

# EIR

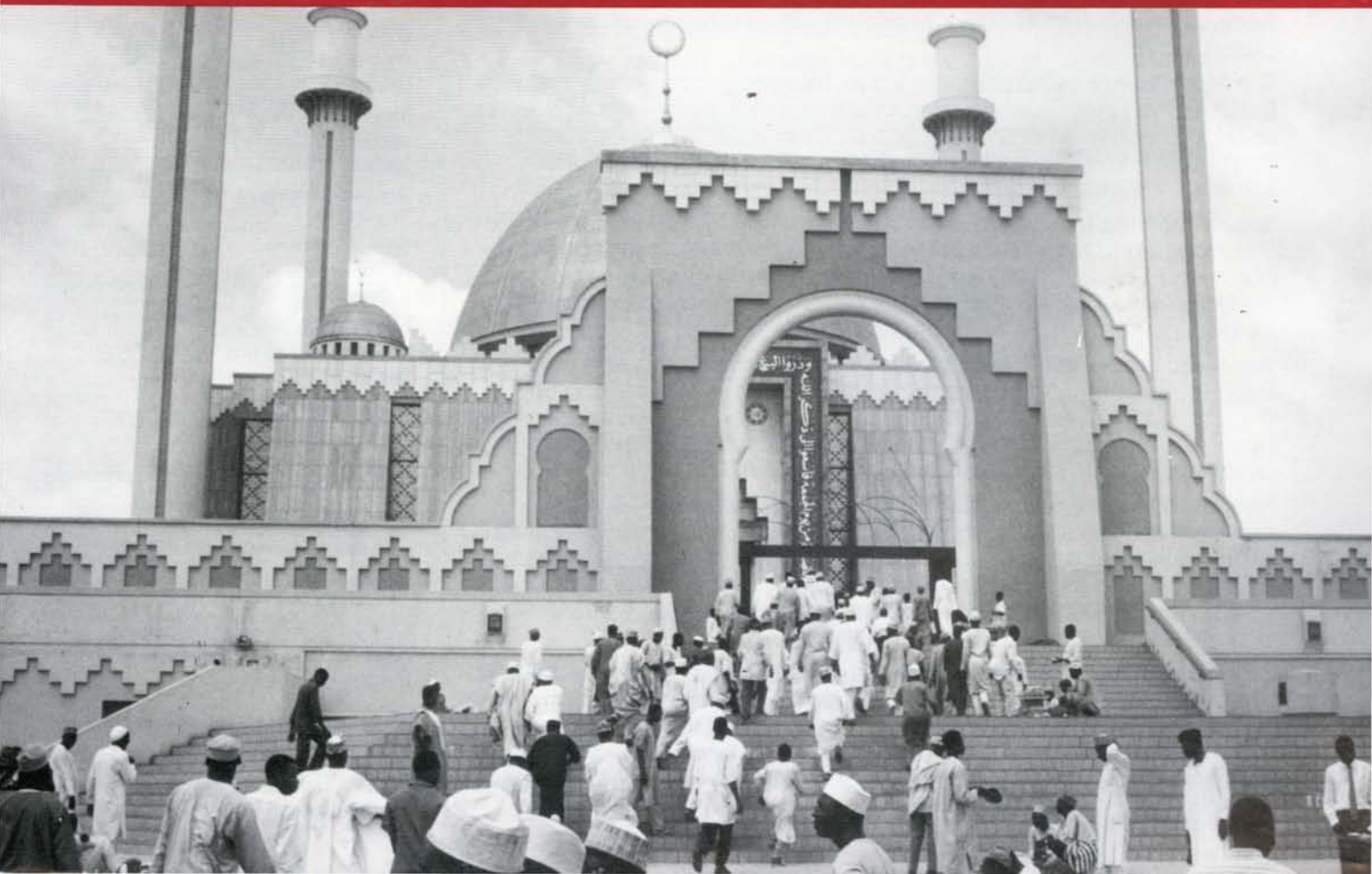
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\$10.00

Who benefits if Russian industry is torn down?  
Health care: Revive the Hill-Burton standard  
Russell, Conant and the Hiroshima bombing

**Nigeria faces down IMF to  
save its national unity**



# BOOKS



## To Lead Us Back into Space

EIRNS/Philip Ulanowsky

***They Had a Dream: African-American Astronauts***, by J. Phelps. Presidion Press; clothbound, 291 pages, \$25.95.

***Moon Shot: The Inside Story of America's Race For The Moon***, by Alan Shepard. Turner Publications; clothbound, 400 pages with 32 pages of photos. \$22.95

***Mission to Deep Space, The Voyager Journey***, by W. Burrows. An oversize book especially aimed at older children. Wh. Freeman; clothbound, 80 pages. \$18.95.

***The Mars Project***, by Werner von Braun. This classic on space travel was first published in 1953, when interplanetary space flight was considered science fiction. With an introduction by former NASA administrator Thomas O. Paine. University of Illinois Press; 91 pages paperbound. \$10.95

***Space Technology and Planetary Astronomy***, by Joseph Tatarewicz. As the U.S. struggled to respond to Sputnik, planners at NASA found that astronomers had turned their telescopes away from the planets and toward the stars. NASA had to create the planetary astronomers. University of Indiana; clothbound, 190 pages, illustrated with index. \$12.95.

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## From the Editor

**E**ven if the major media had not kept Americans in the dark about President Clinton's stunning announcement of the end of the Anglo-American "special relationship," many would not grasp the historic implications of this shift. If you want to really know what the "special relationship" is, look at the cholera epidemic in Rwanda or in Moscow.

Now, cholera could be called the symptomatic disease of the "special relationship." It's not a complex challenge to science in the sense of AIDS, or cancer. It comes straight from the hell of the looting policies which masquerade as "free trade" and have been enforced since the last world war, and especially since the death of John F. Kennedy, by American military and economic power, on a leash held by British oligarchy. Cholera can be contracted in less than a day, and can kill in 8-10 hours; thus thousands are dying as we write, in refugee camps in and near Rwanda. It can be cured by off-the-shelf remedies and prevented by straightforward water management policies. No one should be dying of cholera today.

Everyone who sees television, or reads the print media, has the image before his mind's eye of the helpless victims of this scourge. Now join this image with the strategic overview presented in this *EIR*. In Nigeria, the most important sub-Saharan African nation save South Africa, military and other leaders are fighting to defend their country's unity and economic development against the International Monetary Fund and other illegitimate offspring of the Anglo-American "special relationship." In Russia, there are leaders in industry who are determined to save their nation's industrial economy from dismantling by the "free trade" and "shock therapy" criminals. In Venezuela, an elderly, patriotic President is standing up to the gendarmes of the IMF and their drug money-laundering cronies.

The mass media which project the images of dying people in Rwanda want you to believe that national sovereignty must be surrendered to the Blue Helmets of the United Nations, not just to deliver aid, but above all, to stop people from having babies. This conspiracy for one-world government, the "Rosemary's Baby" of the special relationship, is still running U.S. policy on automatic pilot. Americans can show they are not arrogant British stooges, by heeding the total change in course charted by the patriots of Nigeria, Russia, and Venezuela.

*Nora Hamerman*

# EIRContents

## Interviews

- 20 Anatoli Panov**  
The general director of the Ordzhonikidze Moscow Machine-Tool Factory Share Society, Panov was subjected to an assassination attempt for his efforts to defend his industrial enterprise from the mafia and the de-industrializers.
- 29 Adamo Ciroma**  
Nigeria's agriculture minister explains what's wrong with the International Monetary Fund's policy toward his country, and how the transitional military government plans to revive production.
- 34 Dr. Sam Aluko**  
A member of Nigeria's newly formed National Economic Intelligence Committee, Dr. Aluko underlines the importance for a developing economy of building basic infrastructure.
- 37 Al-Haji Bamanga Tukur**  
Nigeria's minister of industry describes the government's priorities for overcoming the crisis and working toward real democracy—not a “democracy” imposed from outside, which will plunge the country into chaos.

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## National Economy

- 18 Battle rages to save Russian industry from shock therapy**  
While the flea market western economists like Harvard's Jeffrey Sachs cheer “good riddance!” to the closing of bankrupt industrial firms, many Russians are ringing the alarm bells. Rachel Douglas reports.
- 20 Flagship of machine-tool industry struggles to survive**  
An interview with Anatoli Panov.
- 24 Panov appeals to FBI Director Freeh**

## Book Reviews

- 55 Bertrand Russell was the ‘godfather’ of Hiroshima-bomber James B. Conant**  
*James B. Conant, Harvard to Hiroshima and the Making of the Nuclear Age*, by James G. Hershberg; and “How Bertrand Russell Became an Evil Man,” in *Fidelio*, by Lyndon H. LaRouche, Jr.

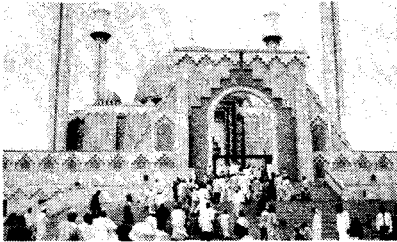
## Departments

- 15 Northern Flank**  
Anti-environmentalist “backlash” grows.
- 47 Australia Dossier**  
Kooks push genocide in Cairo.
- 64 Editorial**  
How to save Africa.

## Economics

- 4 Caldera orders expropriation of Venezuelan ‘banking mafia’**  
Total war has been declared against the criminals who have been sucking the life-blood out of the economy.
- 6 Why U.S. health care must return to the Hill-Burton standard**  
Raising the debate around a universal health care policy to a higher conceptual level: *EIR*'s first salvo in a major campaign.  
**Documentation:** What the 1946 Hill-Burton Act said.
- 13 Currency Rates**
- 14 U.S. funds’ revenge for Pancho Villa**
- 16 Business Briefs**

## Feature



A mosque in the Nigerian capital city of Abuja.

### **26 Nigeria faces down IMF to save its national unity**

Lawrence Freeman and Uwe Friesecke report on a visit to the Nigerian capital of Abuja, and their meetings with leaders in and around the government.

### **29 We deserve respect for what we have done**

An interview with Adamo Ciroma.

### **34 'We emphasize the function of production in our economy'**

An interview with Dr. Sam Aluko.

### **37 'Our priority is to improve our agriculture and industry'**

An interview with Al-Haji Bamanga Tukur.

## International

### **40 Jordan, Israel advance peace through development**

Historic meetings on the border between the two countries show the potential for a viable peace, but the enemies of the accord are gearing up provocations from all sides.

### **42 Narco-terrorists plan explosion in Mexico as election nears**

### **44 The cross that went to the Moon**

Father Giovanni Garbolino has an extraordinary story to tell about Cardinal Karol Wojtyla, Edwin "Buzz" Aldrin, and the Apollo 11 landing on the Moon.

### **45 Brazil yields to the malthusian lobby**

Brazil's official document for the Cairo '94 depopulation meeting in September reads as though it could have been written by Henry Kissinger.

### **48 International Intelligence**

## National

### **50 Stung British counterattack Clinton over policy shift**

The official end of the Anglo-American "special relationship" has the British fighting mad—and their Hollinger Corp. press empire is churning out reams of yellow journalism against the President.

**Documentation:** How the European press covered President Clinton's shift against Britain, toward Germany.

### **59 Malthusians attack Vatican over Cairo**

### **60 Congressional Closeup**

### **62 National News**

## Caldera orders expropriation of Venezuelan 'banking mafia'

by David Ramonet

In an action without precedent in recent Venezuelan history, the Rafael Caldera government decreed on July 18 the confiscation of assets belonging to several former owners of the Banco Latino, the number-two bank in the country, which was taken over by the government in January. Caldera's decree is precisely what was proposed last February by Venezuelan Labor Party (PLV) leader Alejandro Peña Esclusa, and represents a declaration of total war against the criminal "banking mafia" which had been sucking the life-blood out of the Venezuelan economy.

Caldera's move has stunned the international banking elites, who correctly perceive Caldera's actions as a demonstration of independence from them and from their "gendarme," the International Monetary Fund. But beyond the implications of his actions for Venezuela, which had been converted by these elites into a premier dirty money laundry for the international drug trade, Caldera's decree provides a model for action for the rest of the continent. And this is what has the world financial elites quaking.

### Seizing the assets

On July 18, representatives of the Attorney General's office, accompanied by agents of the National Guard, occupied a luxury hotel in the tourist center of Puerto La Cruz, along with two other properties in Caracas, all owned by individuals and/or companies linked to the former owners of Banco Latino. The expropriations are intended as preventive measures toward recovering the debts that these individuals and/or companies have with Banco Latino.

On Feb. 9, *El Diario de Caracas* had published a PLV statement calling for confiscating assets of the Diego Cisneros Organization (ODC), including the supermarket chain CADA and the Maxys stores (formerly Sears). "They must

be confiscated before they are sold off and the money taken abroad," warned Peña.

One week later, Peña was interviewed by journalist Damhelys Diaz on a popular television show on Channel 2, "Lo de hoy es noticia." In that interview, Peña emphasized: "One of the things the PLV proposes is the preventive seizure of all the personal assets, of all the patrimony of the ODC . . . simply to protect the depositor, because I truly believe that the direct responsibility that the Banco Latino directors have for this fraud must be investigated. Should the media claims prove to be the case, that there was an illegal operation here, that accounts were handled incorrectly, including of the National Armed Forces, of the oil workers. . . . In other words, our leading institutions are affected. We have here a problem of national security."

Because of this call, the Cisneros organization, through an employee, accused the PLV leader of "inciting crime" against his properties. Now the Caldera government is not only proposing, but implementing, expropriations.

*Ultimas Noticias* reported on July 19 that on the Attorney General's list is a mansion owned by fugitive Ricardo Cisneros Rendiles, which was "sold," just before Cisneros fled the country, to an employee whose annual salary could not begin to pay for the luxurious estate.

The seizures ordered by Attorney General Jesús Petit da Costa are being carried out at the request of the Banco Latino Intervention Council, headed by former Petroleos de Venezuela President Gustavo Roosen. Roosen told the press the same day that he has also asked the Attorney General to embargo the assets of more than 40 companies which either directly or indirectly received loans from Banco Latino. According to the list of companies released by *Ultimas Noticias*, the majority are related to the Cisneros group, which in turn

was an important partner of the Banco Latino on whose board sat Ricardo Cisneros. Roosen is trying to recover some 80 billion bolívars, before Latino's debtors carry out some "financial engineering" to transfer their assets to others. Toward this end, the foreign properties of Banco Latino debtors are also currently under investigation.

Attorney General Petit da Costa explained in detail the mechanisms by which the former owners of Banco Latino gave unsecured multimillion-bolívar loans to individuals who were afterwards unable to assume legal responsibility for their debts. For example, the company that built the Mare Mare Hotel received 11 billion bolívars (more than \$100 million at the time), but neither the hotel nor the land it is built on is in the name of that company. Instead, it is held by other companies which have no direct obligation to the lending bank. "This kind of behavior shows that the Banco Latino operated like a mafia—as President Caldera has said—which appropriated billions from its depositors."

### **The usury mafia responds**

Such actions are intolerable for the international financial mafiosi from whom Banco Latino's former stockholders learned their tricks. In fact, even before President Caldera ordered the confiscations, the London *Financial Times* had dedicated nearly an article a day since late June attacking Caldera's nationalist measures to protect the economy. The day after the *Financial Times* would publish its protests, the *Washington Post* would follow suit, whether by editorial or by "news coverage." Then the international news agencies would distribute these commentaries throughout Venezuela and the rest of the continent, with the intention of creating an aversive climate against Caldera.

One mid-level official at the World Bank was most direct, in a private conversation, about what the international creditors are thinking: "It doesn't matter if Rafael Caldera is honest or not, Venezuela was much better off with Carlos Andrés Pérez." Reminded that Pérez is in jail on corruption charges, and has a long history of dirty business deals, the official responded that this has always been the case and always will be the case. What could not be permitted, however, was that his free trade economic policies be annulled. "It is not a question of honesty, but a practical matter," he said.

The creditors are just as hysterical over the strict exchange controls which the Venezuelan government is applying, which are being regulated "the same way a common credit card is monitored," according to Ivan Pulido Mora, a member of the Exchange Council. Those who need to buy dollars are registered in a computerized system overseen by technicians of the state oil company PDVSA. In that computer system will be a profile of every dollar purchaser, including any bank accounts abroad—just as a bank maintains a credit history of its card holders—such that only those who need dollars and don't hold any will be allowed to purchase them. Those who request dollars, but are holding dollar accounts abroad, will be obliged to use their own reserves.

### **Debt moratorium?**

What the creditors most fear is that Caldera will find himself forced to suspend payment on Venezuela's foreign debt. Although the President has repeatedly rejected such a possibility, the creditors fear that the very circumstances of the crisis facing Venezuela will leave him no alternative. When new Planning Minister Werner Corrales was asked by a journalist from *El Globo* on July 18 about the possibility of declaring a debt moratorium, he responded that, "within the range of options, moratorium is obviously not among the preferred, but no alternative has been rejected."

The truth is that Caldera has always been sincere in his proposals, including to the Venezuelan bankers. Since March, his government has sought to achieve currency stability, a reduction in interest rates, and a reduction of inflation, through a Solidarity Pact. It was the bankers which violently rejected his efforts, and unleashed fierce financial warfare against the bolívar, which led to an unprecedented inflationary process. For this reason, Caldera's emergency measures were taken.

This is exactly what Caldera explained to the business community at the 50th Annual Assembly of Fedecamaras on July 12: "Economic progress, for the countries which have achieved such, has been obtained by means of harmony between the public and private sectors. Neither Japan nor the four Asian tigers achieved economic progress solely through the private sector. Freedom yes, and we feel obliged to guarantee it and are prepared to guarantee it. But if no agreement for harmony exists, if the will to adopt the indispensable measures required for success does not exist, all efforts will fail."

### **Threats of coups, civil war**

The followers of Carlos Andrés Pérez within the AD party, the Social Christian party which Caldera founded and which threw him out, together with the targeted bankers, continue to up the pressure by threatening the government with a coup d'état. At the same time, ultraleftists who back former Army colonel Hugo Chávez, leader of the failed coup attempt of Feb. 4, 1992, also denounced Caldera's measures.

In a press conference, Chávez stressed that "a coup d'état of the political, economic, or military elites could occur here, or a new insurrection by the middle-level and non-com officers, who continue to be very unhappy with what is occurring." Chávez has attempted to blackmail President Caldera, demanding that he dissolve Congress and convoke a National Constituent Assembly.

If Caldera does not agree, insists Chávez, the consequence will be street riots of all kinds. If the government represses these, warns Chávez, "I am certain that the division in the Armed Forces will become evident. One military group will go out to kill an unarmed and hungry population, but there is another, not very small group, which will refuse and will go out instead and overthrow the government, or at least will prevent the destruction of the Venezuelan people, and this will be a setting for civil war."

# Why U.S. health care must return to the Hill-Burton standard

by Donald MacNay, M.D., Marcia Merry, and the EIR Economics Staff

In August 1946, a new federal health care law went into effect, which became known as the "Hill-Burton Program." It was a nationwide hospital-building program, designed to provide the necessary number of staffed hospital beds per 1,000 people throughout the land—regardless of race, color, creed, gender, or ability to pay. It was an unprecedented move in the history of the United States: Prior to 1946, hospitals had evolved willy-nilly, under differing local circumstances, and with wide disparities in the quality of facilities. The only systematic hospital system which had been in effect, was that provided for seamen by the surgeon general and the Public Health Service.

