept of such a weapon.

The idea is to accelerate charged particles with a classical accelerator using an electromagnetic field; once accelerated, the particles are stripped of their charges so that the particles don't repel each other; otherwise the charges cause the beam to diverge.

In the U.S. work, the charged particle was negative hydrogen, that is, hydrogen with an extra electron. After being accelerated, this

beam is collimated (made parallel) with magnetic optics. It is then neutralized by passing it through an aperture in a sheet of metal—the extra charges jump off onto the metal.

The U.S. scientists also worked on another method, more elaborate, called photoneutralization, in which the beam is neutralized by passage through the cavity of a laser. The efficiency is 90%, compared to 50% for the metallic sheet, but the main advantage is that the amount of residual divergence is much less.

According to the magazine, the Russians may have made great progress in applying this method. "It is, of course, only a hypothesis. Because it is also possible that the whole thing is only bluff or an exaggeration. A threat is stronger when it is veiled. We should therefore not wait for Zhirinovsky or the Russians to know more," it concluded.

Agriculture

Argentina promoting meat consumption

For the first time in its history, the Argentine government is promoting meat consumption. Agriculture Secretary Felipe Sola has taped a television spot to encourage people to eat meat. In 1980, the average Argentine consumed approximately 175 pounds of meat annually; today that figure stands at about 125 pounds.

The decline in consumption is due to several factors, including a serious hoof and mouth disease epidemic which is affecting both cattle and sheep, and has caused a decline in the country's meat exports as well. According to the Feb. 7 *Noticias* magazine, 100,000 sheep infected with the virus were recently slaughtered, and government authorities are making an effort to inoculate livestock, but expect that the virus will only be eradicated in 1997.

Dr. Oscar Bruni, president of the Professional Council of Veterinarians, reported that while the inoculation campaign is going well, the government has failed in recent years to take necessary measures or spend the required funds to carefully monitor animal diseases and epidemics.

● **PRESIDENT OF CHAD** Idriss Deby held meetings on trade and commercial ties with Nigerian leader Gen. Sani Abacha in Lagos, in early February. The visit was designed "to formalize our commercial activities," and acquired greater urgency because of the devaluation of the CFA franc in Chad, President Deby said.

● **ENERGY PRICES** in Russia have jumped above world levels and are "choking the entire economy," First Deputy Prime Minister Oleg Soskovets told *Rossiiskie Vesti* Feb. 4. The prime cost of producing a ton of oil has reached \$192, compared with the world market price of \$88. He said that the government was considering reintroducing regulation of prices in the form of "cartel agreements."

● **FIVE TYPHOONS** within five weeks in the Philippines have left more than a million people displaced, according to the Red Cross in Manila. But as the death toll rises, aid contributions remain slow. The Red Cross has aided more than a million people with emergency food, blankets, and cooking utensils.

● **THE NASA** budget request by the Clinton administration for FY 95 fell for the first time in two decades. Funding for space science is relatively constant, but manned space flight activities are reduced \$350 million because of more "economy" pressures on the Shuttle. Aeronautics research is down 17%.

● **A SPACE SATELLITE** for early warning against intercontinental ballistic missiles, part of a future, joint U.S.-Russian ABM system, will be launched in December, according to sources in Moscow. The experiment, whose project title is "Skipper," will be carried out on a Russian Molniya rocket; the satellite will weigh 230 kilograms.

● **ALMOST 20 MILLION** people worldwide will become refugees before the end of the year, according to the Red Cross Federation's Refugees and Displaced Persons Department.

Economic Survey

Venezuela at the crossroads, as Caldera takes office?

by Jaime García and Valerie Rush

With a new President at the helm, Venezuela is facing its biggest crisis ever. The financial system, which under former President Carlos Andrés Pérez served as a get-rich-quick playground for a handful of would-be oligarchs known as “the Twelve Apostles,” is now blowing sky-high around the Banco Latino collapse, and is threatening to take the depressed economy with it. Capital flight has already reached more than half a billion dollars, and portions of the oil industry are threatened with shutdown as the Banco Latino collapse begins to precipitate bankruptcies in that key sector. Rumors are that a government bailout of Banco Latino could cost upwards of \$5 billion, which would drive the government into a hyperinflationary maelstrom. The international bankers, with the support of high-level members of the Clinton administration, are issuing blackmail threats designed to keep President Rafael Caldera from considering a policy course independent of the International Monetary Fund (IMF). Their agents are already in place inside the Caldera cabinet, courtesy of the Inter-American Dialogue.

The effort to delimit and contain Caldera began during the election campaign, when Caldera hinted at a certain distancing from neo-liberal economic policies by suggesting that the problem of the Ibero-American foreign debt be brought before the International Court of Justice. Mouthpieces of the international financial elites, ranging from the London *Economist* to the *Wall Street Journal* began to rage against Caldera’s “populism” and demand that he stick to Pérez’s “modernization” program.

After Caldera’s Dec. 5 victory at the polls, the Anglo-American financial establishment went into action. On Dec. 15, the United States imposed a tax on gasoline imported from Venezuela. Warnings that Caldera’s “populism” might trigger another military coup began to surface in the U.S.

media. Undersecretary of State for Inter-American Affairs Alexander Watson descended on the country to voice his “concern” that Venezuela might not continue the economic “reforms” it had agreed to with multinational lenders. The IMF itself promised Caldera that it would unfreeze a promised loan, if the new government signed a new “letter of intent.” Even Henry “the Heavy” Kissinger, longtime consultant to the disgraced Pérez, dropped in on Caldera for a “chat.”

And then, just days before Caldera’s inauguration, one of the Anglo-American establishment’s leading hitmen arrived in Caracas. Former U.S. ambassador to the Organization of American States (OAS) and now Clinton “adviser” Luigi Einaudi warned Caldera against any attempt at a “Fujimorazo” in Venezuela, and then denied to the press that the United States was “double-dealing” with Venezuela. (Einaudi was referring to the April 1992 actions of Peru’s President Fujimori, who shut down the corrupt Congress and Supreme Court, which were riddled with terrorist backers.) The U.S. State Department’s annual human rights report slammed Venezuela for committing abuses, and Venezuela was brought before the OAS human rights tribunal for the first time.

The effects of that warfare showed immediately. In his first official statement on Inauguration Day, Feb. 2, President Caldera tossed the people a few crumbs—a hike in the minimum wage, a repeal of the value-added tax imposed by his predecessor, a promised crackdown on tax evasion—and then proceeded to assure Venezuela’s nervous creditors that “the fight against inflation” and “austerity” were the new watchwords of his government. Caldera had not a word to say about the foreign debt bleeding the nation. He admitted that a “grave and complex” crisis was facing the nation, but

could only urge "patience." After suffering five years of economic and social decay under the corrupt Pérez, patience is the one thing the Venezuelan population hasn't much left of. And the Cuban-linked Radical Cause (Causa R) party, with U.S. State Department backing, is more than ready to "take to the streets" should that patience run out.

Banco Latino in the equation

Whatever Caldera's intentions may or may not have been on Inauguration Day, the Banco Latino collapse and its ramifications in the political and economic arenas have created a whole new ballgame in Venezuela. The vast dirty-money networks represented by Banco Latino, Pérez, and his "Twelve Apostles" now stand fully exposed, and a government with the national interest at heart couldn't ask for a better opportunity to clean out all the drug- and crime-linked parasites who have infested the halls of power in Venezuela for so long.

Fearful that the Banco Latino collapse could trigger a chain reaction that might even reach into Wall Street, the international financial elites are pressuring hard for a bailout and a coverup—precisely as the Venezuelan Labor Party's Alejandro Peña warned (see *Documentation*). The U.S. embassy has already demanded that the Caldera government back up Banco Latino's debt payments to a U.S. creditor or face consequences, up to and including a credit cutoff! A Merrill Lynch analyst is quoted by the *Wall Street Journal* on Feb. 11 warning Caldera that the stock markets are "extremely sensitive to any sign of bad management of the economy."

Thus far, President Caldera has had nothing public to say about the Banco Latino crisis, except to appoint a congressional commission to "investigate." While Banco Latino's 1.2 million depositors (including the Armed Forces pension fund!) wonder if they'll ever see their money again, most of the bank's directors have already fled the country, fearing prosecution. Hundreds of millions of dollars were siphoned out of the bank—and out of the country—before the government ever moved to freeze the bank's funds.

As the new President attempts to grapple with an economy threatening to come apart at the seams, he would do well to keep one eye cocked on Causa R and on its narco-terrorist buddies in the São Paulo Forum.

Documentation

The following statement was issued by the office of Alejandro Peña Esclusa on Feb. 2, 1994.

Alejandro Peña Esclusa, secretary general of the Venezuelan Labor Party (PLV), today demanded the immediate confiscation of the properties of the Diego Cisneros Organization

(ODC), as well as the personal properties and goods of Gustavo Cisneros Rendiles, Ricardo Cisneros Rendiles and Gustavo Gómez López, in order to pay back the depositors in the Banco Latino.

In a press release, Peña Esclusa stated that "the ODC's communiqué, published yesterday by various press media, is full of lies: In the first place, the Banco Latino and the ODC are one and the same thing; in the second place, the Cisneros-Latino group enriched itself in the shadow of power; in the third place, the suspicious wealth of the Cisneros-Latino group was made in record time, through corrupt practices.

"For example," Peña Esclusa stated, "in 1985, the book *Narcotráfico, S.A. [Dope, Inc.]* was published, which detailed the ties of the Cisneros-Latino group with laundering of dirty money from drug trafficking. At that time, the Cisneros-Latino group used all their power to silence the foreign journalists who were distributing the book, jailed them, expelled them from the country and then, violating the constitutional right to freedom of speech, had the book banned in Venezuela. Since then, a scandalous slander campaign against the authors of the book and against the PLV has been unleashed, including hiring the mercenaries of disinformation and paying a fortune for press and television campaigns.

"Why did they do this? What did Gustavo Cisneros fear so much? What was he trying to hide?" Peña asked. "Why did the Banco Latino buy a large percentage of the banks on the Colombian border, exactly where the authorities have detected a feverish laundering of dirty money from drug trafficking? Why did they subsequently open up operations in Colombia?"

"I believe that the ODC release, published yesterday, is a smokescreen to gain time. I believe that the Cisneros-Latino group is very definitely fleeing the country and has already begun to leave. I believe they want to sell all their holdings in Venezuela and skedaddle, leaving the depositors of Banco Latino without a cent," Peña stated.

"Also, I believe that the Cisneroses will use their friends in the United States, such as David Rockefeller and Henry Kissinger, to pressure the government of Dr. Caldera. Using the pressure of their banker friends concerning the Venezuelan foreign debt, they want Dr. Caldera to clear their name, so they can escape without significant penalty, perhaps to set up operations in the United States.

"I call upon the authorities not to permit the Cisneros-Latino group to leave with their wealth. To the depositors of the Banco Latino, I say: Do you want to recover your savings? Then let the Cisneros holdings in the Cada supermarket chain, Venevisión, Televen, Maxy's, Aluyana, Banco Internacional, etc. be confiscated. There is Ricardo Cisneros's multimillion-dollar house in the Country Club. There assets are in full view; they must be confiscated before they are sold and the money taken abroad. Also, the passports of the Cisneros brothers should be confiscated. All of this must be done before it is too late."

From riches to rags

In five years, Carlos Andrés Pérez and the IMF dismantled the Venezuelan economy. Jaime García dissects the "shock therapy" model.

As he assumed the presidency of Venezuela on Feb. 2, President Rafael Caldera received a timebomb in his hands. The electoral victory of last Dec. 5 opened a window of hope, a last chance in the midst of the worst crisis in the republican history of the country, a crisis which has included a social explosion against the International Monetary Fund (IMF), two military uprisings, and the impeachment and removal from office of the President of the republic. But the critical state of the national economy will require from the Caldera government the most daring measures to deal with it. Otherwise, the great expectations created by the new government will rapidly turn into violence and desperation.

The fiscal deficit

The immediate apparent problem is the fiscal deficit, even though this is only a derivative of the systematic destruction of the physical economy and the financial distortion carried out during the nearly five years of the economic "packet" of Carlos Andrés Pérez and the IMF. The interim government of Ramón J. Velásquez did nothing but a juggling act in order to close out the fiscal year with the minimal breakdown, following the previous guidelines. Among his fiscal measures, the worst for the population was the recent imposition of a value-added tax (VAT) which the incoming Caldera government has promised to eliminate.

During the Pérez years, the chronic gap between the state's revenues and its expenditures was financed with new foreign debt, privatization of state-owned companies, bond issues, and particularly, with the systematic devaluation of the bolivar, which went during his term in office from a differential exchange rate of 14-27 bolivars to the U.S. dollar, to 105 bolivars to the dollar.

According to the year-end report of the Central Bank, at the end of 1993 the shortfall in the public sector ended up at 187 billion bolivars, plus the 200 billion bolivars in overdue payments postponed into the next period. This represents 7% of the Gross Domestic Product.

The national budget of 1994 approved by the Congress rose to 1.43 trillion bolivars, which in real values is 20% lower than that of 1984. Yet the fall in oil prices, the destruction of the productive plant, the growth in foreign and internal debt which Pérez left behind, and the deficit dragged forward

from previous years means that only 50% of the national budget of 1994 is accounted for.

In fact, in formulating the 1994 budget, Congress calculated oil revenues at \$15 per barrel. The more cautious oil industry calculated that it would pay 640 billion bolivars in taxes on the basis of a 1994 oil price of \$13.50 a barrel. Nevertheless, in the middle of the 1993-94 winter, Venezuelan crude oil is priced on the world market at under \$10 a barrel. Over one year, this means an overall petroleum revenue of \$10 billion or 1 trillion bolivars.

Of course, the International Monetary Fund technocrats who designed the Pérez program already have their "packet" for the new government. The latest IMF report on Venezuela foresees that the 1994 fiscal deficit would be covered in the following manner: 271 billion bolivars with the privatization of state companies (including iron, aluminum, and electricity) and non-oil exports; 200 billion with the VAT; 100 billion by increasing domestic gasoline prices, and the rest, with "extraordinary income" such as bonds, Treasury letters, and direct indebtedness. Moreover, the IMF proposes reducing state expenditures, starting with the "bureaucracy," up to 50%, i.e., by firing more than 600,000 public employees.

Given the serious social crisis (which we will analyze below), any measure in the direction indicated by the IMF will unleash a social explosion, which will make the bloody February 1989 Caracas riots look like child's play.

What the IMF is not saying, is that 25-30% of the national budget goes to pay tribute to the external debt, which is the real problem of the chronic state deficits and looting of the economies all over Ibero-America.

Let us now look at the various aspects of the crisis to which the Venezuelan economy is being subjected as 1994 begins, after five years of the IMF "packet," starting with the external debt.

The foreign debt

One of the worst crimes of the Pérez economic "packet" against Venezuela was the handling of the foreign debt. The Pérez administration—via agents of the banks like the late Pedro Tinoco, and Miguel Rodríguez—legitimized the illegitimate foreign debt, refinancing it in such a way as to mortgage the country's future for 30 years, religiously paying

TABLE 1

Venezuela's foreign public debt

(millions of \$)

	1988	1989	1990	1991	1992	1993 (est.)
Unrestructured debt	—	—	7,783	8,828	8,911	9,580
Brady Plan bonds	—	—	19,027	18,297	18,172	18,072
Total debt	26,586	27,152	26,811	27,125	27,083	27,652
Debt service	—	2,718	3,538	3,354	2,574	2,928

Source: Venezuelan Finance Ministry.

the banks one-third of the national budget and, on top of this, concealing the fiscal deficit with new foreign debts.

In fact, after 1983 when the Venezuelan debt crisis blew up, it was established that more than half the public external debt (at least \$14 billion) corresponded to illegitimate debts which had been contracted without complying with the legal requisites to be assumed by the nation. In many cases, in complicity with the lender banks, the money never actually arrived in the country. The Jaime Lusinchi government—the President confessed at the end of his term that “the banks tricked me”—refinanced the total debt without bothering to carry out an audit of the illegal debt, as various national sectors were demanding.

Pérez went much further. In the framework of the Brady Plan of 1990, he refinanced \$21 billion of the old external debt with a “menu of options” which included trading Venezuelan debt for shares in the state-owned enterprises destined to be privatized (the plan of his adviser Henry Kissinger) and 30 year bonds at alluring interest rates, backed by the state, and negotiable on the secondary markets. Thus he made any later attempt at an audit and repudiation of the illegal debt, or even a subsequent renegotiation on less unfavorable terms, impossible. For this reason, when President-elect Rafael Caldera spoke this past December of taking the legitimacy of the foreign debt to the International Court of Justice at The Hague and renegotiating the payment terms, his main adviser, banker Julio Sosa Rodríguez, disagreed and indicated that only \$4 billion of the Venezuelan debt could be refinanced, because the rest was already negotiated and in the hands of many bondholders.

As can be seen from the data in **Table 1**, the Pérez government religiously paid its tribute to international usury. Starting in 1989, when the Pérez government was inaugurated, the public foreign debt coordinated by the Finance Ministry amounted to \$26,586,000. During this period a total of \$15.112 billion (57% of the total initial debt) was paid to service the debt, almost entirely in interest. Yet in 1993, five

years later, the total debt had increased to \$27.652 billion.

The above figures correspond to the foreign debt centralized by the Public Credit Management of the Finance Ministry, which does not include the debts of the state oil company PDVSA and of the Central Bank of Venezuela. If the \$5 billion of the recent debt assumed by the oil company are added, the external public debt which Pérez handed on, surpasses \$32 million.

The new debt with multilateral institutions—apart from the money-laundering bonanza—is what explains the Venezuelan financial boom of 1990-92, which was so lauded by the IMF and Inter-American Development Bank (IADB) reports, and showed up in the accounting books as a successful “growth” of the Gross Domestic Product.

For being such a good boy, Pérez was “rewarded” with more than \$4 billion from the IMF, IADB, and World Bank, besides the fact that the government issued bonds for \$930,750,000 in 1991 and \$3.36 billion in 1992, to be placed on the stock markets of Europe, the United States, and Colombia. Besides, \$550 million in Treasury letters were placed in Austria and on the Eurodollar markets.

Both the Brady Plan refinancing and the expiration dates of the new debt with bilateral and multilateral institutions were programmed to fall on the nation especially between 1994 and 1999, so that, necessarily, the government taking office in 1994 would have to start out facing the biggest debt crisis in Venezuela's history.

IMF program drugs the economy

The fall of the Banco Latino [see *EIR* Vol. 21, No. 6, Feb. 4, 1994, “Venezuelan Financial Bubble Bursts in Banco Latino Crash”] is not only the beginning of the end of what President Caldera called “the financial mafia” around Carlos Andrés Pérez. It is also a break in the gigantic financial bubble which the Venezuelan economy has been turned onto, thanks to the IMF policies applied in recent years.

Looking back, during the five Pérez years, Venezuela became the laboratory for the purest application of the IMF model of how to dismantle a national economy and toss it into the roulette wheel of what has been called the “great world casino.” Those in charge of carrying this out were the technocrats from the private IESA think-tank trained by the International Monetary Fund itself at Harvard and in Washington, and then rewarded with positions in those same international institutions to continue applying the model to other nations. We refer to people like Miguel Rodríguez, Moisés Naim, and Ricardo Hausman, among others. For its part, the interim government of Ramón J. Velásquez, after the ouster of Pérez, was a toned-down continuation of the IMF “packet,” with measures such as the value-added tax and the opening to foreign banking.

The IMF model in itself encompasses a series of policies, seasoned with the necessary ideological justification to win the acceptance of the different sectors:

● Carry out an adjustment plan to assure above all that the country will comply with its obligations to international banks and have access to new credits.

- Free up prices to conform to the law of the market.
- Eliminate controls and tariffs to “modernize” the economy and gain access to the world free market.
- Devalue the currency to promote exports.
- Privatize state companies, which are inefficient by definition.
- Open to foreign capital to invest in the country by acquiring the devalued properties.
- Liberalize the financial sector, permitting more “creative” methods.
- Raise interest rates to attract capital.
- Dollarize the economy as part of “globalization.”
- Do all of the above in order to have access to bailout

negotiations with more developed countries.

As we will see, in Venezuela as in other countries, the real effect of such measures is far from what is promised. Instead, the dismantling of real production and the impoverishment of the population under the Pérez regime were evident—so much so that at the same time in Venezuela, a growing movement of resistance to IMF policies sprouted, which created, one way or another, a series of popular revolts, two attempted military coups, the ouster of Pérez, and the election of Caldera, with the expectation that the new President would break with the IMF model and start a process of real national development based on the common good.

The mirage of the Venezuelan miracle

During the first year of Pérez’s government, 1989, the IMF-prescribed shock therapy was applied. Prices were

War against the banks—or civil war!

This statement was issued by Alejandro Peña Esclusa, the secretary general of the Venezuelan Labor Party (PLV).

Dr. Rafael Caldera’s inaugural address as he assumed the presidency on Feb. 2, omitted fundamental issues. He omitted to say that one bolivar out of every three in the national budget is earmarked for paying interest on the external debt; that the international banks—as bankrupt as the Banco Latino, and for the same reasons—are putting on pressure for us to pay this usurious debt at all costs; and that it is not possible to simultaneously attend to the very urgent necessities of the Venezuelans, and the demands of the banks. In his zeal to be an optimist, Dr. Caldera omitted, thus, to present the cruel reality such as it is. As so, once again, it is our responsibility to do so.

We are on the verge of a civil war. The causes which led to the “jolt” of Feb. 27 [1989] and the military uprisings of 1992 are still there: Venezuela, once a rich country, in only 20 years was sacked and indebted by the international banks and by their domestic stooges, driving 80% of the Venezuelans into misery. Twenty years of materialism and hedonism, 20 years of counterculture, pornography, rock, drugs, and so forth, have destroyed the moral values based on family, based on the love of God and one’s native land. The country has practically been dismantled.

It is true that, fortunately, Carlos Andrés Pérez fell. It is also true that this created a wave of optimism, but the problems of an economic order and the problems of a

moral order are still there, and it will not suffice to solve them by putting an honest citizen in the presidency.

Are the millions of individuals affected by the misappropriation of funds by Banco Latino perhaps going to remain unharmed? Is it enough to tweak the ears of the bankers to make sure that there won’t be another such misappropriation? Will the mortgage debtors hurt by the elimination of their subsidy remain silent? Will the very high interest rates, which are ravaging productive activity, come down without strict exchange controls? We also wonder: Can the economy be reactivated while we pay one bolivar out of every three for foreign debt?

Let us be realists! We need a strong nationalist government, which undertakes a head-on war with usurious international banking, which declares a moratorium on the foreign debt, which establishes strict exchange controls—and which builds Ibero-American integration with the other nations of the continent on these same points. We need a government which calls the corrupt by their full names and ruthlessly prosecutes them. It is not enough to say that we will do our best to make sure that the depositors of Banco Latino get their savings back; the Cisneros-Latino group directly has to be fingered, and made to answer, with their personal property, and to pay for their crimes.

The country is in flames. If the government does not take up the nationalist flag and put an end to the IMF packet, if it does not face down the creditor banks, then it will have to stop the protests with arms. Meanwhile, the Causa R party, which is part of the narco-terrorist international—the São Paulo Forum—is destabilizing from within the Congress and only awaits the failure of Caldera to send its hordes into the streets.

Either there will be a war on the banks, or there will be a civil war!

TABLE 2
CAP'S 'miracle' years

	1988	1989	1990	1991	1992	1993
Gross Domestic Product	5.8%	-8.6%	6.5%	9.7%	6.8%	-1%
Price of the dollar in bolivars	7.5/14.5/34*	39	51	62	80	106
Rate of devaluation	—	14.7%	30.7%	21.6%	29%	32.5%
Average interest rate	12%	34%	35%	37%	45%	63%
Inflation	29.5%	84.5%	40.7%	34.2%	31.4%	45.9%
Stock market growth (billions of bolivars)	12.2	12.9	263.0	195.0	185.4	165.0
Stock market growth (%)	—	5.33	2,032.5	-25.8	-4.9	-11

* There were three parallel exchange rates this year.
Source: Venezuelan Central Bank.

freed, interest rates raised, the currency devalued, subsidies were wiped out, trade was opened up, etc. The effect was that hardly had this begun, than the population perceived that Pérez had betrayed them—he had campaigned by attacking the IMF—and launched the popular revolt in Caracas known as the *caracazo*, in which more than 1,000 people died. The “therapy” caused an unheard-of drop in the Gross Domestic Product (GDP) in 1989, down 8.6%.

During 1990, 1991, and 1992, the GDP of Venezuela grew at rates of 6.5%, 9.7%, and 6.8%—the highest in Ibero-America. International banking institutions started raving about the Venezuelan miracle. This was a hoax, as any normal Venezuelan, producer or consumer, knows. Besides the fact that the “growth” was in comparison with the collapse in 1989, the figures show how fictitious the miracle was in each of these years: a spectacular rise in speculative values based on the currency devaluation, higher interest rates, enormous profits in the financial sector, an inflow from abroad of flight capital and “laundered” money, the buyout of privatized companies, and a boom on the stock market. In short, all the telltale signs of a financial bubble which started to shrink when the IMF “packet” was suspended because of political resistance and the exit of Pérez in May 1993, and threatens to explode with the demise of one its major kingpins, Banco Latino.

Table 2 shows the Central Bank figures which allow us to observe better the speculative “miracle” during the Pérez years (1989-93). The year 1988 is included for comparison purposes.

The trick of privatization

Supposedly, the currency devaluation, high interest rates, and in general, the policy of adjustments and opening, were going to attract a huge volume of foreign capital. This did happen. Tight money and foreign competition were a blow to productive businesses, many of which shut down or converted to trade and financial speculation in order not to

TABLE 3
Foreign investment in Venezuela
(millions of dollars)

1991	1992	1993
224.27	1,932.02	225.58

Source: Superintendent's Office of Foreign Investment (SIEX).

go bankrupt. The same occurred with the state enterprises, with the aggravating factor of chronic managerial corruption and, in many cases, the deliberate intention of bankrupting them to force their privatization.

Foreign investment, despite the opening of the Pérez government, was limited to the buyout of privatized companies and to a large extent consisted of the exchange of Venezuelan debt bonds for national stocks. The rest of foreign capital went into stock market and exchange speculation. It is significant that, according to the Superintendency of Foreign Investments (SIEX), the principal “countries of origin” of the capital which entered Venezuela in the most recent years are, besides the United States: the Netherlands Antilles, the Cayman Islands, Panama, Switzerland, and Bermuda, known centers of money laundering.

Table 3 shows the SIEX figures on the amounts of registered foreign investment, in billions of U.S. dollars.

The abrupt growth in 1992 corresponds to payment for the privatizations of the previous year, including the telephone company Cantv and the airline Viasa, the only major privatizations which the Pérez government managed to bring off, since the others were suspended on account of political and military opposition, which is particularly sensitive in this regard.

The IMF and particularly the IADB reports, hold privatization to be one of the key tasks of the next government, so

as to overcome the fiscal deficit; i.e., trading off investments for current spending. The timeline of privatizations, suspended in the last months, includes, among others, the major electrical companies Planta Centro, Enelbar, and Enelven; the race tracks and ports of the central coast—totaling more than \$2 billion.

The fraud of bankrupting state companies to sell them at bargain-basement prices to private groups, was exposed in concrete terms in the cases of the airline Viasa, the Venezuelan Navigation Co., Inc. (CAVN), and the basic steel and aluminum industries of Guayana, especially Alcasa, Venalum, Interalumina, Bauxiven, and Sidor. All of these are in a financial condition which is putting them on course toward privatization, even though iron and aluminum represent the bulk of non-oil exports of the country. Of course, the international aluminum and steel “sharks” are swimming in the wake of these companies and, in some cases, associations and joint contracts have been set up to “save them” from the financial crisis. A like subterfuge of semi-privatization is occurring with the oil firm, PDVSA, in joint exploitation of supposedly marginal fields, with companies like Shell, Occidental, Total, and Teikoku.

Paralysis of the industrial sector

According to the IMF, the devaluation of the currency, price liberalization, and the opening up of trade and finance allegedly were going to produce an industrial reconversion and an increase in production and exports. That is not what happened. Many businesses asked for credits for “reconversion,” but when interest rates went up, on the one hand, and on the other they found themselves defenseless in the face of an avalanche of products for *maquiladora* assembly in Venezuela, they were trapped.

The result, according to Corpindustria, is that out of 14,000 registered businesses, 4,500 are bankrupt, while only 300 have been able to capitalize themselves and have growth. This accentuates the process of concentration and oligopoly in the industrial world. The rate of bankruptcies in the last five years went up to 8% and then 10% per year, and the utilized capacity of active industries is under 59% of installed capacity. The rise in the debt to the banks of insolvent state-owned industries stands at 70 trillion bolivars. Among the most affected sectors are textiles and shoes, which have to compete under unfavorable conditions with *maquiladora* imports. In 1993 alone, 18 textile makers went bust, representing 27,000 workers.

As for small and medium industries, according to Corpindustria, in 1993 there were 1,050 bankruptcies of businesses which “were neither able to balance their books nor have the means to improve their competitiveness,” which means the wipeout of 49,000 jobs and an increase in idled capacity of the sector, which stands at 74%.

The Central Bank figures on non-oil imports and exports of the most recent years show the results of IMF-mandated industrial reconversion and opening to the outside (Table 4).

TABLE 4

Venezuela's imports and exports

(millions of \$)

	1989	1990	1991	1992	1993
Exports	12,992	17,278	15,127	13,995	13,600
petroleum	—	13,938	12,627	11,255	10,400
non-petroleum	—	3,340	2,500	2,700	3,200
Imports	7,134	6,534	10,181	12,266	11,950

Source: Venezuelan Central Bank.

To sum up, whereas non-oil exports did not grow, imports had a 70% increase during these five years.

Rural ruin

The situation of the agricultural sector as a result of the IMF “packet” is even worse. A report by the congressional Agriculture Committee at the end of 1993 summarizes it this way: “We have increased imports, decreased exports, and national production has fallen. We are going back to the levels of the 1960s and at present, Venezuela imports 60% of the food it consumes.” It attributes the main cause to “the fatal financial policy . . . [and] the maintenance of parasitical and usurious interest rates, which in no way contribute to the reactivation of the sector and which have caused collective ruin among the country’s producers.”

Indeed, the report says, between 1989 and 1993, farm jobs decreased drastically, as a result of the “brutal contraction of farming activity.” Whereas in the 1980s a trade equilibrium had been achieved and there was self-sufficiency in some food categories, the deficit of the agricultural trade balance for 1992 climbed to \$900 million and in 1993 it passed \$1 billion. Products which used to be exported, like maize, now have to be 50% imported in order to cover national demand.

The status of the infrastructure and equipment for farming is also eloquent. Even though the hike in gasoline prices promoted by the IMF under Pérez was done with the pretext of implementing a rural highway plan, “not one kilometer was ever built.” Until 1990, some 7,500 tractors were imported every year; today, fewer than 300.

Social impact

The social consequences of the IMF “packet” applied under the Pérez government are dramatic. The figures from such economics think-tanks as Fundacredesa, Cendes, the National College of Economists, the National Institute of Nutrition, and the OCEI, on the drop in living standards (Table 5), reveal, with varying methodologies, similar results: We are facing the biggest social-economic crisis in the modern history of Venezuela. A few indicators give us an idea of the level of deepening poverty.

TABLE 5

Inflation erodes living standards

	1988	1989	1990	1991	1992	1993
Cumulative inflation (%)	—	84.5	125.2	159.4	190.8	236.7
Minimum monthly wage (bolivars)	3,000	3,000	3,000	3,000	9,000	9,000
Minimum wage in dollars	88.2	76.9	58.8	48.3	112.5	84.9

The famous Venezuelan "miracle" of 1990-91 was based, among other things, on the most brutal robbing of labor and the standard of living of the Venezuelan people, comparable in Ibero-America with Bolivia and Haiti in terms of wages. This is totally incompatible with an oil-producing nation which received \$60 billion in petrodollars during these five years.

It should be observed that the minimum wage was tripled in 1992, one month after the military crisis of Feb. 4, and with the people taking to the streets to demonstrate. But if the minimum wage nominally went up by 200%, the basic food basket went up 528% in the same timeframe, from 428 to 2,689 bolivars—i.e., 300% more than the cost-of-living wage increase.

The situation is more serious if one compares it with a decade ago. In a forum on poverty in Venezuela, on Aug. 12, 1993, Rafael Caldera (now President) drew this comparison: In 1983, the minimum wage was 900-1,200 bolivars (\$250-300 in U.S. dollars). In 1987 "the percentage of households without sufficient income to buy the food market basket was 23%. In 1992, 51%; and right now it may be more than 65%."

According to Fundacredesa, for 1992 the poverty level in Venezuela reached 81% of the population and critical poverty—below the line of survival—reached 45%.

"Average family income," Dr. Caldera said in his report, "for 1987 was 1.7 times the cost of the family market basket. . . . In 1992 this national average dropped to 0.9%; in other words, the average income of all families was less than one unit, the indispensable amount to cover the family market basket." He went on, "As for the number of calories necessary to live, between 1980 and 1992 consumption went down by 18.5%. These things are frightening wherever you may see them."

In fact, according to the National Institute of Nutrition (October 1993 data), the Venezuelan's average consumption has gone down from 2,300 calories per day to only 1,700. "Chronic infantile malnutrition, which before reached 10% as an upper limit, is now at 30% in some states." More than 3 million children are malnourished. "Children in strata IV and V—critical and extreme poverty—who are more than half of the Venezuelans, have been getting smaller in stature. They are born weighing less than 2.5 kilos, because the mothers are underfed."

Another consequence is unemployment, disguised as

some form of "informal employment" or buffoonery to survive. Dr. Caldera cited a study of the Mendoza Foundation according to which the informal sector, which in 1980 was 33.4% of total jobs in the country, by 1991 was 37%. Other studies place it around 50% of the employed population. Moreover, 46% of the informal sector works for less than the minimum wage and does not have the protection of the social security system.

Especially serious is youth unemployment, since youths between 15 and 24 years of age represent 25% of the country's population. Of this total, one-third are outside the labor market and the education system. That means that more than 1.7 million young people have neither jobs nor schooling. This explains in part, the unprecedented boom in criminality in Venezuela, which includes arms and drug trafficking, and shootouts almost every day, especially in marginal zones. In recent years, murder has claimed more than 40 lives each week in the city of Caracas. De facto, a situation of war.

Correction to China program

As a result of a freak production problem experienced by our typesetter when the recent severe winter storms wreaked havoc in northern Virginia, the first line or two of copy was dropped at the top of pages 29, 31, and 33 in our *Feature* for Feb. 11, "An Emergency Plan for China for the Next 100 Years." In addition, lines were inadvertently repeated on pages 30 and 32. The missing copy is supplied below.

On p. 29, the sentence should have read: "This kind of 'Big Bang' expansion is characteristic of war economy mobilization, but it becomes more difficult to sustain as time goes on."

On p. 31, the sentences should have read: "The most suitable nuclear technology for this purpose, available today, is the high-temperature reactor (HTR), incorporating the advantages of absolute, inherent safety, high efficiency, and simplicity of construction and operation. Later, various forms of fusion energy will be added."

On p. 33, the sentence should have read:

"Using the high-temperature so-called 'potato reactor,' it is now possible to construct nuclear sources of power, that. . .

"3) are available in flexible, modular form in a wide range of power ratings, from a few tens of megawatts to gigawatt capacities;"

We apologize for the inconvenience to readers.

Physical economy is the basis of human knowledge

by Lyndon LaRouche

American statesman and physical economist Lyndon LaRouche was freed from prison, where he was held a political prisoner for five years, on Jan. 26. The following is Part 1 of a series entitled "The Science of Physical Economy as the Platonic Epistemological Basis for All Branches of Human Knowledge."

Beginning not long after 1989's economy-driven collapse of the Warsaw Pact system, gradually, those establishment thinkers who were no longer blinded by the hysterical mass-propaganda of the London- and Wall Street-centered monetarist financier factions have appeared to register publicly a fresh overview of what happened to the Soviet system at the close of the 1980s. Not only had the Warsaw Pact system disintegrated, but the collapse of the post-Yalta form of Anglo-Saxon financial and, probably, the political system, too, was not far behind. That succession of changes in economic policy introduced to the world's economy as a whole about 30 years ago, has set into motion a systemic disorder in the entire world's economy: a spiralling collapse of physical economy, a physical collapse caused by the insatiable appetites of an already vast, rapidly growing bubble of financial speculation, a systemic collapse-process comparable to a parasitical cancer feeding upon its dying victim.

Today, the only important economic policy-question confronting really intelligent thinkers in any other part of the world is: This financial system is doomed; can we put a new, healthy economic system into place in time to prevent the political disintegration of our nations which must tend to occur in the wake of the financial avalanche about to crush the world as a whole?

What confronts us thus is not one of your famous boom-bust, cyclical crises in financial markets; this is a systemic crisis, in which case, either the relevant economic policies are destroyed, or the economy is destroyed. Under these conditions, any attempt to divert the discussion of this matter by seeking to forecast the day, or even the month a final collapse might occur, would be a pathetic sort of



A scene in Houston, Texas. When a nation's physical economy does not provide families with the essential components of a household market-basket, what chance is there for children to become the scientists and explorers of the future?

diversionary exercise in irrelevance. As long as present, monetarist forms of “deregulation” and related “free trade” policies continue to be tolerated, it will be impossible to prevent a financial and economic collapse of entire nations. When? One should answer simply, that unless we eradicate the “free trade” and related policies which caused this crisis, a total collapse of the system will come all too soon. Under any continuation of the policies currently defended by Wall Street and the so-called neo-conservatives, these Anglo-Saxon monetarist policies of the recent 25 years, it is absolutely assured, that soon, the entire planet will be plunged into the worst financial and economic catastrophe which modern history could recall since analogous Venetian bankers’ policies produced the mid-fourteenth-century collapse of Europe.

In any case, even if last-minute policy-changes save the world from a breakdown of the physical economies, the existing world monetary and financial systems are doomed. Any economic recovery will depend upon the creation and unleashing of large-scale state-credit mechanisms which operate in freedom from an old system which will then exist only in the repose of bankruptcy reorganization.

Under such present conditions, it is more obviously urgent that we not measure the relative performance of economies by the monetary yardstick of currency prices, but by the reality of physical output and consumption of households, farms, and manufactures. If we examine the matter according to those physical standards of measurement, the world’s

economy, taken as a whole, has been, incontrovertibly, in a continuing, downward spiral of collapse since no later than 1971.

There is no natural cause for this economic decline of both the Anglo-American and former Soviet systems. In both cases, bad policy, not nature, is the culprit. The presently ongoing collapse of the post-Yalta economic order of the Anglo-Saxon alliance has been brought about through a quarter-century of wrong-headed choices of economic policy and science policy generally, wrong policies of virtually every government and other relevant institution of this planet. Bad policy, not nature is to blame for this. If one jumps from the roof of a two-story building and breaks one’s leg, please have the decency not to file a tort claim against the law of gravity; it was the bad policies which have been defended, or tolerated up to this time by most among the putatively educated citizens of the United States and other nations, which are directly the cause for the holocaust of misery consuming this planet today.

1. Rudimentary comparative studies of physical-economic time-series

First, let us highlight the proof of the argument, that a collapse has been in progress continuously over the past 40

years. After that interpolation, let us proceed, with helpful side-glances toward the recently published report on my 1948-52 discoveries in the science of physical economy, to show the kind of philosophical thinking which must be understood, practiced, and taught by the leading intelligentsia of nations, if the political institutions of those nations are not to be misled into disasters of the sort now pushing this entire planet into a prolonged New Dark Age.

Any person literate in either a branch of the physical sciences, or industrial cost accounting, could readily prove this post-1971 collapse to be an incontrovertible fact, using the relevant, available historical statistics. An opening summary of the thinking needed to construct a statistical demonstration of that fact will clear the way for presenting the central point of this report.

Since describing that computation is merely necessary background to the deeper issues of current policy-shaping, I shall outline the method of statistical construction as briefly and simply as the subject permits. To construct such measurements for the 1963-93 interval, we begin with a study of typical market-baskets of household consumption.

This includes the essentials of physical consumption, plus the two essential categories of services: health and education. The per-capita requirements for a household vary somewhat, of course. They vary according to the time in which the household is situated, and by the cultural level we are committed to achieving in practice through qualities of life-expectancy, health, rations of time allotted for education, and related development of both the household as a whole and the individual member, and so on.

What we require is a definition of a "standard household-consumption market-basket" based upon these elements. Let us ask ourselves, then: What is the kind of standard we require for comparing the case for different nations, or for the same or another nation in a different period of history? In practice, one should experiment with the changing statistics for any nation during a period of successful growth in both net domestic product and average standard of living: Examine the way in which actual household consumption varies according to both the economic-social characteristics of a household and its demographic composition. If one turns then to discussion of standard compositions of employment of a national labor-force in my textbook *So, You Wish to Learn All About Economics?*, one should recognize the way in which one should proceed to construct a usable approximation of the standard required.

For example, prior to the eighteenth and nineteenth centuries' implementation of Leibniz's proposals for an industrial revolution based upon a system of heat-powered machinery whose technology was continually advancing, the existence of any society required that more than 90% of the labor force be employed in rural occupations. In contrast, if today's technology were generally used, with farm prices at the level we term "parity," less than 2% of a labor force

is required in such modes of rural employment to satisfy abundantly the total population's needs for agricultural products. This improvement in productivity depends upon a prior and maintained supply of needed industrial goods to the farmer, and also a relevant development of elements of basic economic infrastructure which include rail transport, electrical power supplies, and generalized water management.

The solution to the problem of defining a refined standard of household market-basket first appears as we attempt to compare our approximations of market-basket standards for households with the market-basket requirements per capita of agricultural and industrial production of physical goods. One gains thus an insight into the fact of a correlation of such kind between per-capita productivity in production of goods, and per-capita consumption of the physical, health, and educational requirements of the households which, inclusively, provide production with its labor-force members.

Looking at the statistics from this standpoint, we conceptualize more easily the nature of the interdependence of productivity with the quality of per-capita and per-square-kilometer development of such forms of basic infrastructure as general transportation, water management, power supplies, sanitation, and basic urban infrastructure.

If we merely bear those kinds of analytical considerations in mind, the available U.N. and related statistics over the interval 1963-93 tell an incontrovertible story. In physical terms, over this period, the per-capita output of the total rural and urban labor force has been declining throughout the world as a whole; the fact that some regions of the world have been exceptional does not change the global picture (see **Figure 1**).

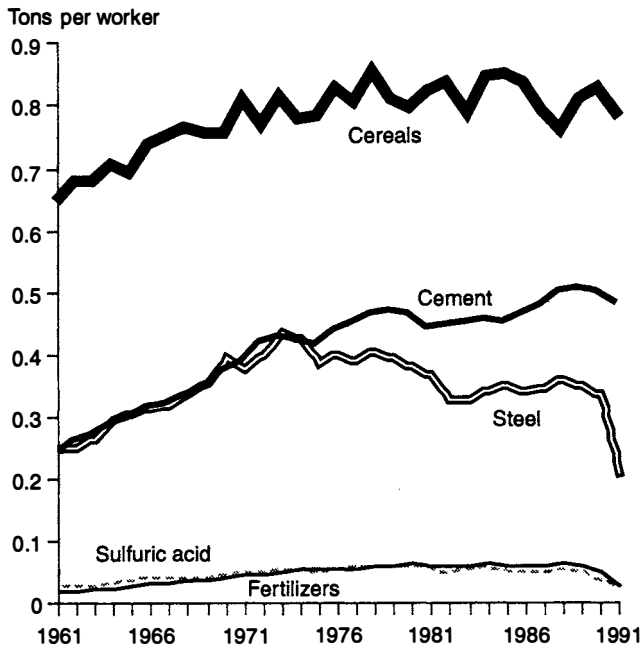
We can see, in this way, that the trend downward begins during the 1960s, with more and more suppression of the industrial development of nations in the southern hemisphere of this planet. The trend begins as an apparent slowing of the rate of economic growth, and then, during 1971-74, becomes an absolute decline in the so-called industrialized sector as a whole, in addition to the so-called developing sector. Even those national economies which do not go into absolute decline during the period 1971-81, are visibly affected by trends in the world around them. The overall condition of this planet during the 1980s is an uninterrupted, generally accelerating downward trend.

Let me speak of the relevant official and popular opinion in the United States. Similar observations are to be made on the subject of opinion in other countries. There are four principal reasons most people in the U.S.A. have been duped into accepting false 1980s or more recent reports of "economic recovery," or even "prosperity."

First, there is the credulity of the majority of the U.S. population today.

The influential Fabian Walter Lippmann proposed a Goebbels-like mass-media brainwashing of Americans in his famous book on public opinion; to similar effect and purpose,

FIGURE 1
World output 1961-91



Source: FAO Rome, UNICPS

David Riesman made infamous the pathetic type of twentieth-century North American which he named an "other-directed" personality. Hannah Arendt, the one-time lover of the Nazi regime's chief Nietzschean philosopher Martin Heidegger, proposed that anyone who did not fit the model of this brainwashed, "politically correct," other-directed type should be ostracized as what she termed an "authoritarian personality." The average American, including the shallow-minded, highly suggestible "populist type," has come to accept whatever themes are currently implicit in addictive forms of mass-spectator sports, Hollywood entertainment, popular quasi-music, and the mass news media, as axiomatically the basis for constructing one's own "socially acceptable" forms of participation in "politically correct" forms of mass opinion.

Repeat often enough, Goebbels-style, that the basis of economy is "free competition in the market-place," that economy is ruled by a mythical "law of supply and demand," or the popularized lie that the U.S. Constitution was based upon John Locke, or the lie that the young U.S. federal economy was founded upon the ideas of Adam Smith, and the "other-directed" type of American will regurgitate that nonsense ritually as if he believed that were the holiest of eternal verities.

An included factor, the collapse of the quality of U.S. education, especially under the influence of Fabians and kindred types, such as John Dewey and his followers, had al-

ready damaged seriously the cognitive development of nearly all Americans even before the application of such New Age concoctions as the radical positivist "New Math" and other destructive innovations of the recent three decades.

The development of the cognitive capabilities of the young to the degree needed for a pro-scientific, rigorous quality of independent judgment, usually appears only through the form of education rooted in the Greek and later Classics, and emphasizing for instruction in mathematics, biology, and physics the student's re-experiencing the original act of each important axiomatic-revolutionary discovery of his or her forebears. The misguided substitution of the textbook, and of generally accepted algebraic formalisms as a replacement for wrestling with Classical and other original sources has produced predominantly a type of graduate, even among those burdened with terminal scientific degrees, which Friedrich Schiller named contemptuously *Brotgelehrten* (bread scholars).

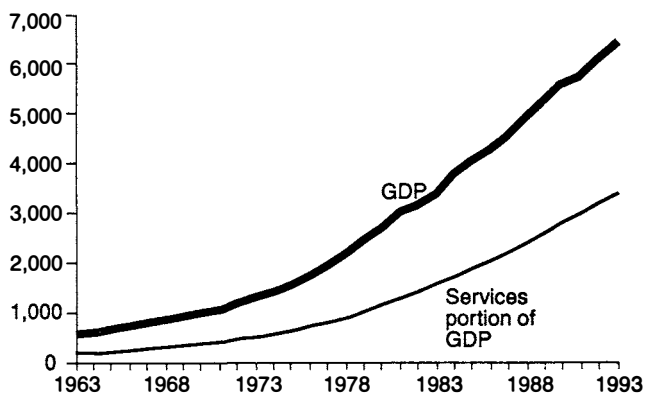
The result of substituting behaviorist modes of "learning" for development of independent cognitive powers of rigorous original discovery, has produced, among typical academic and other strata, a virtually total lack of capacity for independent thinking, especially respecting axiomatic qualities of assumption. This moral defect of judgment is often seen in its most extreme form in precisely those moments that an American asserts most loudly his "independent judgment" on a matter. Thus, do such foolish conceits of disordered public opinion render the politically correct true believer the better suited to be a victim of the silly opinions he or she is induced thus to adopt.

Second, current statistical practice of national-income accounting by governmental agencies, and by other widely influential reporting agencies, disallows any efforts at a rational distinction between a physically useless expansion of nominal income and useful production and consumption. For example, if prostitution and drug-trafficking were legalized, over \$500 billion would be added to officially reported Gross National Product (GNP), without any actual increase in anything but the credulity of the suggestible cohorts within the population (see Figure 2). Thus, a vast, parasitical burgeoning of notional values of financial gains in various purely speculative forms is counted as national income on the same basis as production of food, clothing, education, medical care, bridges, tunnels, railways, and industrial workplaces. As long as the nominal income from parasitical sources such as financial speculation is nominally greater in price than the margin of collapse of infrastructure, producers and households' goods, the official idiot-savants of the statistical and mass media communities will continue to insist, with a fanatic's menacing gleam in their eyes, that our national economy is either at the brink of recovery, or even being "overheated by an excessive rate of growth"!

Third, over all of the past quarter-century, but especially the recent decade, the official statisticians have lied more and

FIGURE 2
U.S. gross domestic product, and services portion of GDP

(in billion of dollars)



Source: U.S. Department of Commerce

Gross Domestic Product is a fake concept. Between 1963 and 1993, fed by speculation, United States GDP rose from \$603.1 billion, to a level of \$6,374.0. During this period, Services as a component of GDP rose from, 39% to 54%, but even 'non-services' growth represented a huge element of fraud. During this period, when GDP allegedly rose 10-fold, sectors of the real physical economy were actually contracting between 30 and 50% or more, on a per-household and per-capita basis.

more shamelessly, on almost every subject, most of the time. In addition, they have refused to deduct from gross national incomes the cost represented by the failure to repair and maintain essential elements of basic economic infrastructure, such as railway systems, highways, bridges, water management systems, power stations and grids, and so on (see **Table 1**). In the United States, many trillions of dollars of never-existing "value added" have been added routinely, cumulatively, to construct false, greatly inflated reports of annual U.S. GNP.

Fourth, since the Ford Foundation's fraudulent, but influential *Triple Revolution* report of 1964, that doctrine of "post-industrial" utopianism has produced a malignant growth in the percentile of the total U.S. labor force which is either unemployed, about 17% or more today, or is employed in forms of "services" which add virtually nothing, or even less than nothing to either the net physical product-output or productivity of the U.S. economy (see **Figure 3**). Although most of the non-productive service occupations, as in the "fast food" distributorships, are paid wages way below the level required to support a household decently, the aggregate inflationary cost of these "services" is monstrous. The worst, the most savagely parasitical, are legalized gambling, recreational (illegal) drug-trafficking, and financial services.

It ought to be plain enough, as a matter of relatively simple calculations, that such a replacement of productive employment by services is intrinsically a form of inflationary rot which must destroy the nation in the end, if the policy is

TABLE 1
Declining installation of turbine generator capacity by U.S. electric utilities

Year	Installed capacity (megawatts)	Per capita (watts)	Per household (watts)	Per km ² (watts)
1969	22,291	109.9	358.2	2378.3
1970	27,741	135.2	437.5	2959.7
1971	26,087	125.6	405.2	2783.3
1972	31,924	152.0	478.7	3406.0
1973	35,392	167.0	518.5	3776.1
1974	36,397	170.1	521.0	3883.3
1975	34,440	159.4	484.2	3674.5
1976	20,421	93.6	280.2	2178.7
1977	27,525	124.9	371.0	2936.7
1978	22,729	102.1	298.9	2425.0
1979	17,195	76.4	222.3	1834.6
1980	22,406	98.3	277.3	2390.5
1981	15,177	65.9	184.2	1619.2
1982	13,236	56.9	158.4	1412.2
1983	10,032	42.7	119.5	1070.3
1984	19,730	83.3	231.0	2105.0
1985	17,108	71.6	197.1	1825.3
1986	16,065	66.7	181.6	1714.0
1987	11,443	47.0	127.8	1220.8
1988	8,068	32.8	88.5	860.8
1989	7,312	29.5	78.7	780.1
1990	4,504	18.0	47.6	480.5

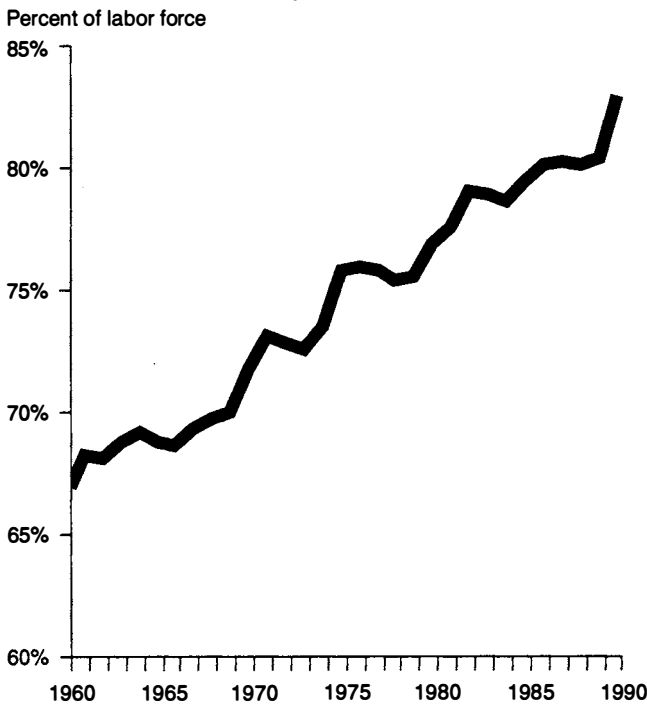
Source: Edison Electric Institute.

not reversed. Yet, babbling so-called "experts," whether as "talking heads" on the television screen, or elsewhere, have induced a majority of Americans to "repeat after me: The modern form of economy is a post-industrial, services economy." The Wall Street emperor has no clothes!—but, the credulous crowd of onlookers to that paraded nakedness shouts its admiration of the marvelous fabrics and tailoring.

Credulous popular opinion aside, the scientific importance of stressing the pathological side of expanded rations of services employment is illustrated conveniently in the following way.

Up to modern times—in other words, up to about 550 years ago, even as recently as 300 years ago—over 90% of the population must labor in the rural life, simply to keep the whole society from collapse into mortal want. The margin of decrease of the required rural percentile of the labor force, which technological progress has made possible, was absorbed chiefly by a smaller but, initially, nearly proportionate increase in two categories of physical-productive employment: the building and maintaining of basic economic infrastructure and the direct production of useful physical necessities for consumption by individual households or industries. President George Washington's treasury secretary, Alexan-

FIGURE 3
U.S. overhead employment 1960-90



der Hamilton, accurately forecast this coordinate growth of urban industry and rural productivity in his famous official 1791 report to Congress, his outline of the anti-Adam Smith "American System of Political Economy" upon which our constitutional federal republic was founded, his *On the Subject of Manufactures*.