The Hill-Burton standards changed all that. Its approach, which ought to be carefully studied today, typified the post-war, do-the-job infrastructure-building approach, and it was highly successful. It is the authors' view that if the same or a similar approach were applied today, it could lead the way out of the crisis of spiralling health care costs, combined with drastic degradation in the quality of care available.

Unfortunately, for many otherwise decent citizens, the issue of the overall health of the population only becomes a matter of concern during times of war, plague, or other catastrophes. The rest of the time, most tend to sink to the level of a local approach, and debates center around accounting questions such as costs. But today's problems are insoluble with such an approach. Going back to look at the context in which Hill-Burton was enacted is therefore a useful means of getting back into the right frame of mind to actually crack the problem.

## Start with the population

At the end of World War II, the U.S. population numbered about 148 million, and the wartime mobilization posed demographic features with obvious significance for health care planning. Thousands of wounded veterans had to have continuous treatment. There was also a malnutrition problem, which had been revealed by the number of youth who had been turned down by the Armed Services as unfit for duty.

The war mobilization accentuated certain regional variations in age and sex population profiles. For example, there were new concentrations of women of child-bearing years in

such wartime boom towns as Los Angeles, where the "Rosie-the-Riveter" phenomenon was born. The national birth rate, which had fallen during the 1930s Depression years, shot up immediately after the war's end. Between 1946 and 1949, close to 15 million children were born, in contrast to the four years prior to World War II, when only 10 million were born.

The differing regional and age bracket profiles called for differing numbers and types of equipment, facilities, and medics, in order to provide the health care required. For example, concentrations of obstetrical services were required in Los Angeles. At the same time, tuberculosis was still taking its toll, and poliomyelitis (from a waterborne virus) was claiming more victims.

What seemed obvious to policymakers at the time, was the need to wage a peacetime war against disease, and to provide care wherever it was needed. The wartime production and logistics mobilization itself had in fact contributed much to the arsenal of potential peacetime health care advances: new pharmaceuticals, logistics systems, and medical techniques. Streptomycin was developed in 1944; blood plasma was successfully developed for use in 1940; mobile medical care systems were perfected during that time.

## Why not universal care?

In his 1944 State of the Union address, President Franklin Delano Roosevelt spoke of an "economic bill of rights," including "the right to adequate medical care and the opportunity to achieve and enjoy good health." In 1945, in his Jan. 6 State of the Union address, the President again spoke of the right to "good medical care," but he made no specific proposals from then until his death in April. Then, on Nov. 19 of that year, President Harry Truman sent to Congress a message on health care legislation, proposing that a universal care system be worked out in connection with the Social Security system. But Sen. Robert A. Taft (R-Ohio) led a charge to denounce even the idea of universal care as "left-wing" and "socialistic." The upshot of the conflict in Washington was that some federal funds were granted to states in order to provide care for those unable to afford it; some of that money went to private insurance companies.

Sidestepping all the name-calling and position-taking, senators Lister Hill (D-Ala.) and Harold Burton (R-Ohio)



went ahead and introduced their straightforward "Hospital Survey and Construction Act." The act became law on Aug. 13, 1946, and had the effect of advancing the facilities and mobilization to bring health care improvements to all.

The act specified how states were to inventory and add to their existing hospitals to "afford the necessary physical facilities for furnishing adequate hospital, clinic, and similar services to all their people." It spelled out that "such a hospital or addition to a hospital will be made available to all persons residing in the territorial area of the applicant, without discrimination on account of race, creed, or color." The text admittedly also contains the "Jim Crow" separate-but-equal policy typical of the pre-Civil Rights Act period (see *Documentation*), and had the effect of inhibiting the full potential of Hill-Burton. But even so, the bill's effect was unprecedented.

### The impact of the Hill-Burton Act

The Hill-Burton Act specified that for general care, there should be made available an average of 4.5 hospital beds per 1,000 people in states, with their local distribution made according to intrastate densities of settlement. In particular, for rural states, the act called for a higher average number of beds per 1,000 people, in order to accommodate people facing more difficult travel logistics. An average of 5 beds per 1,000 people was called for for those states with a density of 6-12 people per square mile; 5.5 beds per 1,000 were mandated for states with 6 or fewer people per square mile.

These bed ratio standards refer to general-care beds. In addition, the Hill-Burton Act mandated the provision of additional ratios of beds for such care as tuberculosis, mental illness, and chronic disease.

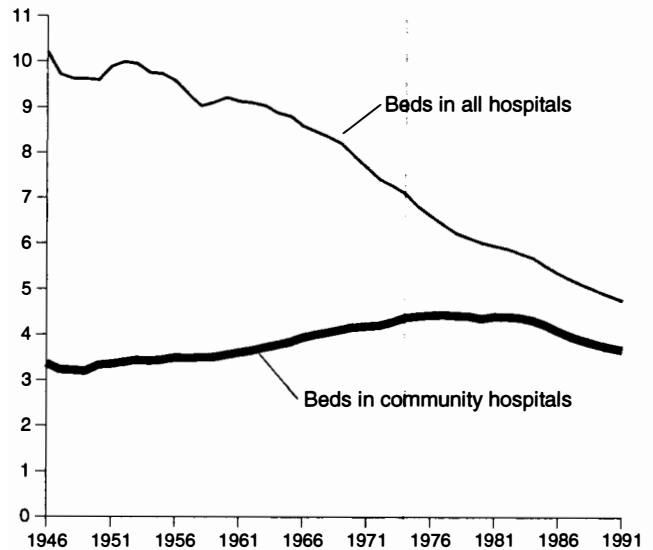
The ratios were devised on the basis of a "needs" analysis, which began by asking what kinds of care medical science could give as of mid-century, and what kind of bed use this would mean. In 1946, the physical facilities did not yet exist on the scale required by existing medical science. A building boom took place, with dramatic results in use of facilities and improvements in health.

Figure 1 shows that in 1946, the United States beds-per-1,000 ratio for community hospitals was 3.5—far below the Hill-Burton standard. In many states, the ratio was far lower. Between 1947 and 1974, through successive congressional extensions of Hill-Burton, over \$4 billion in federal grants and loans for construction of general-care hospitals and expansion of facilities was distributed, which was expended along with another \$10.4 billion in state and local funds. The results are clear from the graph.

As of the mid-1970s, the nationwide average for beds in community hospitals was at the average Hill-Burton standard of 4.5 beds per 1,000 people. Many rural areas had access to hospital care for the first time.

How the Hill-Burton implementation worked is described by one contemporary account, by Dr. Ralph Chester

FIGURE 1  
Hospital bed availability, 1946-91  
(beds per 100,000 people in the United States)



Sources: U.S. Statistical Abstracts; Historical Statistics of the United States.

Williams, assistant surgeon general, in 1950:

"The National Hospital Program has now been in operation for three years. It had brought about a comprehensive plan showing the location and size of hospital facilities which are needed in each state. For the first time, a definite plan is being followed by each state in determining the location, size, and type of facility which can best meet the hospital and health center needs of the people. Hospital construction plans prepared by each state agency and approved by the U.S. Public Health Service have been extremely valuable in stimulating local communities to construct hospitals and health centers. In addition, the program has resulted in the enactment of hospital licensure laws in many states where none existed previously. The impact of the program on modern design and construction has been gratifying with respect not only to hospitals built under the program, but also to those built without Federal aid. Improved services to patients have likewise resulted from better planned and better designed hospitals.

"A total of 65,000 hospital beds and 250 public health centers are being added to the nation's health plant by 1,300 projects approved as of June 30, 1950. This represents a total expenditure of nearly \$1 billion, toward which the Federal contribution will be about \$345 million. Approximately 300 of these projects are already in operation, and 500 of the remainder are under construction.

"In general, hospitals are being built first where they are needed most, and usually these are also in areas of lowest

TABLE 1

**Changes in rank order of the top ten leading causes of death in the United States**

1900	1950	1990
1. Pneumonia (all forms) and influenza	1. Diseases of the heart	1. Diseases of the heart
2. Tuberculosis (all forms)	2. Cancer and other malignant tumors	2. Cancer and other malignant tumors
3. Diarrhea, enteritis, and ulceration of the intestines	3. Intracranial lesions of vascular origin	3. Cerebrovascular diseases
4. Diseases of the heart	4. Nephritis	4. Accidents (over 50% motor vehicles)
5. Senility (ill-defined and unknown)	5. Accidents, excluding motor vehicles	5. Chronic obstructive pulmonary diseases
6. Intracranial lesions of vascular origin	6. Pneumonia (all forms) and influenza	6. Pneumonia and influenza
7. Nephritis	7. Tuberculosis (all forms)	7. Diabetes mellitis
8. All accidents	8. Premature birth	8. Suicide
9. Cancer and other malignant tumors	9. Diabetes mellitus	9. Homicide and legal intervention
10. Diphtheria	10. Motor-vehicle accidents	10. AIDS and other infective and parasitic diseases

Sources: *The United States Public Health Service, 1798-1950*, by Ralph Chester Williams, M.D., Bethesda, Maryland: Commissioned Officers Association of the Public Health Service, 1951; and *Statistical Abstract of the United States, 1992*.

income. General hospital projects predominate in the program. Eighty percent of the total beds added to date are in these facilities. About one-half of the general hospital projects are new facilities, nearly all of which are located in towns of less than 10,000 population. These are typically small hospitals of 50 beds or less.

"Increasing attention is being given to other categories of hospital facilities, particularly tuberculosis, psychiatric and chronic units in general hospitals, and to public health centers. Four States (Georgia, Louisiana, Mississippi and South Carolina) now have extensive programs for health centers, and other States are beginning to develop such programs."

### Winning the war against disease

The impact of the Hill-Burton approach is manifest in the mid-century progress in combatting disease. The postwar expansion of facilities, detection, and treatment, fought the final, winning rounds against the "microbes" (infectious diseases from bacteria, viruses, etc.). New efforts were also launched against chronic diseases, or diseases associated with a longer-lived population.

**Table 1** shows this shift in the U.S. population's disease profile. The top killer diseases at the turn of the century were pneumonia and influenza, tuberculosis, and diarrhea and related diseases. The introduction of water purification, sewage treatment, and other sanitation practices, along with new drugs (such as penicillin, which was identified in 1928), opened the prospect of wiping out these diseases. By 1950, the infectious diseases had fallen in rank far below the chronic diseases—heart disease, cancer, stroke—as causes of death.

From 1946-50, mortality fell by 50% for maternity cases, appendicitis, and tuberculosis. The availability and use of the facilities, and provision of care of high standards of medical

treatment, are the cause. The same Dr. Williams quoted above gave some specifics of the record use of the new facilities:

"In 1949, more than 16 million patients received bed-care in hospitals in the United States. This was the largest number ever recorded. It may seem strange to count the increase of hospital patients as a sign of progress in American health. But it is a good sign that the attitude of the public toward the hospital has been changed. The people are learning to turn to it as a place where they can get modern services that will restore them to health, or better still, prevent serious illness. Fifty years ago, people as a rule went to the hospital only as a last resort [before the common availability of anti-septic and anaesthesia practices, etc., that were pioneered in the last century—ed.]. A good statistical measure of the recently changed attitude is the increase of births in hospitals. In 1949, for example, more than 86% of the births occurred in hospitals; in 1935, the percentage was only 37% . . .

"New services in health departments also contribute to individual and family health. During 1950, about 15 million people stepped before X-ray machines and had chest X-ray examinations made. As a result, more cases of tuberculosis are being discovered in the early, most curable stages. In the same year, more than 2.5 million persons visited local health departments to be examined for venereal diseases. As a result, nearly half a million were found to be infected."

As the infectious diseases were beaten back, the spirit of the Hill-Burton approach was evident in a set of survey hearings in October 1953, called "Health Inquiry," held by the Committee on Interstate and Foreign Commerce. The hearings were divided into sessions to review each of the top five major causes of death, beginning with heart disease. And the official topic was, "The Causes, Control, and Remedies of the Principal Diseases of Mankind."

### What the Hill-Burton Act said

The Hill-Burton Act became law on Aug. 13, 1946, as Public Law 725. The official title is "Hospital Survey and Construction Act," and the entire document is only nine pages in length. The act was an amendment to the Public Health Service Act, from the 1930s. In brief, Hill-Burton authorized grants to the states for surveying the adequacy of their hospitals and public health centers, and for planning construction of additional facilities. The Hill-Burton law was extended in several subsequent acts of Congress. The full text of the Hill-Burton Act can be found in the public laws volume for the 79th Congress, 2nd session, Chapter 958. We have added bold sub-headings.

**Purpose: physical facilities to furnish care for all the people**

Sec. 601. The purpose of this title is to assist the several States—

(a) to inventory their existing hospitals (as defined in section 631 (e)), to survey the need for construction of hospitals, and to develop programs for construction of such public and other nonprofit hospitals as will, in conjunction with existing facilities, afford the necessary physical facilities for furnishing adequate hospital, clinic, and similar services to all their people; and

(b) to construct public and other nonprofit hospitals in accordance with such programs."

**Standards: number of beds per 1,000 people**

Sec. 622. Within six months after the enactment of this title, the Surgeon General, with the approval of the Federal Hospital Council and the Administrator, shall by general regulation prescribe—

(a) The number of general hospital beds required to provide adequate hospital services to the people residing in a State, and the general method or methods by which such beds shall be distributed among base areas, intermediate areas, and rural areas: PROVIDED, That for the purposes of this title, the total of such beds for any State shall not exceed four and one-half per thousand population, except that in States having less than twelve and more than six persons per square mile the limit shall be five beds per thousand population, and in States having six persons or less per square mile the limit shall be five and one-half beds per thousand population; but if, in any area (as defined in the regulations) within the State, there are more beds than required by the standards prescribed

### Lister Hill, champion of the public good

The post-World War II hospital building boom known as the Hill-Burton Program took its name from the leading sponsors of the enabling federal legislation on health care: Senators Lister Hill (D-Ala.) and Harold H. Burton (R-Ohio). These men had collaborated on other matters; but soon after the Hill-Burton Act became law in August 1946, Burton was appointed to the Supreme Court, and his legislative activities ceased. Hill served in the U.S. Senate until 1968.

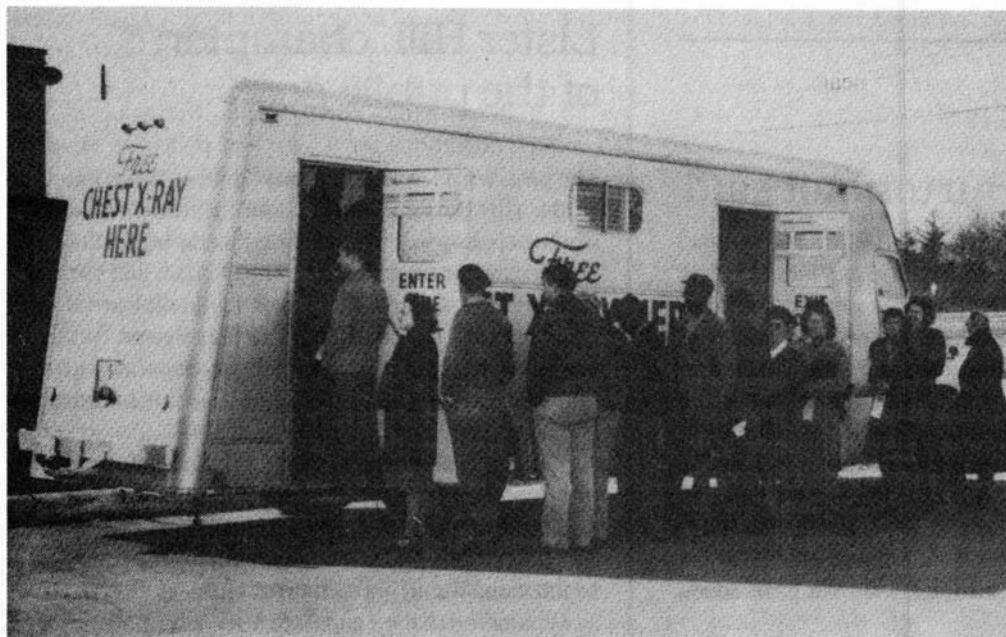
Today, a major part of the U.S. national archives of biomedicine is housed at the Lister Hill Center in Bethesda, Maryland, near Washington, D.C., in recognition of Senator Hill's initiatives for hospitals and health care. But in his own time, Hill was also known as a champion of the Tennessee Valley Authority electrification project and other common-good public works, and for his foreign policy initiatives to prevent war.

Hill was born in 1894 in Montgomery, Alabama, the first son of Dr. Luther Leonidas Hill, a surgeon whose family was active in city politics. Dr. Hill, who still practiced and held regular office hours until his 80s, had studied in England under Lord Joseph Lister—a pioneer of antiseptics. And so, Dr. Hill named his son after his mentor.

The first successful heart suture procedure in U.S. practice was performed by Dr. Hill. Lister Hill's two brothers and two brothers-in-law also became physicians in Alabama, but Lister Hill went into public policy from the start.

Hill studied law, did military duty in World War I, and, at the age of 22, began his public service career by being appointed president of the Montgomery Board of Education in 1917, serving until 1922. In 1923, he was elected to the House of Representatives and served for 14 consecutive years. As chairman of the House Military Affairs Committee, he championed the Tennessee Valley development project. He became what colleagues called "a consistent New Dealer."

In 1937, Hill declared his candidacy for the Senate, in opposition to a 68-year-old veteran politician, Thomas Heflin, an avowed Ku Klux Klan advocate, who some expected to win because of the Klan's resurgence. With the endorsement of President Roosevelt in his pocket, Hill defeated Heflin 88,000 to 48,000, and held his Alabama Senate seat from 1938 through 1968. Lister Hill died in 1984.



*A typical mobile chest X-ray unit used under the Hill-Burton standard to reach people who did not appear at fixed detection sites.*

by the Surgeon General, the excess over such standards may be eliminated in calculating this maximum allowance.”

#### **Additional beds for tuberculous, mentally ill, and others**

(b) The number of beds required to provide adequate hospital services for tuberculous patients, mental patients, and chronic-disease patients in a State, and the general method or methods by which such beds shall be distributed throughout the State: PROVIDED, That for the purposes of this title the total number of beds for tuberculous patients shall not exceed two and one-half times the average annual deaths from tuberculosis in the State over the five-year period from 1940-1944, inclusive, the total number of beds for mental patients shall not exceed five per thousand population, and the total number of beds for chronic-disease patients shall not exceed two per thousand population.

(c) The number of public health centers and the general method of distribution of such centers throughout the State, which for the purposes of this title, shall not exceed one per thirty thousand population, except that in States having less than 12 persons per square mile, it shall not exceed one per twenty thousand population.”

#### **Special concerns: rural and poor areas**

(d) The general manner in which the State agency shall determine the priority of projects based on the relative need of different sections of the population and of different areas lacking adequate hospital facilities, giving special consideration to hospitals serving rural communities and areas with relatively small financial resources.

(e) General standards of construction and equipment for

hospitals of different classes and in different types of location.”