Also, in addition to the growth of the percentile of the labor force employed in urban production of physical goods, modern history's successive transformations in the "structure" of employment have been accompanied by an, aggregate, relatively smaller margin of employment distributed among four categorical "overhead" elements of social cost which are not explicitly, directly productive of physical output or goods or infrastructure: education, health care, science and technology per se, and administration.

In general, the change into these directions, from the old, pre-industrial, bucolic base, is associated with three correlated developments: increase in per-capita physical productivity of operatives, increasing complexity of the social division of labor, and increase of power-flux-density. Among the principal other features of these directions in structural change of labor-force composition, we have the following. The absolute increase in level of technology, combined with the rate of that increase requires an increase of the segment of employment assigned to science and technology as such. The educational requirement is increased similarly, both cumulatively and with respect to the rate of technological progress. The educational and related culture requirements of

the household members place a premium upon prolonging healthy longevity of the population, and what that implies otherwise. Justifiable increase in administrative burdens is chiefly a reflection of the growth of industry, education, scientific progress, and health requirements. Also, a continual increase in physical productivity, per capita and per square kilometer, correlates with an increase of the ratio of employment in producers' goods production to employment in households' goods production.

One point to be singled out here, is the danger of exceeding justified levels of administrative employment. The combination of unjustified burgeoning of sales and administration expenses, plus growth of redundant employment in questionable expansion of so-called "services," is an inflationary economic disorder akin to cancer in living processes, a sickness which could ultimately bring about the death of economies—as it has been slowly, but visibly killing the U.S. economy during the past 40 irrational years of continued drift into post-industrial utopianism.

Once the implications of these observations are grasped, the usefulness of the following, somewhat simplified approach to comparative statistical analysis should be intelligible.

For estimating the relative growth or collapse of a national economy, or world economy over successive years, or decades, a good rough estimate can be made in the following way.

Make all measurements in terms of per-capita, per-household, and per-square-kilometer values. Measure basic economic infrastructure, agriculture, mining, industry (manufacturing, construction other than infrastructure), and employment in education, science and technology as such, and health-care. Measure consumption and production, coherently, as follows: market-baskets of household consumption (physical plus health, education), per household, per square kilometer and per capita; market-baskets of producers' goods, consumed and produced, per capita, per square kilometer and per household; ratios of producers' goods to household goods turnover, per capita, per square kilometer, and per household (see **Table 2**).

In examining these statistics, take special note of the following consideration. Distinguish between the productivity of labor as measured, on the one side, with respect to monetary price of direct labor employed, and, on the other side, productivity as physical economy measures it, the latter in terms of comparable physical ("market-basket") units of output. For example, in physical economy, measure the percentile of the total labor force of a nation required to sustain the essential contents of a household market-basket for all members of that labor force.

In the first, monetary case, a rough, first-approximation measurement is as follows. One subtracts from the wholesale manufacturer's price of produced goods sold, the price-cost of materials consumed by that production; this yields a difference, a gross margin, corresponding roughly to nominal (monetary) "value added by production." In the second case, we make a formally analogous rough measurement, substi-

TABLE 2

Production levels for goods in producers and consumers' market-baskets on a per-household basis (1967=1.000)

	1967	1973	1979	1982	1990
Consumers' market-basket					
Men's trousers	1.000	0.965	0.594	0.504	0.335
Men's shirts	1.000	0.644	0.486	0.343	0.165
Women's blouses	1.000	1.023	1.511	1.405	0.684
Women's dresses	1.000	0.597	0.503	0.339	0.279
Woven woollens	1.000	0.264	0.254	0.139	0.166
Refrigerators	1.000	1.247	0.935	0.703	0.932
Passenger cars	1.000	1.150	0.869	0.484	0.512
Tires	1.000	1.020	0.833	0.666	0.877
Radios	1.000	0.706	0.467	0.316	0.098
Producers' market-basket					
Metal-cutting machine tools	1.000	0.643	0.530	0.289	0.212
Metal-forming machine tools	1.000	0.854	0.730	0.404	0.406
Bulldozers	1.000	1.200	0.713	0.334	0.306
Graders and levellers	1.000	0.786	0.748	0.383	0.349
Pumps	1.000	1.140	0.541	0.424	0.506
Steel	1.000	1.029	0.821	0.416	0.487
Intermediate goods for either market-basket					
Gravel and crushed stone	1.000	1.023	0.914	0.624	0.575
Clay	1.000	1.022	0.759	0.459	0.544
Bricks	1.000	0.999	0.850	0.451	0.598
Cement	1.000	1.045	0.911	0.632	0.689

A production level for each item for 1967 was determined, and then divided by the number of households in 1967. This yielded a production level on a per household basis. For example, in 1967, the United States had 59,236,000 households and produced 86,014 metal-cutting machine tools. Thus, there were 0.001452 metal-cutting machine tools produced per household. The 1967 level was set equal to 1, and all subsequent years' production levels were compared to it. By 1990, the United States produced but 0.000308 metal-cutting machine tools per household, a level that was only 21.2% of what it was in 1967.

During 1967-90, production levels, on a per household basis for major goods contained in both the producers and consumers' market baskets fell between 7 and 90%, with most goods registering a collapse of 40% or more. This represents a fall in both the producers and consumers' market baskets as a whole, and shows the inability of the United States to reproduce itself.

tuting physical market-baskets of inputs and outputs of production; this defines a physical margin of "value added" per capita, per household, and per square kilometer. Let us concentrate now solely upon the physical measurement, in opposition to the monetary one.

First, refine the rough physical measurement. Let us make that physical margin of "value added" the numerator of a fraction; make the denominator the total physical invest-

ment, per capita of labor force, in household and related consumption by productive labor, and of materials and physical capital of production. This calculation yields a useful estimation of productive "return on investment," in physical, non-monetary terms. One obvious advantage of this enhanced estimation is, that it reflects more accurately the relationship between productivity at a local point of production and the productivity of the national economy's productive sector as a whole.

To render such physical output comparable with physical input, we reduce each to its labor-content. This content is reflected, in first approximation, by hours of direct productive labor consumed in production. These raw hours, for each case of an item in the market-basket list, are corrected by an adjustment-factor. This compares the households' market-basket of consumption of the actual direct labor employment in production of an item, with a standard consumption. That standard consumption is obtained by averaging total national consumption of direct labor's households with the total number of direct labor employed in the nation. This provides a mean value of consumption per capita of direct labor for the average household of direct labor. That tactic provides the indexing of the actual case required. The mean-hour of industrial-engineering type of cost-accounting is indexed for each type of production in this way.

Thus, it might appear to some Cambridge systems analyst who is thinking carelessly, or to a like-minded student of the input-output schemes of Wassily Leontief, that we are treating this as a case of apparent production of commodities by commodities consumed. In fact, we are employing such an assumption merely to refute it: The fact that when commodities are consumed by direct productive labor, apparently the commodities are modally reproducing themselves negentropically, reflects the function of labor, as distinguished from any other form of consumption of produced items. Implicitly, we are refuting directly the famous axiomatic assumption of the eighteenth-century French and Swiss Physiocrats. It is only the labor process which can impose willfully such forms of negentropic, or should we better say "evolutionary-type" transformations of functional processes to a higher state. This is adumbration of Genesis 1:26-28 as shown by the modal form of a durably successive form of society.

By taking the ratio of the activity of the productive sector's labor-force households to the physical costs and income, per household, of the nation as a whole, a useful estimate of relative national productivity is obtained.

We may thus compare different nations, and the same nations during different periods; both in terms of their respective productive sectors, and the results of relating each productive sector to the nation as a whole in this way.

1.1 The myth of 'cheap labor'

This approach to estimating relative productivity of nations provides a simple, implicitly conclusive exposure of



Migrant laborers pick beans in New York. The "downsizing" of the productive sector, as corporations search for "cheap labor" at home and abroad, is a disastrous strategy for the U.S. economy.

the fraud in British economist David Ricardo's celebrated myth of a "comparative advantage" allegedly inhering in "cheap labor." Our view of today's widespread "free trade" delusion affords us a better approximation of the actual process of this past 20-odd years of the worldwide economic-collapse spiral.

On behalf of the proposition that a U.S. corporation, for example, should situate a new manufacturing plant in some underdeveloped nation noted for its favorable tax climate and supply of cheap labor, today's Wall Street financial houses console the North Americans who will lose their employment in this way: "If you wish to stop your jobs from flying away to cheap-labor markets, you have only to lower your wage-expectations to levels which are competitive with foreign competition." Similarly, in the university economics departments, the spin-doctors will assure all foolish enough to believe them, that cheaper imports from foreign sources are a boon to the U.S. consumer, and therefore a boon to the U.S. economy as a whole.

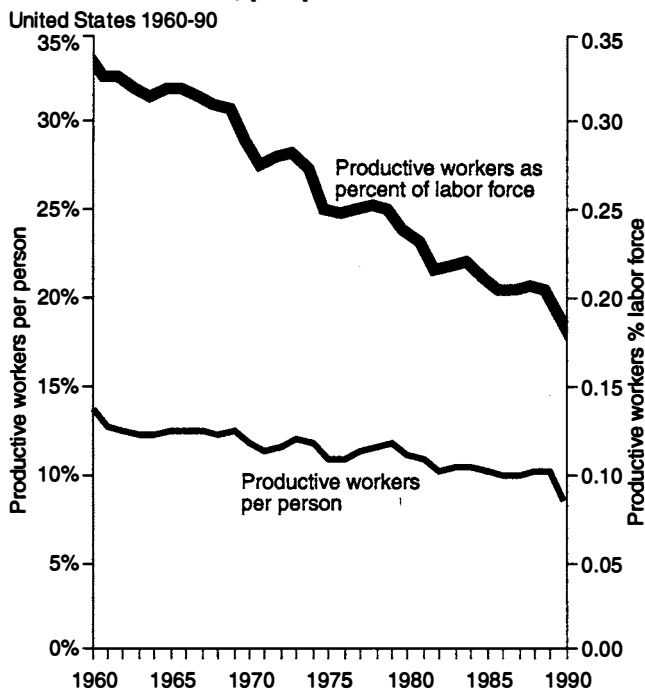
Imports are an actual boon to the U.S. economy, for example, under different circumstances than those referenced by such academic spin-doctors. If a technologically developed economy can move its culturally developed labor out of low-skilled employment into more highly productive, more technologically advanced modes of production, the total and per-capita productivity of the whole U.S. economy is

increased to everyone's advantage. Thus, if we assign the less-skilled forms of market-basket item to a nation whose labor force has yet to reach generally the level of the U.S. labor force, we are benefitting both nations by optimizing the utilization of the labor force of the less-developed nation, and maximizing the productivity of the relatively more developed one.

The directly opposite result would be the case if we moved chunks of the employed U.S. labor force either into unemployment status, or into less-skilled, lower-paid employment, or out of production of physical goods into services employment. In the former case, the U.S. economy would have the added production and income to be a market for the product of the developing nation; in the latter case, the purchasing power of U.S. households would be reduced, and, therefore, also the U.S. market as a whole.

In that reality which appears to exist only outside the mouths of free-trade ideologues, the effect of the "runaway shop," under today's post-industrial policies, is to shrink the percentile of the total U.S. labor force employed in producing useful physical goods. The displaced labor from these runaway industrial enterprises becomes either unemployed or employed in relatively marginal, even essentially almost useless occupations. The industrial purchases from U.S. suppliers, especially medium and smaller producers and maintenance services, collapse. The tax revenue base of the affected

FIGURE 4
Productive labor, people and workers



community is collapsed more or less severely. The “downsizing” of the per-capita scale of the U.S. agro-industrial producers’ base, and the “downsizing” of the percentile of the total U.S. labor force employed in production of physical goods, signifies a collapsing of the U.S. economy’s earned real purchasing power, and a collapsing of the U.S. economy below a physical break-even point (see **Figure 4**).

In consequence of this and other policies born of the same deranged, if media-popularized mind-set, we have the following picture of the U.S. economy itself.

Over the interval 1965-70, the rate of growth of the U.S. physical economy slowed toward a net zero growth for the economy as a whole (in terms of rate of increase of physical output per capita, per household, per square kilometer). The slowdown was triggered by the “downsizing” of the highly stimulative, “post-Sputnik” aerospace “crash program” and investment tax-credit programs upon which the post-1960 economic recovery from the 1957-60 recession had depended almost entirely. This “downsizing” was worsened by the combined influence of such “post-modernist” lunacies as Robert Theobald’s *Triple Revolution*, Robert S. McNamara’s lunatic “systems analysis,” Herbert Marcuse’s ultra-leftism, and sundry “post-industrial” utopianisms. The international effects of these and similar “New Age” policies led to Prime Minister Harold Wilson’s November 1967 collapse of British sterling, and the ensuing first round of successive collapses of the U.S. dollar erupting visibly during February

and early March 1968.

During 1970-71, the U.S. net expenditure on basic economic infrastructure (additions and replacements versus wear, tear, and obsolescence) entered a phase of negative growth which has not only continued, but accelerated downward to the present time. The resulting repair bill for water-management systems, transportation systems, power systems, general sanitation, and urban infrastructure generally now totals many trillions of dollars at constant-dollar prices. The combined Chrysler and Penn Central crises of spring 1970 signalled the next round of collapse of the U.S. dollar, leading to the collapse of the Bretton Woods gold reserve system during March through Aug. 15, 1971.

The further downsizing of the U.S. productive sector by the Nixon administration’s successive, so-called “Phase I” and “Phase II,” was followed, during 1973 and 1974, by the shockingly depressive effects of Secretary of State Henry A. Kissinger’s arranging the OPEC oil-price hoax on behalf of the London-based oil multinationals, then known popularly as the “Seven Sisters.” This disastrous direction in U.S. domestic and foreign economic and related policy and trends was accelerated by adoption of those sets of policies sponsored by David Rockefeller’s Trilateral Commission and the New York Council on Foreign Relations’ “Project 1980s.” These included the “shock therapy” measures introduced by President Carter’s newly appointed Federal Reserve chairman, Paul A. Volcker, in October 1979. Volcker’s high-interest rate hoax, which had been put forward first in the CFR “Project 1980s,” and backed by the Trilateral lobbyists, had an immediately catastrophic effect upon the U.S. economy. Thus, over the course of the 1970s as a whole, the U.S. economy collapsed in all productive sectors excepting a few electronic and related spin-offs of the Kennedy aerospace program; the rate of contraction of the U.S. and world economy, over the course of the 1980s was transformed into a virtually terminal collapse-process by the Anglo-American policies of 1985-92, especially those introduced by Margaret Thatcher and George Bush.

“Downsizing” has become an irrationalist, fanatical cult. This popular myth currently includes the delusion, that one could collapse 85% of this planet into plague-ridden barbarism, during a time as long as a century, and yet keep a residual 15% of this planet relatively secure and stable. This delusion is closely related to the false axiomatic assumptions underlying the popularized fallacy known as “comparative advantage” of “low taxes and cheap labor.”

The ability to continue to produce physical goods of ever-better quality ever-more cheaply is an excellent, indispensable policy. This realization of this praiseworthy goal demands a constant emphasis upon investment in improved technologies generated by vigorous scientific progress in such directions as beyond the outer limits of present-day astrophysics and microphysics. This improvement in conditions of life also depends upon essential considerations of

TABLE 3

Water use for industrial purposes, 1970

(millions of cubic meters per year)

	per household	per capita
United States	950	294
Germany	470	170
Japan	500	128
India	30	6
China	50	11

A critical feature of an economy's real economic development is its ability to supply itself with water. In 1970, the difference between three industrial nations (the United States, Germany, and Japan) and two developing sector nations (India and China) was significant. On a per household basis, the industrial nations deployed between 10 and 20 times the water to industry as the developing sector nations; on a per capita basis, the disparity was even greater. Lawfully, this resulted, in part, in much higher industrial output in the industrial nations.

basic economic infrastructure; this requirement cannot be compromised without disastrous effects upon the economy.

In transport, for example: the promptness and cheapness of inbound and outbound passengers and freight. Availability of reliable water supplies (see **Table 3**). Availability of adequate power supplies of the required quality. Local communications. Sanitation. Education and health-care systems. Apart from that class of correlatives, a potential level of per-capita physical productivity is principally a function of health and cultural development of the labor force.

In all cases, these qualities of the local situation for investment in production must be produced chiefly by, and at the cost of the society in which the investment is made. Either that society is able (and willing) to reproduce these required "environmental" preconditions, or it is politically unwilling to do so. If it is willing to do so, then that society as a whole must be repaid amounts sufficient to regenerate those improvements. Even were it willing, it might be incapable of doing so. If a large number of investors in a country pay so cheaply for their employed labor, and so forth, that the country is strained beyond the limit of its means to continue to reproduce these required "environmental" conditions, then a spiral of collapse is introduced by cheap-labor, low-tax fostering of such investments.

Otherwise, if the so-called "cheap labor region" in which the investment is made is paid generally sufficient tax revenues and wage-levels to enable it those necessary preconditions, then the labor in that nation will no longer be truly "cheap." As the legacy of eighteenth-century Dutch and British colonialism, and nineteenth-century British imperialism show throughout the relevant southerly regions of this planet, the "comparative advantage" of cheap slave or paid colonial

labor lies entirely in the power of the colonialist to conduct a mass-murderous, Nazi occupation-like type of asset-stripping of the population and natural resources of the subjugated region.

Thus, it is a matter of economic principle, that the true cost of producing anything, including the public sector's contributions of general, national infrastructure, must be seen as the physical cost of reproducing and improving all of those natural and developed resources upon which the continued local production, even by a localized investment, of an equal or greater quantity and quality depends. Among the included actually incurred costs of an investment: each local investment in production must contribute its share to meeting the reproduction costs of the total population from whose households the labor employed is drawn.

'Asset-stripping'

Since the mid-1960s turn, the U.S. financier interest has adapted to that induced physical collapse of the U.S. economy which its post-industrial policy has induced, responding to this collapse with an increasing emphasis upon sundry forms of asset-stripping. We should understand "asset-stripping" as various ways in which to make a financial profit by acquiring physical or monetary assets for resale by purchasing them at a price way below the replacement price for the physical assets underlying the notional financial values assigned to them. "Junk bond" dealings are one example of such looting. It will probably be helpful to many readers to present the following, additional example of commonplace "asset-stripping" practices.

In a typical case, a banker linked to the organized crime circles formerly run top-down by Meyer Lansky assists a credulous client's investment today, but with the intent to loot him at some point down the line—make the calf happy with today's fattening, that he might become a richer feast the day he is driven into the asset-stripping slaughterhouse. One day, often years later, after the investment has been "fattened up" by aid of what seemed to have been generously supplied masses of credit, one of the creditors, not the original banker, mysteriously calls in a loan. Other things happen. The client is thrown into bankruptcy. His former patron, the banker, with an interest in the enterprise all along, buys out the other creditors by taking the assets at one or two dimes' worth for each dollar of replacement cost of those assets, and readily disposes of the assets so acquired for three or more dimes, at a 50% or greater profit in the relatively short term. In typical real instances of such widespread practices, this buyout of the bankrupted assets occurs by looting the original investor, the bank depositors of relevant banks, and sundry other creditors.

That and analogous forms of monetarist "downsizing" within an existing local, national, or world economy, generates a relatively substantial, if local rate of return, substantial relative to the notional value of base being shrunken physical-



British-style free trade in action: the "street economy" in New York City. The unscientific axiomatic assumptions of the British East India Company's Haileybury school are now generally accepted in ruling academic institutions around the world.

ly by these means. One way of accomplishing this result, is to send a "runaway shop" into a cheap-labor market, to loot both the market and the basis of that national economy out of which the "runaway shop" has been wrenched. The already-referenced "junk bonds" are the same species of asset-stripping rip-off; so are "derivatives." The London and Wall Street private bankers do not invest in cheap labor for the purpose of obtaining wealth from production; the only significant source of wealth from such operations is the wealth taken from a domain outside the production process itself, the looting of the host economy by the levers of exchange manipulations and of tax- and price-concessions. In short, this is accomplished through an asset-stripping operation, in which the production side serves only as a lever.

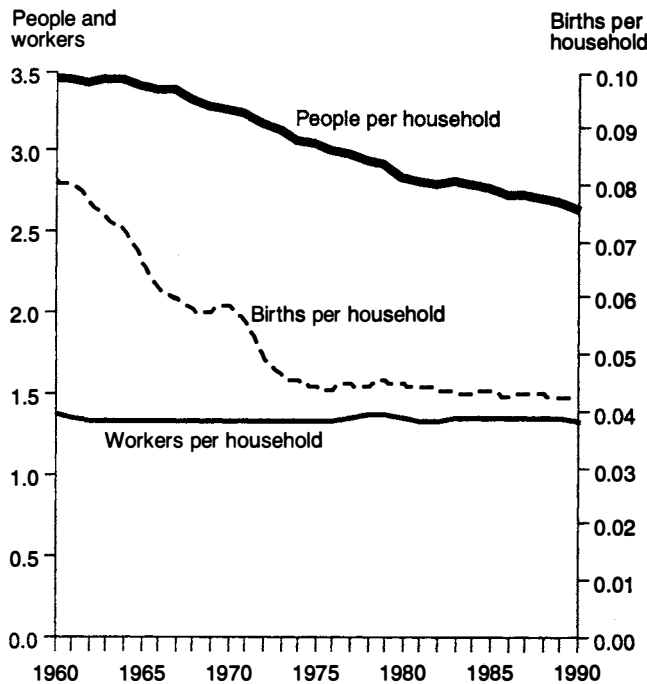
Another form of asset-stripping, is arbitrarily lowering the birth rate. The ability to maintain the whole economy on the same scale requires a reproduction of the labor force in that or an increased number of surviving post-adolescents of a suitable quality of cognitive development and health. For example, by eliminating new births altogether, or virtually so, one could lower the level of income required, per capita, to reduce the number of mouths to be fed sufficiently to reach temporarily an otherwise impossible level of market basket enjoyed by the survivors of this population-collapse spiral: Labor-force members from households without dependent children are much cheaper to employ, since they have fewer mouths to feed per member of the labor force (see **Figure 5**).

Similarly, by putting health-caps upon care for persons whose age is above 55 years, one could eliminate, Hitler-style, most of the older strata of the total population; this would lower the income required by the survivors, per capita, to maintain the current standard of living for the survivors. The significance is, that to have a population which could afford to provide the existing middle-range U.S. standard of income per capita, a population which describes an infant-based demographic pyramid with a modal life expectancy of up to 85 or more years, is required.

It was inevitable, that once the neo-malthusian fanatics had succeeded in their goals of dropping the birth-rate and introducing a "post-industrial" utopia, the Orwellian goal of killing off large fractions of persons who reach the age of retirement must be seen by the malthusians as the economically required next step. Reducing the birth-rate means reducing the economic basis for sustaining persons in retirement age-ranges. All "life-boat economics" of this sort, fairly called "Hitler-style economic policies," have an analogous effect.

The use of asset-stripping forms of "privatization" of public education, combined with outcome-based education's (OBE) emphasis on eliminating compulsory public education of cognitive potentials, is also an "asset-stripping" form of forerunner for Hitler-like health-care and other population-control measures tomorrow. Without a form of obligatory public education which emphasizes European civilization's

FIGURE 5
Household composition 1960-90



classics and a geometrical approach to development of the cognitive potentials, the result converges upon a deranged population reminiscent of fourteenth-century European flagellant mobs, a population incapable of mastering the standards of technological proficiency required by modern agriculture and industry.

None of these “lower taxes,” “cheaper labor” forms of asset-stripping are truly sustainable forms of cost-control measures. They are, each and all, essentially one-time modes of deriving income from mass-murderous forms of asset-stripping of the accumulated physical and cultural wealth of our collapsing society.

Thus, in order to discover the approximate degree of post-1963 declines, during, respectively, the 1960s, the 1970s, the 1980s, and the early 1990s, one must consider first the apparent levels of output per capita, per household, and per square kilometer. One must deduct from this apparent output the amount of current physical wealth attributable to the various guises of asset-stripping.

The additional considerations to be applied to the statistics are presented in my referenced 1984 textbook. That taken into account, you have before you the outlines of construction for an incontrovertible statistical proof: Since 1963, the world economy has been declining in net production of wealth per capita, per household, and per square kilometer. This rate of decline has itself been increasing over that period, most emphatically the past ten years.

2.0 Smith, Ricardo, and Marx: British imperialism's zero-growth economists

During 1983-85, I forecast repeatedly, both in private and widely distributed published statements, an approximately 1988 collapse of the Warsaw Pact economic system, should Moscow refuse to reject the form of cooperation which President Reagan had proposed in his initial presentations of a Strategic Defense Initiative (SDI) offer delivered publicly on March 23, 1983. I also warned, similarly, from 1983 onwards, that under Anglo-American policies in force then and now, that the western economic system was also headed toward a systemic form of collapse far worse than any mere cyclical depression. During the October 1988 U.S. presidential campaign, I warned a nationwide U.S. television audience of such things as the impending threat of a generalized Balkan war launched by certain Serbia factions, and also forecast an impending, early reunification of Germany under conditions of an imminent “East bloc” chain-reaction collapse. The collapse of the former Soviet system erupted in 1989; the intrinsically bankrupt Anglo-American financial system is now wobbling at the edge of a precipice.

The collapse of both systems was set into motion by policies introduced globally chiefly since the November 1963 assassination of President John F. Kennedy. The common feature of this past 20-odd years collapse of both of the planet's dominant economic systems, the Anglo-American and the Soviet, is that, in both cases, the collapse was shaped chiefly by common defects of policy-shaping thinking. These defects are rooted axiomatically in the British East India Company's Haileybury school of Adam Smith, Jeremy Bentham, David Ricardo, et al.

To understand why and how the world's economy entered the past 30 years collapse-spiral, one must recognize that this collapse has been caused solely by the influence of those ideas of zero-growth economy which were embedded axiomatically in the thinking of Adam Smith and Karl Marx, and, more recently, in the “systems analysis” introduced to post-1938 economics by radical positivist John Von Neumann. One also must recognize that, contrary to popular opinion, economist Karl Marx was a follower of this British school in every relevant sense, not merely an admirer of what he so often alleged to be the unchallenged scientific superiority of that Smith-Ricardo school. It is also a relevant fact that, virtually all of his adult life, through 1871, Marx was a controlled asset of two of the principal control agents of Lord Palmerston's foreign-intelligence service: London resident Giuseppe Mazzini and the British “Museum's” chief controller of Marx's education in economics, David Urquhart.

For the purposes of this report, we are interested only in a narrower aspect of Palmerston's control over Marx.

Although his work on economics is usually associated with the notion of “surplus value,” in every feature of the formal argument throughout the three volumes of his *Capital*, he is, mathematically, a zero-growth economist. On this point, there is no axiomatic difference between Marx and those whom he repeatedly acknowledged as his teachers, notably Smith and Ricardo. We stress that, as some postwar Cambridge University economists around Joan Robinson and Nicholas Kaldor have indicated, the formal side of Marx’s *Capital* is readily restated as a relatively more sophisticated version of Von Neumann’s zero-growth “systems analysis,” that is, as a system of linear inequalities.

Kaldor’s Cambridge Systems Analysis group, working closely with the malthusian Zuckerman-Alexander King Club of Rome, plainly influenced the direction of Soviet economic policy-thinking during the 1970s and early 1980s. That influence, exerted through such channels as Lord Solly Zuckerman and Dzherman Gvishiani’s International Institute for Applied Systems Analysis in Laxenburg, Austria, did not cause the Soviet economic collapse; nonetheless, to those of us who observed this influence during that time, IASA’s conduiting of British systems-analysis influences into Moscow through that and other channels certainly blinded many relevant Soviet figures to the true causes of the catastrophe then in the making.

On the Anglo-American side of the collapse, the connection to Adam Smith is simple and direct. Radical versions of Smith’s dogma are embodied axiomatically in the policy-thinking which is bringing the Anglo-American financial system to an early systemic collapse.

To understand such specific connection of bad economic theory to systemic collapse, we now treat in succession two successive, interrelated points. The first of these is the way in which the underlying assumptions of British economics dogma, since the eighteenth century, became rooted in today’s policies of most governments and universities throughout the world. Secondly, we must examine rigorously the axiomatic connection between certain classes of ideas and material effects of those ideas in economic practice. The crucial economic implications of modern systems analysis, including the manner in which this radical version of Smith, Ricardo, Marx et al. has shaped the presently ongoing global economic collapse, can be understood only from that twofold standpoint.

In both of those facets of this subject-matter, the most crucial feature of this is the fact that the formal side of the economics teachings influencing both western and Soviet policy-shaping was derived from a doctrine whose formalities tolerate no economic policies which are not consistent with a zero-growth result.

Review briefly the definition of axiomatics. Later, we shall identify how the unscientific axiomatic assumptions of the British East India Company’s Haileybury school became generally accepted in ruling twentieth-century academic institutions around the world.

2.1 Axiomatics, briefly

Let us be certain that we understand one another when we use the term “axiomatics.” Stated most simply, we mean what the classic text in Euclidean geometry defines “axiom” to signify in practice. Unfortunately, there are many university science graduates today who, as victims of the so-called “New Math” curriculum introduced 30 years ago, were denied a competent grounding in geometry. Those who did receive such a grounding will please kindly bear with us as the meaning of the term is explained to those who did not.

Fairly said: In its classical usage, “axiom” signifies an assertion which is adopted without proof, adopted on the authority of the unproven assumption that any contrary opinion must be absurd (whether that assumption is relatively valid or false). For example, a “point” in taught Euclidean geometry is the smallest conceivable image in sense-perception, and a “straight line” is imagined to be, similarly, the shortest distance between two points.

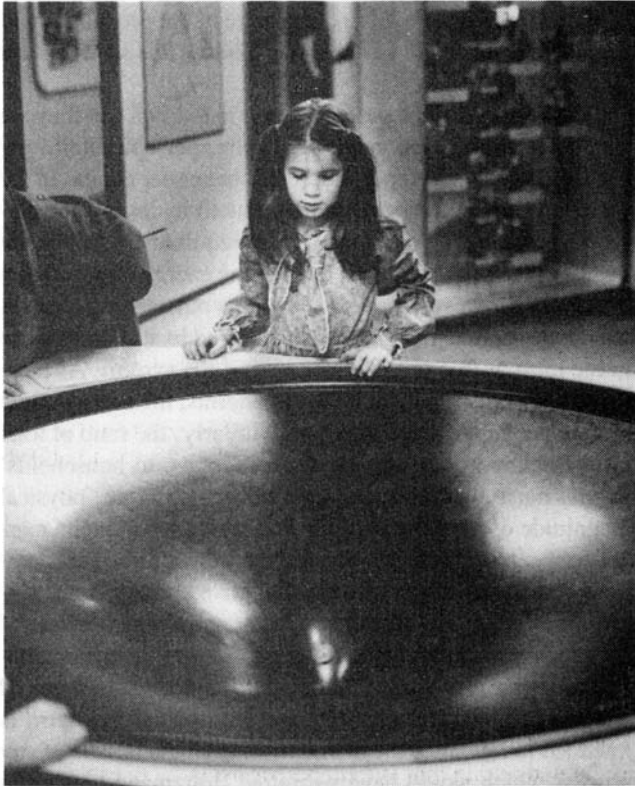
Once these, and other axioms have been adopted as building-blocks for that species of geometrical thinking, no proposition (theorem) adopted must be inconsistent with any among the axioms. Thus, once we adopt any choices of axioms and postulates as a fixed set of underlying assumptions for any formal system, not only will every proposition generated within that system be consistent with each and all of those assumptions, but, each and every proposition which could ever exist within that system is implicitly stated in advance. This principle of formal systems, including all formal systems of mathematics, is sometimes known as the “hereditary principle” of a formal logic such as that of Russell and Whitehead’s *Principia Mathematica*.

Since the formal aspect of the economic systems of Adam Smith, Karl Marx, and John Von Neumann each and all claimed to be logically consistent formal systems, this rule, the so-called “hereditary principle,” applies to each and all of them. This brings into play a second formal principle of all logical systems, the so-called principle of “types.” By treating each of these economic systems as sub-types of a common type, we are able to identify the cause of the presently ongoing, worldwide economic collapse in a simple and direct way.

For our purposes here, the following definition of that principle of types will be sufficient.

Once we show that each and all theorems possible within any logically consistent formal system are all embodied implicitly in a single “hereditary principle,” we can replace a listing of such theorems by simply stating that hereditary principle. To construct such a statement, we must present the set of interdependent axioms as a principle for generating, in some ordered or other succession, each and every theorem implicitly possible within that succession.

This leads us to an important, fundamental discovery first elaborated by Georg Cantor. This discovery was echoed by a twentieth-century mathematician, Kurt Gödel. Gödel, by



A model for the investigation of conic sections, at the Franklin Institute of Technology in Philadelphia. Geometrical thinking is the axiomatic starting point for correct methodology in economics.

reconstructing a crucial feature of Cantor's proof, discredited the most fundamental mathematical axioms of not only Bertrand Russell, but also of the putative father of modern economic systems analysis, John Von Neumann. Leave the related Cantor topics of non-denumerable sequences and power sets untreated here today; the point relevant to our treatment of Smith, Marx, and Von Neumann, here, is fairly summed up as follows.

As Plato demonstrated this famous ontological paradox by his *Parmenides* dialogue: that unifying conception of change which, as a generating principle, subsumes and thus bounds all of the members of a collection cannot be itself a member of that collection. This was demonstrated in a fresh way by Cantor, a demonstration which Cantor situated explicitly in terms of Plato's work, and which Cantor developed as a revolution respecting both the formal and ontological features of all possible mathematical thinking. Thus, if we state the "hereditary principle" of any formal system, such as today's generally accepted university classroom mathematics, in its proper form as a generating principle, that statement lies outside the formal system of elements which it defines implicitly. That fact lies outside the reach of comprehension by today's generally accepted mathematical thinking; but that principle is nonetheless intelligible, knowable.

The history of mathematics itself illustrates this point.

The kind of mathematics which may be derived from the kind of set of axioms and postulates presented as Euclidean geometry, yields a form of mathematics called "algebra," or "algebraic systems." That is the kind of mathematics we associate with René Descartes or Isaac Newton. Over the interval 1440-1697, a higher form of non-algebraic mathematics was established, presented in this form at the latter date chiefly by Gottfried Leibniz and Jean Bernoulli. The higher form of non-algebraic mathematics came to be known as the domain of transcendental functions. The Euclidean axioms of point and line were discarded as axioms, and replaced by isoperimetric, or circular action, also known as a principle of "universal least action." The establishment of non-algebraic mathematics as superior to algebraic forms, was demonstrated by the astonishingly accurate, 1670s measurement of the speed of light by Ole Roemer, and by the successive application of this measurement to principles of refraction by Christian Huyghens, Leibniz, and Jean Bernoulli.

Although Leibniz and his friends discredited the axiomatics of algebraic thinking, they took away nothing of importance to science. All of the valid features of algebra are understood from the standpoint of non-algebraic mathematics, but free of the fallacies of algebraic thinking. It is shown that non-algebraic mathematics bounds algebra externally, but that, true to the paradox of Plato's *Parmenides*, the truth of non-algebraic mathematics cannot be derived by construction from a formal algebra. In the language of Cantor, algebraic and non-algebraic mathematical formalisms are two distinct species of "hereditary principle," or, distinct *types*, of which all valid propositions in algebra belong to a sub-type under non-algebraic functions. Similarly, Cantor showed the existence of a third, higher type of mathematics, beyond denumerable arrays, which is a higher type than any variety of today's generally accepted classroom mathematics.

The notion of (transfinite) axiomatic types applies to the problem under investigation here. The systems represented by the mathematically representable features of the political economy of Adam Smith, David Ricardo, Karl Marx, and John Stuart Mill belong to a common, Cantorian type of linear schema which is characteristically entropic, as, notably, Ludwig Boltzmann defines entropy in mechanistic models of a gas system, or any analogous system. The same is true of the systems analysis of John Von Neumann.

The fact that Boltzmann's model is axiomatically entropic leads directly to the following paradox. If the universe as a whole were subject to a universal law of entropy, as Boltzmann's mechanistic model implies, then Boltzmann himself could never have come into existence to construct his theory. Thus, if Boltzmann's theory is valid, then both Boltzmann and his theory never existed.

A scholarly defender of Boltzmann's work would raise an objection to our use of that paradox which is more or less the same point made by Boltzmann himself. That objection

would be, that Boltzmann himself showed that non-entropic phenomena might conceivably exist locally within a universe which is overall entropic.

The rebuttal to this objection is, summarily, that such a defense of Boltzmann depends absolutely upon Boltzmann's own reliance upon choosing an incompetent definition of "negative entropy (negentropy)." For Boltzmann to have come into existence, he must be a living process which is capable of progressive, and efficient intellectual discoveries analogous in form to an evolutionary model of living processes as a whole, and also analogous to such inorganic forms of evolutionary self-transformation of a process as the generative principle, or type represented by the developed form of the Mendeleev Periodic Table of elements and isotopes. As an existing person, Boltzmann, despite his theories, did conform to such an evolutionary model. However, these evolutionary "models," including Boltzmann himself, are not represented by the way in which the purely mechanistic notion of "negative entropy" is defined mathematically by Boltzmann's theorem.

The claim by Norbert Wiener, for example, that Boltzmann's mechanistic model is a model of a principle of living processes, for example, is a plain chicanery. By the time Wiener wrote his *Cybernetics*, there was a well-established, rigorous distinction between the two types of systems, entropic and not-entropic; the formal history of this distinction began with Plato's treatment of the implications of the regular solids' unique construction. In modern science, Plato's argument is developed further by Luca Pacioli, Leonardo da Vinci, and is a central feature of the work of Johannes Kepler. The work of Plato, da Vinci, and Kepler is regrounded on the basis of Leibniz's *analysis situs* and important later work in this direction by Gauss, et al.; the refinement of Mendeleev's Periodic Table by earlier twentieth-century work, up through the 1930s, in nuclear radiation, fusion and fission, made clear what we ought to signify empirically and mathematically by our obligation to make a strict formal distinction between living and entropic processes. The attachment of the word "negative entropy (negentropy)," as a simple time-reversal of statistical entropy, to the non-entropic features of living processes was therefore childish word-play; and Wiener's application of the Boltzmann statistical theorem to define a common principle of human communication and living processes a patent sophistry, a hoax.

In physical economy, for example, negative entropy is properly represented in the following way.

The total consumption of combined infrastructural, producers and households' market-baskets of essential physical goods corresponds to a magnitude which modern practice commonly terms "energy of the system." The desired increase of the total output of production over the "energy of the system" previously embodied in the productive process, corresponds functionally to the relative "free energy" of that society as a process. The ratio of this "free energy" to that

"energy of the system," is a correlative of the productivity of that society considered as a whole. Follow this several steps further.

These magnitudes are considered in totality, but they are also considered functionally per capita, per household, per square kilometer, and per square kilometer per capita. In the successful cases, the increase in productivity lessens the per-capita amount of productive effort required to satisfy the maintenance of the required level of the energy of the system per capita. However, there are two other outstanding changes which are included among those required to sustain this rise in the ratio of free energy to energy of the system. As measured in physical, but not labor-time terms, the energy of the system per capita must increase. Similarly, the ratio of total infrastructure goods plus producers' goods, to households' goods, must also increase, although the absolute, physical magnitude of the content of the household's per-capita market-basket must increase. The satisfaction of those preconditions provides a model of what "negative entropy" must signify if we are to attribute to that term any degree of congruence with the distinctively anti-entropic characteristics of living processes. This model illustrates the required alternative definition of "negative entropy" if that term is intended to reference the distinguishing characteristic of any process which would have permitted Boltzmann himself to have come into existence.

This is also the model which an economic process must satisfy to generate a genuine margin of what Marx termed "surplus value," of profit to humanity as a whole. In the case of Adam Smith, David Ricardo, Karl Marx, John Stuart Mill, William Jevons, and John Von Neumann, the systematic formalities of their respective arguments all share the same axiomatic blunder central to both Boltzmann's and Wiener's mistaken mathematical definition of "negative entropy." They are each and all intrinsically zero-growth models, which, as policy-guides, would ensure axiomatically an entropic collapse of any economy foolish enough to tolerate them.

Smith versus the Physiocrats

We are now situated to examine the way in which the zero-growth axioms were embedded in the work of Smith, Marx, Von Neumann, et al. Briefly, then, as follows.

The science of political economy was developed originally by Gottfried Leibniz over the interval 1672-1716. The Physiocrats, and Smith, Marx, Mill, and Von Neumann after them were all adversaries of Leibniz in science generally, and in the field of political economy in particular. As economists, Smith, Marx, Mill, and Von Neumann were all philosophical adversaries of Leibniz from the standpoint of John Locke; Locke's model of society is key to understanding the common axiomatic fallacies of their economic systems.

The outstanding features of Leibniz's discoveries in physical economy included, first, his development of the

notion of heat-powered machinery, and, second, his notion of technology. The first bears upon the increase of the average productive powers of labor of society as a whole through the use of heat-powered machinery. The second involves that increase in productive powers of labor which follow introduction of a principle of design of experimental apparatus of scientific discovery to tools, product-design, and machinery of production, all to such included effect that the per-capita physical productivity of society were increased by this means even without an increase in the throughput of heat-power per capita.

An alliance of certain aristocratic and financial-oligarchical forces mobilized to eradicate the influence of Leibniz's science of physical economy. The most important of these, until about 1783, were the so-called Physiocrats. Later, beginning 1763, during the rising political power in Britain, William Petty, the Second Earl of Shelburne, adopted Adam Smith as an agent of the opium-smuggling and slave-trading British East India Company, assigning Smith to study the work of the French and Swiss Physiocrats, to design a scheme for destroying the economies of both France and the English-speaking colonies in North America. Smith's apology for the British East India Company's morally objectionable practices, *The Wealth of Nations*, appeared as a Shelburne-backed anti-American tract in 1776. Smith plagiarized significantly the written work of leading French Physiocrats, such as Turgot, but also included the added, pernicious dogma, intended to destroy the economies of France and English-speaking North America, "free trade." Smith, Ricardo, Marx, Mill, Von Neumann, et al., are each and all direct outgrowths of the John Locke axiomatic model of political economy proffered by the British East India Company's Adam Smith.

In contrast, the U.S. Declaration of Independence was based upon Leibniz's "pursuit of happiness," in opposition to Locke's "pursuit of property." Similarly, what became known worldwide as the anti-British American System of Political Economy was set into motion under President George Washington through U.S. Treasury Secretary Alexander Hamilton's Leibnizian *On the Subject of Manufactures*, and the thorough complementary credit and national-banking policies set forth in Hamilton's reports to the U.S. Congress on credit and a national bank. The Leibnizian system of political economy, as the form of the future U.S. economy's success was described prophetically by Hamilton then, did correspond to a truly negentropic model, contrary to the entropic schemes of Smith, Marx, Von Neumann, and Norbert Wiener.

Of all of these anti-Leibniz economic dogmas, only the Physiocrats allowed a true profit to society as a whole, and that in a most eerie form. For Smith, Ricardo, Marx, Mill, and Von Neumann, profit is something gained by one person out of the pocket of another, as trading profit, as usury, or some outright speculative swindle such as today's "junk

bonds." In Von Neumann's language, for them, as for today's malthusians, economy is a giant, all-seasons gambling hall, an "n-person, zero-sum game." By contrast, the Physiocrats argued that all net growth of the wealth of society per capita is generated solely as the "bounty of nature," not man's productive labor. Implicitly, these French rural oligarchs were pagan worshippers of the Delphi Apollo cult's earth-mother and whore goddess, Gaia. The Physiocrats' favorite prostitute, Gaia, produced all gain in wealth; labor were merely as cattle grazing in Gaia's field, munching upon Gaia's bounty. The landlord, by owning a piece of land, had the only legitimate title to Gaia's bounty, like the man who had rented the pleasure to an hour of Gaia's services as a prostitute.

The human species is known to have lived on this planet for no less than about 2 million years. It appears, that about that time and later, our species had a planetary potential population-density of less than 10 million individual persons, about the potential of a creature resembling the baboon in every respect but man's inferior strength and fighting capacity. Had mankind been merely an animal, mankind today would still live in no more than those numbers and with approximately the same table manners. The characteristic of those changes in potential population-density which have brought us to this time is an increase in both standard of living and productivity expressed in both per-capita and per-square-kilometer terms. This Cantorian type of increase in potential population-density is rooted in those mental capacities of the individual human person which permit mankind to generate and to assimilate efficiently those axiomatic-revolutionary discoveries in science and fine arts through which man's per-capita power over nature is increased.

In respect to any formal system, such as generally accepted classroom mathematics, an axiomatic-revolutionary discovery appears as an absolute mathematical discontinuity.* Animal and human behavior must be contrasted axiomatically in these terms of reference.

* Cut one line with another. If we make the second of those lines sufficiently thin, can it become the case that the length of the first line coinciding with the second will be a point on the first line for which there is no denumerable determination of exact position? "Yes," says Cantor's demonstration. This issue was already featured in such locations as Bernhard Riemann's 1854 habilitation dissertation; the model of the problem was introduced by Richard Dedekind. It was central in the work of Cantor's teacher, Karl Weierstrass. This is a true mathematical discontinuity. Asymptotic limits which are true discontinuities are therefore never existing theorems of a continuous function which they bound. For an example of this latter principle, compare B. Riemann's construction of his *On the Propagation of Plane Air Waves of Finite Magnitude*, published in 1860, in which the central point is this notion of an asymptotic limit as a singularity which is not a theorem of the function which it bounds. Similarly, true axiomatic-revolutionary discoveries are not themselves functions (theorems) of the formal (e.g., mathematical) system which is their putative point of origination. Similarly, a series of such functions, as a Cantorian type, is a quality of function which resides outside all generally accepted classroom mathematics, yet inclusively bounds the latter externally.

Military influence will grow as Russian crisis builds

by Konstantin George

The bill for the Anglo-American imposition of ruinous shock therapy on the military superpower Russia is now coming due. In the first half of February, leading figures and press organs have been warning that the country could be shaken to its foundations by a socio-political crisis, which could erupt anytime between March and late spring.

The newspaper *Trud* reported that a huge strike wave, including a nationwide strike by coal miners and oil workers, is brewing. According to *Trud*, the miners' patience is at an end. The state owes them 800 billion rubles in unpaid back wages, and many miners do not even have enough money to pay for food. The energy sector strike wave would affect all the main mining regions: Kuzbass in central Siberia; Vorkuta in the far north of European Russia; the coal mines of the Russian Far East; the southern Russian region of Rostov on the Don; and the vital Western Siberian Tyumen oil- and gas-producing region. In addition, strikes are either under way or planned by teachers at higher schools of learning and universities, and a strike could close down state television at any time.

The situation in the Siberian part of the defense industry, as cited by the daily *Izvestia*, is explosive. The work force at the key missile plant Krasmach in Krasnoyarsk has not been paid in four months, because the Defense Ministry's budget did not cover 11 billion rubles for orders delivered, although Prime Minister Viktor Chernomyrdin had promised payment at the end of December. Chernomyrdin is now engaged in daily negotiations and making promises to try to forestall imminent strikes in industry and the energy sectors.

Break-up of Russia feared

Russian Minister for Nationalities and Regional Policy Sergei Shakhrai, speaking at the Feb. 5 meeting of the Party

of Russian Unity and Concord, which he heads, said that he expects a mammoth political crisis to hit Russia in May. He stated that May could witness a culmination of a devastating industrial strike wave, the final collapse of the ruble, and the rise of regional nationalism and separatism. Echoing warnings issued in early February by Yuri Skokov, former head of the Russian Security Council and current head of the Russian Association of Goods Producers, Shakhrai declared that if urgent measures were not taken in time, a collapse of the Russian Federation could occur.

The estimate that the crisis will wait until May to break out of control may prove optimistic.

The lack of major strike activity up till mid-February reflects a deceptive calm. The main factor behind this stasis has been the weather. Throughout February the average daytime high in Russia has been $+15^{\circ}\text{C}$ to -20°C . The population is seething with rage. The latest statistics published Feb. 10 disclose that 54 million Russians, or 36% of the population, are living below the official subsistence level of 50,000 rubles per month. Most of the rest are not far above that, and one must recall that this line is a statistic based on a monthly wage—but in many cases this wage is not actually being paid. Most Russian workers are owed anywhere from one to four months of back pay. Those statistically just above the subsistence level include the highly educated professional segments of society: doctors, other medical personnel, teachers, researchers, scientists, engineers, and designers in the state R&D institutions.

The collapse of real wages and production has led to mass murder of the Russian population, in the form of a huge increase in the death rate. The semi-starvation conditions have especially hit the elderly. As a result of shock therapy policies, for the first time in history during peacetime, the

Russian population is declining.

An article in the Feb. 14 London *Financial Times* by Moscow correspondent John Lloyd, states that the demographic collapse has officially become a matter of Russian national security: "A dramatic rise in death rates and a sharp fall in the birth rate have now become a matter of close concern at the level of Russia's National Security Council." According to Lloyd, "in the past year alone, the death rate jumped 20%, or 360,000 deaths more than in 1992. Researchers now believe that the average age for male mortality has sunk to 59—far below the average in the industrialized world and the lowest in Russia since the early 1960s."

Rifts tear new Russian government

Given what is hitting the population, it is not surprising that the rumblings are making themselves felt at the top. Only weeks after its formation, the new Russian government is already starting to crumble.

The attack on the government is being led by the military. On Feb. 8, Russian Defense Minister Pavel Grachov took the extraordinary step of appearing on Russian TV to demand that the government, of which he is a part, more strongly consider the interests of the military and the military-industrial complex (MIC) sector. He blamed the government policy of not paying its debts to MIC enterprises for the wave of closures hitting this vital high-technology sector of the Russian economy. Grachov attacked Aleksandr Zaveruykha, the minister of agriculture who holds the rank of deputy prime minister, as being the main person responsible for neglecting the military and the MIC. Further statements by Grachov showed that the fight extends beyond budget and credit allocations. He asked why it is that a minister of agriculture holds a higher cabinet rank than the minister of defense, i.e., himself.

The outcome of the Grachov TV episode proved once again that when the military puts its foot down, results are delivered. In this case, the cabinet was simply overruled, and the demands of Grachov and the MIC were met by a decree by the Russian Security Council, the state's real center of power. On Feb. 14, Oleg Lobov, secretary of the Russian Security Council, announced that the Russian state would pay 1.5 trillion rubles to the MIC enterprises. According to Lobov, the amount equalled about 85% of the total 1993 debt owed to these enterprises.

On Feb. 8, Andrei Illarionov, a top adviser to Prime Minister Chernomyrdin, resigned as head of the government's Planning and Analysis Department. The western press generally portrayed the resignation as a sign of the fight between Chernomyrdin and radical reformers. But this is only partly true, as the Illarionov letter of resignation shows. "The decisions taken by the government will lead Russia inexorably into hyperinflation," he wrote. "I wanted to serve Russia's interests as a whole," and not those of "a small group of barons of agricultural state enterprises and 'generals' of

the fuel and energy industry." Here was an echo of Grachov. Illarionov attacked especially the government's huge subsidies of agriculture and the energy sector at the expense of key industrial sectors, and forecast the regime's crisis coming to a head in the next months. He declared that powerful forces, including those around Central Bank head Viktor Gerashchenko, were pursuing policies designed to "discredit and eventually overthrow" both Chernomyrdin and Yeltsin: "1994 is the year where they will try to overthrow Yeltsin," culminating what he called "the hidden civil war" Russia has been in since 1992.

'One must talk in simple terms'

Rifts are also tearing to shreds the "Yeltsin entourage," the inner circle of advisers to the President. These splits have been increasing in ferocity since last summer. In the latest case, according to the Feb. 14 daily *Nezavisimaya Gazeta*, Yeltsin's press secretary, Vyacheslav Kostikov, has been saying that Yeltsin has turned on his former associates. In highly insulting terms, he said of Yeltsin, his "boss": "One has to talk in simple terms with him, as with Chernomyrdin," otherwise he doesn't understand.

Yeltsin's chief adviser, Viktor Ilyushin, an old crony from the days when Yeltsin headed the Communist Party apparatus in the Sverdlovsk region (now Yekaterinburg) of the Urals, and the only one left from the 1993 inner circle around Yeltsin, also spoke to *Nezavisimaya Gazeta* about the liquidation of what had once been the Yeltsin entourage. According to Ilyushin, Yeltsin was enraged at Yegor Gaidar, Mikhail Poltoranin, and Gennadi Burbulis for having first urged him to engage in all-out confrontation and violently crush the old Parliament, and then abandoning him at the peak of the Oct. 3-4 events when the Parliament was stormed. Ilyushin said of these "radical democrats": "There was Prime Minister Ryzhkov, and they fought against Ryzhkov; there was Gorbachov, and they fought against Gorbachov. Yeltsin appeared, and now they are fighting against Yeltsin. And I'm not sure that if there'll be another leader in the future, they'll also fight against him." In the same vein, Yeltsin also in January fired his personal military adviser, Gen. Dmitri Volkogonov, a political career officer not in tune with the Russian military command.

What is revealing concerning Gaidar, Burbulis, Poltoranin, and other former Yeltsin supporters is that they smell the coming demise of the current regime, and are positioning themselves for a comeback in a post-Yeltsin Russia. Burbulis has been openly saying that Yeltsin has outlived his term and "is used up." Poltoranin was key in acquiring the invaluable huge amounts of TV time for Vladimir Zhirinovskiy that made his election triumph possible, and has been working closely since last summer with Zhirinovskiy, as part of his maneuverings to cultivate post-Yeltsin options.

Whatever the outcome of the current crisis, it will not produce a comeback for the shock therapy advocates.

Europe is also being destroyed in Bosnia-Herzegovina

by Gen. Count Hanno von Kielmansegg

Count Kielmansegg's last assignment before retiring was Chief of Staff of the NATO Army Group North in Mönchengladbach, Germany. The article below originally appeared in the daily Frankfurter Allgemeine Zeitung of Feb. 11. Permission to translate it from German and publish it in EIR was kindly provided by Count Kielmansegg. Subheads have been added by the editors.

The country of Bosnia-Herzegovina and its predominantly Muslim population will not survive the war of annihilation waged against it by Serbian, and now also in part Croatian attackers, without military help from the outside. The result of the previous policy of negotiating and appeasing is known. Like the policy of the western powers in 1938, this policy is characterized by a shocking degree of naivety, indifference, and national egoism. That means that genocide is taking place. Not only have western attempts to secure the peace against the Serbs, who pursue and accomplish their political aims with brutal violence and disrespect of all law, been completely ineffective since the beginning of the war; these attempts de facto, and in part also *per intentionem*, support the aggressor.