#### **Universal care**

(f) That the State plan shall provide for adequate hospital facilities for the people residing in a State, without discrimination on account of race, creed, or color, and shall provide for adequate hospital facilities for persons unable to pay therefor. Such regulation may require that before approval of any application for a hospital or addition to a hospital is recommended by a State agency, assurance shall be received by the State from the applicant that (1) such hospital or addition to a hospital will be made available to all persons residing in the territorial area of the applicant, without discrimination on account of race, creed, or color, but an exception shall be made in cases where separate hospital facilities are provided for separate population groups, if the plan makes equitable provision on the basis of need for facilities and services of like quality for each such group; and (2) there will be made available in each such hospital or addition to a hospital a reasonable volume of hospital services to persons unable to pay therefor, but an exception shall be made if such a requirement is not feasible from a financial standpoint.”

#### **Common-sense definitions**

Sec. 631. For the purposes of this title—

. . . (e) the term “hospital” (except as used in section 622 (a) and (b)) includes public health centers and general, tuberculosis, mental, chronic disease, and other types of hospitals, and related facilities, such as laboratories, out-patient departments, nurses’ home and training facilities, and central

service facilities operated in connection with hospitals, but does not include any hospital furnishing primarily domiciliary care;

(f) the term “public health center” means a publicly owned facility for the provision of public health services, including related facilities such as laboratories, clinics, and administrative offices operated in connection with public health centers;

(g) the term “nonprofit hospital” means any hospital owned and operated by a corporation or association, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual;

(h) the term “construction” includes construction of new buildings, expansion, remodeling, and alteration of existing buildings, and initial equipment of any such buildings; including architects’ fees, but excluding the cost of off-site improvements and, except with respect to public health centers, the cost of the acquisition of land; and

(i) the term “cost of construction” means the amount found by the Surgeon General to be necessary for the construction of a project.

### **‘Post-industrialism’ killed Hill-Burton**

Take another look at the graph on page 7 of hospital beds per 1,000 people during this century. It shows clearly that, as of the mid-1970s, there was an abandonment of the Hill-Burton-style commitment to providing care facilities and combatting disease. Although this is now obvious in myriad ways, consider just the simple beds-to-people ratios. Beginning in the late 1970s, there are downward trends both in the community (general care) beds ratio and in special-care beds (TB, mental illness, etc.)

Consider the relative number of special-care beds during the 1940s and 1950s. At that time, the high numbers of special-care beds reflected the sanatoria for tuberculosis, the special polio wards, wartime injuries follow-up, etc. The 1946 Hill-Burton Act, besides specifying standards of general-care bed availability, also specified standards for tuberculosis and other treatment. Altogether, a certain region of the country—for example, southeastern Pennsylvania—might expect to make available 4.5 general-care beds per 1,000 population, plus another 4-5 beds, depending on the prevalence of TB, the density of the population, and other factors. Health care planners strove for a dispersed network of community hospitals, with specialties concentrated in larger “regional” and “central” hospitals.

In the densely populated five boroughs of New York City, for example, the 1949 hospital plan, commissioned by Hill-Burton and the New York Committee of Post-War Public Works, used the following guidelines: for every one million people, a network of community hospitals (each with 50-300 beds), plus regional hospitals of about 650 beds each, plus central hospitals with 750-plus beds each. The higher up the pyramid, the more specialty facilities and staff were available.

By the late 1960s, the need for the TB and polio beds had all but vanished: The aggressive lung X-ray detection, quarantine, and follow-up treatment of the Hill-Burton period had all but wiped out TB, while the development and mass use of Dr. Jonas Salk’s polio vaccine beginning in 1955 had created conditions for wiping out polio. A universal, nationwide vaccination program was begun, in which all individuals in target age brackets were given the vaccine. In 1963, the anti-measles vaccine was developed.

If the Hill-Burton approach to health care had been continued, the 1970s would have seen the total elimination of these infectious diseases, opening up the opportunity to concentrate even more effort into basic biomedical research and into early detection and least-cost treatment of chronic diseases. This was the stated goal of the 1953 Congressional “Health Inquiry” hearings, to find the “Causes, Control, and Remedies of the Principal Diseases of Mankind.”

But the opposite took place. Economic policies of “post-industrialism” prevailed in the United States. The era of rampant speculation, junk bonds, derivatives, “Big MAC”-style austerity began. Upkeep and expansion of vital infrastructure—water, energy, physical health care facilities, public transit—went into decline. Beginning in the late 1970s, both the number of general-care beds per 1,000 people, and specialty care beds went into decline.

This deterioration in physical facilities was masked by continued advances in the “mechanics” of surgical procedures, so that hospital stays and bed use could be shortened, or even eliminated, through outpatient surgery. In the late 1970s, arthroscopy (joint microsurgery) using fiber optics was developed, and at the same time, laparoscopy (abdominal microsurgery) was begun, using micro instruments, and, more recently, using laser scalpel techniques.

Such gains from surgery advances have indeed been spectacular. One orthopedic example: In 1970, a simple knee meniscectomy (removing a damaged cartilage) required open surgery and hospitalization of 5-7 days. The successful procedure then resulted in a compromised knee joint, with the onset of arthritis coming normally within 10 years. Today, the torn segment of the damaged cartilage can be selectively removed, leaving the knee to function normally thereafter. The operation (which takes longer than the primitive 1970s meniscectomy), can be done on an outpatient basis.

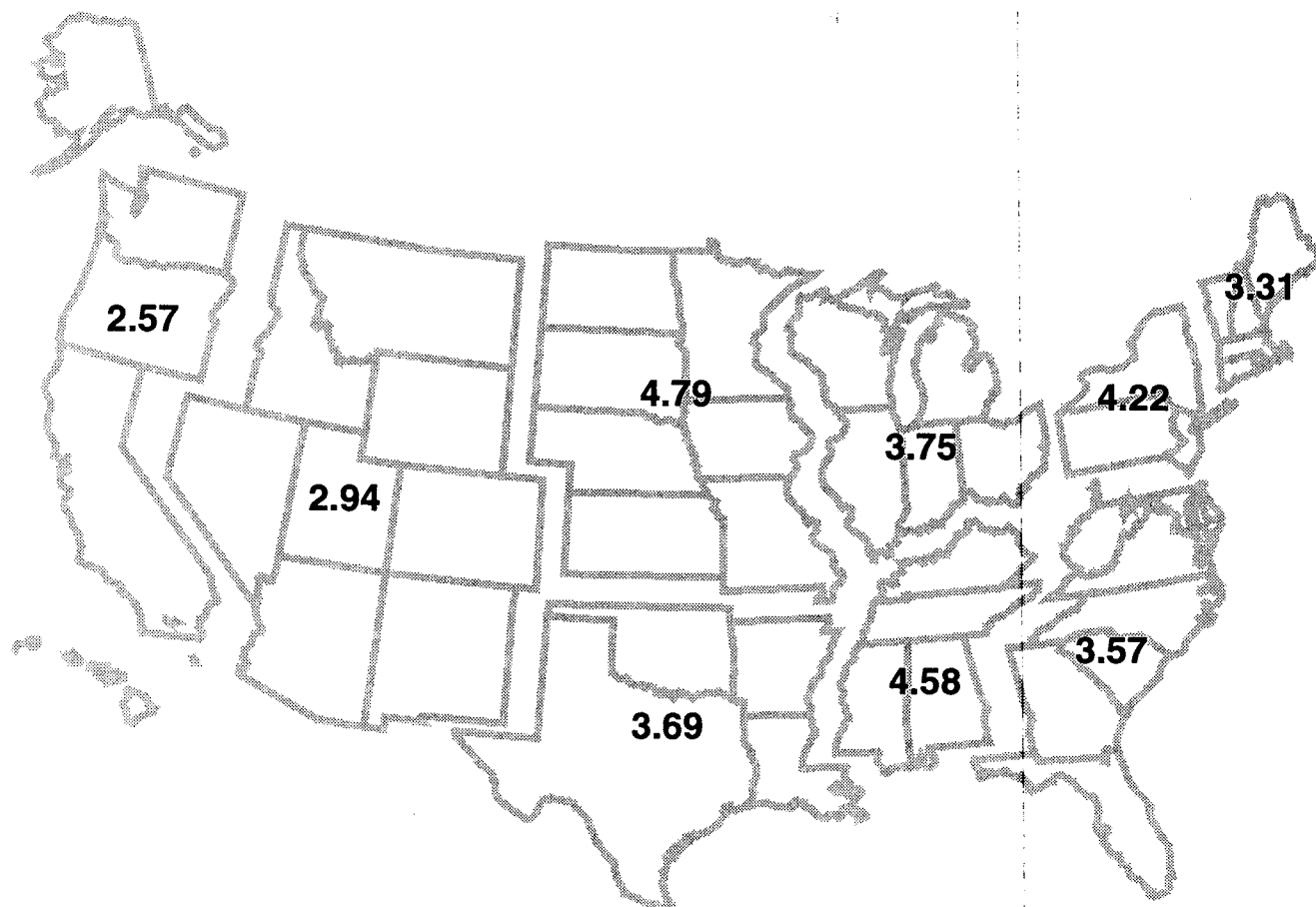
But such advances have been islands amid a deepening sea of cost-benefit-driven degradation of health care. By the 1980s, community hospitals had become de facto “outpatient” centers. By 1990, the number of surgical procedures of all kinds done on an outpatient basis began to *exceed* those done on an inpatient basis; in that year, 11 million were done on an outpatient basis and 10.5 million inpatient.

Another way to look at this, is that the number of outpatient visits to community hospitals outnumbered the the days of inpatient care provided. As of 1985, there were about 226 million outpatient visits to community hospitals (an average

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## Disparity in relative numbers of community hospital beds in the nine U.S. census divisions, 1992

(beds per 1,000 people)



Source: *American Hospital Association Statistics*, 1993-94 Edition.

of one visit per American resident per year), and about 225 million days of stay in a community hospital (one overnight per year per American). Since that time, the outpatient visits to community hospitals have been almost twice the number of days of inpatient care.

### The 'excess bed' hoax

What did the post-industrial cost-benefit experts conclude from this? They demanded there be a mass shutdown of "excess" beds. The media publicized empty beds as overcapacity. In reality, the 1970s marked the time when, by government decree—following orders from self-selected banking interests demanding austerity—hospitals were driven into bankruptcy and mergers, and out of existence.

For example, during the time of the "Big MAC" (Municipal Assistance Corporation) swindle in the 1970s in New York City, budget officials in New York in 1974 decreed a penalty of withholding state reimbursement for community

hospital care for indigent residents, if the hospital in question fell below a new state-decreed percentage of use (75-85%). This drove many facilities into insolvency. In addition, a large number of specialty-care beds for the mentally ill were eliminated by Big MAC-style decree in New York, and the patients were turned out into the street.

Variations of this campaign to remove "excess beds" took place all over the country, mostly in poor rural and inner-city areas. Every year since 1977 has seen a net loss of community hospitals. In 1992 alone, 39 community hospitals closed. The most common mechanism of shutdown has been cutbacks in government funds. After the Medicare and Medicaid system was enacted in the 1960s, when financial hardship set in during the 1970s and 80s, state and local governments cut back their payments to hospitals. On top of this came the various types of insurance rackets.

The stage has now been reached where, in large numbers of locales across the United States, the number of beds for

general care do not even exist on minimum requirement levels. The map of the nine census areas shows the average number of community beds per thousand population in 1992, ranging from 2.57 in the Pacific zone (as compared to 4.5 under Hill-Burton), to 4.79 in the West North Central states (5.5 under Hill-Burton).

Within the states in each census area, there is also a wide disparity of availability of community hospitals.

During this same time, facilities and logistics for other health care services have also been cut back below levels needed for minimum national health security. There now exists an acute shortage of general practitioners for primary care. Nationwide administration of standard childhood vaccinations is no longer routine, as it used to be under Hill-Burton.

The cumulative result of this began asserting itself in the early 1980s, as increasing crowds of people began to show up at hospital emergency rooms.

The results of the build-down in health infrastructure are also evident in the growing spread of AIDS, and in the resurgence of tuberculosis and other diseases. Even if facilities and treatment patterns had been up to par, mutations and new outcrops of microbes would require new R&D breakthroughs for successful health care, because continued use of the same antibiotics has reached the outer limits of effectiveness—as shown, for example, by the hantavirus outbreak in the Southwest over the past year.

The most dramatic example, however, is the appearance of drug-resistant tuberculosis, which is now hitting the United States on an epidemiologically significant scale. As of 1991, according to a survey reported in the February 1994 *Journal of the American Medical Association*, the proportion of TB cases resistant to standard treatment drugs is now at the 13% level in New York, 6.6% in New Jersey, 4.9% in Florida, 4.3% in Hawaii, and significant levels in nine other states. In the United States overall, the proportion of drug-resistant TB cases was 3.5%.

## Recommendations

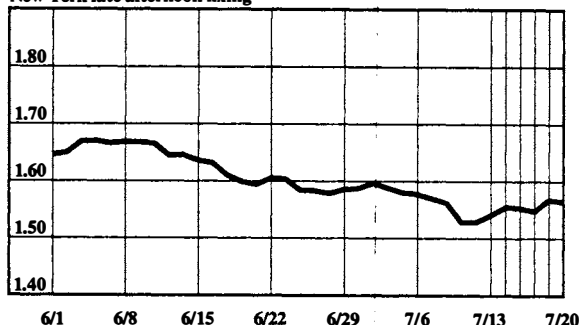
As the TB and AIDS prevalence shows, a return to the Hill-Burton method of setting standards for facilities, and then building them to those standards, is the only way to approach the task of restoring health to the nation. The graph of specialty hospital beds per 1,000 people should be made to swing upward over the remainder of the 1990s to reflect construction of special facilities for treating AIDS and TB cases. Specialists recommend that separate facilities must be built on a crash basis to handle this caseload—pending breakthroughs in treating the HIV virus—because it is medically undesirable to handle these diseases in proximity to general-care facilities.

The community general-care bed ratios should be improved overall, and region-by-region, in order to meet current standards of treatment for each age bracket, as the age pyramid profile dictates from place to place.

# Currency Rates

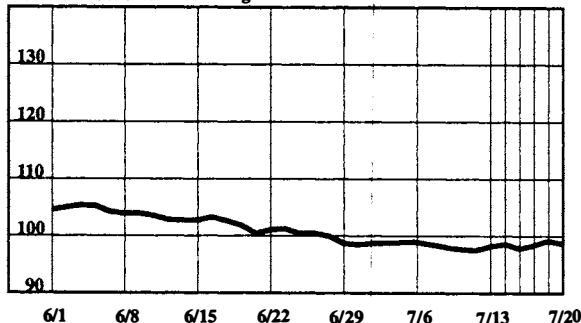
## The dollar in deutschmarks

New York late afternoon fixing



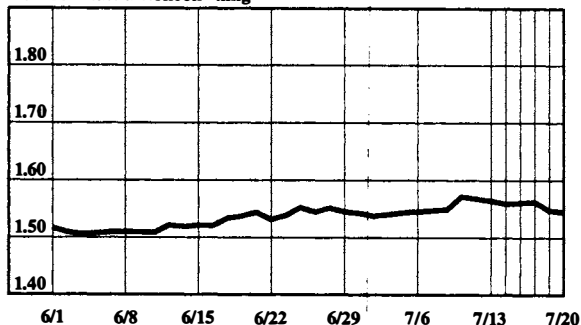
## The dollar in yen

New York late afternoon fixing



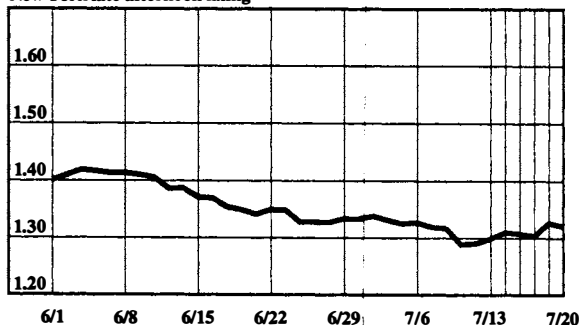
## The British pound in dollars

New York late afternoon fixing



## The dollar in Swiss francs

New York late afternoon fixing



# U.S. funds' revenge for Pancho Villa

by Scott Thompson

In April 1994, a combine of U.S. mutual funds known as the Weston Forum sought to rob the Mexican Central Bank to the tune of billions of dollars in reserves, all in the name of "strengthening the peso" and securing Mexico's fine reputation among international investors.

Some Wall Street observers with a bit of historical insight speculated that the Weston Forum's assault against the Mexican peso might be some kind of revenge for the famous raid by an earlier day *bandito*, Pancho Villa, who crossed into New Mexico on a similar, albeit less ambitious, looting expedition.

The Weston story is for sure a tale of some of America's biggest speculative *banditos* and how they developed a case of collective amnesia when caught in the act of attempted blackmail and extortion.

## Loot the reserves!

According to the June 14, 1994 account on the front page of the *Wall Street Journal*, and *EIR* interviews with spokesmen for some of the mutual funds, last April, a private bank called Weston Group pulled together a multibillion-dollar pool of mutual fund capital and tried to impose a diktat on the Mexican government that would have brought \$17 billion in new "investment capital" into Mexico, but only after the Mexican Central Bank had been looted blind in a move to prop up the peso.

John Liegey, head of the Weston Group, a New York investment bank that last year brokered \$5 billion in U.S. mutual fund money into peso-securities, created the Weston Forum with participation by Fidelity Investments; Trust Co. of the West; Scudder, Stevens & Clark; Oppenheimer Management Corp.; Soros Fund Management; Salomon Brothers; Nomura Securities International, Inc.; and Liegey's own bank.

According to the *Wall Street Journal*, Liegey and Fidelity Investment's Rob Citrone "arranged two important meetings between the forum and Mexican officials. The first, on April 8 in Washington, D.C., was attended by Guillermo Ortiz, Mexico's undersecretary of finance, and two central bank officials. Afterward, Mr. Liegey put together a document announcing the formation of Weston Forum, which included a list of six 'policy suggestions.' The document was sent by

overnight mail to Ortiz."

The document, in effect a diktat, obtained by the *Journal*, contained a series of poison pills: Mexican government insurance against any currency exchange losses incurred by the mutual funds up to \$5 billion; a 5% hike (to 20%) of foreign currency liabilities by Mexican banks; financing of these measures by the issuing of long-term Tesobonos (Mexican government-issued dollar denominated bonds); and, finally, a massive Mexican Central Bank peso-purchasing spree committed to driving the value of the peso up to between 3.15 and 3.21 to the dollar.

Armed with insider information on the extent to which the British and Italian governments were prepared to intervene to defend the values of the pound and the lira, in September 1993, international speculator and Weston Forum player George Soros made a \$2 billion killing in 48 hours.

## A strategic leak

Liegey told the *Journal* that his suggestions were a "way to help Mexico." Nothing could have been further from the truth. As the result of the April diktat, which did apparently result in a multi-billion Tesobono issue, Mexico's dwindling reserves plummeted and investors began shaking in their boots and pulling their money out.

When word of the looting venture wound up on the front page of the *Wall Street Journal* (Liegey claims that some Mexican government official passed the key documents on to the paper), many key players in the effort began ducking for cover.

*EIR* calls to participants in the Forum scheme produced a flurry of protests and denials:

- Ashmwin Vasan, who manages three emerging market portfolios for Oppenheimer Management, said: "My understanding is that no such group as the Weston Group was ever formally sanctioned by the investor group as such. . . . Nor have we endorsed any of its recommendations that allegedly the Weston Forum made to the Mexican Government."

- Lincoln Rathnam, managing director at Scudder: "We did not want to be part of the letter to the Mexican government." Launching into market babble, he continued: "The markets are the message. The medium is the message. In this case the medium is the market. And the price of your securities will tell you exactly how people view your policy. . . . We don't need more than that."