The language of weapons—we may think it regrettable, but that is how reality is—is the only language in this situation which the Serbian aggressor will understand and respect. Croatia can probably be moved by political and economic pressure (particularly from Germany) to cease its attacks against Bosnia-Herzegovina.

Moral mandate

Military aid to accomplish political and humanitarian aims is thus mandated morally and under international law, and, in the current situation, is the only purposive action, since only by this means can the consummation of a disaster be prevented, which could well take on global dimensions on account of its exemplary effect. The human community in Europe, but also the United Nations, are already complicit in this disaster, and will continue to be so in the future, if nothing is done. Military aid is possible if the political will exists.

The prerequisite, of course: There must be a clear political will and a political goal among the decisive powers. This must find expression in a mission which is to be carried out militarily. The requisite military means and forces must be made available. This can occur through the U.N., NATO or the Western European Union (WEU). The military command responsible (the best, a NATO headquarters) then translates the political mission into operational planning and fulfills it. Political negotiations do not cease during, nor because of, military actions, they are instead supported by military actions and are more effectively conducted for that very reason. The realistic aim of military intervention consists in compelling the parties to immediately and lastingly cease all acts of war and violence, and to negotiate—now at the level of a military and therefore also political balance—over future borders, and a just and acceptable *modus vivendi* for all concerned on the territory of former Yugoslavia.

Lift the embargo against the defenders

The most crucial action, now as well as previously, is to lift the conditionless weapons embargo against the defender, even at the risk that one or another shipment might fall into the wrong hands. This is, indeed, really a political option, but it has far-reaching military consequences (in the positive sense) for Bosnia-Herzegovina. By this means, a thorough military balance can be established, and Bosnia-Herzegovina can successfully defend itself. Fewer U.N. ground forces will be required.

The argument that this would have an escalating effect is not valid. Things can hardly become worse for the country concerned and its population. To be sure, Serbian attackers will be casualties if they do not cease attacking, but hundreds of thousands of Bosnians (not only Muslims) of the civilian population would be protected. Weapons supplies would have to encompass the following:

- command and reconnaissance systems
- artillery and mortars
- anti-tank missiles
- armored vehicles of all categories

ammunition and fuel
field hospitals if required,
combat helicopters in addition, if necessary, instructors,
and replacement parts—i.e., logistics inclusive of medical
care.

Military options for Bosnia

If necessary, humanitarian aid has to be carried out by force. The current U.N. Protection Force is sufficient to that end, if it receives the mission to do so; if necessary, of course, rapid reinforcement with heavy weaponry and air support must be possible. A further necessity is the destruction of the mass of heavy weaponry (artillery, tanks), command centers, resupply bases of the Serbian aggressor from the air.

This is possible. The positions have been located, or can be located (at least to a considerable extent). For all practical purposes, the West has air supremacy. The risk is slight, the attacker has available little air defense, in part antiquated. The precision of modern air-assault weapons is so high, that damage to the civilian environment can be kept small. NATO bases in the Adriatic area (especially Italy), and the aircraft, and/or an American aircraft carrier group, are sufficient for such operations, also repeated ones.

Combat helicopters are suitable, particularly the American Apache, stationed in Europe, especially in Germany. Otherwise, all air-assault forces can be repositioned anywhere in a brief time (a few days).

Another aim to seek to accomplish: hermetically sealing off all roads over which Serbian fighters in Bosnia-Herzegovina are supplied from Serbia. These are fewer than people think (some six to ten main connecting arteries). Here the difficult terrain is a disadvantage to the attacker, it also channels his supply movements; he cannot simply go over the mountains. This, too, can be done from the air. It might be, if operations become extended, that ground forces in the strength of some divisions will be necessary. In that case, the attacker will "dry himself out" quickly.

Deployment of Special Forces, chiefly by air, but also on the ground, for swift, surgical operations, is possible, without having to hold terrain for extended periods of time. This includes destruction of combat posts, supply bases, heavy weapons positions, but also freeing the inhabitants of concentration camps. To that end, units in, respectively, company and battalion strength are required, in total up to two to three brigades with the requisite air-support, including transport helicopters, i.e., relatively meager forces which are available in the NATO countries.

Reinforcement of the Bosnian lines of defense everywhere, where they can not hold them themselves, with U.N. ground forces in addition to the just-mentioned options, would be a further, but more costly, operation (up to 100,000 soldiers). But, it should not be excluded as the last possibility

to stop genocide. In principle, the requisite forces (land, air, sea) can be made available. In order to achieve an effect most likely ending the war, the cited options on the whole would not require more than a fraction of the forces made available in the [Persian] Gulf.

All of the suggested options are in reference to the territory of Bosnia-Herzegovina. Other options are conceivable and militarily possible: Whether they are politically purposeful is something which has to be thought through; for example, surgical air-assaults upon Serbia itself, which, despite all claims to the contrary, is a country that is waging a war of conquest. One key to peace lies in Belgrade. The others lie in Washington, Moscow, Paris, and especially in London. Even preventive protection of Macedonia and Kosovo against war, ethnic cleansing, expulsions, and partition may become necessary.

Military goals to support peace

Summa summarum: The Serbs are not invincible. Their superiority is based on their supremacy in heavy weapons (10:1 or greater), in their freedom of movement, in their completely undisturbed resupply, especially from Serbia itself, and an equally undisrupted chain of command.

At issue is not a war of conquest against the Serbian motherland, nor a wide-ranging, comprehensive occupation of territories. To stop the misery, that is not at all necessary. At issue are limited military goals solely aimed at meaningful support of a policy to establish peace, the consequence of which must be freedom and justice. To that end, only limited military means are necessary. They can be made available.

The war in Bosnia-Herzegovina is being conducted conventionally. As in every war, there are discernible, if only fragmented and shifting fronts. A typical partisan war is not what is going on. The danger that that would emerge in the case of a military intervention of the United Nations or NATO, is slight. Partisans need support from the population the way a fish needs water. They would not obtain this support: to the contrary. Otherwise, even partisans and snipers can be fought, although at considerable cost. They do not decide wars.

It will not be possible to provide military protection for Bosnia-Herzegovina without incurring losses. That must not be covered up. But, if the operations are correctly planned and carried out with the necessary matériel, these losses will probably be considerably less than often claimed, particularly in the air operations. And the total operation will presumably be of much shorter duration than feared. The psychological shock alone, that the West is finally acting, energetically and resolutely, and in correspondence with its moral and lawful traditions, responsibilities, and promises, will probably bring the aggressor back to the negotiating table, quickly, and now under acceptable conditions, and lead to a stop in the fighting. The aggressor must understand that he can not

obtain his goal by force. But whoever wants full security without any risk to his soldiers, has not understood what is at issue here. I.e., this is the full risk born by Bosnia-Herzegovina, and therewith its end. At the same time, it can have undeniable consequences for world peace. It is war, a horrible war, which is why one sends soldiers, not the Technische Hilfswerk [Germany's equivalent of the U.S. Army Corps of Engineers].

Logistical support of all operations in Bosnia-Herzegovina would be considerably easier than in the Gulf war. NATO, with all of its bases, is right at the door. In case of military intervention, the blue helmets will be best protected if they are reinforced. Only weakness is vulnerable. But they are also fully capable of effectively defending themselves now. The testimony of military commanders on the ground confirms this. It is a sure thing, that, given the current mission of U.N. forces, their hands are tied. They do not represent effective protection now. From the beginning of their deployment, they have not been able to fulfill their actual mission. That is why their commander, General [Francis] Briquemont, recently gave up out of disappointment.

It is certain that U.N. troops will have to remain in the country for an extended time in order to control and secure the implementation of just results of the negotiations following the success of a military intervention. But their number can be limited if the balance between Serbs, Croats, and Bosnians is guaranteed. It is not possible to predict how long this will take; but in the cases of Korea and Cyprus, that did not represent an obstacle. The goal at stake completely justifies such a deployment. Prolongation of the war, in any case, would not enable the contingents already there to return, it would only prolong the agony of complete failure.

Not too late to save dignity and lives

The later effective military actions are effected, the higher will be the price for all concerned. For those dead, tortured, made refugees, raped, it is already too late. But for the life and the dignity of many, and also for the salvation of moral and political rationality, it does not yet seem to be too late. Europe will also be destroyed in Bosnia-Herzegovina, by its own complicity.

The pursuit of nationalist political interests by some NATO countries, especially England and France, the pretext of having to contain other political influences (chiefly the Germans), is, in view of the misery we have to stop, absurd and cynical. This implies not only an amoral policy as in the 19th century and in the first half of the 20th century: It is also extremely damaging to the reputation and credibility of the countries in question. The policy pursued by the West, and also by Russia, up to now, has not only been a failure, it has made a new holocaust possible. Stopping this by means of resolute military aid is legitimate, possible, and promises to be successful.

Vatican-Israel accord sparks controversy

by Muriel Mirak-Weissbach

The agreement reached at year's end between the Vatican and the state of Israel, laying the foundation for full diplomatic relations, raised questions, and in some cases, violent criticism, from spokesmen of different faiths. The first question regards religion. Among the non-Catholic churches, the Coptic Church of Egypt was most outspoken in denouncing the step taken by the Holy See. Vatican representative in Jordan Msgr. Raouf Najjar told *EIR*, in an interview published on Feb. 18, that the Copts' reaction was based on a misunderstanding, that the Vatican has reneged on certain theological points which distinguish Christianity from Judaism. It was reported that the Coptic Church had interpreted the agreement to mean that Rome shared the Jews' rejection of Christ as Messiah. Clearly, this was not the case; indeed no theological issues entered into the negotiations. The Israeli-Vatican declaration of principles was drawn up between the Holy See and the state of Israel, not between Christianity and Judaism. Statements issued by Vatican spokesmen, among them Monsignor Najjar, clarified as well that the Holy See was acting in the name of the Catholic Church, and not of other Christian communities.

The non-theological nature of the agreement was underscored in February, when the Holy See rejected the proposal made by the Israeli state, that Rabbi David Rosen be accredited as first Israeli ambassador to Rome. According to the *Catholic World Report*, the decision reflected Rome's preference for career diplomats over clergy. "Apparently, the Vatican feels it does not want to confuse domains," Rosen is quoted as commenting in the Israeli press. "It wants to deal with an Israeli technocrat, not with a spiritual representative of the Jewish people." Archbishop Andrea Cordera Lanza di Montezemolo, the apostolic delegate in Jerusalem and Palestine, denied, however, that the Vatican had rejected Rosen because he is a rabbi. More probably, Rosen received no welcome because he is the director of Interfaith relations for the Anti-Defamation League (ADL), an organization the Holy See apparently does not want to confuse with the state of Israel.

The issue of Jerusalem

More vociferous criticism was voiced in the political realm. At the center of controversy is the status of Jerusalem.

Israel conquered and occupied the eastern Arab quarter in 1967 and demands recognition of Jerusalem as its national capital. Thus, some read into the Vatican's agreement with Israel a capitulation to this claim based on military occupation. Spokesmen for the Holy See clarified that this was not the case. Monsignor Najjar said, "There could be no question of attempting to negotiate the political status of Jerusalem in this agreement." The Vatican's position, he said, "remains unchanged. Entering into an agreement with Israel does not imply admitting its claims to Jerusalem, or occupied territories and security zones."

Jerusalem, according to the agreement signed in September 1993 between Israel and the PLO, put the question of Jerusalem on the back burner, to be dealt with in the course of future negotiations. Concerned about the possible implications of the Holy See's new relations to Israel, the PLO sent a delegation to Rome. On Jan. 17, the PLO delegation met with the secretary of state of the Vatican, Cardinal Angelo Sodano. Following that meeting, Mohammad Zuhdi Nashashibi issued a statement, approved by the minister: "I can confirm that the attitude of the Vatican toward Jerusalem did not change and remains as it has been declared on several occasions. Also the minister of foreign affairs of the Vatican reiterated during our meeting the full support of the Vatican to the inalienable rights of the Palestinian people including their right to self-determination and their right to return to their homeland." In his interview with *EIR*, Monsignor Najjar further specified that, by establishing diplomatic relations with Israel, the Holy See would be in a position to participate actively in the peace negotiations, and to lend further support to the Palestinian position.

Sovereignty over Jerusalem remains the most heated point of debate. Until 1988, Jordan had exerted sovereignty over East Jerusalem, but in that year, it relinquished political responsibility for the West Bank, acknowledging the PLO's jurisdiction. In a speech a few months ago, His Majesty King Hussein issued a statement which departed from earlier assumptions contesting Israeli sovereignty. He spoke of God as being the "only sovereign" over the city. Since then, proposals have been floated for a form of joint sovereignty, which would allow Israel and the future Palestinian state—or a Palestinian-Jordanian confederation—to hold parts of the city as their capitals, within an undivided city. The primary concern of the Vatican, which has been reiterated in the context of the deal with Israel, is that international guarantees be established to protect the holy places, ensuring freedom of access and respect for the rights of the many religious communities there. Currently, the city's religious communities are ruled according to time-honored agreements among the different confessions. In the Christian quarter, this includes the Latin Patriarchate, the Orthodox, the Copts, and the Armenians; in the Muslim quarter, the Hashemite Kingdom of Jordan has exercised authority over religious matters through a religious council.

Documentation

The "fundamental agreement between the Holy See and the state of Israel" acknowledges the "unique nature of the relationship between the Catholic Church and the Jewish people, and of the historic process of reconciliation and growth in mutual understanding and friendship between Catholics and Jews." It continues:

The Holy See and the state of Israel are committed to appropriate cooperation in combatting all forms of anti-Semitism and all kinds of racism and of religious intolerance, and in promoting mutual understanding among nations, tolerance among communities and respect for human life and dignity.

The Holy See takes this occasion to reiterate its condemnation of hatred, persecution, and all other manifestations of anti-Semitism directed against the Jewish people and individual Jews anywhere, anytime, and by anyone. In particular, the Holy See deploras attacks on Jews and desecration of Jewish synagogues and cemeteries, acts which offend the memory of the victims of the holocaust, especially when they occur in the same places which witnessed it.

The state of Israel agrees with the Holy See on the obligation of continuing respect for and protection of the character proper to Catholic sacred places, such as churches, monasteries, convents, cemeteries, and their like.

The Holy See and the state of Israel recognize that both have an interest in favoring Christian pilgrimages to the Holy Land.

The Holy See and the state of Israel will negotiate in good faith a comprehensive agreement, containing solutions acceptable to both parties, on unclear, unsettled, and disputed issues, concerning property, economic, and fiscal matters relating to the Catholic Church generally, or to specific Catholic communities or institutions.

Following the entry into force and immediately upon the beginning of the implementation of the present fundamental agreement, the Holy See and the state of Israel will establish full diplomatic relations at the level of apostolic nunciature, on the part of the Holy See and embassy, on the part of the state of Israel. . . .

As to whether or not this agreement will clear the way for a visit by the pope to Israel and Jerusalem, one can only answer that it is bound to improve chances for such a trip. The Holy Father has repeatedly expressed his desire to come as a pilgrim of peace to the Middle East. A papal visit to Lebanon during the celebration of the Synod of the Catholic Church in Lebanon is already planned for 1994. But to date, there are no specific plans or possible dates for a visit by the pope to the Holy Land.

EZLN terror strategy escalates as coverage of EIR exposé grows

by Valerie Rush

A dual-power situation is shaping up in Mexico, as the Salinas de Gortari government, under pressure from the international human rights lobby and Anglo-American intelligence, is bending over backwards to accommodate the narco-terrorist Zapatista National Liberation Army (EZLN), which emerged violently on the scene New Year's Day in the impoverished southern state of Chiapas.

The Zapatistas are pursuing their original demands for radical agrarian reform, an ousting of all elected officials in the state, and nationwide electoral reform, and have now made additional demands that add up to outright separatism: carving independent "indigenous enclaves" out of Mexican territory.

The latest EZLN demand is that the government grant it "belligerent status," which would oblige foreign governments and international organizations to recognize its ranks—and presumably the land it holds, as well—as a legitimate contending force. Although President Salinas's "peace negotiator," Manuel Camacho Solís, has publicly balked at granting this latest demand, correctly observing that it would mean subjecting an internal affair to international law, the possibility of an El Salvador-style "solution" to the Chiapas crisis is now on the table.

Who pulls the strings?

Mexicans are aghast at how quickly the EZLN, under the false banner of "indigenous rights," has managed to rope in the Salinas government, straitjacket the military, and rupture the Roman Catholic Church. Clearly, the stakes are much bigger than conditions in Chiapas. It is no accident, therefore, that this magazine's revelations on who is pulling the EZLN's strings, and why, have erupted center-stage in Mexico, providing ammunition for those determined to fight in Mexico's defense.

In just a few weeks, two of Mexico's leading publications—*Excelsior* newspaper and *Siempre* magazine—have devoted extensive coverage to *EIR*'s charges that the so-called "Mayan" insurgency in Chiapas is in fact orchestrated and financed by Anglo-American intelligence, working through teams of largely foreign anthropologists and ethnolo-

gists in coordination with the international human rights lobby, the Marxist theology of liberation wing of the Catholic Church, and on-the-ground narco-terrorist elements from throughout the region. As our special correspondents report from Chiapas (see p. 45), the vast majority of the Chiapas population, Indian and non-Indian alike, are but the victims of this foreign-inspired destabilization.

On Jan. 27, *Excelsior* devoted lengthy coverage to the revelations presented by *EIR*'s Ibero-American editor Dennis Small at a well-attended Mexico City press conference the day before, especially identifying the role of the international banks in sponsoring the alleged "indigenous" uprising. On Feb. 2, *Excelsior* ran an article by a leader of Mexico's Popular Socialist Party (PPS), favorably citing the material presented by Small and warning that the EZLN uprising is "a very dangerous adventure which places Mexico's national sovereignty and political independence at risk." And on Feb. 12, *Excelsior* devoted its front-page *Frentes Políticos* column to running lengthy excerpts from *EIR*'s newly released special report, entitled "Shining Path North Explodes South of the Border," which is described as "extensive and well-documented."

Numerous local and regional newspapers, such as Sonora state's *Diario del Yaqui* and *La Tribuna*, have also covered the *EIR* revelations at length.

In its Feb. 4 issue, the popular magazine *Siempre* published a broad-ranging interview with Small, under the headline "Goal of Human Rights Groups: Pave the Way for the Separation of Chiapas." Small slammed the role of speculators such as George Soros in financing the so-called human rights lobby, which runs protection for narco-terrorism across Ibero-America. Small also detailed precisely how the scenario for the balkanization of Mexico is working, and warned that if there is no resistance in Mexico, the country could go the way of former Yugoslavia.

The *Siempre* interview was not accidentally timed to coincide with hearings being held in the U.S. Congress by Rep. Robert Torricelli (D-N.J.), who has repeatedly sided with the terrorist insurgencies against the governments of Ibero-America. During those hearings, Assistant Secretary of State

for Inter-American Affairs Alexander Watson described the Chiapas uprising as an “energizing factor” in the Mexican reform process, thus enraging Mexicans everywhere.

‘Negotiating’ . . . with terror

Although the Salinas government, desperate to prevent a further outbreak of violence, is virtually pleading for negotiations with the EZLN, the Zapatistas are letting the situation “ripen.” And while they stall for time, pleading security and logistical problems, peasant mobs in Chiapas have seized oil wells, farms, and ranches, and more than a dozen townships in the last weeks. They have threatened and even kidnapped government officials, blocked highways, set fire to city halls, and are now demanding the resignations of all local government officials in the state of Chiapas.

On Feb. 11, some 10,000 teachers marched in support of the EZLN in Chiapas’s capital city, replicating a tactic of the Shining Path narco-terrorists of Peru in infiltrating the teachers union and the schools, where children are “recruited” to their terrorist cause. And when the EZLN finally decided to release the former governor of Chiapas, Gen. Absalón Castellanos (ret.), who was taken hostage by the terrorists in the first days of fighting, they actually charged an admission price and obligatory lunch fee for anyone—press, politicians, observers—who wished to be present at the event.

Far from condemning these outrages, the government is rushing to do the terrorists’ bidding. Mexican Army troops are being withdrawn from urban areas in Chiapas in anticipation of the much-ballyhooed negotiations with the Zapatistas. And when the EZLN indicated its willingness to suspend collection of “war taxes” from the Chiapas population, it was government-appointed peace negotiator Camacho Solís who announced it. Prominent *El Universal* journalist Francisco Cárdenas Cruz wrote in his column Feb. 16, “Nothing I know of can explain why the government’s peace commissioner has decided, since yesterday, to become the official EZLN spokesman!”

Despite the government’s humiliation, military leaders are trying to hold their ground. In a speech delivered Feb. 9 for “Loyalty Day,” National Defense Minister Gen. Antonio Riviello Bazán addressed the situation in Chiapas for the first time, emphasizing that the military had conducted itself according to its constitutional duty and that its intervention was “legal, legitimate, necessary.” He insisted that it was the EZLN, not the Army, which was the transgressor, and warned that “no one should try to glorify those who resort to violence.”

That same day, Gen. Miguel Angel Godínez, in charge of military operations in Chiapas, gave an interview to *Siempre* in which he furiously denied the charges of human rights abuses that have been directed against the Army. “In a town of 15,000, why not ask the 15,000 how the Army conducted itself, instead of the 10 who were arrested?”

Chiapas: a first-hand report on the ‘war’

by Juan Manuel Martínez R. and Carlos Cota Meza

If you, dear reader, are one of those individuals influenced by international propaganda regarding the ill-named “war” in Chiapas, what you are about to read will surely make you uncomfortable. What we can assure you is that “Subcomandante Marcos” may enjoy a fine image abroad courtesy of the international media, but that doesn’t translate into popularity for the immense majority of the population of Chiapas.

From Feb. 3 through Feb. 9, we toured Tuxtla Gutiérrez, capital of Chiapas state, for the purpose of giving several private presentations of the *EIR* Special Report entitled “Shining Path North Explodes in Mexico.” Those we met with, including students and university professors, priests, businessmen, government officials, and other interested citizens, were stunned by the depth of information available on the true nature of the political conflict in the Chiapas Highlands (which are not all of Chiapas, much less all of Mexico).

The state of Chiapas has approximately 3.7 million inhabitants. Of the zones surrounding the townships attacked by the Zapatista National Liberation Army, or EZLN, (Las Margaritas, Altamirano, Comitán, Ocosingo, and San Cristóbal) where some 100,000 Chiapans live, some 20,000 have already fled their homes to seek “refuge” (that is, food, medicine, and a roof over their heads). Their abandonment of their miserable “properties” is because of the constant harassment they have suffered by the Zapatistas, more properly dubbed the Samuelistas, that is, followers of San Cristóbal Bishop Samuel Ruiz.

Ironically, the help being provided these “internal refugees” is coming from the federal and state governments, as well as from the Catholic Church (the non-Samuelista elements, that is), in camps protected by the Mexican Army. The presence of the National Red Cross and the possible arrival of the International Red Cross only serves the propagandistic interests of the EZLN and its mentors.

The high-profile Jan. 1 “uprising” was a fiasco, in military terms. The 800-1,000 who made up the ranks of the EZLN assault columns represented just 10% of the 8,500 “indigenous” lay-priests Samuel Ruiz has trained since 1968. With respect to the population as a whole, the Zapatis-

tas represent an insignificant number who can be resisted, even captured, by the organized population itself, as occurred in Oxchuc, one of the towns the EZLN made the mistake of attacking.

Chiapas and the new world order

With this in mind, the majority of those who met with the authors asked: What really happened? And what is happening now?

One instructor of international law was explicit: "Bush's new world order managed to establish an international 'law' parallel to reigning international law, and applied it in Panama, Iraq and Somalia. This is what is now happening in Chiapas. The problem with President Salinas is that he never thought it would be applied here because he believed himself to be part of the new order's elite. Thus his inactivity and his fear. He knows whom he is up against."

Several government officials, whose offices had already received copies of the *EIR* Special Report, stated: "It is amazing that this whole international scenario you are presenting is being applied step by step in Chiapas. Definitely, the goal here is the destruction of the Mexican Army. A slander campaign based on lies is being waged through all of these human rights organizations that are now in San Cristóbal." Another high-level official, who has already read *EIR's* book *The Plot to Annihilate the Armed Forces and Nations of Ibero-America* (published in Spanish in 1993, and soon to be available in English) commented: "You were the first to really understand the kind of conflict we are now facing."

Tapeworm defense league

Truly instructive was a meeting with third-year law students. Responding to all the propaganda which claims that it is "objective conditions" of poverty and isolation which caused the uprising, one student insisted: "I'm not a racist. What I want is for the Indians to get medical treatment, to get rid of the tapeworms, and get cleaned up. But this isn't allowed because they say this would violate their cultural values and traditions."

This is more than a simple observation of the ominous work that foreign anthropologists and ethnologists have been carrying out in the Indian communities of Chiapas for the past 50 years. At a certain level of the educated population, the work of the "Harvard Chiapas Project," of the Summer Linguistics Institute, and of various Protestant sects in the area is well known. Even the state government presented the work of these agencies for years as intended to "rescue" the cultural traditions of Chiapas. Now, they are facing culture shock: the rebels argue that their *casus belli* is poverty and isolation, while at the same time—under the pretext of preserving their cultural heritage—they have never allowed the Indian population to break out of that cycle and develop itself.

How do you say 'Marcos' in Tzotzil?

Regarding Bishop Samuel Ruiz García, the best commentary one can make is to report the joke now going the rounds in Tuxtla: "Do you know how to say 'Subcomandante Marcos' in [the Mayan language] Tzotzil?" "Samuel Ruiz!" Some say that *Marcos* is an acrostic composed of the initials of the first villages attacked—(Margaritas, Altamirano, Rancho Nuevo, Comitán, Ocosingo, and San Cristóbal); others claim the *R* is for Ruiz and the *S* for Samuel.

In meetings with laymen of the Catholic Church here, we were told that Marcos must have learned his several languages and received his good education at a seminary; that the supposed Indigenous Superior Command of the EZLN doesn't exist, and that it is actually Samuel Ruiz himself and the vicar of San Cristóbal Cathedral, Father Gonzalo Ituarate who, together with other "theology of liberation" priests in the region, function as the Zapatista commanders.

It is the San Cristóbal vicariate which arranges Marcos's interviews with the international press, and it is Vicar Ituarte who gets to choose which media can be present at the "peace talks" between federal Peace Commissioner Manuel Camacho Solís and the EZLN. The San Cristóbal Cathedral is already serving as the EZLN's press office; the pulpit is its soap box and the bishop's sermons are political speeches.

"They are schismatics and want to cause a split in the Catholic Church," one high-level lay figure told us. "They are animists, theologically they have committed a great mistake. Throughout the history of the Catholic Church, schisms have always ended when the pope excommunicated the schismatics. I am sorry for Samuel, but he should be excommunicated." (Cardinal Joseph Ratzinger, the church's top authority on doctrine under the pope, defined liberation theology in 1985 as the "theologically unacceptable and socially dangerous . . . mixture of Bible, politics, sociology, and economics," which can produce a "fanaticism" leading to "the worst injustices and oppressions.")

What happens now? If President Salinas maintains his policy of appeasement and surrender to the EZLN, he is going to sacrifice the entire state of Chiapas to a civil conflict of incalculable proportions. Everyone in Chiapas knows that Samuel Ruiz's "indoctrinated" view their enemies as those who own a ranch, as those who own cattle. Within the Messianism exalted by Ruiz's sermons on the "Theology of the Incarnation" or the "Theology of the Exodus," everything and everybody *criollo*—the term refers to Mexicans of European ancestry—must be destroyed.

There will be gubernatorial elections in the state at the end of 1993, and the big question is whether the victor will also surrender to "Commander Samuel," or whether he or she will govern with *all* of Chiapas, including those who live in the so-called buffer zones which the Zapatistas want to deliver over to the jurisdiction of some supranational entity.

Who is 'Bishop' Samuel Ruiz, and why is he aiding narco-terrorism?

by Carlos Méndez and Cynthia Rush

From the moment that the Zapatista National Liberation Army (EZLN) emerged in Chiapas on Jan. 1, the name most frequently mentioned in relation to the problems of Chiapas and indigenism has been that of Samuel Ruiz, bishop of the diocese of San Cristóbal de las Casas. For 34 years, Ruiz has been the ringleader of the Marxist Theology of Liberation network in Chiapas, reportedly including over 7,000 catechists, which together with numerous non-governmental organizations (NGOs) has created an armed narco-terrorist insurgency under the banner of "Indian rights."

This is hardly a secret. The joke now making the rounds among some of Mexico's bishops goes like this: "How do you say 'Comandante Marcos' [the EZLN's spokesman] in Tzotzil?" one of the languages of the Chiapas Indians. The answer: "Samuel Ruiz." The bishop is so identified with the EZLN insurgency that leaders of the Indian council of the state of Guerrero delivered two documents to him on Jan. 30 and asked if he would deliver them to the EZLN's deputy commander Marcos. The documents expressed the Guerrero group's support for the EZLN.

Ruiz's participation is central to the two goals of the EZLN's establishment controllers: first, to destroy the Mexican nation-state, by splitting it apart into separate ethnic enclaves; and secondly, to destroy the Catholic Church itself, by creating a pagan, pre-Christian "autochthonous church." In this effort, Ruiz works as part of an international network of Theology of Liberation schismatics within the Catholic Church, including the notorious Cardinal Evaristo Arns of Brazil.

It is precisely because, as the Vatican stated, that Ruiz "offered an interpretation of the Gospel based on Marxism, giving a reductionist vision of man and of the work of Jesus Christ," that just a few months ago the pope had given instructions to the papal nuncio in Mexico, Msgr. Jerónimo Prigione, to remove Ruiz from his post.

For reasons having to do with the internal Mexican situation, Ruiz was not removed, however, and when the Zapatistas appeared on the scene on Jan. 1, he leaped to national prominence. His role as a mediator with the EZLN is such that he is today portrayed as the virtual leader of the Mexican Catholic Church. So confident is Ruiz of his power that in a Jan. 11 press conference in Chiapas, he baldly asserted,

"I am no longer the bishop of San Cristóbal de las Casas, but the interlocutor in the name of the entire Mexican church, explicitly and incontrovertibly supported and accompanied by it." As Ruiz made these remarks, he was flanked by the church's leader in Mexico, Cardinal Corripio Ahumada.

A schismatic offensive

As recently as October 1993, the Vatican's Congregation of Bishops charged that Ruiz "bases his pastoral work on a doctrinal principle which does not cohere in all aspects with the teachings of the church." In fact, Ruiz is totally open about his ideological stance and his attempts to split the church. His 1975 book *Biblical Theology of Liberation* affirmed that Christ was, above all, a revolutionary and was crucified for being a "revolutionary prophet" because he "brought the Gospel to the poor and humble, the traditional victims of all kinds of injustices and violence." To understand God in history, Ruiz added, "it is necessary to have a scientific analysis" and that "today we have many historical analyses based fundamentally on Marx."

Ruiz's "defense" of Chiapas's Indians is merely a pretext for his efforts to create a schism in the Catholic Church, and serve the long-sought British aim of destroying Ibero-America's Indian populations by forcing them to define their humanity in ethnic or physiological terms. The Catholic Church in Ibero-America is the institution which has defended the concept of man created in the image of God, *imago Dei*. These degraded populations are then used as cannon fodder in the fight to destroy western Christian civilization which is premised on the same concept of man. Bishop Ruiz resorts to the British-created "Black Legend," the lie that everything related to Spain and its evangelization of the New World is "authoritarian" and repressive. The church, he claims, is responsible "on the continent for the schizophrenia experienced by indigenous peoples."

In a presentation given Feb. 4 at the University of Guadalajara, Ruiz expressed this openly, complaining that in the evangelization of America, "to the evangelizing message was added an identification with western culture, which was even baptized as Christian, [and] imposed on [the Indians'] shoulders, such that in order for one to realize himself in his most profound being, which is religion, he would have to

cease to be himself, and abandon his culture, to realize himself outside of it." If the church is "not incarnated within each culture, it becomes the oppressor of all cultures," he concluded.

But the "red bishop" doesn't restrict himself simply to academic prattling. In one press conference, he threatened that the Zapatistas would unleash further terrorism if the results of negotiations with the government were not to its liking. While claiming to only be the "mediator" between the EZLN and the government, Ruiz said that "if a peaceful negotiated settlement is not reached in the Chiapas conflict, Mexico will enter the irreversible path of violence and savagery, in which terrorism will also show its face." Ruiz also echoes the Anglo-American line against the Mexican Army. "If we want to be truthful," he said, "we have to say that there have been a greater number of violations committed by the Mexican Army than by the Zapatista National Liberation Army."

Create history . . . with the Zapatistas?

In a presentation given at the Pontifical University of Mexico on Oct. 30, 1992, in which he raised the idea of an "autochthonous church," Ruiz put forward the hypothesis which in large part explains his role vis-à-vis the EZLN. "Now we arrive at a particularly difficult problem in many [indigenous] cultures," he said. "Unlike other groups, there is no historical consciousness; there are no national heroes in these ethnic groups. There are feast days and saints' days, but there isn't . . . any historical consciousness.

"Now, when I confirmed the lack of a conscious history in our diocese, this posed a serious pastoral problem. How could we incarnate the Gospel in a human group which doesn't possess, at least explicitly, historical consciousness? Because Christianity is not just a group of dogmas to be accepted, or a combination of laws to be obeyed, although there are dogmas and moral laws. It is, above all, the history of salvation. So, we came up with the following—we had to create history."

Taking into account the rest of Ruiz's conference address, one wonders whether the EZLN's use of Emiliano Zapata represents the importation of a hero for the Indians of Chiapas, and if the eruption of the armed and violent EZLN seeks to create a hero through the route of immolation.

On Jan. 30, the daily *Unomásuno* reported that "documents left at a radio station by the Zapatista National Liberation Army during its takeover of the Independencia municipal building discuss the pastoral work done at the San Cristóbal de las Casas diocese: 'From the word of God, the people organize as the forgers of their own destiny to accelerate the process of liberation, structural change and, with a new faith, making real the kingdom of God.'" Referring to 1986, the *Unomásuno* reporter noted that at that time, "the San Cristóbal diocese had already posed as a decisive challenge the [task] of working with the people in their struggle, explaining

'that beyond discussing whether only to do so in the phases of consciousness-raising and organization—but not in violence—our challenge is how to support, from our ecclesiastical identity, the people of Chiapas in all stages of the process.' "

Ruiz is a narco-terrorist

Ruiz's denial of direct involvement in organizing the EZLN, and claims that the group's emergence is merely a "desperate" indigenous response to terrible conditions in the region, are belied by the evidence which has emerged over the past six weeks.

In an interview published in an early February issue of *Siempre!* magazine, a high-level Guatemalan military officer provided extensive details about the relationship between the EZLN and Guatemalan terrorists, and their ties to other Central American terrorists. "Several years ago," this officer said, "the Guatemalan Army's intelligence service detected the important work of the bishop of San Cristóbal, Samuel Ruiz, on behalf of the guerrillas." The Guatemalan officer pointed to the fact that Ruiz operated a hospital in Chiapas for Guatemalan guerrillas wounded in combat, and offered many details on how other religious individuals in the area organized support for Mexican and Guatemalan narco-terrorists.

On Feb. 3, the daily *Excelsior* reported on the investigative work done by French writer Michel Algrin, who reported to the Catholic magazine *30 Giorni* that German charitable organizations such, as Adveniat and Misere, had sent sizable sums of money to numerous subversive groups in the developing sector, among them the Fray Bartolomé de las Casas Human Rights Center in San Cristóbal. The center, run by Samuel Ruiz, is the major non-governmental organization and coordinating entity for pro-guerrilla activities in the Chiapas region.

But Adveniat and Misere are not the only financiers of the center. Such prestigious institutions of the Anglo-American establishment as the Ford Foundation and the MacArthur Foundation have generously contributed to the center's "indigenous" projects.

It is no surprise that some of the continent's leading liberation theologians, many of whom are linked to narco-terrorist subversion, are among Ruiz's staunchest defenders. During a recent visit to Mexico, Brazilian Bishop Pedro Casaldaliga of São Félix raved that the Zapatista insurgency "is an explicit response to the neo-liberal [freetrade] system. . . . No matter what happens in Chiapas, because it is Indian and is an answer to a system of exclusion and death, it is a continental signal." Revealing the truly degrading, Jacobin purpose behind these insurgencies, Casaldaliga warned that he hoped that the Mexican government "wouldn't lead the Zapatistas to suicide," noting that in Brazil, some communities of Guarani Indians had committed suicide "when their lands were taken away from them."

French elites are nervous about a social explosion in 1994

by Mark Burdman

In a Feb. 12 speech in the Meyzieu suburb east of Lyon, French President François Mitterrand made some extraordinary comments about the depth of the crisis now facing France. Mitterrand warned that “we are finishing the 19th year of a crisis, or of an economic depression, such as we have not known the likes of since the 1930s. The 1930s ended up with a world war and the coming into power of regimes of the fascist type. The same causes could provoke the same effects.”

Mitterrand stressed that “we must wake up to the state of mind of the French. Certain Frenchmen are suffering a lot. Pay attention to fundamental revolts when reason no longer works! . . . If I see so many professional categories living today in fear, anguish—and why not tomorrow in revolt?—I tell myself that we have a great national responsibility.” Noting that the success of France, today and in the coming period, depends on the success of policy toward cities, Mitterrand reported that “certain neighborhoods near Paris” reminded him of his visits to certain countries of eastern Europe: “I had the feeling of having been at the same spot.” The President warned that the current “social differences” in France could “succeed in creating, in a country like ours, a world of castes where each person shuts himself off behind his habits and lifestyles, and ignores the others.”

This said, Mitterrand had no solution to propose to end the emerging crisis, beyond talk of strengthening various community “associations” in the cities. Indeed, one must see Mitterrand as having two, not necessarily consistent, motivations. One is that the situation in France is, without a doubt, heading toward the crisis that he is describing, evidenced by growing unemployment and homelessness and the increasing pattern of protests by workers—last year farmers and Air France employees, this year fishermen in several regions of the country. The other, narrower motivation is that Mitterrand, ever the wily political animal, knows that his prime minister, Edouard Balladur, is beginning to experience significant political difficulties for the first time since he came to power in March 1993 as the head of an opposition RPR/Gaullist-led government “cohabiting” with the Socialist Mitterrand. The French President, who up to the present

has stood fast to the post-election honeymoon relationship with the prime minister, would now be eager to capitalize on Balladur’s difficulties, in view of the fact that the latter is likely to be a candidate for the French presidency in the 1995 national elections. There are rumors circulating in Paris that Mitterrand himself, even though he is nearing 80 and sickly, could decide to run for President for a third seven-year term.

‘1994 will be the year of all dangers’

These factors must be kept in mind in judging why the words “social explosion” (or “social revolt,” in Mitterrand’s variant) have suddenly become a central part of the French political vocabulary. Until February, the all-powerful “French public opinion” was favorable toward Balladur, with polls showing him having a 60% or higher popularity rating, certainly the highest among western heads of government at this moment. This has not meant that his *policies* were popular, but rather, that the French electorate, in its collective mood of littleness, has seen in the pompous Balladur a projection of their own state of mind, or at least of the kind of leader they prefer in power.

But now things are beginning to come apart. Balladur had been in Rennes, an historically important city in the northern French region of Brittany, on Feb. 5-6. There, he was treated to the spectacle of protesting fishermen erupting in violent clashes, with riot police throwing tear-gas canisters in the public square before him as he was speaking. According to the weekly *L’Événement du Jeudi*, Balladur began murmuring while in Rennes that “1994 will be, for us, the year of all dangers, and that is beginning very fast. . . . There will be a major risk of social explosion.”

On Feb. 6, another event undoubtedly panicked Balladur even more than the riots in Rennes. In two electoral districts, one in Paris and the other in Blois, the opposition Socialists won elections for seats in the National Assembly that had earlier been vacated, triumphing over Balladur-backed candidates. The Paris seat was one usually held securely by the French “right wing” in recent years.

Balladur went on French television on Feb. 14 to defend his policy course (“We are on the right path”; “It is, for me,

out of the question to express doubts about what is beginning to have good results"; "We have emerged from the recession," and so on), but the fact is that time is running out for his tricks and games. It is bad enough that his Gaullists had loudly insisted, during the election campaign in early 1993, that they would break decisively with the pro-Serbian policies of the Socialists and end aggression in former Yugoslavia by military force, and that they have done exactly the opposite since coming to power. That alone has created a smell of hypocrisy, immorality, and cowardice around the whole regime. Also bad enough, has been the increase of homelessness and unemployment in Paris and other major French cities over the past 10 months. But worst of all, has been the destructive economic policy course of the Balladur government, which has infected French society with a mentality of greed, worship of money, and selfishness.

Balladur has accelerated the "privatization" of many of the jewels of the French state sector, with the aim of reducing the public sector component of the French economy to 12%, from the level of 24% some ten years ago. Enterprises either sold or up for sale include Pechiney, Rhône-Poulenc, Total, Elf Aquitaine, and many more. This process has been managed by a select few investment houses, most of them of the same "Anglo-Saxon" species that the French traditionally rail against. These few houses—mainly Lazard, Paine Webber, Goldman Sachs, Merrill Lynch, Lehman Brothers, and Morgan Grenfell—have made a financial killing in commissions gained by managing the sell-offs of tens of billions of French francs' worth of state assets.

As in Britain, such privatization has inevitably led to more unemployment, as workers are laid off because of measures of "rationalization" and "efficiency." To calm down these angry unemployed workers, Balladur has repeatedly used the funds coming from privatization to "compensate" the workers laid off by the same privatization! This ridiculous policy cannot go on forever, but is characteristic of a regime that is obsessed with its own survival. This is the same regime that has put out the line that a central motivation in the current round of frantic French international diplomacy around Bosnia, is to reverse the decline in Balladur's popularity ratings.

Mitterrand knows that the sell-off of assets and the buy-off of workers cannot go on much longer, and it is this vulnerability that he is now exploiting. But also in Balladur's own RPR/Gaullist camp, Paris Mayor Jacques Chirac, a rival candidate for the presidency, is profiling himself as an opponent of such Balladur methods. According to *L'Événement du Jeudi*, even the monetarist French Treasury and Bank of France have begun indicating their displeasure, since Balladur's policies are steadily eating away at the state coffers.

Le Monde Diplomatique has taken the lead in documenting how insane and destructive the privatization policy is. In its February 1994 issue, this policy is denounced as the

triumph of "rentier" capitalism and as "a farce." Author Serge Hamili warns that "without being restrained by the regulatory intervention of the state, the 'invisible hand' invented by Adam Smith would have succeeded everywhere in demolishing society as one observes today in Russia." A society can only survive, the monthly insists, by state-supported investment in vital infrastructure.

Fears of a 'collective eruption'

The daily *Le Monde* has also heated up the public debate. On Feb. 10, its managing director Jacques Lesourne authored a signed, front-page editorial entitled "Between Resignation and Explosion." He asked bluntly: "Will France witness a social explosion in the coming months?" Stating that he was providing an analysis rather than a refined forecast, Lesourne pointed out that "in effect, the very mechanism of a collective eruption makes it difficult to forecast. Doesn't it involve a series of events, beginning with setting off a detonator, the transmission of the flame to a powder keg, the release, from the latter, of a chain reaction, an eruption that changes, more or less profoundly, the rules of the game?"

Lesourne wrote that this sequence is what happened in the famous "May 1968" uprisings in France, when a local problem at the University of Nanterre extended to other universities in the country. At that time, "the fire propagated itself via the trade unions, to the totality of wage-earners." Today, he stressed, there could be numerous "detonators," ranging from workers in public enterprises, with the railway workers most likely to follow the direction of revolt that the Air France workers took in 1993; to certain farm groups; to segments of the student organizations. Up to the present, the Balladur government has been able to buy off this or that group rising in protest. But can this continue indefinitely?

All that need happen for there to be a *generalized* rather than a localized, isolated eruption, is for one group to "communicate its fever" to larger groups, Lesourne said. Maybe the angry fishermen who rioted in Rennes are too isolated to accomplish this. But the "powder" could be provided by groups fearful of becoming unemployed, such as young middle-class graduates who see that their studies will not secure them a future, or by the little-skilled youth of the deprived areas who already form a "counter-society." Lesourne characterized the state of things in France as: "Nervous, filled with anguish, the entire society is on the way toward becoming a conducting circuit."

Can the powder be dampened, he wondered? Perhaps the "resignation" of the unemployed, or the individualism of the middle classes will prevent these layers from acting. But at any point, links could be established. For the moment, Balladur is still doing well in the polls. But, in 1967, Charles de Gaulle also seemed impossible to uproot—until the events of May 1968. "The year could be calm," he concluded, "but the alarm signals are already orange"—i.e., just short of a red alert.

Åslund's shock therapy under attack

Experts are blasting the Swedish cohorts of Jeffrey Sachs as "quack doctors" who could cause war.

When Swedish Prime Minister Carl Bildt stated at the World Economic Forum in Davos, Switzerland in January that Russia had been given "too much therapy" and "too little shock," he was siding with the infamous shock therapist Anders Åslund. Åslund for years worked as an economic adviser to the Russian government, helping to push through the monetarist policies which have turned Russia into a powder-keg. Åslund, the director of the Stockholm Institute of East European Economics, recently resigned from his Russian post, leaving some 30 protégés behind in Moscow who now intend to build an "independent" think-tank.

Jeffrey Sachs, the Harvard flea market economist with whom Åslund works, also resigned from his advisory post. Sachs would not have had much of a chance to recruit Russians to his theories without Åslund, who speaks fluent Russian.

Åslund claims that the reason for his resignation is that the two Russians who brought him into the game, Yegor Gaidar and Boris Fyodorov, are no longer in the government, and that he therefore has no further influence. The present economic advisers to the Russian government, he says—they are mostly natives—have neither enough theoretical knowledge of economics nor enough knowledge about other countries to do their jobs right. What Russia needs, he keeps saying, is more shock therapy. But neither his policy, nor that of Bildt's government, is unopposed in the domestic Swedish debate.

For years, Åslund has been at-

tacked by two experts on eastern European countries, Stefan Hedlund and Kristian Gerner. In 1992, Hedlund, who is a professor in Research on Eastern European States at Uppsala University, wrote many articles opposing the shock therapy policies of the West, culminating in a remark at the end of the year: "The curse of Russia is that Reagan's advisers are using its people like guinea pigs for painful experiments." After Bildt's pronouncements at Davos, Hedlund didn't miss the chance to make the point again. In an article in the daily *Dagens Nyheter* on Feb. 6, Hedlund posed the question, "Can Anders Åslund abdicate his responsibility for the bloodbath in Russia?" Hedlund reported how Åslund had praised Boris Yeltsin when he dissolved the Russian Parliament on Sept. 21, 1993, underlining that this measure had long been demanded by Yeltsin's "advisers."

Hedlund emphasized the catastrophic incompetence of Åslund, as shown in the adviser's forecast on the eve of the Dec. 12 elections in Russia: "The evening before the elections, the most important of these sources [on what is really going on in the Kremlin], Anders Åslund, was shown on Swedish television, declaring that there is no other possibility than that the Russian election result will be a big victory for the pro-reform parties."

Hedlund knew that Åslund's forecast was built on a Disneyland-type of projection and not on reality. As Third Rome ideologue Vladimir Zhirinovskiy's election victory shocked the

world, most Swedes also had to face the fact of what was going on in Moscow; but this doesn't seem to have helped Prime Minister Bildt a bit, judging from his Davos statements.

Kristian Gerner, the other main opponent of Åslund in the Swedish debate, is an associate professor specializing in the Culture and Society of Eastern Europe, formerly at the University of Lund, now also at the University of Uppsala. He has been warning that the West must hold back Russian imperialism "while there still is time." His most recent contribution was published in the daily *Svenska Dagbladet* on Jan. 7, with the main aim of attacking the proponents of "shock therapy" as "quack doctors" who "lack the education which is needed for an analysis and critical evaluation of the results of the treatment."

"The quack doctors," he wrote, "believe in universal medicines which will help the patient no matter what his illness might be. Sometimes quack doctors are lucky—and the quack doctor draws the conclusion that this is thanks to him. If the patient dies, it is, according to the same logic, the fault of the patient, not because of wrong treatment."

Gerner stated that the shock therapists are using the same dangerous logic and that the Swedish government's appeasement of Moscow is very dangerous. Not saying much about what a better economic policy would be, Gerner concluded: "It seems to be necessary that the central European and Baltic nations be integrated into NATO. An active European security policy may prevent the Baltic nations from having to share the fate of Bosnia. If the Russian leaders came to the conclusion that the West were ready to give up the Baltic states as easily as Bosnia, catastrophe would be close at hand."

International Intelligence

NATO air strike plan is 'no policy shift'

NATO's strategy for air strikes in the Balkans is meant to consolidate the "unfair partition" of Bosnia, not to bring justice to the Bosnians, wrote Martin Woollacott, senior commentator for the London *Guardian*, on Feb. 11.

"We should be under no illusion," he wrote, "that it represents a real shift in the aims of western policy (as opposed to the means), or that it necessarily leads to a settlement and end to the war. The policy remains committed to the idea that the government of Bosnia must agree not only to partition but to an unfair partition that leaves on the Serbian side substantial areas that were once preponderantly Muslim. Europeans and Americans differ only on the degree of unfairness they think the Muslims should accept."

According to Woollacott, "If aerial intervention eventually comes, because the Serbs fail to live up to their promises they made yesterday to the U.N. commander Gen. Sir Michael Rose, it will be an intervention aimed not at undoing the partition of Bosnia but at stabilizing it. It will not be the intervention that some in the West hoped for, at an earlier stage, that would have knocked back the Serbs, sustained a multi-faith Bosnia, and precipitated political change in Belgrade. The corollary of an ultimatum to the Serbs is an ultimatum to the Muslims not to try to take advantage of the diminution of Serb strength in the siege lines around Sarajevo."

Vatican blasts European Parliament 'gay' resolution

The Vatican on Feb. 9 denounced a European Parliament resolution that homosexual couples should be allowed to marry and adopt children, saying that "no man can take the place of a natural mother."

Homosexuality is an "aberrant deviation," and children adopted by homosexuals would bear the scars of suffering and frustration, the Vatican newspaper *L'Osservatore*

Romano said in an editorial. "Encouraging homosexual tendencies means overturning natural order, set by God at the moment of Creation." The editorial said that society could not merely "acknowledge an abnormal situation which, until today, the universal conscience has rejected and judged as an aberrant deviation."

The editorial belittled the notion that granting such rights to homosexuals is a sign of civilization. "Those who assert that Italy, because it is a developed country, must fall in line with the positions of the 'advanced' countries of Europe, are lying," it said. The editorial was written by Father Gino Concetti, a moral theologian whose views are close to those of Pope John Paul II, according to Reuters.

The resolution, passed Feb. 8, is not binding on the 12 European Union states. It was drawn up by German Green deputy Claudia Roth and was approved at the parliament in Strasbourg by 159-96.

German official wants NATO action in Bosnia

In a television interview on Feb. 8, Bernd Schmidbauer, cabinet minister of the Bonn chancellery, broke the officially ordered taboo against calling for a western military intervention in Bosnia. He said that his statement represented "a personal view," but one shared by Chancellor Helmut Kohl.

"Whoever has witnessed the most recent incidents," he said, referring to the Serbian artillery attack on the market in Sarajevo, "has to realize that one must also operate with air strikes; to back that, there must be a unified western position instead of verbal acrobatics; it is clear that we now have to increase the pressure upon all involved parties."

In an interview with the daily *Bildzeitung* on Feb. 8, Defense Minister Volker Rühle called for an end to western indecision and declared: "It is really not sufficient to protect the U.N. troops. It is much more urgent to protect the population, and this requires a strategy different from that which has been pursued so far."

"For quite some time," Rühle said, "I've endorsed the supply of the Bosnian Muslims with arms, so that they can improve their defense by their own means." Rühle categorically ruled out, however, that German soldiers might take part in any NATO intervention against the Serbs in Bosnia.

Also Karl Lamers, the foreign policy spokesman of the Bonn parliamentary group of Chancellor Kohl's Christian Democratic Union, said in a discussion with the daily *Frankfurter Allgemeine Zeitung* on Feb. 8 that "after the criminal assault on Sarajevo, Germany is faced with the choice of how much longer it wants to maintain its ambivalent position, which is voicing feelings of terror but not contributing anything to fight the roots of the evil."

Russian newspaper prints libel on LaRouche

Amid growing interest in Russia in Lyndon LaRouche's approach to solving the Russian and world crises, the Moscow weekly *Inostranets* (*Foreigner*) on Feb. 9 published an article consisting of libels recycled from the Soviet press of the 1980s, mixed with new lies about the reasons for LaRouche's five-year incarceration and his release.

Appearing over the signature of Ivan Lunev, the article is titled, "There Are Extremist Politicians Abroad, Too." Lunev calls LaRouche "an organizer and leader of ultrarightist and neo-Nazi organizations." He falsely asserts that LaRouche has been in jail many times, most recently for "tax evasion and theft during campaign fundraising in the 1983-87 period." The article reports that LaRouche ran for office from jail and has announced he will campaign for the 1996 presidential elections.

In conclusion, Lunev wildly misrepresents LaRouche as follows: "The criminal *cum* activist calls for a radical cure for the 'gravely ill' American society, with harsh measures (these, incidentally, are not so different from the prescriptions of certain of our politicians—struggle against the IMF, [International Monetary Fund] private banks, 'moral decay,' and crime). But for LaRouche, Russia remains enemy number

one, against which he threatens, should he come to power, nuclear war, if [Russia] does not accept American terms. So we are not the only ones who have 'extremist' politicians."

Opposition in Asia to sanctions on North Korea

South Korea, Japan, and the People's Republic of China all oppose the idea of United Nations sanctions against North Korea, fearing to drive the regime of Kim Il-Sung into a corner.

South Korean Foreign Minister Han Sung-joo visited Washington in mid-February to try to stop the sanctions steamroller. He told journalists in the United States that Japan and South Korea agreed that there should not be immediate sanctions, even if the International Atomic Energy Agency (IAEA) refers the nuclear issue to the U.N. Security Council. Japanese Prime Minister Morihiro Hosokawa also spoke out against rash action, and China, a traditional supplier of North Korea's oil, has been repeatedly on record against the sanctions.

Paraguay fears uprising on the Mexican model

The Argentine intelligence weekly *El Informador Público* reported on Feb. 11 that the Paraguayan Armed Forces fear a "Zapatista"-style uprising, like that which occurred in the Mexican state of Chiapas. This could be provoked, among other causes, by heightened involvement of the U.S. Southern Command in Paraguay, according to the report.