- Javier Baz, managing director of the Trust Co. of the West: "No, we're not a part of it. Let me give you the sort of sequence of events. We were invited by John Liegey to attend a meeting in Washington with Mexican authorities to just explore a number of issues and discuss a number of points of view, and when I got there I became aware of the fact that he was calling this the Weston Forum. . . . And, so we never went back to any of the next meetings. . . . We have no intention whatsoever of ever sitting down and telling any government how it should run its country."



## Anti-environmentalist 'backlash' grows

*The LaRouche movement in Sweden is exposing the environmentalist hoaxes, and some are worried.*

In January and March, Swedish national radio broadcast two slanderous "science" programs against the international LaRouche movement. They claimed that the "right-wing extremist party, the European Labor Party, and Lyndon LaRouche" are spreading "disinformation" about the ozone hole, the greenhouse effect, and other environmental issues, in order to gain political influence. This, they said, is dangerous because it could create a "backlash" against the "environmental cause."

The programs marked a change in the debate about environmental issues in Sweden. Soon after, articles began to appear in the usually politically correct Swedish press over whether the ozone hole and greenhouse effect are natural phenomena, or caused by man, as the radical ecologists claim. A debate on the greenhouse effect began in the largest daily newspaper, the liberal *Dagens Nyheter*. Wibjörn Carlen, a member of the Swedish Royal Academy of Science, attacked the International Panel on Climatic Change, part of the U.N. apparatus and chaired by the Swede Bert Bolin.

In the March 10 issue of the British magazine *Nature*, Bolin responded to this backlash and stated that "a number of semipopular articles about climatic change" had been published by "special interest groups" and scientists who often are "well-known in other areas" but not experts on computer-based models. This, he stated, is of great danger, because policymakers have begun to listen to criticisms from such groups.

LaRouche's friends in Sweden had by then successfully initiated a

campaign to sell the book *The Holes in the Ozone Scare*, published by 21st Century Science Associates, to libraries, scientists, magazines, and entrepreneurs. This fueled the backlash that the science mafia so fears. At the end of May, the Swedish Schiller Institute released a special report, detailing the international fight against the ecological hoaxsters.

At the beginning of June, the press was filled with articles indicating a dramatic change in the way so-called ecological issues are viewed. As the debate on the greenhouse effect continued, voices were raised demanding that Sweden keep its nuclear power plants beyond the year 2010. (In 1980, the government decided that all 12 nuclear reactors had to be shut down by that date.)

At the same time, entrepreneurs manufacturing plastics, encouraged by the Schiller Institute, attacked the greens and the Environmental Protection Agency (EPA) for their stupidity in wanting to abolish the use of PVC pipes.

The scientific and environmental media began to discuss the arguments against banning of chlorofluorocarbons (CFCs)—a direct result of the Schiller Institute's campaign. In June, the magazines *Ny Teknik* (the major scientific magazine in Sweden), *MiljöAktuellt* (the magazine of the EPA), and *Kyla* (the magazine of the refrigeration industry of Sweden) reviewed *The Holes in the Ozone Scare*. The media coverage of the book was surprisingly objective. In all three cases, science professor Lars-Olof Glas wrote in defense of the book. *MiljöAktuellt* reported that "several municipi-

palities, entrepreneurs in the cooling industry, and others have turned to the EPA for advice after having run across this conflicting information. . . . In a memorandum directed to county boards and municipalities, the EPA is reporting about the considerations which are behind the decisions to phase out" CFCs.

In *Kyla*, Glas wrote that the book had some overstatements, but that it accurately describes the role of natural emissions of chlorine and the scientific evidence that ultraviolet (UV) radiation has not increased. He pointed out that Mt. Erebus lies just 10 kilometers from the main ozone research station in the Antarctic, that this volcano must affect measurements from that station, and therefore the measurements on which the ozone-hole theory is based are useless. He described his own calculations that probably 50% of the chlorine from volcanos reaches the ozone layer and the stratosphere.

"After detailed studies of *The Holes in the Ozone Scare* and the above-mentioned article countering it [from *Science*], I find it extremely important that this book can be diligently and publicly studied for a debate with those people who are arguing that CFCs are risking natural disaster," Glas concluded.

The EPA "experts" claimed that the book is "unscientific and untrustworthy." Then they lied about atmospheric conditions in the Antarctic. They claimed that the stratosphere is situated 10 km up in the atmosphere and that the volcanic plume, therefore, could not reach the stratosphere, when in fact it lies 5 km above ground-level at both poles. (Mt. Erebus is almost 3,800 m high, so the emission certainly reaches the stratosphere.) The EPA experts concluded that the forests are damaged because of the increase of UV radiation.

# Business Briefs

## Demographics

### Russian population decline accelerating

As alarming as the 1993 declines in population in Russia were, there was a 12% further rise in the death rate in the first quarter of 1994 compared to the same quarter one year ago, the London *Economist* reported in mid-July.

The death rate in Russia is "booming," the magazine said. There has been a 15% increase in deaths by cardiovascular disease in this year's first quarter compared to last year; a 12.8% rise in deaths by respiratory diseases; a 17.9% rise in deaths by infectious diseases; a 20% rise in deaths by alcohol poisoning; and a 9% increase in suicides. Reported diphtheria cases are four times higher than last year. Some demographers think the situation will deteriorate yet further, because of an increase in the spread of cancer.

The demographic decline in Russia is not comparable to any situation seen in western Europe in peacetime, a French demographer told the July 13 Paris daily *Le Monde*.

## Infrastructure

### Berlin-Warsaw rail link gets funding

The European Investment Bank (EIB) has approved 1 billion European Currency Units (\$1.3 billion) to fund the modernization of the rail link between Berlin and Warsaw, as well as for highway and energy grid projects in Poland, in the context of a three-year credit line agreement signed between EIB Chairman Wolfgang Roth and Polish Finance Minister Grzegorz Kolodko on July 15.

The EIB is the "house bank" of the European Union, which means the credit line is state-backed.

This is the first railroad project east of Germany that will be co-funded by the West, and the Berlin-Warsaw track is one of the key transport corridors in the White Book plan of outgoing European Commission President Jacques Delors.

## Public Health

### E. Coli infections a 'clear danger'

*E. coli* infections are a "clear and present danger to public health" and the United States must immediately implement "currently recognized scientific technology for ensuring food safety," an independent panel of specialists in gastroenterology, epidemiology, public health, food science, and industry and consumer affairs said in a statement issued at a three-day meeting convened in Washington by the American Gastroenterological Association Foundation.

The group urged government monitoring of the nation's slaughterhouse operations. It also recommended food irradiation pasteurization "as soon as possible," especially for ground beef. Inadequately cooked ground beef is now the major vehicle for transmission of the *E. coli* 0157:H7 disease, which has killed several people in the last two years.

*Escherichia coli*, or *E. coli*, is a family of bacteria found in the intestines and feces of humans and animals. The *E. coli* 0157:H7 strain produces potent toxins that can cause food-borne or person-to-person transmitted disease after ingestion of very low quantities of the bacteria. Just 69 *E. coli* organisms of this strain are enough to cause illness, compared with the millions of salmonella organisms and other food-borne microorganisms required to cause disease in humans.

## Space

### Germany, China agree on 'EuraSpace' joint deal

Deutsche Aerospace (DASA), the German industry aerospace consortium, has provided start-up capital of 7 million deutschmarks (\$4.4 million) for a new German-Chinese joint aerospace company, EuraSpace, which was founded on July 8 in cooperation with the Chinese State Committee for Aerospace and Science to develop, produce, and market communications and earth observation satellites. The

main office of the new company will be in Munich, with an office in Beijing.

Germany will also invest DM 500 million in EuraSpace, an abbreviation of Eurasian Space, including for development of a new generation of launchers.

According to DASA, EuraSpace is an outcome of the "long-lasting" cooperation by DASA and the Ministry of Astronautics of the People's Republic of China. During the 1980s, they collaborated on the DFH-3 communications satellite project, with DASA responsible for the antennas and solar arrays on the spacecraft. In September 1993, an agreement was signed to create the joint company.

The first joint project will be a communications satellite, with an option for two follow-on units. The first customer will be the Sino-Satellite Communications Co. Ltd., providing services for the People's Bank of China. The Chinese Aerospace Corp. will assemble and deliver the Sinosat-1 spacecraft, with DASA-supplied components. It will be launched on a Chinese Long March rocket.

## Political Economy

### Real economy looted by 'virtual' economy

"The real economy is at the mercy of the virtual economy," Prof. Ibrahim Warde of the University of California at Berkeley, wrote in *Le Monde Diplomatique* in mid-July. He warned that the "astronomically" expanding global "speculative bubble" of derivatives is leading to "an explosion" of the international financial-monetary system. Warde attributed the danger of derivatives to the mythological belief in the power of "artificial intelligence" and the so-called "zero-sum game."

"The 'manufacturers' of derivatives reinforce the myth that, thanks to the mathematicians that they employ, and thanks to hyper-performing computer programs, the relations between all sorts of variables can be identified: the risks for the real economy measured with precision, and eliminated," Warde wrote. "In the face of the accumulation of uncertainties of a financial, political, and economic nature, the promises of mathematical formulae and of

artificial intelligence are, whatever one says about them, illusory. . . . A basic principle of the derivatives markets is that it is all a zero-sum game: in the domain of 'futures,' options, and swaps, the gains of one person can only be covered by the losses of the others. . . .

"The nature of the relations between virtual economy (derivatives), financial economy (titles), and real economy (production of goods and services) has been completely transformed by all this. The market for derivatives products is three times greater than the levels exchanged in a period of one month on the New York Stock Exchange; it represents more than double the Gross Domestic Product of the United States. The financier economy, and, more serious yet, the real economy, find themselves, thereby, at the mercy of the dis-functionings of the virtual economy."

## Debt

### Mitterrand calls for relief for Third World

French President François Mitterrand called for debt relief for the Third World, in a speech on North-South relations at the Oriental Institute of Naples University on July 8, the Paris daily *Le Monde* reported.

Mitterrand deplored the fact that "the capital flow from Africa to the industrialized countries" is far "larger than the capital flow from the industrialized countries to the developing ones." He attacked this as "a suicidal course for our own countries. Refusing to consider aid for development as a priority for action, amounts to declaring the impossibility of facing the drug traffic, the escalation of AIDS, the consequences of the demographic growth in the southern countries, and misery, misery, misery again."

The Italian Catholic daily *Avvenire*, reporting on Mitterrand's speech on July 10, wrote: "Mitterrand emphasizes correctly, more than the pure economic dimension, the problem of civil, political, and social rights. The absence of democracy, the denial of union, religious, and political rights, is conceived by the French President not as a consequence, but as one of the causes of underdevel-

opment, together with the International Monetary Fund's oppressive policy."

"Most important," *Avvenire* wrote, "seems to us the call not to 'keep entrusting monetary rules with world development'; in a situation in which the application of economic free trade has meant, for many peoples, nothing less than the implementation of a looted economy, and at the moment when in the West (including Italy) forces take power which would like to implement those same 'miraculous' recipes that allowed [former British Prime Minister Margaret] Thatcher to destroy the English economic system, the reminder coming from the Elysée appears to be most opportune."

## Health

### Detection of BSE agent causes new concern

The agent which causes Bovine Spongiform Encephalopathie (BSE), which causes a severe form of encephalitis among cows which leads to death, has been detected by British scientists in the small intestine of young calves, with a high probability that it also exists in the thymus gland.

The discovery that the BSE agent not only affects the brain and spine of cows has raised new concern because these offals have, up till now, been used in Britain in the making of sausage. Since it is not known whether BSE can infect humans, the British government has forbidden the use of certain offals from calves which could be infected with BSE.

British scientists have also found the BSE agent in three dead cats, the July 10 London *Sunday Times* reported. Unnamed government officials hypothesize that these cats may have eaten cat food produced before 1989, when the use of cow brain for food production was still allowed. The results of the partly state-financed experiments have not been made public yet. These findings have increased the fear that BSE can be transmitted from one species of animal to another, and that there may be a risk to humans who have eaten cow brain prior to 1989.

● **GERMAN** government debt service payments will rise by 38% to DM 92.6 billion (\$58 billion) in fiscal year 1995 because of DM 300 billion in "old East German debt" which will be added to the government debt total on Jan. 1, 1995, according to the budget presented in Bonn on July 14. Debt service will be the biggest budget item.

● **BUNDESBANK** President Hans Tietmeyer said on July 11 in Basel that the G-10 meeting of central bankers "discussed derivative products" and "decided to propose . . . measures to limit the consequences of possible market crises," the Italian daily *Corriere della Sera* reported.

● **FIDELITY INVESTMENTS** is being probed by the Securities and Exchange Commission for insider trading, the July 13 *Washington Post* reported. Fidelity's trading accounts for about 12% of the trading on the New York Stock Exchange.

● **THE RED CROSS** has mobilized over 1,000 medical personnel to spearhead the battle against epidemics in China following fierce flooding. Guangyi and Hunan provinces are especially threatened.

● **GEORGE SOROS'S** representative in Hongkong, Bill Grossman of Quantum Financial Services, threatened China after the State Council ended most futures trading, all index-linked futures, and all currency rate-linked futures trade in June. "China doesn't have the means for enforcing the ban, so it will only hurt the legitimate dealers and help the black [market] shops," he told the June 20 *Asian Wall Street Journal*.

● **TAIWAN** will maintain direct trade with Hongkong, the springboard for Taiwan investment in China, after 1997, the cabinet's Mainland Affairs Council said, Reuters reported on July 14. Officials said that Taiwan's trade with China might then rise to about one-third of its total, replacing the United States as Taiwan's largest export market.

## Battle rages to save Russian industry from shock therapy

by Rachel Douglas

The alarms sounded by leaders of Russia's State Duma (parliament), military officers, and economists have risen to a unison shout: The destruction of Russian industry cannot go on! Their consternation crescendoed after June 17, when Deputy Economics Minister Yakov Urinson warned that industrial output would fall by at least 26% for the first half of 1994 and had plummeted 53% in the month of May alone.

Above and beyond the consequences of these declines for the country's ability to recover and grow, the plunge of Russian industry is a loaded political question both at home and abroad. More and more, politicians as well as industrial managers speak angrily about foreign and internal attempts to turn Russia into "a colony."

On June 15, the London *Guardian* took note of "a revolt spreading through Russia's most powerful lobby, the military-industrial complex, over heavy cuts in the [defense] budget." There was an unprecedented labor strike at Severomorsk, headquarters of the Northern Fleet. Some 35,000 aircraft and missile plant workers demonstrated in Novosibirsk to protest the dismantling of industry. Vladimir Filipchuk, head of the All-Russian Union of Defense Industry Workers, hinted about a nationwide strike. At a special conference held June 21, the union demanded increased funding for military industries.

Without such an increase (which the budget adopted in late June did not provide), one long-time observer in Moscow told *EIR*, "there will be an extreme social crisis, with maximum unemployment and social unrest in the defense sector. This could soon prove to be a disaster. We have to be on guard for the worst."

As if oblivious to any danger, advisers to Russia from Harvard Business School and the London School of Economics insist that the bankruptcy of major industrial firms means

good riddance to "loss-making" enterprises, and that enough such plants have not yet closed.

On July 5, Deputy Sergei Glazyev, chairman of the Economic Policy Committee in the State Duma, charged that the government's fiscal policies have crippled Russian industry. If the course of President Boris Yeltsin and Prime Minister Viktor Chernomyrdin continued, Glazyev said at the outset of a parliamentary debate on the social and economic situation in the country, "deindustrialization" could reduce Russia to the status of a raw materials exporter, a Third World country.

Glazyev (a young economist who served as Minister for Foreign Economic Ties until resigning from the government last year) documented his warning with a report that showed a far more drastic decline in output from technologically developed branches of industry, such as machine-building and defense, than in mining and other raw materials sectors. Government statistics confirm that machine-building fell by 44% in the first six months of 1994, as part of the overall 26% decline in industry.

Already in May, Glazyev and other Duma leaders, including the chairmen of the Work and Social Support and the Industry, Construction, Transport, and Energy committees, formed a parliamentary faction to promote industrial recovery and halt the destruction of Russian industry. In a call titled "On the Critical Situation in the Sphere of Material Production of Russia," they demanded special government-parliament consultations. "The world history of economics has not known such destruction" as what is happening in Russia today, they wrote. "Energy units, construction, mines, factories are coming completely to a halt."

A special expanded session of the Russian cabinet, attended by deputies of the State Duma, heads of enterprises, and regional leaders, did take place on July 15. Speaking there,

Chernomyrdin maintained that the decline of industry was levelling off, inflation was under control, and monetary policy would “remain moderately tough.” Glazyev promptly called for a vote of no confidence in the government—not so much, he said, to remove the present government from office, as to allow deputies to voice criticism and raise problems.

Glazyev and his cothinkers refuse to accept the argument that to be a modern market economy, Russia should abandon manufacturing.

### **Advice from the mental asylum**

To abandon production, however, is what Russia’s advisers from international financial institutions continue to demand.

In a paper for last April’s World Bank-sponsored Annual Bank Conference on Development Economics, the notorious Prof. Jeffrey Sachs of Harvard (who has served as an adviser to the Russian government) discussed “Russia’s Struggle with Stabilization,” as he put it. Sachs showed the shrinkage of the Russian state budget, both revenues and expenditures, during the privatization of industry. Expressed very roughly as a percentage of GNP, government revenues are at scarcely one-third of their level just five years ago. Apart from regional withholding of tax payments to the Russian center, which Sachs mentions, the plunge in revenues results from the inability of half-strangled industrial enterprises to pay their taxes—as Russian machine-tool producer Anatoli Panov illustrates in the interview that follows here.

But for Sachs, this drastic diminution of centrally deployable funds is not enough. Russian military industry as a whole must go: “Clearly, a ‘strong’ [Russian] state should not mean the return to a Soviet-style militarized state, especially since the Soviet military-industrial complex (MIC) played such a central role in bankrupting the economy in the first place. Western assistance to support the reinvigoration of the Russian state, which will be crucial for stabilization, makes sense only in a framework of . . . scaling back of the MIC.”

Sachs’s vision of “assistance” to Russia includes, among other things, increased borrowing abroad—not for physical economic projects, but for financing the state deficit—and Russia’s issuing dollar-denominated bonds, for the same purpose.

The type of extreme monetarism expressed by Sachs, who seems to think that a country’s primary concern is its currency exchange rate, not production or consumption, came to Moscow in the person of London School of Economics professor Richard Layard, in June. Unfortunately, he was there for consultations with the Chernomyrdin government’s coordinators of economic reform.

At a press conference in Moscow on June 15, transcribed by Federal News Service, Layard addressed what was on many people’s minds: the decline in industrial output. “We have to recognize that we have no reliable figures on output in Russia,” said Layard. For Layard, the economy is a zero-

sum game: Yes, output is falling in industry, but it must have “obviously increased in other parts of the economy.”

Many Russians are no longer employed in industry, he went on, “but the striking thing is how few of the people who left were actually dismissed because there were no jobs for them, only 1.5%. Nearly all the others left voluntarily, in many cases, of course, because the wages have become so low that they could do better to go to some other enterprise.” What other enterprise? “Industry has lost 9% of workers, but finance has gained 7%. . . . The other place that people go to, of course, if they leave enterprises, is self-employment . . . and you can see [from one of Layard’s statistical tables] that the number of people who are self-employed increased by 50% [in the first part of 1994]. So, you have a system where basically people are being redeployed, are moving directly from one job to another.”