Military sources report that the U.S. Southern Command will begin a program in Paraguay's San Pedro region next May known as "Strong Roads 1994 South," which involves "foreign monitoring of the region of San Pedro." The fear of Brazilian military analysts is that because the region in question is quite unstable—very poor with a large Indian population—this could be used by "continental New Left groups which in-

tend to unleash 'Zapatista' experiences in the Southern Cone, taking advantage of ethnic groups which are easy to manipulate."

Paraguay's Guaraní Indian tribes, which are also found in parts of Brazil, Bolivia, and northern Argentina, have been intensively profiled by anthropologists for much of this century; thus the region, which has always been of geopolitical interest to Great Britain, is primed for ethnic conflict. Argentine psychoanalyst Enrique Pichon-Riviere, who studied at London's premier psychological warfare outfit, the Tavistock Institute, in the 1940s, carried out some of his first studies on the Guaranis in Argentina.

Iranian leader predicts revolution

Iranian opposition leader Dariush Foruhar, the head of the Iran Nation Party, said in an interview published in the London *Independent* on Feb. 12, that "a nationwide popular movement is ready to go into action to wipe out the present oppressive, dictatorial system and replace it with a real democratic one capable of saving Iran from disaster."

Although Foruhar has become outspoken against the Iranian regime, the government has taken no action against him and has even allowed him to travel abroad. He had been jailed under the Shah and had held a ministerial post during the first post-Revolution regime.

In the interview, Foruhar called on the leaders of the regime to "smoothly vacate the place, allow a popular, democratic regime to take over and save the nation from the abyss it had been plunged into since the power-hungry mullahs grabbed power, isolated the country, and threw it into the darkest of ages." Foruhar pointed to the current economic problems of the country: a massive rate of unemployment, shortages of all kinds, and poor education.

Foruhar's statement follows the Feb. 1 assassination attempt on President Ali Akbar Hashemi Rafsanjani, and riots in a provincial city. The Iranian regime has charged that the man who tried to kill Rafsanjani was a member of a clandestine terrorist group with ties to foreign embassies.

Briefly

● **ARGENTINA'S** President Carlos Menem met on Feb. 9 with the leaders of the Grand Lodge of Free and Accepted Masons, and "agreed to be connected to the lodge," according to the daily *Página 12*. "I am very happy, and I tell you now that I will be turning to them. I know they have friends in many countries," said Menem. "That's true. For example, Clinton is one of ours," replied Eduardo Vaccaro, the lodge's grand master.

● **RIGOBERTA MENCHU** has called for the creation of a U.N. High Commissioner for Indigenous Peoples. She also called for an extraordinary conference, along the lines of that on the environment in 1992, to be held this year and to launch "The Decade of the Indian Peoples."

● **THE AFRICA HAND** for the Ford Foundation, Gen. Olusegun Obasanjo, was in the northern Nigerian town of Kaduna the first week of February, calling for Gen. Sani Abacha's government to step down in favor of a civilian government. Obasanjo was Nigerian President from 1976 to 1979 and has been on the Ford Foundation's board of directors for over a decade.

● **RUSSIAN** Deputy Foreign Minister Vitaly Churkin said on Feb. 14 that any escalation of the fighting in Bosnia or a NATO intervention there "could affect the entire region, including Macedonia. In that case, the war might spread outside the borders of the former Yugoslavia."

● **ISRAEL** should agree to a Palestinian state and recognize Syrian sovereignty in the Golan Heights, in return for peace, said Nissim Zvilli, the secretary general of the Israeli Labor Party, in a radio interview on Feb. 11. "We don't believe it [a Palestinian state] is the best solution now, but I don't believe we'll be able to force the Palestinians to accept another option," he said.

Washington shaken up by briefing on Russia

by Rainer Apel

Leaders of the political opposition to International Monetary Fund policies in Russia, Ukraine, Georgia, Armenia, and Latvia, speaking at an afternoon seminar sponsored by *EIR* at the Barcelo Hotel in Washington, D.C. on Feb. 16, presented a devastating picture of why IMF-sponsored shock therapy economic policies against the former East bloc must be dropped. Between 40 and 50 guests, including representatives of embassies and congressional offices, journalists, and other observers of the scene in the former East bloc, attended the seminar.

The speakers, grouped into two panels, were among the best qualified to give a realistic view of the eastern world "outside of Yeltsin," which most western experts and policymakers tend to ignore. They outlined the economic, political, and moral collapse of their nations, which is creating the conditions for another world war. All had come to Washington at the invitation of the Schiller Institute, a think-tank for nation-building policies founded by Helga Zepp-LaRouche, wife of American statesman and physical economist Lyndon LaRouche.

'Instead of the invisible hand, we got the invisible foot'

Reviewing developments in Russia after the collapse of the old Soviet regime, but especially the developments since he delivered a speech in May 1993 at the Navy Club in Washington, Prof. Taras Muranivsky, rector of the Ukrainian University of Moscow, made the sarcastic remark in his presentation which opened the seminar that a growing number of economists in Russia were becoming opposed to the government's "free market reforms" because instead of the "invisible hand" of Adam Smith, Russians had been given the "invisible foot" and had, in their overwhelming majority,

been kicked into poverty. Nine months ago, he said, hyperinflation in Russia was at 2,000% and industry had collapsed by 25%. Now he said, the situation is far worse, with production down 30-40%.

Muranivsky stressed that the only way out of the crisis is to emphasize the use of science and technology. Infrastructure development is key, he said, and there must be international links of cooperation between Russia and Central Europe. He had proposed such a perspective to the Clinton administration, he said, and these were ideas developed by Lyndon LaRouche.

The presentations that followed the one by Muranivsky documented that, under the "reforms" that have been carried out upon the advice of the IMF, the World Bank, and western "experts" such as Jeffrey Sachs of Harvard University in the past four or five years, impoverishment has also become the fate of every other nation and republic of the former East bloc in addition to Russia.

Konstantin Cheremnykh, a journalist and democratic activist from St. Petersburg, for example, reported that a typical scene in that Russian city every morning at about 6 a.m. is that of poorly clad people gathering at the fences of the big meat-producing companies to see whether they can buy a bone or two that some of the company's workers have been able to salvage from the "production waste" that morning. People are being morally degraded by their poverty, Cheremnykh said. The "free trade" imposed by Russian President Boris Yeltsin is leading to the elimination of entire vulnerable sections of the population, such as the elderly, who, if they become ill, can't get treatment. This is treason, Cheremnykh said.

Or, as Vladimir Kilasoniya, an official of the Ministry of Economics of Georgia, reported, the Georgian population, which has witnessed the collapse of the entire agricultural sec-

tor of the nation, is now faced with such absurd phenomena as the country having to import eggs from Israel—at prices that the vast majority of the citizens cannot afford.

Or, giving yet another example of the outrageous situation that has developed in the East, Cheremnykh reported the case of a resident of St. Petersburg who has figured out a “clever” way of making a living when normal work is either not available or, if it is, cannot secure the average citizen’s existence: He steals from a hospital contaminated clothes that are designated to be burnt for hygienic reasons, to sell them on the black market for good rubles. That person would not even pose the question how many more Russians might become infected with serious diseases from wearing those clothes.

The ‘Great Criminal Revolution’

Practices such as the above document the decline of moral standards also among the population under the regime of an economic “reform” policy that has created what Viktor Kuzin, leader of the Moscow Bureau for Human Rights Defense, described as the “Great Criminal Revolution.” The West, Kuzin said, has to see that the reality behind the policy of its much-beloved President Yeltsin is the rise of organized crime, which goes along with the targeted removal of all state institutions and independent political organizations that have called for action against that process. The West has to take notice of the fact that many political parties which for good reasons—the increasing poverty among the population being one of them—have voiced opposition to Yeltsin’s “reforms,” were simply thrown off the ballot before the Dec. 12, 1993 elections and are, therefore, not seated in the new Russian parliament.

The West, Kuzin said, has to know that the entire structure of state investigators, police, and other security officials who either have looked into the activities of organized crime and its overlaps with the new elites of the Russian administration, or potentially might do so, has to a large extent already been abolished by Yeltsin—by the same Yeltsin that is hailed as the “beacon of reforms” by western experts.

Those 60,000 “newly privatized enterprises” that President Clinton spoke of during his recent visit to Moscow as an “encouraging sign of the progress that reforms have made,” are but a small number of those who have aligned themselves with the new Russian mafia and pay their dues so that they appear in the official statistics, Dmitri Glinsky, chairman of the Young Russia Union party, explained sarcastically at the seminar. The others that have not aligned themselves are not listed, and therefore not noticed by the West.

Interest in the proposals of LaRouche

The depth of the destruction that has been experienced by the vast majority of Russians and by that part of the elites who have managed not to be corrupted by the Yeltsin reforms, has, as Prof. Wolter Manusadjan, president of the International Ecological Academy (the “Academy of 100”),

said in his seminar presentation, led many to study with great interest and fascination the proposals made by the American economist Lyndon LaRouche. LaRouche’s unique expertise in the principles of physical economy has, therefore, gained many supporters among Russian scientists. This is also the main motive behind the recent decision of the “Academy of 100” to elect LaRouche to their body of international members, Manusadjan reported.

The expertise of LaRouche is also contributing essential aspects to the work of economic experts of the National Democratic Party of Georgia, Vladimir Kilasoniya, a leading member of that party, reported. A proposal for the extension of LaRouche’s proposal for the creation of a “Paris-Berlin-Vienna Productive Triangle” for industrial and infrastructural development in post-1989 Europe into a project for development of the Caucasus, is now being worked out by a special commission of his party, Kilasoniya said.

The potential of the scientific and high-technology sectors of the former Soviet Union, even in the small, newly independent republics such as Armenia, is immense, and can still be mobilized for great infrastructure projects despite the fact that work in those sectors has come to a standstill, largely under the regime of the post-1989 “reforms.” Haik Babookhanian, a member of the Yerevan City Council and the presidium of the Union of Constitutional Rights of Armenia, stated in his presentation. The fact that up until five years ago, Armenia still pursued such ambitious technology projects as nuclear power development and the construction of maglev railway lines, is certainly almost unknown in the West. Today, in a situation of war (with Azerbaijan) and economic war (with the IMF), Armenia has been forced to stop all those projects.

Armen Zatikyan, another Armenian speaker, voiced surprise about the fact, that under the strong influence of British geopolitical interests, western diplomacy in the Caucasus has ostensibly been taken over by outright double standards of political judgment that have created the paradox where two former generals of the Soviet KGB are viewed as the two foremost “democratic” leaders of nations in the Caucasus today: Eduard Shevardnadze of Georgia and Haidar Aliyev of Azerbaijan. If these two politicians were portrayed as “outstanding leaders” by Britain’s diplomats, they should then run for political office in London, but not in Georgia or Azerbaijan, Zatikyan recommended.

The latest product of western free-market ideology that is being marketed in the East is a game called “win a citizenship in an important country.” This is, as speakers from several of the nations at the seminar confirmed, a lottery for immigration and employment in the United States, in which every Caucasian, Ukrainian, and Russian citizen is permitted to take part, on the condition that he invests between \$15 (in Armenia) and \$100 (in Ukraine). The lottery board is run by western banks and their eastern representatives, in close cooperation with the respective eastern governments and the U.S. Immigration Board.

Brits escalate media war on Mr. Clinton

by Edward Spannaus

As the Anglo-American “special relationship” falls deeper and deeper into disrepair, certain sections of the British establishment have escalated their attacks on U.S. President Bill Clinton, through their own news media outlets and their assets inside the United States.

The incestuous relationship between the British and U.S. sides of this operation is remarkable. In our last issue (Feb. 18, p. 63), we reported on a major attack on Clinton in the Jan. 23 London *Sunday Telegraph*, which included a warning that Clinton could be forced out of office “before the year is out.” The *Telegraph* coverage was spearheaded by its Washington correspondent Ambrose Evans-Pritchard; this story was then dutifully picked up by the *Washington Times* and a few other outlets in the United States.

Evans-Pritchard then got a symbiotic boost from R. Emmett Tyrrell in the Feb. 11 *Washington Times*. Tyrrell is the editor of the *American Spectator*, a little-known neo-conservative magazine which had boosted its 200,000 circulation by 50,000 more copies with its January issue featuring the salacious “Troopergate” story about Clinton’s alleged sexual adventures while he was governor of Arkansas. (That story was written by an acknowledged homosexual, David Brock—a source which ought to arouse the suspicions of the conservative Americans who are supposed to become morally indignant over these reports.)

In his Feb. 11 *Washington Times* piece, Tyrrell reported: “Much more so than the American media, the British media are alive with reports on the Clintons’ scandals; and Mr. Evans-Pritchard, who is equal parts scholar, journalist, and adventurer, has been particularly tireless in examining those scandals.” Regarding Evans-Pritchard’s latest investigative safari to Little Rock, Arkansas and his findings, Tyrrell had this to say: “Americans, if they live in the greater D.C. area, perhaps read of this in the *Washington Times*. Otherwise, I guess you had to be in London.”

Tyrrell went on to report how Evans-Pritchard “fears for” the life of David Hale, an Arkansas businessman who allegedly authorized improper loans to associates of the Clintons. What Tyrrell fails to mention is that Hale is under indictment for fraud—a strong motive to implicate others, the higher placed the better.

Then, on Feb. 13, the *Sunday Telegraph* ran a prominent feature boosting—what else?—Tyrrell’s *American Spectator*, replete with scathing attacks against the First Family,

referring to the President as “Slick Willy,” to his political supporters as “pinhead rednecks,” and to Hillary Clinton as “the Dragon Lady.”

‘A strong British connection’

The *Telegraph* made no secret of the fact that London is steering Tyrrell’s efforts. “There has always been a strong British connection” to the *American Spectator*, said the *Telegraph*, noting that its Washington bureau chief, Tom Bethell, is English, and that Sir Peregrine Worsthorne, the flagship columnist for the *Sunday Telegraph*, is an active member of the editorial board, along with British journalist Paul Johnson. The *Telegraph* piece says that Tyrrell’s approach “has aroused admiration on the left”—and gives as an example Christopher Hitchens, whom the *Telegraph* describes as “the erudite Washington-based British journalist” who “welcomes Mr. Brock’s pursuit of the Clinton story.”

Sir Peregrine himself devoted much of his Feb. 13 column to praise of his friend “Bob” Tyrrell, who had just been in London for a memorial service for a former editor of the *American Spectator*. “This was particularly saintly of Tyrrell,” gushed Peregrine, “because he is masterminding the campaign which is beginning to look like it might do for Clinton what the *Washington Post* did for Nixon.”

On the same day, the lead story of the *Sunday Times* of London was an account of how Hillary Clinton and her law firm had benefitted from a “shady deal” involving the sale of a nursing home in Iowa. The next day, Rupert Murdoch’s *New York Post* ran coverage of the London *Sunday Times* story. The next day after that, the *Washington Times* reprinted on its front page large portions of the *Sunday Times* attack on Hillary Clinton and the Rose law firm.

Why the Brits?

Sources have reported that the Clinton administration is the most anti-British administration that the United States has seen for decades. Whether or not that overstates the case, it is undeniable that the British see it that way; they are fuming over Clinton’s decision to give a visa to Sinn Fein leader Gerry Adams, and have been scrapping with his administration over Balkan policy for a year. The worst thing that his administration has done, in British eyes, was the criticism which began with Vice President Al Gore’s trip to Moscow in January of the International Monetary Fund and shock therapy. The British have grown used to compliant administrations on the U.S. side of the “special relationship,” and the mere idea of a President who doesn’t place the highest priority on that relationship drives them nuts.

The seamiest side of the “special relationship” was typified by the role of former Secretary of State Henry Kissinger; it is therefore notable that the London *Telegraph*, now playing such a prominent role in Whitewater, is owned by the Hollinger Corp. of Canada and Britain, a prime financial and political sponsor of Kissinger for many years.

Government lies paved way for LaRouche frame

by Edward Spannaus

Department of Justice (DOJ) documents recently obtained by *EIR* show that that U.S. government attorneys repeatedly lied concerning their intention in initiating an involuntary bankruptcy action in 1987, an action which seized and shut down three publishing and distributing companies operated by associates of Lyndon LaRouche. That bankruptcy shutdown was a crucial step in preparing the prosecution and imprisonment of LaRouche and a number of his associates in 1988-89.

Information contained in these documents, which were disclosed under the Freedom of Information Act, directly contradicts the government's position, as repeatedly argued by the DOJ in court proceedings, which maintained the lie that the government intended to keep the three businesses operating. By shutting down the companies, the government prevented them from repaying loans which had been made to the companies by political supporters. The DOJ then indicted LaRouche and others for failing to repay those loans!

The new disclosures come on top of massive evidence already on the public record, which proves that the U.S. government knew at all relevant times, from 1979 to the present day, that Lyndon LaRouche and his co-defendants were innocent of the charges for which they were convicted. This evidence consists chiefly of the government's own documents, statements of government officials, and sworn testimony of government witnesses. These show that the prosecution lied on all relevant issues during pre-trial and later proceedings. This proof is documented in six volumes of such evidence filed within the federal Fourth Circuit Court of Appeals.

'Shut down the businesses'

The documents include extensive handwritten notes made by DOJ "senior legal adviser" Benjamin Flannagan, who was the number-two official in the General Litigation and Legal Advice Section (GLLAS) of the Criminal Division. The notes are from a conference call on March 24, 1987, which DOJ bankruptcy specialist David Schiller conducted with Flannagan and other DOJ officials, concerning whether to bring the involuntary bankruptcy action. Flannagan was one of the DOJ's top experts dealing with dissident groups; he began his career in 1955 in the DOJ Internal Security Division, and he remained in that division and its successor units, such as GLLAS, for 38 years.

On March 24, 1987, Flannagan wrote in his notes: "Bene-

fit is that a trustee is immediately appointed. They are ordered to shut down the business immediately."

A marginal note next to this reads: "Trustee's role is to shut down the entities."

'Wild accusation'

About four weeks after this conference call, Schiller and other DOJ attorneys obtained a court order directing the appointment of trustees to take over the companies; the order was issued at a highly unusual *ex parte* (secret) hearing, of which no transcript was made. The next day, federal marshals seized and padlocked the three businesses. When the companies sought to appeal the order, the government strenuously opposed the motion for an appeal, arguing in a brief filed on May 18, 1987:

"The debtor Campaigner Publications, Inc. [CPI] asserts that because the Bankruptcy Court has prohibited its publication of its weekly newspaper, *New Solidarity*, the debtor should be granted leave to appeal the Bankruptcy Court's interlocutory order. . . .

"While the debtors assert that the government intended to shut down CPI's newspaper, there is nothing cited in the record to support such a wild accusation. Such empty rhetoric is typical of the debtors and, being factually unsupported, should be dismissed out of hand."

On July 27, 1987, the government's position was upheld by U.S. District Judge Albert V. Bryan. This was one of two rulings made by Bryan in the bankruptcy case, which allowed the government to maintain control of the closed-down companies and to prevent them from repaying any loans. The rulings later became a prominent issue in the 2255 motion filed by attorneys for LaRouche seeking to vacate his conviction and sentence. LaRouche's lawyers also sought motions to disqualify Bryan from hearing the 2255, on grounds which included his involvement in the bankruptcy case.

In another brief filed in October 1987, while attempting to rebut the argument raised by Campaigner and the Fusion Energy Foundation that the bankruptcy proceeding constituted a "prior restraint" on free speech prohibited by the First Amendment, the government again argued that there was nothing in the record to support the "wild accusation" that the government "intended to shut down CPI's newspaper." The government argued that "there has been no restraint at all. . . . The Court's April 21, 1987 Order appointing the Interim Trustee specifically provides that the business shall continue to be operated. It is in fact that debtor's refusal to cooperate with the trustees and advise them of sources of funds to be used to continue operation that causes any problems they might suffer at the present time."

A full reading of Flannagan's notes now proves beyond a doubt that the purpose of the bankruptcy was to shut down the companies permanently, prevent any debt repayment, and to use the bankruptcy to interfere with the defense of the criminal investigations and prosecutions.

Amelia Boynton's play 'Through the Years' performed in Chicago

by Marianna Wertz

On Sunday, Feb. 13, the Schiller Institute in Chicago staged a history-making performance, as part of Black History Month, of the 1936 musical drama *Through the Years* at the Du Sable Museum Theatre. The play was written by civil rights veteran Amelia Boynton Robinson, who today is the vice chairman of the Schiller Institute. *Through the Years* is a dramatic rendition of the birth of the African-American spiritual, told through the life of a slave, with more than a dozen spirituals sung throughout the play.

Mrs. Robinson conceived the play as a means to uplift the dignity and courage of those with whom she worked as a Department of Agriculture extension agent in rural Alabama in the 1930s, and to raise money to support the building of a community center for blacks in then racially segregated Selma, Alabama. *Through the Years* tells the story of Joshua Terrell, who, despite the harsh conditions of a slave's life, fights with courage and determination to win freedom and gain leadership in the U.S. Congress.

The Chicago performance was the brainchild of Mrs. Sheila Anne Jones, Schiller Institute board member and a leading candidate for governor of Illinois in the March 15 Democratic primary. Mrs. Jones, a longtime associate of Lyndon LaRouche, is the first African-American woman to run for governor of Illinois. She is also a former public school music teacher, and conceived the performance of the play as a means to convey the importance of "saving the children of America." This play, she said, "is just the beginning. We mean to complete the work Mr. LaRouche started before he went to jail. All children must and will sing! This is how to stop domestic violence."

Physical conditions no limit

The way in which the musical drama was cast, rehearsed, and staged is as important as the performance itself. The initial concept was to use the play to begin building a Chicago-wide community chorus. Coaching in *bel canto* (beautiful singing) method and rehearsals of the script began about a month before the performance on Chicago's South Side, in the poorest neighborhoods of Chicago's black ghetto, under Mrs. Jones's direction. As she described the process: "Participants are mothers from homeless shelters and their babies, as young as three years old; former or potential gang youth;

single parents; and teenagers from various community organizations. All who have been braving the Siberian weather and icy streets to sojourn to these rehearsals have expressed their joy in many different ways at this project.

"Imagine a scene like the following," she said. "A flat in the poorest neighborhood of the city of Chicago, where the pipes have burst. No heat. Virtually no infrastructure, virtually no lights. Huddled under blankets, with one little space heater in the middle, are 10 little children, from 5 years up to 18 years old reading Amelia's play aloud, and shaping their little mouths as they learn how to round their tones to sing *bel canto*, with their attention so concentrated, that the cold and the broken-down physical conditions are of no consequence. This was the site and condition of one of the earliest rehearsals for the play.

"The dream of this play started with this small wonderful group. These little pearls gave me hope, and this little army became the initial recruiters from the neighborhoods of the city. This work was then cross-fired to the church networks and those who ought to be supporting this effort."

'Give hope and beauty to future generations'

The playwright, Amelia Boynton Robinson, who at 82 years old is today widely recognized as one of America's leading civil rights figures, traveled to Chicago to witness the performance and encourage the participants. She commented on the importance of the play for today's audiences: "Music cannot be separated from the struggle of the Americans in the civil rights movement, because it is a struggle for the inalienable rights of all men. We recently saw this force of love in November of 1989 with the fall of the Berlin Wall. Often it was music which carried the day against munitions. In Leipzig, it was the Leipzig Orchestra and its conductor who helped to stop the secret police from massacring demonstrators. . . .

"This play was written to give the necessary hope and beauty to future generations. I believe that because Dr. King was killed, many people cast aside this powerful weapon. Fear, rage, and hate took hold of our children's souls. Therefore," she concluded, "my dream for the performance of *Through the Years* in Chicago during Black History Month, is to inspire a new movement which empowers our children with love and respect for themselves and others."



In the last scene of Through the Years, four generations of Joshua Terrell's family gather around his deathbed singing "Swing Low, Sweet Chariot."

'My Ma is dead'

People began arriving at the auditorium on Chicago's South Side as early as 4 p.m. for a 5 o'clock performance. The excitement was tangible, at the unique new opportunity the play provided for the participants.

The evening opened with a written greeting from Schiller Institute Chairman Helga Zepp-LaRouche, to her "adopted mother" Amelia Robinson. Sheila Jones presented the greeting together, with a rendition of the African-American spiritual "His Eye Is on the Sparrow."

Following this came the recitation of a poem written by James Weldon Johnson titled "Fifty Years," recited by cast member Beverly Eldridge. Then nationally known composer and singer Charles Bevel performed one of his most powerful compositions, "What Really Bothers Me, Is Not Many People Really Want To Be Free!"

The stage was then transformed, twig by twig, into a cotton field, all handmade by the cast and Schiller Institute volunteers. Then, as the lights came up, onto the stage wandered 20 small black children, dressed in white muslin slave garb, girls with their heads wrapped, and boys with pant legs rolled up, each with muslin-cloth sacks tied to their waists. They began singing, "Cotton needs a pickin' so bad, cotton needs a pickin' so bad. . . ." This was the first of more than a dozen spirituals around which the play is constructed.

The lead character, Joshua, who begins the play as the small child of the slave Mandy, and ends it as a U.S. Con-

gressman, was played by Anthony Harper, the LaRouche Democrat who is running for the Democratic nomination for lieutenant governor in the March 15 primary. The scene in which he discovers that his mother has been murdered by the cotton bosses was powerfully done, as he kneels down over his dying mother, crying out, "My ma is dead, dead, dead!" He lifts her up, in total anguish, as the children close around him, singing, "Sometimes I feel like a motherless chile!"

Transforming, uplifting politics in Chicago

The month-long activities leading up to the Feb. 13 performance of *Through the Years* have had the effect of transforming politics in Chicago. By focusing their efforts on uplifting the minds of Chicago's citizens above the pettiness of politics as usual, the Schiller Institute has succeeded in changing the nature of the debate. This became clear in a unique event on Feb. 12, the day before the performance, when Amelia Robinson was royally honored before an audience of over 1,000 people at the Regal Theatre, on Chicago's South Side, by the London-based acting troupe presenting a performance of *Black Heroes in the Hall of Fame*. Mrs. Robinson was inducted into the Hall of Fame in the ceremony, while Mrs. Jones was honored as the first black woman to seek the position of governor of Illinois.

The Schiller Institute now plans to repeat *Through the Years* in other American cities, and to continue the process of "saving the children" through the kind of cultural efforts that were demonstrated so successfully in this performance.

Republicans on rampage over illegal immigration

House Republicans introduced on Feb. 10 a sweeping immigration bill which would impose a \$1.50 fee on anyone entering the United States by land, add 6,000 Border Patrol agents, and build fences and ditches to deter illegal crossings. It would also phase in over five years a "tamper-proof" Social Security card that would be used to verify employment eligibility, and would set up new screening procedures whereby hearing officers at airports would be allowed to turn away asylum seekers whose claims don't appear legitimate.

The legislation has raised an outcry from Hispanic groups and religious organizations. Raul Yzaguirre, president of the National Council of La Raza, said that the Republican measures were "giving us explosive rhetoric and legislation which would increase discrimination against Americans and endanger the lives of refugees."

Term limits suffers major defeat in courts

The movement to impose term limits on U.S. congressmen suffered a major defeat on Feb. 10 when a federal district judge ruled that the State of Washington's new law limiting congressional terms was unconstitutional. Proponents of term limits intend to appeal the decision to the Supreme Court.