Layard did not reveal whether the “self-employed” counts those engaged in *kuplya-prodazha*, “buying and selling” on the street. That is where masses of people—former doctors, former machinists, teachers, and engineers—have turned for their subsistence, in every city and town in Russia.

In conclusion, the London professor expressed his disdain for industry and for the productive skills of human beings: “There is a problem which is that the people are still actually working [at factories] and around on the shop floor when there is nothing for them to do. This slows down the reorganization of the shop floor. . . . They should be, above all, retrained. And I think I pointed out once before that whereas in Russia nearly all workers are trained in skills based on physical sciences, in a market economy at least half the people do jobs that don’t require that kind of skill at all, that require commercial skills. . . . In Russia training was of good quality, but focused on activities based on physics, chemistry, engineering, medicine, whereas in a market economy at least half the jobs are based entirely on commercial skills.”

### **Dumbing down**

Please remember Professor Layard’s words, as you listen to Anatoli Panov in the pages that follow. “Commercial skills” mean the tricks of monetarist bankers, who in Russia overlap with organized crime. They buy from hungry citizens, for cash, the state-issued vouchers for the purchase of shares in privatized industrial firms. Gaining control of an industrial company, they run it for the greatest immediate profit: not investing in improvements for production, but asset-stripping and even—Panov suspects—clearing the shop floors to rent as office or warehouse space! Is that why Professor Layard wants idle workers off the shop floor, to make way for real estate speculation?

Think about what it means, not only for Russia but for a world that sorely needs capital goods, for Panov’s factory, a unit that served not only as factory but also as laboratory and training center, to be dismantled and its skilled work force dispersed.



## Flagship of machine-tool industry struggles to survive

*Anatoli Alekseyevich Panov, 57, is general director of the Ordzhonikidze Moscow Machine-Tool Factory Share Society. He has worked in the machine-tool industry for 36 years, starting as a worker. He became the plant's chief engineer at the age of 34. Panov was elected general director in 1989, in a four-way contest where he received 87% of the votes of the factory's employees. Immediately before his election, he was engaged in scientific work. The author of some 800 scientific articles, including over 20 monographs, Panov holds the Candidate of Technical Sciences degree. He is also an inventor.*

*During the week of July 11, Anatoli Panov answered written questions from EIR. Rachel Douglas, who translated the interview from Russian, thanks Natalya Sotina of the Ordzhonikidze Moscow Machine-Tool Factory for her assistance with technical terms.*

**EIR:** Please tell us about the history of this factory. What was its role in the Soviet economy?

**Panov:** The Ordzhonikidze Moscow Machine-Tool Factory (abbreviated ZiO) is one of the leading enterprises of our machine-building sector. It was founded in the 1930s and began to produce turret lathes. Subsequently, as the output of turret lathes was gradually increased and it began also to produce multi-spindle automatic lathes and single-spindle semiautomatic lathes, never before manufactured in Russia, the factory became the leading producer in the U.S.S.R. of these types of machine tools, which were the most advanced ones we produced at that time. ZiO supplied its equipment to machine-building enterprises throughout Russia and the U.S.S.R.

From the ranks of the first generation of ZiO workers, the 1930s generation, came management, engineering, and scientific cadre not only for this factory, but for the entire machine-tool sector, as well as scientific research institutes.

In the very first days of the Great Patriotic War (1941-45), hundreds of workers, engineers, and managers left the plant for the front. Most of them perished. Their wives and children took their places at the factory. Thanks to this patriotic upsurge and at the cost of colossal efforts, the factory was able sharply to increase output during the first months of

the war, despite the enormous difficulties. Between October and December 1941, the plant's equipment was evacuated to a remote region of the country, but by the spring of 1942, machine-tool production was resumed. During the war, ZiO provided industry with 6,000 highly productive, reliable machine tools of various models.

**EIR:** What was the importance of this factory right after the war?

**Panov:** The factory's role in solving major tasks for the national economy grew markedly in the period of postwar reconstruction and thereafter. ZiO began to produce automatic transfer lines, transfer machines, and special machine tools.

In January 1946, ZiO produced its first five transfer machines and, in May of that year, the first automatic transfer line for the Likhachov Factory (ZiL) [one of the Soviet Union's first two large auto plants]. From 1946 on, ZiO supplied these lines, for the mass production of very complex parts, to practically all branches of the machine-building industry.

**EIR:** What was the economic impact of your machine tools and conveyor lines at that time? How did ZiO machine tools compare with their counterparts produced abroad?

**Panov:** Installation of our factory's products at enterprises in various branches of industry yielded a sharp increase in labor productivity and economy of labor power, and made it possible to introduce advanced technologies and improve the organization of production. At the same time, the factory made a significant step forward in the development of automatic and semiautomatic machine tool production: The 1930s-model machine tools were replaced by many new, original, automatic and semiautomatic lathes, which substantially increased our productive and technological capabilities.

In the postwar years, ZiO developed an array of centering-milling machines and began to produce transfer lines for machining of various rotary-type parts. One of the first of these lines won the Gold Medal and the Grand Prix at the Brussels World's Fair in 1958. In 1959, the factory produced

the U.S.S.R.'s first numerically controlled (NC) semiautomatic lathe. An analogous semiautomatic lathe, of a smaller standard size, was shown at the Soviet Industrial Exhibition in London in 1961.

From the 1950s through the 1970s, ZiO transferred a number of its production areas to other plants in the U.S.S.R. Production of turret lathes was shifted to a factory in Alapayevsk. Production of two models of semiautomatic hydroduplicating lathes moved to a factory in Yeisk. Production of five models of centering-milling machines went to a plant in Kostroma. ZiO personnel helped set up the new production on site in each of these cities.

**EIR:** From what you have said, your factory had more than a rank-and-file role in the machine-tool sector.

**Panov:** That's right. From the early 1960s on, ZiO helped to train managers, engineers, and skilled workers for new machine-tool plants.

In the 1960s, the factory increased the output of automatic lines to the level of 42 per year. In the 1970s, it produced most of the equipment for the Volga and Kama Automobile Factories (VAZ and KamAZ), and equipped other important plants: the Minsk Motor Factory (in Belarus), the Lenin Komsomol Light Automobile Factory in Moscow (AZLK), the factory in Taganrog that produces "Kolos" and "Niva" grain-harvesting combines, and others.

**EIR:** Were improvements made during this work?

**Panov:** Throughout its history, the factory has constantly worked on this, developing and improving NC machine tools and transfer lines with semiautomatic hydroduplicating, and centering-milling machines. Our flexible transfer lines for machining tube-shaft type parts (diameter less than 250 mm, length less than 1,800 mm, weight up to 250 kg) have NC machine tools and are equipped with two-hand industrial robots, also manufactured at ZiO.

The factory has rebuilt its shops several times, making it possible to increase the floor space available for production, to equip the machine shops with new, more productive and precise equipment, and to install in the assembly shops stands for testing units and assemblies and means for mechanization of assembly.

In 1978, ZiO became the leading enterprise in the Moscow production association, the Sergo Ordzhonikidze Machine-Tool Factory. It continued to specialize in production of transfer lines, transfer machines, and special machine tools, for machining both frame parts and rotary-type parts, used in serial and mass production at enterprises in our country and abroad.

**EIR:** Was there demand for ZiO products outside the U.S.S.R.?

**Panov:** In the 1970s, our factory mastered many modifications of NC machine tools, based on the CNC (computerized

numerical control) system, which were delivered to many countries: the Federal Republic of Germany, France, Austria, Finland, Sweden, Japan, and Canada.

In 1981, ZiO was awarded the international "Golden Mercury" prize for strengthening international trade relations. In December 1982, it received the Order of the October Revolution for its large contribution to domestic machine-building, particularly the supply to industry of highly automated metal-cutting equipment.

In addition to the aforementioned metal-cutting equipment, ZiO designed and could produce on order from customers:

- a CNC special gantry-type semiautomatic lathe and planer for machining wheel sets with a diameter of 1,400 mm, length of 2,500 mm, and weight of 4,000 kg;
- a special semiautomatic double-carriage turning and rolling machine for machining railway-car axles;
- center-chucking processing units for machining parts with a diameter of 630 mm (over the guideways) and 400 mm (over the carriage), and a length of up to 1,800 mm;
- special CNC frontal-type double-spindle lathes for high-precision machining of complex oval-barrel profiled piston surfaces, with a diameter from 60 to 150 mm and a length of 70-175 mm;
- high precision CNC single-spindle double-carriage center-chucking semiautomatic lathes for machining complex profiled parts with a diameter of 850 mm (over the guideways) and 500 mm (over the carriage) and a length of up to 3,000 mm or more; as well as other special equipment and various consumer goods.

**EIR:** What is the situation of the enterprise since the start of the so-called market reforms of Yeltsin and Gaidar in January 1992?

**Panov:** The situation of the Russian machine-tool industry, including our plant, has been deteriorating since the moment the market reforms began, and even somewhat earlier.

Skilled machinists have been and are being let go. They go to other organizations and enterprises, to small firms where the pay is rather higher—in some cases, several times higher—than at the factory. At least it provides for their subsistence. Many former workers from this factory, in their search for a wage on which it would be possible to support a family, quit the machine-tool sector altogether. People cannot live today on income from work in production.

The demand for machine tools and transfer lines has fallen, not because they are not needed, but because the customers do not have the money to purchase them. Some factories which placed orders for our products, for custom-made equipment that has already been produced by us on order, refuse to take delivery because they lack the money to pay, resulting in big losses for our factory, because these special, highly productive machine tools have to be destroyed.

Our economic ties have broken down with many supplier

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*I think there is a high probability that, under the pretext of creating an industrial-finance company, our factory will end up as the property of individuals from the finance companies and commercial banks. In that case, I believe that ZiO will cease to exist as a machine-tool company.*

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factories, which provide the components and materials for producing machine tools and transfer lines. Those suppliers located in Commonwealth of Independent States (CIS) countries have either shut down, are being retooled, or demand payment in freely convertible currencies.

**EIR:** What is your attitude to economic and financial assistance from the West today?

**Panov:** Our factory did not depend on assistance from the West. I believe that the majority of comparable enterprises, engaged in production, also did not. In general, it is my view that aid, as such, teaches people not to utilize their own reserves (and ours are not small, even in our half-destroyed and half-looted country today), accustoms them to dependence, and creates conditions that undermine any striving to raise the technical and technological level using one's own forces and mind.

This is easy to see from an analysis of the structure of our exports and imports: The country is more and more becoming a market for the sale of low-quality western goods and a supplier of raw materials and fuel. Genuine aid should be expressed in equal relations of partnership, participation in joint R&D projects, and complex capital-intensive projects and so forth, oriented toward opening a market for Russia or by state orders.

**EIR:** What would be the consequences for Russia of the complete economic collapse of your firm and the machine-tool sector as a whole?

**Panov:** Russia would have to pay in gold or freely convertible currencies for machine tools, which would have to be purchased abroad, since Russia cannot exist as an industrially developed state without machine tools. After the defeat of fascism, you probably know that Germany made reconstruction of its machine-tool industry the first order of business.

**EIR:** Please describe the specific problems confronting your enterprise during privatization.

**Panov:** The situation of our factory regarding privatization is typified by growing dependence on the commercial banks, which will ultimately turn into total dependence. It is chiefly these banks, through the so-called voucher auctions (when banks have the opportunity to purchase ZiO shares for privatization vouchers, which they have acquired from the popula-

tion—at below market price, as a rule—by working through individuals or specially created juridically registered firms as their proxies), that have come into possession of the majority of the shares of our share society.

**EIR:** What will happen to the company, if events continue in this direction?

**Panov:** I think (although I am doing everything in my power to prevent this) there is a high probability that, under the pretext of creating an industrial-finance company, our factory will end up as the property of individuals from the finance companies and commercial banks. In that case, I believe that ZiO will cease to exist as a machine-tool company, not because—I emphasize again—it produces unneeded goods, but because its new owners are not going to invest their funds in complex and expensive production processes. They will prefer to free up the shop floors for the now extraordinarily profitable business of warehousing imported goods, as well as for rental as office space to various firms. In light of what I have said about the unique nature of ZiO, I am absolutely convinced that this is wrong from the standpoint of the national interest.

Something else is also clear: Even if a private entrepreneur today wishes to invest money in production, never mind a firm such as ours, he cannot do so without suffering losses due to inflation, exorbitant taxes, the crime wave, and the authorities' refusal to abide by the law. Therefore, the state—if it wishes to remain an industrial power—cannot do without some form of state support to enterprises like ZiO.

Earlier, the government repeatedly assisted the factory in its development. This was done by leaders such as S. Ordzhonikidze, A. Kosygin, Yu. Andropov, and B. Yeltsin. But now the state, the Executive branch, regards the machine-building sector with indifference—except when it comes to collecting taxes. This is why the privatization of machine building in Russia looks more like its destruction. This is the picture, by the way, not only for machine building, but for practically all branches of Russian basic industry.

**EIR:** How do people react to western support for such processes?

**Panov:** Let me tell about what I know, the experience of our company. At the dawn of perestroika, before I was elected general director in 1989, factory director Nikolai Chikiryov



(an appointee of the Politburo of the Central Committee of the Communist Party of the Soviet Union and the U.S.S.R. Ministry of the Machine-Tool Industry) decided, or so it was announced, to get the enterprise out of an already difficult economic situation by attracting "advanced western technology." Chikiryov and a businessman from the German firm Heinemann, Rainer Lang, established a joint enterprise called Homatek, one of the first in the U.S.S.R.

This appeared to be a fine undertaking, to attract foreign investments. But what really happened? R. Lang turned out to be the director of a little workshop in a small German firm, employing only 200 people. As one of the incorporators of the joint venture, our plant transferred to it a portion of the assembly capacity and floor space, while the German side provided only organizational equipment: notebooks, paper clips, folders, tape recorders. ZiO relinquished to Homatek its rights to act on the foreign market, conclude contracts and set prices on exported goods, and establish ties with foreign partners. Without producing a single machine tool, Homatek took over all of ZiO's production, with the exception of electronics and hydraulics. Profits from the sale of machine tools in the West went to the joint venture. In addition, R. Lang was buying and reselling in the West obsolete equipment as scrap, but he benefitted from tax and other breaks by recording it as new. The technological center planned in the joint treaty, Lang intended to transform into a first-class hotel bringing in 1 million deutschmarks per week, while the factory's share was DM 1 million per year.

Thus Homatek flourished and its employees received huge wages, while the factory, on whose labor the joint venture was in effect a parasite, was unable to increase its output of machine tools, and its financial situation was deteriorating. How do you suppose the hundreds and thousands of workers at the factory, who saw this happening before their very eyes, came to view this example of capitalist enterprise?

This was not business it all. It was just a deal among thieves, to get rich by looting the property and the labor of the ZiO workers, between the typical representative of the Party and economic *nomenklatura*, N. Chikiryov, and the German adventurer R. Lang. I think that there were more influential figures behind Chikiryov, who became fairly wealthy at the factory's expense. Both were absolutely indifferent to the fate of the plant and the people who worked there.

Honest cooperation with foreign companies is another question. I hope that we will have a model of such cooperation in our joint projects to produce machine tools for the railroad industry, with the Simmons Machine Tool Corp. We are currently negotiating with them.

**EIR:** In 1989 you were elected director and returned to your factory. What did you find?

**Panov:** I found the enterprise in decline. It was many millions in debt. The state plan for production had not been met.

But by the end of my first year, the factory sharply increased output for the first time in 10 or 15 years. While in 1988, Chikiryov had managed to produce only 648 machine tools, we produced 725 in 1989.

After investigating the Homatek affair, I made it clear to R. Lang, who did not want to give me (as representative of the co-incorporator) any account of the joint venture's performance, that unequal relations were at an end. From that moment on, he and his friends and protectors in the U.S.S.R. Ministry of the Machine-Tool Industry launched a war of annihilation against me. It was on their initiative that the Moscow city prosecutor fabricated a criminal case against me. R. Lang personally gave false testimony against me to investigators and before the court. He did not even hide his hostility and his motives, cynically stating in the presence of the prosecutor, "Leave the factory and we'll drop the case." In 1990, they finally managed to get criminal charges filed against me and remove me from work for three years.

During those years, the ministry mafia robbed and bankrupted the enterprise, handing out parts of it to private banks and commercial firms in exchange for bribes. Nobody bothered about production. They were just thinking about their own enrichment at any price.

When I returned to the factory in 1992, I found a horrifying picture: 649 million rubles of indebtedness on loans and payments to the state budget. Out of 404 million rubles of credit extended to the factory for its development, 150 million had been passed on to commercial structures and not returned. In 1991, only 400 machine tools were produced, a drop by almost half since 1989.

**EIR:** What is the company's condition today?

**Panov:** There has been a steep decline of production in Russian industry during the past four years of new, market economic conditions, which led to the decline of production at ZiO in connection with the reduction of orders for machine tools and transfer lines. The number of people employed at the factory has fallen by over half (from 4,000 to less than 2,000). The number of machine tools and transfer lines produced is down nearly to one-third.

Thus we face a serious problem of stabilizing industrial production and halting its decline. I believe this could be achieved by ceasing to import an unjustified quantity of equipment (at least those things we are capable of producing ourselves), price controls on all forms of energy (heat, water, fuel, electricity), since the cost of metal, castings, and so forth, as well as parts (electric motors, electrical wire, hydraulic equipment, etc.) needed for the assembly and tooling of the plant's products, rises in proportion to those prices.

It is possible and even preferable to maintain efficient machine-building enterprises through government subsidies, tax incentives, and state orders. But one way or another, support from the state is indispensable. The Executive

## Panov appeals to FBI director Freeh

*On July 6, 1994, Anatoli Panov sent the letter excerpted below to Louis Freeh, director of the U.S. Federal Bureau of Investigation, in care of the United States Embassy in Moscow. Freeh had just opened an FBI liaison office in Moscow (see EIR, July 22, 1994).*

Dear Mr. Freeh:

The U.S. government's determination to assist Russia in the struggle against organized crime gives me hope that you will give your attention to this appeal. In any case, I have nothing else I can count on. The law enforcement agencies here in Russia are in effect refusing to defend my rights as the lawful head of the largest privatized machine tool plant in Russia, the Ordzhonikidze Moscow Machine-tool Factory. . . .

On the contrary, law enforcement agencies have behaved so as in effect to abet reprisals against me by a mafia group that includes former leader of the Russia Federation Committee on Machine-Building A. Ogurtsov, V. Lobushev, and V. Golovyov; this group has been attempting illegally to gain control of the company since 1990. In 1990, I was convicted of embezzlement, on charges fabricated by the Prosecutor's Office of Moscow, and removed

as general director. Only two years later was this unlawful conviction overturned by the judicial college of the Supreme Court of Russia. . . .

In August 1993, when privatization of the company had just begun under my leadership, there was an assassination attempt against me, which I survived by a miracle. I received life-threatening fractures of the skull, ribs, and legs. Despite direct government instructions to investigate this crime, the Ministry of Internal Affairs of Russia did not investigate. . . . This is typical in Russia today. Unlike others, I was lucky: I am alive.

At the present time, when the company's transformation into a private one has been completed, the mafia has escalated its pressure again. Once again, on an invented pretext, a criminal case against me has been opened and the Prosecutor's Office is again preparing to oust me from my post without any grounds. I do not exclude, that at this moment which is so critical for this factory, mafia elements may again attempt to eliminate me physically.

I should add that one of the first plans our company has, now that privatization has been completed, is to carry out a Russian-American joint project. I ask you, before it is too late, to insist to the competent Russian agencies that they conduct—jointly with the FBI—a thorough investigation of the situation around the application of illegal measures against me.

Respectfully,

Anatoli Panov

General Director, Ordzhonikidze Moscow Machine-Tool Factory

branch's current policy on the machine-tool industry, and machine-building as a whole, is leading to a catastrophic collapse.

**EIR:** Under these conditions, what are your real possibilities as director?

**Panov:** In industry today, virtually everything depends on production infrastructure. But the director still bears full responsibility before the shareholders for the company's performance (making a profit, paying taxes, timely issue of wages, dealing with social problems). The director has to answer to the workers, as well, on all problems. People are most concerned about where I will get the money to increase their wages, when we have such inflation and a reduction of orders and utilized capacity.

What is to be done? I think we must halt inflation, review energy prices, establish tough control over the commercial banks, reduce interest rates, and introduce a precise system of regulating wages at enterprises in the state sphere and service sector, in order to prevent wage discrimination

against the productive sector, which is the basic source of tax revenues. As a taxpayer, the producer today is practically strangled by the budget control and Executive branch structures. Taxes due to the state budget equal as much as 50% of ZiO's profits in a year, for example. To function normally, an industrial enterprise should not be taxed more than 25% of its profits; the extra 25% goes to maintain a state bureaucratic apparatus which has grown huge, especially in the President's apparatus and the Executive branch as a whole, which today in Russia alone is double the size of what the entire U.S.S.R. had before.

I believe that the government will have to acknowledge that the "market reform" it carried out, understood as virtual total freedom of not only economic, but also criminal activity, has caused catastrophic consequences for the country and the absolute majority of its citizens. Shutdown and bankruptcy are now forecast for companies which did not die on their own, but were strangled. I state this with full responsibility, as a person elected to his post in 1989 by the absolute majority of the factory's employees. I am no "red

director," I am not an appointee of the Party economic *nomenklatura*, and not an agent of the mafia structures. I am simply trying to remain honorable before the people who placed their trust in me.

If we go much farther, the last skilled workers and specialists in machine-tool construction will join the ranks of the unemployed, aggravating the already explosive situation in the country.

**EIR:** Do you believe that what has happened at companies like ZiO is just the result of spontaneous market relations?

**Panov:** I do not think these processes are spontaneous. I believe that, in this instance, a unique machine-tool company, whose products were chiefly used for developing the domestic auto industry and agricultural machine-building, is being liquidated in full consciousness. This will lead to irreparable losses for the development of machine-building in Russia. It will either disappear, or belong to foreign capital. This means economic, and then political dependence on foreign countries, i.e., the loss of sovereignty.

**EIR:** Your relations with the authorities are no doubt complicated. Do you have enemies?

**Panov:** As the first and only elected (not appointed by the ministry) director of ZiO, I encountered great difficulties in relations with former Minister of the Machine-Tool Industry Nikolai Panichev, who did not want to come to terms with a director other than the candidate he wanted, as things had been for many decades. At first, Panichev tried to sabotage the elections, and when it became clear that he could not prevent them, he personally threatened me. So it continued in 1989, when I was elected and the factory not only fulfilled the state plan, but paid off over 10 million rubles of debt to the state, or one-fourth of the debt accumulated by my predecessors.

Panichev didn't care. He and Homatek proceeded with their plan to oust me from the company, exploiting their personal connections in the prosecutor's office. The criminal case fabricated against me for abuse of office served as the pretext. I had to fight for three years to prove my innocence. Only thanks to the objectivity of the Supreme Court of Russia were my labor rights reinstated. But neither Panichev nor the prosecutors were held responsible for their acts.

As the privatization of the factory neared completion, Panichev again attempted to remove me, since he needed his man in charge of the enterprise—someone who would act in the interests not of the company's collective, but of the ministry leadership. When all other arguments in the struggle against me were exhausted, evidently, the last and weightiest one came into play.

In August 1993, I was attacked in the entryway of the building where I live. I was brutally beaten with iron rods, suffering numerous fractures of the legs, ribs, and skull. The organizers of the attempt wanted me dead. It was only by a

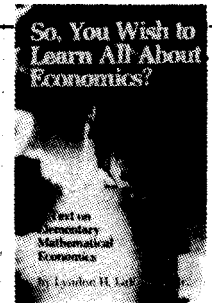
miracle, thanks to a robust constitution and speedy emergency medical help, that I remained alive.

Despite the fact that it should not have been hard to catch the criminals, since they most probably hid in that same entryway and the police arrived very promptly, the investigation has been going on for almost a year, but the attackers are still at large. The prosecutor's office has done nothing to conduct a speedy or thorough investigation of the attempt on my life. But now, the very same prosecutor's office is again fabricating a criminal case against me on another pretext, with the same goal of removing me from my post. [See box.]

President of Russia Boris Yeltsin and the government, by the way, should know about these intrigues against me, since already in August 1993, right after the attack on me, before I even regained consciousness, the workers of ZiO appealed to them, demanding a stop to ministry interference in personnel questions at ZiO.

I cannot exclude, that at present there are practically unhindered preparations under way for my moral, or even physical, elimination, in circumvention of the law. Those who today are planning my physical destruction know perfectly well that no one will stand in their way.

Nevertheless, I am an optimist. People support me. I have many devoted supporters and friends, who cannot be bought. I think we shall prevail.



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# Nigeria faces down IMF to save its national unity

by Lawrence Freeman and Uwe Frießecke

Eight months ago, on Nov. 17, 1993, the Nigerian Interim National Government of Chief Ernest Shonekan resigned and Minister of Defense Gen. Sani Abacha took over as head of state and commander in chief of the Armed Forces. As the current minister of agriculture, Adamo Ciroma, said in an interview and background discussion with *EIR* in the Nigerian capital of Abuja on June 30, most observers gave this government only until April or May of this year before it would collapse. Instead, the government is still in power, has outlived the serious attempt to destabilize the country at the beginning of June, and, most importantly, has implemented measures to reverse the economic collapse and has seated a constitutional conference. Because the Abacha government has not given an inch in its fight with the International Monetary Fund (IMF), after it abandoned the economic deregulation and restructuring program at the beginning of the year, and because it cleverly outwitted the western sponsors of Chief Abiola in June, it finds itself now confronted with a new round of internal and external attacks.

The front line of the attack is being run through treacherous parts of the trade unions. Instead of looking at the commitment of the Abacha government to end the IMF looting of the economy and work out an alternative of real economic development, the leadership of the National Union of Petroleum and Gas Workers fell into the trap and lent itself to the IMF interests by blindly pushing its members into a strike in support of the claims of Chief Abiola, who declared himself President, was arrested by the government and charged with four counts of treason in a federal high court in Abuja on July 6. So far, the strike has not paralyzed the country as intended. But it is clearly aimed at hurting the government's single most important source of revenue and creating chaos in the country. The strike escalated the week of July 11 when the union of the senior staff members of the oil companies joined. A leader of the U.S.-funded National Democratic Coalition in Lagos, Iyo Opadokun, explained the purpose of the strike: "We are going to make governing this country virtually impossible."



*Nigerian Minister of Industry Al-Haji Bamanga Tukur is interviewed by EIR's Uwe Friesecke (right), in the Nigerian capital city of Abuja. Don't believe what you see on television about the Nigerian leaders: They are courageously upholding their national sovereignty and right to economic development, against the blackmail and threats of the international bankers.*

This is exactly what part of the Anglo-American establishment has been calling for, in the pages of the *London Economist* and the *Washington Post* over the last several months. The attack on Nigeria was seriously escalated in the second week of July by pushing Chief Emeka Anyaoku, the secretary general of the British Commonwealth, himself a Nigerian, to use his visit to the country to rebuff the Abacha government and complain about the so-called lack of democracy.

Governments in Washington, Bonn, Paris, and London would be well advised not to interfere in the internal affairs of Nigeria. The West has two choices in the current battle over the country's future.

It can accept the fact that the Abacha government is a reflection of the efforts of those forces in the Nigerian elite who are committed to the well-being of the country and who are trying to steer a course of national unity, by which to undo the damage caused during the last nine years. If the Abacha government is given a chance, Nigeria could emerge as an economic giant on the continent and become a pivotal strategic ally of the West to start reversing the trauma of the economic, social, and political disaster of Africa.

Alternatively, the West can listen to that fanatical faction of, especially, the Anglo-American establishment, which, in the tradition of British nineteenth-century style colonialism, tries to exploit frictions inside Nigeria's institutions to paralyze and ultimately destroy the country. This policy was advertised in the *International Herald Tribune* on July 15 in

an article by the Washington Post Service from Addis Ababa, under the headline, "Clan Rivalries Threaten Africa with Upheaval." The article singles out Nigeria, because of the 250 ethnic groups in the country. If Nigeria disintegrates under pressures from the West, all hope for the rest of the continent will be lost, and the strategic geniuses in the West will have added another African policy-disaster to their list, which already includes Mozambique, Liberia, Somalia, Angola, and Rwanda.

During the first week of July, *EIR* interviewed government ministers, advisers, and military administrators at the state level, about the current situation and future perspective of Nigeria. This material is being made available to *EIR* readers beginning with this issue.

### **The Abacha government**

After the government came to power on Nov. 17, 1993, General Abacha addressed the country in a national broadcast and declared: "Sequel to the resignation of the former Head of the Interim National Government, I have had extensive consultations within the Armed Forces hierarchy and other well-meaning Nigerians, in a bid to find solutions to the various political, economic, and social problems which have engulfed our beloved country and which have made life most difficult for the ordinary citizen of this nation. . . . Many have expressed fears about the apparent return of the military. Many have talked about the concern of the international community. However, under the present circumstances, the sur-

vival of our beloved country is far above any other consideration. Nigeria is the only country we have. We must lay a very solid foundation for the growth of democracy. We should avoid any ad hoc or temporary solutions. The problems must be addressed firmly, objectively, decisively, and with all sincerity of purpose. . . . This regime will be firm, humane, and decisive. We will not condone nor tolerate any act of indiscipline. Any attempt to test our will, will be decisively dealt with. For the international community, we ask that you suspend judgment while we grapple with the onerous task of nation building, reconciliation, and repairs. This government is a child of necessity, with a strong determination to restore peace and stability to our country, and on these foundations, enthrone a lasting and true democracy. Give us a chance to solve our problems in our own ways.”

The decision of the military to take over the government was a reaction to the most severe crisis the country has faced since the end of its civil war in 1971. After the machinations of then-Head of State General Babangida, the country in the fall of 1993 was about to break apart. Eight years of a disastrous economic policy, modeled upon the IMF's Structural Adjustment Programs, had destroyed living standards and reversed the process of development started after independence on Oct. 1, 1960. Babangida's blatant manipulations of the political process between 1991 and 1993, with the sole purpose of keeping his power, had destroyed the credibility of any form of civilian administration on the state and national level, so that it came as a relief when the civilian governors of the 30 states were replaced by military administrators. The interim Shonekan government, which replaced Babangida on Aug. 26, 1993, could not even command all State Executive Councils to attend a national meeting, because some would simply refuse to come. Numerous sources confirm the danger of a repeat of the tragedy of the civil war of 1967-71. If Chief Abiola, a millionaire from the southwest of the country, who had been given his wealth by the military during the 1980s and made head of ITT, had taken over the government in the summer of 1993, some states, especially in the east of the country, would have seceded.

This goes to the heart of the matter. The patriotic elite in Nigeria will do everything in its power to prevent the nation from breaking up. Contrary to the propaganda of incompetent academics and media in the West—for example, Basil Davidson's *Curse of the Nation State*—there is a strong idea of nationhood in Nigeria, especially among the military. The preservation of national unity is seen as the precondition for the development of the country. Whenever that is threatened, the elite, and not just military officers, will decide to use the institution of the 100,000-strong military to preserve the integrity of the state. This is exactly what happened in November of last year. It was not a “generals' clique” as portrayed in the western press, which took power. But there was consensus between the majority of the military leadership and prominent civilians that only by the military's reassuming

executive power could the country's drift into disintegration be stopped. Otherwise, it is inexplicable that the key posts in the current government, like the ministers of agriculture, industry, water, petroleum, and foreign affairs, were given to prominent civilians who had served the government before and who, in discussions with *EIR*, left no doubt that they regarded their job as one of orderly transition to a democratically elected government. They all stressed that the collapse of the economy and the antics of the former military government had destroyed the basis for credible civilian institutions, and that a new beginning, as expressed in Abacha's broadcast of Nov. 18, was needed.

### **The transition to democracy**

On June 27, General Abacha inaugurated a constitutional conference of some 370 delegates. About 270 were elected in polls throughout the country, and the rest were appointed by the government. Within the next four to five months, this conference is supposed to deliberate on those political institutions and procedures by which Nigeria can return to a democratically elected government. This task is most difficult because of the history of civilian institutions falling into ruin, especially at the end of the second republic in 1983 and the end of the Babangida regime in 1993. During its 34 years of post-independence history, Nigeria was only ruled by elected government for 10 years. It is therefore justified, if no specific date has yet been set for the conclusion of the constitutional conference. Even if some prominent Nigerians who are well-known internationally are not part of the conference, the intention to work out a new solid constitutional framework that preserves the unity of the nation is very clear from the fact that some rather controversial figures, such as Umaru Dikko, whom the government, during the regime of Prime Minister Buhari (1984-85), tried to bring back from London forcibly in a crate, and Emaku Ojukwu, the leader of the Biafra secession during the civil war, are today part of the conference.

The Abacha government is trying to steer a most difficult course among traditional power groups. General Abacha himself and prominent ministers, like those of agriculture and industry, are from the Hausa/Fulani and Muslim north; the chief of the general staff and the minister of housing are from the Yoruba southwest, which is predominantly Christian. The constitutional conference's chairman is Justice Karibe-White from Riverstate in the south, whereas the deputy chairman is Justice Mamman Nasir, a prominent traditional leader from the north.

### **Battle over economic policy**

Very much to the dismay of the IMF, the World Bank, and the international banking community, the first measure the Abacha government took with its 1994 budget, was to formally suspend the IMF Structural Adjustment Program and implement dirigistic measures to stop the bleeding of

the country's currency reserves. The national currency, the naira, was fixed at 22 to the dollar, and only \$100 million is allowed to be sold by the central bank every two weeks. Interest rates were brought down from 150% to below 20%. This not only challenges the IMF's shock therapy, but it tends a paradise for greedy bankers, Nigerian and foreign, who had looted the country. Victoria Island in Lagos since 1985 has probably had one of the highest concentration of banks in the world. After the IMF-dictated deregulation of the banking system, Nigeria was notorious for allowing people to open a bank with a valid passport and a briefcase, and walk away as millionaires a short time later.

There is a strong current within the Nigerian elite who repeatedly, after independence, fought the IMF. The last nine years have taught them a bitter lesson again. Most of the economic achievements during the first 15 years after independence have been eroded or rolled back. Living standards have collapsed, the health and education systems are severely damaged, and poverty is rampant. Industrial production has shrunk and thrown workers into the "informal" sector. With the ascent to power of General Babangida in 1985, the doors were opened to the Structural Adjustment Programs that ruined the country.

The Abacha government has therefore set up a National Economic Intelligence Committee (NEIC) as the most important advisory and policy formulation body for the government. The chairman is the economist Prof. Sam Aluko, who is well known for his critique of the IMF policy. The committee, whose members and advisers represent all walks of the civilian life of Nigeria, is currently analyzing the state of the economy and reporting quarterly on the implementation of the 1994 budget. As the following interviews with the committee chairman and the ministers show, there is an open debate within the government on how to bring the economy fully back into industrial and agricultural production and development, and end the import orientation which was forced upon the country by the IMF/World Bank. This government will fight for the completion of a steel plant, a national pipeline system, a liquefied natural gas plant, the Elima petrochemical plant, and other industrial projects, which are all blocked right now, because the World Bank, among others, refuses to make the last part of the financing available.

In summary, the majority of the government is committed to stopping the looting of the country's raw materials and people by the IMF free-market economic system. It is debating how to implement the best strategy for fundamental economic development in the tradition of the aspirations of the period right after independence in the 1960s. The IMF and most bankers in London and New York see the direction of the Abacha government as encroaching upon their freedom to loot the former colony, and they just don't like the guideline the NEIC has set: "We don't want the rich to be getting richer and the poor to be getting cholera."

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## Interview: Adamo Ciroma

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# We deserve respect for what we have done

*Mr. Ciroma is Nigeria's minister of agriculture. He was interviewed on July 1.*

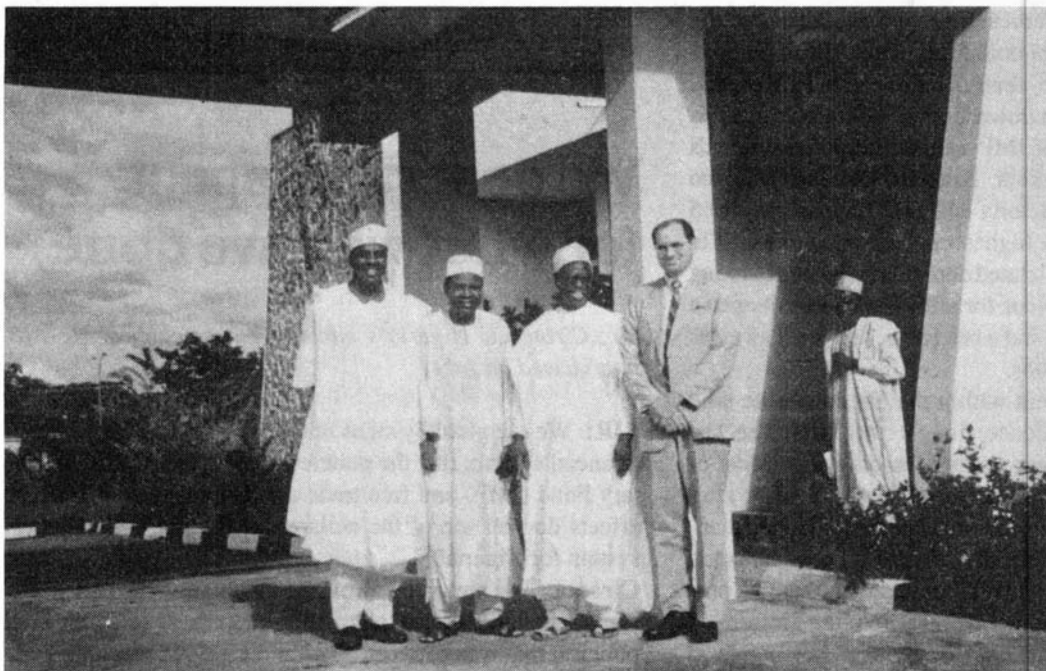
**EIR:** We see globally signs of the weakening of the current financial system; that the policies of the International Monetary Fund (IMF) and free trade are beginning to fail. What effects do you see of the collapse of the present monetary system for Nigeria?

**Ciroma:** We are going through two phases. The first phase was acceptance by the Nigerian government to apply IMF policies; that was between 1985 and 1993. In the 1994 budget, we have had to introduce some controls in order to deal with the problems introduced by the IMF policies of deregulation. It is clear that while the market forces arguments and deregulation are being held up as ones that allow resources to flow into the right areas, and which are corruption-free, the proof, in fact, is somewhat different. The market deregulated system has a great deal more corruption than was the case during the previous era of regulation.