The measure, entitled Initiative 573, was approved as a ballot initiative by Washington voters in 1992. It would have limited House members to three two-year terms over 12 years and members of the Senate to two six-year terms over 18 years. Similar measures have been approved in 14 other

states since 1990.

House Speaker Tom Foley (D-Wash.), who would have been affected by the measure, was one of the people who challenged the measure in court. The judge said the initiative was unconstitutional because it wrongly attempted to add qualifications for congressional candidates beyond those explicitly stipulated in the Constitution.

"A state may not diminish its voters' constitutional freedom of choice by making would-be candidates for Congress ineligible on the basis of incumbency or history of congressional service," Judge William L. Dwyer stated in his decision. The initiative, he said, "is aimed not at achieving order and fairness in the process, but at preventing a disfavored group of candidates from being elected at all."

Vote on Strobe Talbott nomination delayed

Senate leaders on Feb. 10 put off a vote on the nomination of Strobe Talbott to become deputy secretary of state until late February because of Republican objections.

Talbott, a close friend of President Clinton and a former writer for *Time* magazine, is now the administration's chief policymaker on the former Soviet states. He came under fire from supporters of the International Monetary Fund when, after returning from a trip to Russia after the December elections in which the forces of Third Rome ideologue Vladimir Zhirinovskiy made major gains, he said that there should be "less shock and more therapy" in Russia, thereby criticizing IMF "shock therapy" policies.

The Senate Foreign Relations Committee approved Talbott's nomination 17-2 on Feb. 9, with Jesse

Helms (R-N.C.) and Hank Brown (R-Colo.) voting against. Helms challenged Talbott at a hearing on Feb. 8 for writing in *Time* in 1981 that Israel had become a liability to U.S. security interests. Shortly after his nomination, the Zionist Organization of America issued a report that called Talbott "anti-Israeli." Talbott said his views had changed but that the essay was critical of Likud government policies at that time, not Israel.

Senate Majority Leader George Mitchell (D-Me.) asked for a Senate vote before the start of a 10-day congressional recess on Feb. 10, but Minority Leader Bob Dole (Kan.) said there were objections by some of his colleagues. Under Senate rules, a single objection is enough to temporarily block a vote. Dole said he would work with Mitchell to try to arrange a vote after the Senate returns on Feb. 22.

Independent counsel law gets boost in House

The House approved by voice vote on Feb. 10 a bill to put the independent counsel law back on the books. The independent counsel was established in the aftermath of Watergate to investigate, independently of the Department of Justice, alleged criminal activity in the Executive branch.

The legislation has been strongly criticized by Republicans, especially the investigation of Lawrence Walsh into the involvement of Reagan-Bush administration officials in the Iran-Contra affair. Because of GOP resistance, the independent counsel law was not renewed in 1992. Since then, with the Democratic Clinton administration coming into power, however, Republicans have grown fond of the legislation, wanting to expand the independent counsel law to include in-

vestigation of congressmen.

Under the legislation, the attorney general would have the option of invoking the statute in cases involving members of Congress. The statute would provide for prosecutors appointed by a panel of federal judges in cases involving high-ranking administration officials.

Serbian aggression must be stopped, senators say

On Feb. 8, several senators called for action to stop Serbia's war of aggression against Bosnia. Joseph Biden (D-Del.) said that President Clinton and NATO should act immediately against the Serbs. "The West did nothing in the mistaken belief that silence would bring peace," Biden said. "It has only brought more death and more tragedy. The silence must end."

Sen. Orrin Hatch (R-Utah) called for air strikes against Serbian artillery positions and for lifting the arms embargo against the Bosnian government. He ridiculed the purpose of the U.N. "peace-keeping" forces in Bosnia. "If that requires a withdrawal of the troops of our allies, so be it," Hatch said. "If the risk to those troops prevents us from lifting the embargo, it's time for those troops to go home. The President's policy of endless consultations has failed. It's time for the United States to lead and to act, regardless of the positions taken by the European powers."

Sen. Dennis DeConcini (D-Ariz.) said that air strikes should be carried out by the United States even if NATO refused to participate. "The time for equivocation is over," he said.

Charles Robb (D-Va.) called for the United States to use cruise missiles to attack Bosnian Serb positions, and said that the U.S. should lift the arms embargo, unilaterally if necessary.

Earthquake relief survives budget cutters

The Senate on Feb. 9 staved off by a vote of 65-31 attempts by a coalition of Republicans and austerity Democrats to "piggyback" \$94 billion worth of spending cuts over five years onto a bill which would send emergency aid to earthquake victims in California. Attempts to add other budget-cutting amendments were also defeated. The earthquake relief bill was passed on Feb. 11 by the Senate, and the House then passed the legislation 245-65.

The proposal, sponsored by Sen. Hank Brown (R-Colo.) and Sen. Robert Kerrey (D-Neb.), called for 57 separate spending cuts that would have saved \$7 billion this year, almost double the \$3.4 billion in cuts proposed by the administration. The measure was similar to legislation defeated earlier in the House sponsored by Tim Penny (D-Minn.) and John Kasich (R-Ohio).

Gonzalez launches new attack on Federal Reserve

House Banking Committee Chairman Henry Gonzalez (D-Tex.) attacked the Federal Reserve in a speech on the House floor on Feb. 10, questioning its need for employing numerous outside financial consultants despite the large number of analysts who are part of the Fed, and criticizing its extravagance at its conferences, where attendees spend a good part of their time playing golf. Gonzalez quoted Milton Friedman, who said that the Fed "was buying up most of its likely critics."

Gonzalez mentioned how the Federal Reserve Bank of Atlanta, "not finding its facilities fancy enough," had scheduled a three-day conference on derivatives in Coconut Grove, Florida at an expensive luxury hotel at

the end of February. By means of such "camaraderie and benevolence," and "by throwing a little Miami Beach sand in their faces," the Federal Reserve Bank of Atlanta "will produce many friends among experts in financial derivatives, the very area that the Banking Committee is considering legislation in," he said. By such means, the Fed is acting like "any other corporate titan," although it "wants us to think it is the independent, non-political central bank. . . . The Fed has its hands deep in the taxpayers' pockets and should not be exempt from careful oversight."

Gonzalez announced that he was beginning an investigation into how the Fed was conducting itself in respect to outside consultants and conferences. He said his proposed Federal Reserve System Accountability Act of 1993 was the best way of dealing with "waste in government."

Budget Amendment called 'serious mistake'

Seventeen constitutional law experts from around the country sent a letter to Sen. Robert Byrd (D-W.V.), an opponent of a Balanced Budget Amendment, characterizing the amendment as "a serious mistake." The chief sponsor of the Balanced Budget Amendment is Sen. Paul Simon (D-Ill.). The Clinton administration is opposed to the amendment, which will be debated late in February.

The signers, who ranged from liberals such as Harvard law professor Laurence Tribe to conservative Judge Robert Bork, warned that such an amendment "would deprive the Congress and the President of needed flexibility" and "would involve the Judiciary in intractable questions of fiscal and budgetary policy."

National News

Schiller concert celebrates African-American history

The Schiller Institute will sponsor a performance in Washington, D.C. of the *Requiem Mass* of African-Brazilian composer José Mauricio Nuñez-García, featuring members of the Takoma Park Symphony Orchestra, the Neville Ottley Singers, and the Schiller Institute Choir, as part of area celebrations of African-American History Month. Selections from Handel's oratorio *Messiah* and African-American spirituals will also be presented. The concert takes place on Feb. 26, one day before the birthday of the late singer Marian Anderson, and includes selections from her repertoire.

The *Requiem* is dedicated to the memory of the late chairman of the D.C. City Council, John Wilson, who died last year.

The Nuñez-García *Requiem*, composed in 1816, when compared to Wolfgang Amadeus Mozart's *Requiem* (1791), demonstrates the principle of "Classical composers in dialogue," which is seldom heard today. All compositions will be performed at the "Verdi" tuning of C-256, with the original wind instruments, making the performance a unique musical event in all respects.

Limbaugh rushes to defense of the Fed

On his Feb. 9 radio broadcast, populist darling Rush Limbaugh defended the Federal Reserve System and its chairman Alan Greenspan and attacked House Banking Committee Chairman Henry Gonzalez (D-Tex.), who recently forced the Fed Open Market Committee to open up 17 years' worth of its secret minutes.

Limbaugh opened with a tirade against President Clinton for "raising taxes," following which he complained that Representative Gonzalez's recent efforts were aimed at putting the Federal Reserve "under the control of the White House."

Acknowledging that many of his mostly conservative listeners "don't like the Fed," Limbaugh defended the unconstitutional in-

stitution as the only "independent," agency in Washington. Limbaugh claimed that Greenspan raised interest rates to "send a message to Clinton that 'We don't want any of your liberal lollipops over here!'"

Opposition to 'OBE' grows in S. Dakota

Opposition is growing in South Dakota to state plans to implement "outcome-based education" and what the state calls "modernization." In early February, Chris Anderson, the superintendent of schools in Lyman County, just south of the state capital of Pierre, was forced to resign over opposition to his promotion of outcome-based education. Lyman County was one of 20 pilot districts for the state modernization program, where "districts chose on their own" to modernize and receive state funds. Opponents formed a citizens' group which ran a slate of candidates for school board last June, winning heavily over incumbents who supported Anderson, who became a lightning rod for community opposition.

Three of the newly elected board members have been working to dismantle the program and believe they have a mandate to do it. The state legislature heard a debate this month on HB 1323, a bill which prohibits using the criteria of values, beliefs, attitudes, or emotions to determine grades or as the basis for testing, as prescribed in the state school modernization program.

Confederates again hoist 'Stars and Bars'

"Protecting the Confederacy" was the title of a special report in the *Richmond Times-Dispatch* on Feb. 14. The state's leading daily is based in Richmond, Virginia, the capital of the Civil War Confederacy. The report, by staff writer Wes Allison, sports a full-color replica of the "Stars and Bars" flag.

Allison's feature begins: "Political correctness is running amok and must be checked before every vestige of the Confed-

erate South is censored and vilified. So say members of the Heritage Preservation Association, formed last fall to combat what they see as increasing attacks by the politically correct on the Confederacy's symbols, culture and descendants." Allison plays up the HPA's plans to put the Confederate flag—symbol of treason against the United States—back into prominence in the South, where it still flies over the state capitols of South Carolina and Mississippi. HPA founder and President R. Lee Collins is quoted, "I don't mean to minimize slavery, but let's put it into historical perspective. Very few Southerners owned slaves. Slavery was not the main reason for war; constitutional principle was." The Confederate flag, he says, "remains a symbol of defiance to the United States and integration."

The article appeared one week after Margaret Thatcher's royal treatment in the state, and one week before the historic conference of Lyndon LaRouche's philosophical association in Washington, D.C., which exposed the pro-British traitors who created the Confederacy.

AIPAC taps OSI chief Neal Sher as new head

The American Israel Public Affairs Committee announced on Feb. 10 that it has named Neal M. Sher, currently director of the U.S. Justice Department's Office of Special Investigations, as its new executive director. AIPAC President Steve Grossman described Sher as a "bold, innovative leader." AIPAC was established to handle the U.S. Congress for the Zionist lobby, but, since the Israel-PLO accord, has aligned itself more closely to the Likud party's Ariel Sharon, who violently opposes the accord.

AIPAC executive director Tom Dine resigned last June after a book quoted him describing Orthodox Jews as "smelly." A few days later, AIPAC Vice President Harvey Friedman quit after admitting that he had called Israeli Deputy Foreign Minister Yossi Beilin a "little slime ball."

The OSI, set up under the aegis of the Anti-Defamation League of B'nai B'rith in the 1970s, used its mandate to "hunt Nazis" to inject forged KGB documents into the

U.S. legal system. Sher has directed the OSI over the past 11 years. He supervised such legal atrocities as the deportation of John Demjanjuk, and the barring of Austrian President Kurt Waldheim from entering the United States both on the basis of evidence forged by communist authorities.

Aristide rebuffs Clinton peace efforts

The Clinton administration is pressuring ousted Haitian President Jean-Bertrand Aristide to reach some sort of power-sharing agreement with his military opponents. An angry Aristide responded on Feb. 8 by attacking, for the first time, the U.S. policy of interdicting Haitian refugees on the high seas before they can reach U.S. shores and claim political asylum, according to Reuters on Feb. 11.

Aristide called the interdiction policy "a floating Berlin Wall" that violates international law. This is an about-face for Aristide, who supported the policy when it was first undertaken by George Bush, and has periodically broadcast appeals to Haitians to stay home. A State Department official said Aristide's remarks were "an invitation for people to risk their lives on the high seas," reported Reuters.

Virginia blacked out by ice storms

Much of Virginia was declared in a state of emergency on Feb. 11, after ice storms brought down power lines in many areas of the state. Gov. George Allen declared the emergency at 9 p.m., when almost three-quarters of a million homes were without power. Especially hard hit were the least developed areas which had suffered from the storm: the Northern Neck and southwestern Virginia. In one southwest county, an estimated 90% of the households were believed to be without power. Ten counties and cities were declared local emergencies.

Large parts of Lynchburg and 25,000

homes in Richmond also lost their electricity. A reported 60,000 households in the Roanoke area were without electricity, which would take at least four days to restore, leaving them without water or heat in many cases, and threatening further damage from frozen and burst water pipes.

Nancy Spannaus, the LaRouche Democrat challenging Chuck Robb for the U.S. Senate, said in a Feb. 14 statement: "If there had been adequate electricity infrastructure, the damage from the loss of electricity would have been dramatically less. It's not the cold that's to blame—that's unavoidable.

"From my 1990 Senate campaign on, I have underscored the abominable state of Virginia's energy infrastructure—from current power shortages to the prospect of the mainstays of our electric power supply, the four Virginia Power nuclear plants, being decommissioned. Given the disasters that have befallen us this winter, Virginians should be ready to listen."

Washington beats drum for North Korea sanctions

After President Clinton said on Feb. 11 that economic sanctions are "one option" if North Korea continues to balk at U.N. inspections of its nuclear sites, other administration officials have increased the pressure. "We're now consulting, all of us among one another, to see what our options are. But obviously, the sanctions option is one option," Clinton had told a news conference. Japan, South Korea, and China are being consulted, Clinton said.

CIA director James Woolsey complained on Feb. 14 that North Korea may be about to recover more plutonium. "They may decide to shut down their Yongbyon reactor soon, enabling them to extract fuel, reprocess, recover the plutonium and use it to produce weapons," Woolsey said. Also on Feb. 14, Secretary of State Warren Christopher told the MacNeil-Lehrer news program that if South Korea were threatened "either in a conventional way or in a nuclear way, that will invoke a powerful military response by the United States."

Briefly

● **WILL THE IRS** privatize its collection apparatus in order to help cut the budget deficit? Such is one proposal, according to the Feb. 9 *Washington Post*, which quotes an administration official that "the concept is to figure out how we can get private companies to assist with some of our collection-related activity." It is rumored that the IRS style manual will begin replacing the term "mafia" with "collection services consultant."

● **QUEEN ELIZABETH'S** royal yacht *Britannia* quietly docked in New York Harbor on Feb. 10 for "six days of onboard commercial conferences before steaming south to pick up Her Majesty" in the Caribbean, according to the *New York Post*. As *EIR* exposed in its Feb. 12, 1993 issue, the queen hosted a secret meeting of British and Italian financial magnates on her yacht off Italy on June 2, 1992, that led to the destabilization of the Italian state.

● **TOM HAYDEN**, the aging radical and California state senator, has announced that he will be a candidate for governor of California. Why? "It was really the psychic impact of the earthquake that made me feel that I ought to be fully carrying out what I believe. There is an urgency about the times in which we live."

● **MARSHA FREEMAN**, author of *How We Got to the Moon*, had a three-day promotional tour over Feb. 10-13 of Huntsville, Alabama, where the Marshall Space Flight Center and the Space and Rocket Center are located. Her tour included a 20-minute interview with National Public Radio's program "Tech Talk" and a book-signing.

● **THE U.S. ARMY** announced plans in early February to develop Ft. Belvoir, in suburban Virginia near Washington. The development is expected to create 30,000 jobs and connect to the Washington Metro by light rail. Spokesmen say that the economic benefits will far outstrip the "Disney America" theme park planned for nearby Haymarket.

A small question of demographics

The death rate in Russia last year increased by 20% over that of 1992. This translates into the deaths of 360,000 individuals who should have been alive today, by any acceptable standard. Life expectancy for the average Russian male is now believed by some to be below 59 years of age.

Of course, this sharp rise in deaths has been accompanied by a similar fall in the birth rate, as well as a rise in infant mortality. Such dismal conditions are far below the average in the industrialized world, and the lowest in Russia since before 1960. Infant mortality had risen from a high 17.4 per 1,000 births in 1992, to 19.1 last year. Such a figure, of course, does not include the staggering statistic that more than 50% of children never see the light, because they are aborted.

This is the reality of the Jeffrey Sachs shock therapy remedy; and not surprisingly, Russia's National Security Council is looking at these figures with alarm. While babies and the elderly suffer most from the vicious austerity which has turned bread into a luxury, there is also a sharp rise in the rate of suicide among adults, who despair of the future.

At a conference held at the Harriman Institute in New York, not an institution known to blanch at the horrors of malthusianism, a report on this dramatic fall in the Russian population was given by Natalia Rimashevskaya, head of the Institute for Socio-Economic Studies of the Population. She stated that what she called an "unprecedented" rise in the death rate correlated with an increase in killings and suicides. According to Rimashevskaya, the average age of death for men and women is below 66. This figure is five years below the life expectancy of over 70 that had recently been achieved in Russia.

Russia itself is now a dying nation if we look at the demographics.

In 1993, some 1.4 million people were born and 2.2 million died. Some of this was masked by the fact that Russians who had been living elsewhere in the former Soviet Union migrated back to Russia, but the moral is obvious. Even with this additional population,

the net fall in population was 500,000. Many women of child-bearing age postpone having children, or decide not to give birth, "because of the poor situation in the country."

Another cause of the increase in the death rate among adults is an increase in the amount of cardiovascular disease, which no doubt correlates to poor nutrition, and perhaps also increasing alcoholism.

About 10% of world grain production takes place in Russia, Ukraine, and Belarus, and this has fallen by 15% since 1989. At the same time meat, milk, and egg production have fallen by 20%; milling of flour and bread production by more than 10%. All of this can be attributed to the intervention of Jeffrey Sachs and the coterie of international financiers, whom he represents as the apostle of "free trade."

At the same time that this news became known, on Feb. 14, the possibility of trade war between the United States and Japan was being mooted, due to the U.S. demand that the Japanese accept trade quotas. The irony of the situation seems to elude U.S. ideologues.

It is ludicrous for the United States government to attack the Japanese for not opening themselves to the rapacity of the free-marketeers from the West, and then to turn around and demand the Japanese government impose a quota system upon its own population in order to force them to buy American. Not only is this a clear violation of the axiomatic premises of free trade, but it also is tragic in face of the dramatic increase in productive output that is really needed from both nations. Worse still, it is criminal that the United States and Japan do not join hands to devote all of their efforts toward transforming the situation in Russia and the rest of the former Soviet bloc.

What is needed is the implementation of LaRouche's Productive Triangle program. The cost of the contrary policy—allowing free rein to the bankers, and failing to support a transformation of the Soviet economic system into a viable productive economy—can be counted in the numbers of the unborn and those who need not have died last year.

SEE LAROCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted.

ALASKA

- ANCHORAGE—ACTV Ch. 40
Wednesdays—9 p.m.

ARKANSAS

- FAYETTEVILLE—Ch. 8
Wednesdays—9 p.m.
- LITTLE ROCK—Storer Ch. 18
Tues.—9 p.m., Thurs.—8 p.m.

CALIFORNIA

- DOWNEY—Conti. Ch. 51
Thursdays—9:30 p.m.
- E. L.A. to SANTA MONICA—
Century Cable Ch. 3
Mondays—5:30 p.m.
- E. SAN FERNANDO VALLEY—
United Artists Ch. 25
Sundays—3:30 p.m.
- HOLLYWOOD—Conti. Ch. 37
Fridays—8 p.m.
- LANC./PALMDALE—Ch. 3
Sundays—8:30 a.m.
- MARIN COUNTY—Ch. 31
Tuesdays—4 p.m.
- MODESTO—Access Ch. 5
Thurs., Mar. 10—6:30 p.m.
- MTN. VIEW—MVCTV Ch. 30
Tuesdays—11 p.m.
- ORANGE COUNTY—Ch. 3
Fridays—10 p.m.
- SACRAMENTO—Ch. 18
2nd & 4th Weds.—10 p.m.
- SAN DIEGO—
Cox Cable Ch. 24
Saturdays—12 Noon
Southwest Cable Ch. 16
Saturdays—9 p.m.
- SAN FRANCISCO—Ch. 53
Fridays—6:30 p.m.
- SANTA ANA—Ch. 53
Sundays—4 p.m.
- W. SAN FERNANDO VALLEY—
CVI Ch. 27
Tuesdays—8:30 p.m.

COLORADO

- DENVER—DCTV Ch. 57
Wednesdays—11 p.m.
Fridays—7 p.m.

DISTRICT OF COLUMBIA

- WASHINGTON—DCTV Ch. 25
Sundays—12 Noon

FLORIDA

- PASCO COUNTY—Ch. 31
Tuesdays—8:30 p.m.

GEORGIA

- ATLANTA—Ch. 12
Fridays—1:30 p.m.

IDAHO

- MOSCOW—Ch. 37
Tues., Mar. 1—6 p.m.
Wed., Mar. 9—6 p.m.
Tues., Mar. 15 & 22—6 p.m.
Tues., Mar. 29—6 p.m.

ILLINOIS

- QUAD CITIES—Cox Ch. 4
Mondays—9:30 p.m.

INDIANA

- SOUTH BEND—Ch. 31
Thursdays—10 p.m.

MARYLAND

- BALTIMORE—BCAC Ch. 42
Mondays—9 p.m.
- MONTGOMERY—MCTV Ch. 49
Tue.—11 p.m., Thu.—2:30 p.m.
- WESTMINSTER—CCTV Ch. 19
Tuesdays—3 p.m.

MASSACHUSETTS

- BOSTON—BNN Ch. 3
Saturdays—12 Noon

MICHIGAN

- CENTERLINE—Ch. 34
Tuesdays—7:30 p.m.
- TRENTON—TCI Ch. 44
Wednesdays—2:30 p.m.

MINNESOTA

- EDEN PRAIRIE—Ch. 33
Wed.—5:30 pm, Sun.—3:30 pm
- MINNEAPOLIS—Ch. 32

EIR World News

- Saturdays—9:30 p.m.
- ST. LOUIS PARK—Ch. 33

EIR World News

- Friday through Monday
3 p.m., 11 p.m., 7 a.m.

ST. PAUL—Ch. 33

- EIR World News
Mondays—8 p.m.

MISSOURI

- ST. LOUIS—Ch. 22
Tues.—2 p.m.; Wed.—5 p.m.

NEW JERSEY

- STATEWIDE—CTN
(Check Local Channel)
Mondays—2 a.m.

NEW YORK

- BRONX—BronxNet Ch. 67
Saturdays—6 pm
- BROOKHAVEN—TCI
(E. Suffolk, L.I.)
1 Flash or Ch. 99
Wednesdays—5 p.m.
- BUFFALO—BCAM Ch. 18
Mondays—6 p.m.
- HUDSON VALLEY—Ch. 6
2nd Sunday monthly—2 p.m.
- MANHATTAN—MNN Ch. 69
Saturdays—12 Noon
- OSSINING—Continental
Southern Westchester Ch. 19
Rockland County Ch. 26
1st & 3rd Sundays—4 p.m.
- QUEENS—QPTV Ch. 56
Tuesdays—3:30 p.m.
- ROCHESTER—GRC Ch. 15
Fri.—10:30 pm, Sun.—7 pm
- STATEN ISL.—CTV Ch. 24
Wed.—11 p.m., Sat.—8 a.m.

- SUFFOLK, L.I.—Ch. 25
2nd & 4th Mondays—10 p.m.
- WESTCHESTER—Ch. 18
Fridays—6 p.m.

OREGON

- PORTLAND—Access Ch. 27
Wed., Mar. 9—6 p.m.
Tuesdays—6 p.m. (Ch. 27)
Thursdays—3 p.m. (Ch. 33)

PENNSYLVANIA

- PITTSBURGH—PCTV Ch. 21
Mondays—7 p.m.

TEXAS

- HOUSTON—PAC
The LaRouche Connection
Mon., Feb. 28—5 p.m.
Mon., Mar. 7—4 p.m.
The American System, Pt. 2
Thurs., Mar. 3—9 p.m.
The American System, Pt. 3
Tues., Mar. 8—5 p.m.

VIRGINIA

- ARLINGTON—ACT Ch. 33
Sun.—1 pm, Mon.—6:30 pm
Wednesdays—12 Noon
- CHESTERFIELD—Ch. 6
Schiller Institute Show
Tuesdays—9 a.m.
- FAIRFAX—FCAC Ch. 10
Tuesdays—12 Noon
Thurs.—7 pm, Sat.—10 am
- LEESBURG—Ch. 6
Mondays—7 p.m.
- MARTINSVILLE—Cable Ch. 6
Some Saturdays—8 p.m.
Some Sundays—1-5 p.m.
- RICHMOND/HENRICO—
Continental Cable Ch. 38
Schiller Institute Show
Tuesdays—6:30 p.m.
- WASHINGTON
■ TRI-CITIES—TCI Ch. 13
(Check Ch. 7 Readerboard)

If you are interested in getting these programs on your local cable TV station, please call Charles Notley at (703) 777-9451.

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.

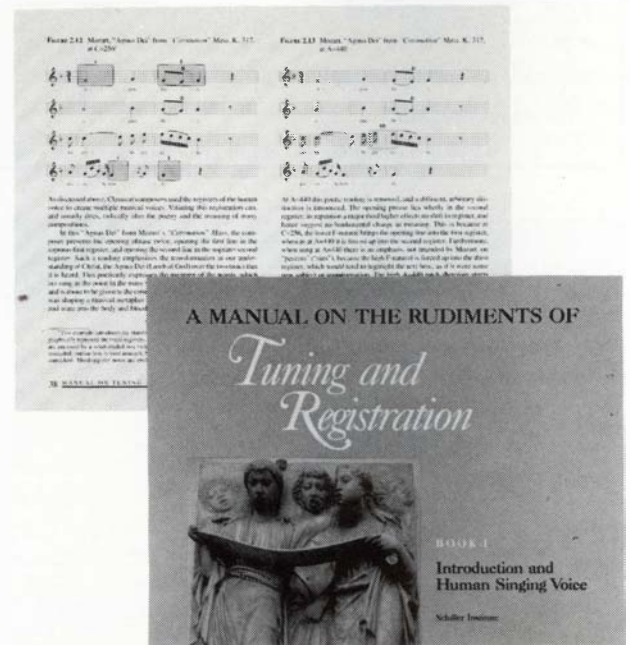
Book I focuses on the principles of natural beauty which any work of art must satisfy in order to be beautiful. First and foremost is the bel canto vocalization of polyphony, sung at the "natural" or "scientific" tuning which sets middle C at approximately 256 cycles per second. Copious musical examples 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

Schiller Institute, Inc.

P.O. Box 66082, Washington, D.C. 20035-6082
(202) 544-7018

or call Ben Franklin Booksellers, 107 S. King St.,
Leesburg, VA 22075. Phone (703) 777-3661;
fax (703) 771-8287; toll free (800) 453-4108

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