Secondly, the free-trade policies, as part of the IMF policy, allowed resources in a depressed economy to be applied to the importation of items which one would not expect to see on the shelves, like dog food, cat food, and similar items. These are sharp contrasts, and nobody can actually defend it.

Now the new policy, which introduced the fixing of exchange rates, the fixing of interest rates, has drawn a lot of flak from the banking sector. In their words, the policy must fail. And from the information available to us, they gave the policy six months, by which time it would fail. And this has the backing of the IMF and the World Bank, whose officials publicly and gleefully predicted the failure of the Nigerian policy.

The deregulation policy created in Nigeria a large number of banking and financial and other institutions that were involved not in production, but in moving money from left to right and getting a cut of it. The island in Lagos was in fact nicknamed a "banking island," because of the number of banks, one-room, two-room banks, that were flourishing, with briefcase-toting individuals wearing suits roaming all over the place, talking among themselves, being at seminars here, being at dinners and lunches there, but producing nothing, except getting cuts from money being moved from left to right. This occurred to such an extent it reached the absurdity of intra-bank rates reaching up to 150%. It shows you



*Left to right: Muhammed Sanusi Daggash and Lawal Idris, hosts of the EIR delegation; Nigerian Agriculture Minister Adamo Ciroma; EIR's Lawrence Freeman. Says Mr. Ciroma: "Our own survival, without reliance on others, has been based on the appreciation that we have to feed ourselves, and therefore resources and policies were directed in that direction."*

also the weakness of the system, because nobody can borrow at that kind of rate to produce. It also tells you that the whole system was in jeopardy, because this kind of borrowing was distress borrowing. It happens that Nigeria's 1994 budget has exposed this weakness of the financial system and it is bringing about the collapse of many of the finance houses and the banks that have contributed nothing except misery.

**EIR:** Nigeria also had imposed upon it the structural adjustment programs of the IMF during the 1980s, up until the current government. Could you tell us what the effects of the SAP were on Nigerian agriculture?

**Ciroma:** Well, the first effect of the SAP on agriculture was to introduce deregulation of the commodities market. It is true that, until the 1980s, the government system marketed commodities at home and abroad, through the commodities boards. The commodities boards had become truncated and inefficient, with the result that they survived by paying the farmer less than what we could get on the world market. This was a disincentive which caused a decline in production.

The deregulation argument was that if you abolish the commodity boards, farmers will be free to sell their produce, prices will rise, and production will increase. Once the commodity boards were abolished, in some cases private banks rushed to take advantage of this situation, and it's true that in some cases, prices went up. But quickly, within a year or two, the prices came down, because when the farmers responded to the price and produced more, the buyers responded to the quantity and bought at lower prices. The result is a see-saw, as far as production and pricing are concerned.

Last year, for example, cotton production went down

from about 180,000 tons to 40,000 tons, because the prices offered in the previous years were so abysmally low that farmers went out of cotton production. Those who remained in it last year reaped the benefit, because the prices went through the ceiling. It is this see-saw development which the commodity board system originally was supposed to avoid, to stabilize and guarantee the farmer's income.

We have been somewhat lucky, because growth in the food sector has increased. But this is not merely due to deregulation; it has been the result of consistent application of government investment in agriculture over the years. Since 1978, there has been a realization that Nigeria's agriculture was lagging behind. It has suffered from the oil boom. In 1977, or thereabouts, General Obasanjo introduced what was called "Operation Feed the Nation." It was precisely based on the appreciation that though we now earned a lot of foreign exchange from oil, we had neglected our agriculture and it was necessary for the nation to feed itself. When the military left the stage, and we came in in 1979, we adopted a modified version of "Operation Feed the Nation," and we called it the "Green Revolution," and we poured a considerable amount of resources into agriculture in order to encourage the nation to feed itself. So it is the accumulation of these policies that led to an increase in agricultural production in the middle-1980s.

**EIR:** What are the main crops in Nigeria? Is there self-sufficiency in food? How much have you generated for export? What are the crops or areas that you would like to see expanded?

**Ciroma:** Agriculture contributes about 40% of GDP, and



65-70% of the population is involved in or supported by agriculture. Cotton is one of our major crops. The textile industry, which is a big employer, was based on protection of local fiber—cotton. Cotton used to be exported in large quantities, but now we have very little to spare for export.

The best-known agricultural product from Nigeria is cocoa, and this has been exported consistently over the years. This is because very little cocoa is consumed locally. It has been one of the most effective contributors from the agricultural sector, in terms of foreign exchange.

Third, Nigeria has the best soil, the best climate, for the production of natural rubber. In the last few years, we have probably been the world leader in natural rubber export. This is an area which we can develop, and increase land under rubber and replant, because quite a number of the plantations have aged. Because of these advantages, it is in our interest to encourage increased production of rubber.

We also produce palm oil and palm kernel oil. In food staples, a large quantity of maize is produced. This crop is almost universal in its presence. We produce other grains—millet and sorghum. These represent the major grains that are consumed locally.

In the last five years, because of a special program to encourage the production of casava, we have become the world's biggest casava producer. This is used not only for food, but to produce Scotch and other products.

Almost all the foreign exchange in the past was from agricultural produce. It is no longer the case now, since oil came into its own, and, today, about 92-95% of our foreign earning is based on petroleum.

The effort now is to revive some of these commodities for export, and we are working very hard. We have a new program to promote the production of industry and commodities, such as cotton, rubber, and cocoa, and we are directing effort at new investment in these areas.

**EIR:** Are there any pockets or areas of Nigeria that are suffering from lack of food? Or is Nigeria able to feed its population?

**Ciroma:** Well, what I can tell you definitely is that Nigeria is not a rich country. Our caloric intake is just over two-thirds of what the intake is in Europe or the United States. But, throughout the 1980s up to now, while many countries in Africa have had to go begging for food aid, we are happy that Nigeria never had the need for food aid from any source.

**EIR:** The U.N. Food and Agriculture Organization is right now warning of a new famine crisis in the Horn of Africa and in eastern Africa. From your Nigerian experience, what would your recommendations be for solving the agricultural problem for Africa as a whole? What were the mistakes made in agriculture and how should agriculture be organized so that the entire continent can be fed, without going begging to international institutions?

**Ciroma:** I think one can look at this issue from a number of perspectives. First the policy perspective. The countries themselves have got to be organized in Africa, and to have the policy to ensure that they are self-sufficient in food, in spite of whatever natural problems they may face. This is very, very important, because our own survival, without reliance on others, has been based on the appreciation that we have to feed ourselves, and therefore resources and policies were directed in that direction.

Second, steps have got to be taken to overcome some of the natural problems which affect some of these areas. For example, there are areas affected by drought or desertification, or attacks by pests such as grasshoppers and locusts. It is necessary to try to conserve water, not only for human consumption but for irrigation. In this country, we feel that we have to manage these water resources in such a way that they can supplement what we produce in crops. I believe that the countries that are susceptible to drought must look into how to conserve water and how to generate irrigation, at least to minimize the incidence of these disasters.

The third thing, is having the right political framework that creates the stability for people to go about producing the food to feed themselves. If you remember, some years ago, there were certain experimentations in Ethiopia and other parts of the Horn, which dislocated the production system. Some of these instabilities and civil wars disrupt a production system. These are the kind of things which these countries have to avoid at all costs.

But, it is sad to say that, in the last few years, these blowouts and ethnic conflicts have increased; I believe marginally because the economies have in fact been so depressed, and that all the aid which was supposed to go to these countries has resulted in net outflows. So that the countries have been beggared over these periods and the economic stresses have produced social stresses which disturbed the production cycle and created food shortages and the additional instabilities. So this is a cycle which has to be broken.

**EIR:** Would you see the IMF conditionalities—payment of debt, deterioration of the terms of trade, forced devaluation of the currencies—as an impediment for developing the conditions for successful agriculture in Africa?

**Ciroma:** Certainly. I think that it will not do the IMF and World Bank and their backers any harm to eat humble pie. You can produce policies and believe that they must be right and ask some other people to experiment with them. But *if they fail*, you should be good enough to accept that they have failed. Until very recently, there has been a kind of incomprehensible obstinacy by the IMF people, as to the correctness of the policies which they prescribe for all countries that are receiving, or that have become the subject of their assistance. It is very interesting that every country receives the same prescription; it is not possible for all sickness to be treated by the same drug. So, the problems are varied; the prescriptions are

not tailor-made for any one country. The conditionalities are the same and they have produced deteriorated situations for almost everyone for whom they have been applied. And it is very interesting to see the IMF and World Bank system *trying to find examples* of where their prescriptions have caused success. And honestly, if you look at the examples which they have given, they don't stand any test.

**EIR:** Like, for example, Ghana?

**Ciroma:** Ghana and even Nigeria were held up as successes of IMF policies. If you ask the Ghanans, they don't believe so. If you ask us, we have just changed the policy. But we have been subjected also to some pressures and indignities, and obstructions, and threats, because we have dared to find solutions which we believe may be more appropriate to our situation.

**EIR:** The United Nations is planning a conference in Cairo, Egypt—a part of Africa—on Sept. 15; and the purpose of this conference is to reduce the world's population. One of the arguments given over the years by the malthusians has been that food production will always lag behind the reproduction of people, and therefore inherently you will have to reduce the number of people, because agriculture cannot maintain the pace. Do you see any evidence that that is true?

**Ciroma:** No, the evidence is to the contrary. India had been a famine area for many, many years and all its problems were attributed to the rate of population increase. Since the late 1970s, with the introduction of the "Green Revolution" and other policies, India has been able not only to feed itself, but to export food. China, in spite of the size of its population, has been able to feed itself. So it is not true; there are scientific advances and other technological developments which, if applied, could increase production to overcome the increase of population.

**EIR:** It is said often in the West that Africa's problems are because "it is overpopulated." But of course, when you come to the continent of Africa, you find it is underpopulated. We have done studies showing that Sudan is rich in its soil and could potentially feed all of Africa if necessary. Do you see the possibilities for Nigeria, Sudan, and other countries to be able to feed, not only the existing population of Africa, but a growing population of Africa, in the future, with the right policies?

**Ciroma:** Definitely. I believe, for example, that we could produce more grains than we could possibly consume. Anyone can see the kind of increases that are possible, so long as you are able to have the right seeds, availability of fertilizers, machinery to help production. I believe that we should be able to feed more people than Nigeria has—the truth is that we already feed our neighbors. I think we can do more.

**EIR:** What percentage of Nigerian agriculture is subsistence

farming? And what is the idea for a change to a more market-production agriculture, which produces more than for the family of the individual farmer?

**Ciroma:** I believe that subsistence agriculture is 90% of Nigerian agriculture. There have been developments in commercial agriculture, but these have been a failure in many respects, because the costs of production have been increasing. This is explained by the cost of herbicides, the cost of machinery, the price of seeds; these have been on the increase *phenomenally*, such that commercial agriculturalists have not been able to break even, and therefore have tended to pull out. Right now, we are trying to work out the package of incentives necessary to make commercial agriculture pay. It is only when it pays that it becomes good business.

The subsistence farmer does not cost his product, with the result that he is losing; as you can see, his condition is not improving because he is not getting the right price for his product. There is somebody in the city who is eating up what he produces. But also the profile of the population that engages in subsistence agriculture is very interesting. The age is increasing; young people are not going back to the drudgery of farming. The result of this is that it is not a reliable source of sustenance. And that is why it is necessary now to direct the effort to renewing our production in agriculture by encouraging and making it viable for people to go into commercial agriculture because this is the development of the future. *This* is where the surpluses can be produced.

**EIR:** Isn't a precondition for this a development of industry in the country, so that gradually the total amount of people involved in agriculture can be reduced by increasing productivity; enlarging the farms, but at the same time not creating landless unemployed, but productive industrial workers? Doesn't this process go together as a total development perspective for the country?

**Ciroma:** It worked that way in other experiences, and in every experience I think there will be the need to reduce the population on the land. But in this country, it is not difficult to increase the acreage, because the land is still available. But you need a stronger economy, based on agricultural production, so that your industrial development can become more sustainable. Because whenever the development is based on sustained agriculture, you can see that the change becomes firmer; you can see the prosperity being spread wider.

In a country where 40% of the GDP is being contributed by agriculture, you have to strengthen agriculture first, in order to encourage the transformation industries that are based in processing, and then you go to some other areas.

**EIR:** You said there is more land. How big is the average farmer's holding? How much more arable land do you think there is in the country?

**Ciroma:** The average size of a peasant-farmer's holding is

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*I believe that we could produce more grains than we could possibly consume. Anyone can see the kind of increases that are possible, so long as you are able to have the right seeds, fertilizers, machinery. We should be able to feed more people than Nigeria has—the truth is that we already feed our neighbors.*

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probably 2-3 hectares, whereas we believe that only about 50-55% of the land area has been put under cultivation.

**EIR:** What do you think right now is the size a successful commercial family farm should be?

**Ciroma:** It depends on what they are producing. Where you are using irrigation and producing vegetables and similar things, you need less area for viable farming, whereas in the drier parts, you need a larger area. It is difficult to talk about average size in that respect.

**EIR:** What is the situation with livestock production? How far is milk and milk-product production developed, and could that be expanded to be a reservoir, especially for the nutrition needs of children?

**Ciroma:** The cattle population is about 33 million or thereabout. The cattle is mostly beef. So the amount of milk is very low. The local dairy provides fresh milk, sour milk, yogurt for local consumption, but because the yield is low, the consumption of these dairy products is on the low side. The consumption of meat is based not just on our own cattle, but neighbors also export their cattle to Nigeria, because Nigerians are better able to afford to eat meat than their neighbors.

The livestock breeding is increasingly becoming problematic, because livestock was based on free range. This is becoming more and more restricted, as farm acreage increases. We are reaching a point where you often have clashes between the animal breeder and the farmer. But there is a policy to try to encourage mixed farming. We are also looking ahead at this problem, trying to provide grazing reserves, trying to ensure that the cattle farmers settle down and grow their own grass, and look after the cattle in one spot rather than move over long distances between the wet and dry seasons.

**EIR:** The present transitional government in Nigeria under General Abacha has been criticized in the West for being a military dictatorship. Yet some of the policies that have come out of this government, in terms of exchange controls and interest rates, have helped agriculture and industrial production. How do you see the current transition in Nigeria and the role of this government?

**Ciroma:** There is no doubt that the transition program here

is for real, and I believe that the skeptics will be disappointed at the end of the day, because there will be a transition to civil rule. People like me would not have been in the government if we did not believe that the purpose of this military government is: 1) to preserve the unity of the country; 2) to lead to civilian rule. We were among the victims of the previous policy, the non-faithful policy of transition to civil rule, and we would not like to see this repeated. We are convinced that this one is for real.

**EIR:** Was there a danger last September-October of chaos in the country and that the nation would have been broken up?

**Ciroma:** There was a definite danger of chaos; this country was shaken to its very foundation. Every Nigerian who was in Nigeria knew that it appeared we were on the verge of disintegration. The general who was a member of that government decided to lead the present military regime and to bring on board in the government known democrats, people who have taken part in the transition politics.

**EIR:** Do you have a message that you want us to carry back to the United States and Europe?

**Ciroma:** You know, it used to be the conventional wisdom for countries to abstain from interfering in each others' affairs, and to believe that the citizens of any country know best how to solve their problems. The threshold of intervention has been lowered. Especially since the destruction of the Soviet Union, a certain international arrogance has risen and is widely telling everybody what to do to solve their problems. These are people who are so self-sufficient in their economy and have little knowledge of what other countries are really like. And yet they are dictating to these countries how to solve their problems. I hope that this phase in international affairs and politics will not last for too long, because it does too much damage to the world as a whole.

We here have experienced a lot of things which the West has not experienced. And when we choose a path to solve our problems, I think that a certain amount of respect ought to be attached to what we do. I think that way there may be greater international understanding than can be generated by this dictatorial attitude on intervention by force; on use of secret service operations; on coercion in the economic sector; and the political part.

# 'We emphasize the function of production in our economy'

*Dr. Aluko is a member of Nigeria's newly formed National Economic Intelligence Committee.*

**EIR:** Your committee was set up in February to examine the 1994 budget and to look at the Nigerian economy and report to the commander in chief. Could you tell us exactly what your findings were on the Nigerian economy?

**Aluko:** We were set up to monitor the 1994 budget, to monitor the economic activities, and advise the head of state every quarter. But we felt that it was not just enough to look at the budget without looking at the economy itself. So, since we were set up, we have produced two reports to the head of state, one in March, the other one just this month [June]. But what we have done, really, has been to interact with various sectors in the economy. As of today we've interviewed about 26 to 28 various organizations: trade unions, manufacturers who sell to Nigeria, bankers, finance houses, manufacturers, motor assembly plants, cement factories, farmers, even colleagues from at home and abroad. This was in order to have an overview of how the economy is functioning. We tell every one of them that we would like to have a dialogue with you on a confidential basis—hide nothing from us; we will hide nothing from you.

As of now, we have become well-informed about the structure and performances of the economy. In fact, at times we know more about an industry than do the operators of that industry. We know more at times about a ministry than the minister himself. We have tried in this venture to make people realize the interconnection of the interim measures and the economy—rather than to look at themselves as an autonomous, separate unit within the economy.

Take the bankers, for example. The bankers were saying that the rate of interest, 21%, was not high enough to generate savings. The rate of exchange, 21-22 naira to the dollar, is too low. We tried to make them aware that they must look at the production section of the economy. The producer that does not make a 20% profit and is borrowing at 22% will not go into production. And as a result, production does not rise; the national income does not rise; savings do not rise. When the rate of exchange is too high, the value of money falls, then of course productivity will fall, consumption will fall, and so on.

Even though we have not achieved homogeneity, we have been able to bridge the gap between what they were

thinking before and what they now think should happen. So we report this to the head of state. Even the ministers themselves, some of them, don't believe too much in the workability of the 1994 budget; they don't believe in government regulation; they say they want the market system to function. We try to make them aware that even though the market is very good, they must know that a country like ours is very far away from the world market; that the world market determines the cost of our goods, our exports, and determines the costs of our imports. Therefore each country must try to look at itself—this is what we've tried to do in Nigeria—to see how we can manipulate, manage the resources, so we can increase productivity and grow by this.

Our members have been quite up to the task because we are brought from various backgrounds. Our secretary general is a military officer; we have bankers; we have teachers; we have university professors; we have people from extreme right to extreme left. But we try to look at the thing together.

**EIR:** When you are looking at the economy of Nigeria, do you see the difference between the productive side of the economy, as opposed to simply the money-creation side?

**Aluko:** Yes. In fact, this is what we have tried to let people understand. Take the value of the naira—a monetarist approach is not the same thing as a production approach. We emphasize the production function, rather than just manipulating the rate of interest, the rate of exchange, and the value of money and just getting paper money, which is not at all related to production. This is why we have been trying to say that the rate of interest should be regulated; the rate of exchange should be regulated, and not left to a market mechanism over which we have no control. It may even be necessary, in some cases, for government and even the private sector to subsidize production, such as agriculture, small-scale industries, and even exports. We say: "Our aim is really to find out how the massive resources that we have in Nigeria in men, materials, and money can really be garnered and translated into production—of goods and services for the common good. We must also look at the various sectors of the population; we don't want the rich to be getting richer, and the poor to be getting poorer. And this is what has been happening. There seems to be growing antagonism between the rich and the poor. The poor are hungry so they cannot sleep; the rich are not able to sleep

because the poor are weak, and so we are all in the system.

**EIR:** The International Monetary Fund's (IMF) structural adjustment programs represent these type of monetarist policies that have been imposed on Nigeria. What have been the effects on production?

**Aluko:** We have discovered over the last eight years of structural adjustment in Nigeria that what we have been adjusting has really been the currency, so I call it monetary maladjustment. This sick economic theory talks of economic adjustment in the sense of decreasing the capacity of the economy for the financing of production tools, decreasing production per capita, dependence on foreign imports. . . . This is what traditionally, or technically, we know as economic adjustment. But rather than that, the actual capacity of the economy had been falling since 1986. Many of the industries are producing at very low capacity, because they cannot borrow the money; they cannot import; they cannot even pay wages and salaries. The wages and salaries paid do not even meet the basic needs of the population. All this put together had been having a deleterious effect on the productive capacity of the population. So you have a low naira, but less and less goods and services. So this is why we want to shift away from the structural proponents of the World Bank and IMF and to move into production.

**EIR:** General Abacha is moving in this direction?

**Aluko:** I think so. In the two times we've reported to him, he really surprised us by the grasp he had of our reports.

We do have some problems, possibly with the minister of finance and the central bank, who act as if they are still IMF-rented, who talk of appropriate pricing, appropriate rate of interest, appropriate rate of exchange, which is not unusual in economic theory. We used to talk about the natural rate of interest, natural rate of exchange, natural rate of employment, natural rate of growth, but it's nothing like that; you have to manage these things! Things don't happen themselves. So we say: "Look, resources don't manage your mind please; your mind builds resources." That's the way we must look at ourselves, and look inward and see what we can do so as to be able to meet the aspirations of our people, and what they are trying to achieve.

**EIR:** Could we enlarge our discussion to view the African continent as a whole? Africa has mostly made the news with disasters and human tragedies in the recent period. Do you think the economic conditions could be changed so that real economic development could overcome these disasters?

**Aluko:** Yes, in fact this is my hope and the hope of everybody. I am one of the so-called consultants to the World Bank and some of its agencies, and I have been to various African countries—South Africa, east Africa. What is happening in Nigeria is not as bad as what is happening in most other countries as a result of the IMF-World Bank adjustment programs. The condition is getting worse and worse; produc-



*Nigerian head of state Gen. Sani Abacha*

tivity is falling, ethnic rivalries and conflicts are rising. It is much easier today to call workers out on strike, to call workers out in the streets, because they are hungry and they are more dissatisfied than 10 or 15 years ago. So, this is what is happening in Africa: The debt burden is increasing; the ability to pay is diminishing; and even resistance to the West is growing, because they see the local [government] cooperates with these agencies as the oppressors. The debt has increased almost ten times between 1980 and 1994, and the ability to pay is diminishing. So you are right to say that the situation in Africa, in spite of all the resources, both man and material, is getting worse. And if we don't reverse this trend there will be a cataclysm, a collapse.

The same thing is happening in part of eastern Europe. So I think really that the world has to look back at what we used to call the World Economic Order, the distribution of wealth and of production capabilities around the world. We have to look at what are the means of enhancing the growth in the real product of the economy in African countries, particularly in Nigeria.

**EIR:** Do you think the Lagos Plan of Action could be a reference point for such a discussion?

**Aluko:** Yes. The Lagos Plan of Action has also been modified a little by the Economic Commission for Africa—called the alternative to the structural adjustment program. The Lagos Plan of Action was in fact a real antidote to the World Bank and the IMF conditionalities and systems. But apparently the Lagos Plan of Action has not been sufficiently addressed. My committee is getting a lot of information

from various people—various documents, some of which seem to be going along the line that we are thinking, which would now emphasize real development, not just manipulating currency and money.

**EIR:** Would you say that this can be related back to the original dreams and visions at the time of independence, the time of John F. Kennedy, Martin Luther King, and the founders of the African nations?

**Aluko:** That's one of the things that has been disastrous; the dreams of the founders of independent African countries don't seem to have been realized, because they were looking forward to a dynamic growth of the economy, growth in human welfare, in education, in health, and the ability to bridge the gap between the developed and the developing countries. But so far, instead, the gap seems to have been widened. And if we are not careful, it will never be breached.

The liberal leaders of the West seem to have lost out. Their places have been taken by the custodians of the West who see themselves as the citadel around which growth in the world revolves. And therefore, they have formulated this idea of "free market," "privatization," "commercialization"—all of which are just unrelated to the needs of the economy here. "Retrenchment of workers," "reduction of the activities of the state in the economy in their country"—the state has taken almost one-third of the resources—you have to say that state should not be in the system. Before 1986, our cocoa in Nigeria was the best in the world, but today the quality has deteriorated, because everybody just does what he likes. And foreigners come and take away the cocoa; export it, and take away the capital. There is a lot of capital flight. So, we've lost out on all fronts, and we are trying to see how we can go back to first principles.

**EIR:** What would you ask the West to do to help your country in its economic development program?

**Aluko:** Really, I would not ask them for too much. I would just ask them to leave us to formulate a workable, practical solution to our problems, rather than continue to impose sanctions for debt that was dubiously incurred. I would ask them to do something with the debt, at least reducing or cancelling the interest.

Secondly, I would say that they should stop regarding us as the backyard where they will determine the price of our import, and the price of our export. I would ask them to encourage the local producers to turn around their own materials into finished products, to add value to it, rather than to encourage export of raw materials. And I would want them to assist us in the development of science and technology. My committee has been looking into what India does with foreign aid. All the foreign aid received by India is used exclusively for science and technology. In many African countries, most foreign aid is used to travel to the foreign countries from where the aid comes, so the aid is

really recycling from the developed countries *back* to the developed countries in terms of symposia, seminars, receipts and so on. Then the experts, so-called, move around to advise, to make assessments; we have enough assessments of what is going on.

They should let us do as they did in their own time. I remember that when America was developing, for example, they even went into isolationism; they even refused to join the League of Nations; but today they want us to open up all the economy to compete with America. We can't compete with America! We can't compete with the West today. They say we should not subsidize—they should let us look at those areas where subsidy is necessary, where competition is necessary, where free enterprise is necessary; rather than just say we must open up; we must commercialize; we must privatize; we must let market economy function.

**EIR:** Lyndon LaRouche, the founder of our magazine, has put forth programs for massive infrastructure development, including rail lines from Europe, across Russia into China, and rail lines down through Italy and then over to the continent of Africa. Do you see that Nigeria and Africa could benefit from these kinds of projects?

**Aluko:** In fact, I think that is one of the *major* areas where we can begin to look for solutions. If you go through Nigeria, for example, you will find that the roads are bad; the electricity is erratic; water does not flow; the infrastructure is *so bad*. In fact, at an economic summit of foreign entrepreneurs and big business in Nigeria, they wanted to talk about the rate of exchange, and I began to talk to them: "Look, we agree entirely that if we could get the infrastructure to work, the water, the roads, the rail, the air, the telephones, the electricity, law and order and peace and tranquility and democracy—we don't need to change the rate of exchange. In fact, changing the rate of exchange is a destabilizing factor to foreign investment. Because people want to be able to calculate."

But infrastructure should be the primary concern of government. This is what I have told the minister of national planning; that in fact we should begin to look less to big projects, like the largest steel plant in the world, the largest dam in the world, and begin to see how we can make our electricity work. We talked to the electricity organization in Nigeria, for example, and we said: Even a small country like Britain, which has a quarter of the land area of Nigeria, has four separate electricity boards. How do you think one single board in Nigeria can cope? Why don't we find out and seek assistance from other countries—how to reorganize our electricity and power structure so that they would be effective, be manageable, and they would deliver?

Even rail. In America, for example, the first thing they did was to open up the country to transportation—railroad and air, so that you can go anywhere. They built highways. It would be a good thing for this country.



## ‘Our priority is to improve our agriculture and industry’

*Mr. Tukur is Nigeria’s minister of industry.*

**EIR:** Before we get into specifically Nigerian industry, how did the International Monetary Fund’s structural adjustment programs affect Nigeria over the recent period?

**Tukur:** They affected Nigeria positively in many ways, and also negatively in others. Positively, in the sense that when smaller exports and smaller-scale industries started, there was a kind of determination to have self-sufficiency. But because of the many structural defects, that which ought to have helped the real structural adjustment to take place, was not in place. So the whole thing really flattened. And then naturally, with the fall of prices in the oil economy, the hardship really surfaced more than anything else.

It’s a very good concept, but it has to rest on certain structures. I’ll give you an example. If a small-scale industry was going to open in a developed country, they would not bother about access to that place, because the roads would already exist. They would not worry about electricity. They would not have to think about providing water; it is already there. So their costs can be easily identified. But where these things do not exist, or only feebly, they are in trouble. Because they will come to be faced with so many unknowns immediately, that the project won’t be viable. The entrepreneur now has to dig wells; oh, the electricity has gone down—he has to provide a generator, more spare parts. So the entire benefit will be lost. And that is what happened. It was started wrongly. If it had been started with the provision of the infrastructure, I could assure you—they talk about the Asian “Tigers,” do you know why they succeeded? Because most of their infrastructure was in place—power, water, access, communications. And therefore, a small man can start an outfit and still assure the manufacturer that he can supply.

**EIR:** What plans does your ministry have for infrastructure development in Nigeria, to help with industry and agriculture?

**Tukur:** That is now very important. My charge today is to revitalize the ailing industries. To really complete the unfinished projects; they are lying all over the place. You need a huge investment—billions. And therefore, as far as the country is concerned, the economy is concerned, it is at zero level. But the projects are maybe 95% completed; a few

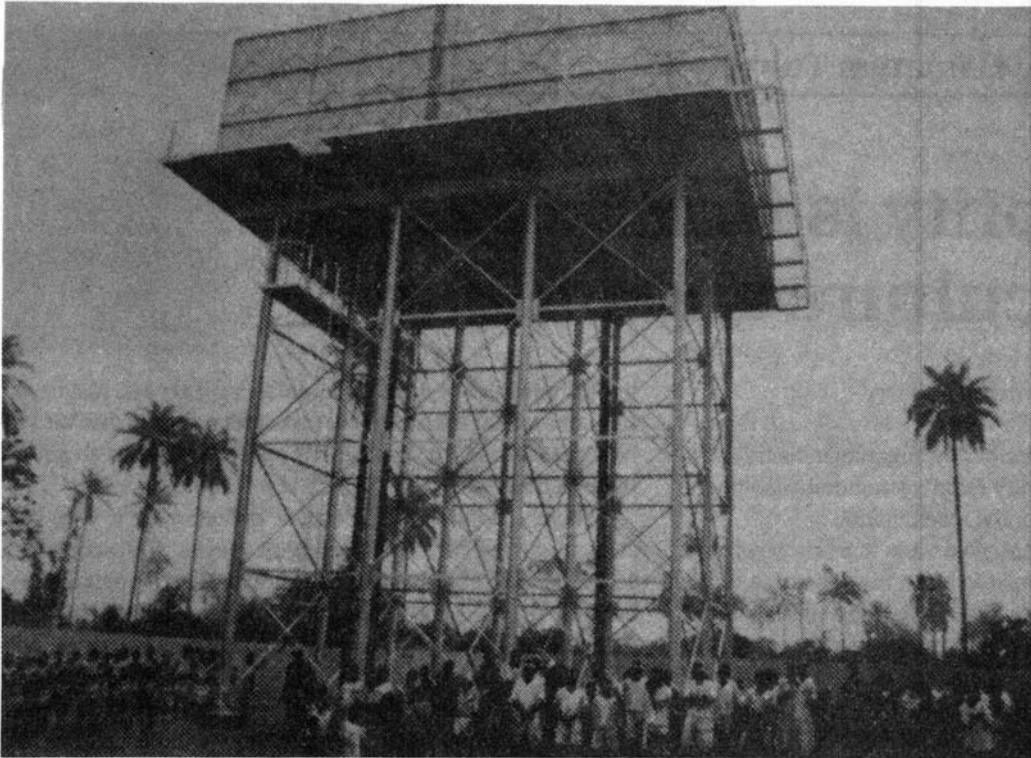
things remain to be done. We couldn’t get access, maybe, to foreign exchange to get a few parts remaining so that we can now get that industry going. It’s my responsibility to get all these to function.

There are so many industries operating at a very low capacity. Now they could employ maybe 500 people, or 1,000 people; you find out that they end up employing 50, because they do not get access to raw materials, because they couldn’t get access to foreign exchange to buy the raw materials to blend in with the local material that they can source. And that alone means operating at a very low level of installed capacity. Unemployment goes up; then, of course, income goes down; normally even the guy who sells a tomato will now find it very difficult to sell that tomato, simply because the guys around who would buy his tomato are not in a buying capacity anymore. It is difficult, unless one really comes down to earth and finds out what actually is the problem. The problem has to be understood right from the local areas.

**EIR:** For the country to develop, you would need certain industrial, manufacturing industries. You would need certain things like electricity and other types of infrastructure. Where do those industries stand right now in the Nigerian economy? Are you making progress with them? Which ones do you want to put the most emphasis on? Which ones are in the worst shape, and you want to work with?

**Tukur:** When we came in, first and foremost we asked ourselves, what do we do? We now have to address ourselves to the productive sector, because there is no way that you can help revive an economy unless you produce. So, we placed the emphasis on production. And we predicated that on the budget policy of giving 60% of our scarce foreign exchange to the manufacturing sector and agriculture. That is the productive sector. Eighty percent of our people are employed in the agricultural sector. A small increase in the agricultural sector, in terms of production, means a big multiplier factor, in terms of economy of scale, even if you have a growth of 1%, meaning that 80% in our society is benefitting from that 1% growth. If agriculture grows a large amount of the raw material required by the industries, they can be a source for agriculture.

So we addressed agriculture, to produce the raw material;



*A water project in Edo State. Says Mr. Tukur: "We rested our case on serious addressing these two sectors, agriculture and industry. And we are working flat-out to do this. All those concerns that have been closed, we are opening them."*

we addressed the processing industries, to increase their capacity. This means, in effect, that our exposure to hard currency will be less; at least we can provide a certain amount of food or the raw material that the industries require, and at the same time provide more opportunities for employment, which can increase the purchasing power of the communities themselves. We rested our case on this—seriously to address these two sectors, agriculture and industry. And we are working flat out to do this. All those concerns that have been closed, we are opening them, like paper mills. Since I've come in, I've gotten Jabba Paper Mill open; I've gotten some of the sugar industries open; I've gotten cement companies really working and we've increased the capacity utilization.

**EIR:** What is the state of the steel industry in Nigeria? I know there were discussions many years ago about Nigeria becoming a steel producer. There have been some investment plans for an aluminum production plant. Since these are the heavy industries that are so important for an economy, can you tell our readers where Nigeria is in production in these areas?

**Tukur:** For example, the Ajeokuta Steel Plant is about 98% completed. During your time in Nigeria, I hope you can get a chance to visit these complexes. Unfortunately, they were built in such a way that you hardly can use them until the time of completion. This plant can be completed; but the remaining 2% means over 3 or 4 billion naira. It is not really the 2%; it is something else that is required of us, but it is something we are really required to do. These institutions

like the World Bank and so on should be able to understand. It's not that they do not know; they can see and they can also visit, but they don't want us to really get that *little* amount so that the bridgehead can be secured.

**EIR:** What kind of production capacity would the steel plant have when it is completed?

**Tukur:** About 40 million tons.

And also the aluminum smelter. Everybody knows how strategic aluminum products are; and this can be completed. I can tell you, it is a good investment by all standards. The international community knows about this; it is a viable project; it can be completed; it can reduce the Nigerian export debt.

**EIR:** At what stage of completion is the aluminum plant?

**Tukur:** It's about 62 to 68% done.

**EIR:** Are there any other similar large industrial projects that you are working on in Nigeria?

**Tukur:** I'm working on paper, which is very strategic. I'm working on the cement complexes, which are also very strategic. We are working on the sugar plants. We need investment in these kinds of industries.

We chose these areas with the understanding [of the international financial institutions]; it was not done in isolation or in confrontation with the World Bank or IMF. Some were done, in fact, with the African Development Bank, which is an outgrowth of the World Bank anyway, in a way. It runs



tremendously by the World Bank decisions. But as you go along, here is a project, and you start paying before we start producing, and automatically you default in interest payments, and because you cannot draw down to go ahead, they know that you cannot grow, because you default; you have 200 million to draw down; and you default on 10 million, and they hold you ransom because of that. They cannot say: Fine, now you are entitled to 200 million. Because you cannot finish; you can also see a good reason why you cannot finish, and therefore you cannot solve this 10 million. You cannot meet your obligations. And the project just stops. By the time you revive it, it becomes 300 million and your exposure becomes 15-20 million a year. And your working capital is not there. You cannot borrow.

**EIR:** Nigeria is strategically, politically, and economically a very important country for all of Africa, and also for Western Africa. You have the Economic Community of West African States. Are there plans by this group, which Nigeria is part of, for regional economic development, regional infrastructure projects?

**Tukur:** We are part and parcel of the West African Economic Community. We also have many bilateral and multilateral arrangements within this sub-region. It is Nigeria's wish and prayer that within that sub-sector, we can increase cooperation and explore things that we can do to particular advantage to all sides.

In many of our conferences, we emphasize that there is a lot that can be done, of importance and economic benefit. We should look at a transportation system, even the generation and distribution system; this could be highly intensive, which you could do and reap the economy of scale, and at the same time distribute more comprehensively and benefit far more than what we are doing at the moment.

**EIR:** When independence came to Nigeria, like many of the African countries, there was a positive spirit of development. With freedom and independence was going to be economic development, industrialization, after overthrowing the yoke of colonialism. That has slowed down, to say the least, in Africa, including in Nigeria. What do you think has happened along the way to dampen that dream, and what do you think we can do now to revive that spirit of industrial development for Africa again?

**Tukur:** We have learned our lessons. But I think that what is required is an understanding from the developed countries. Now if we have your understanding, we can do that. I'll give you a good example. You are talking about democracy. Let's look at this country; it is a military-controlled country. I'm sitting here, I'm a 100% democrat. I do not believe in military administration as *an answer*. I know that, because the *best way possible* is for people themselves to decide their future; it is more natural.

I was talking about this to one of my colleagues in Britain.

He said to me: "Look, Bamanga, you know very well that unless your country is democratic, we have no business to deal with you," and so on and so forth. I said: "Yes, very good, you are our colonial masters. Let me ask you one single question. You are dealing with Saudi Arabia; you are dealing with the Gulf—are they democratic?" He said to me: "But you have to protect your source of energy. America must deal with Saudi Arabia; they must deal with the Gulf states, regardless of whether they are democratic or not in the concept and perception of the United States."

So, [I told him], why cannot you understand that *I know*, I appreciate whatever "democracy" means to you; it means to you what it means to you. Democracy maybe to me is a different thing; it may have different meanings to different people. I can see America supporting Algeria. This is democracy; that's what they decided. I can see Russia, with Yeltsin there; it was a parliament, they represented the people. Well! So we understand, but sitting where we are sitting, please understand that we know why the shoe pinches. So when you do that; when you recognize Yeltsin, stopping the Russian parliament; when you tolerate Saudi Arabia and the Gulf states, regardless of elections, please understand that in Nigeria we have a problem, a problem that we want to now have a peaceful, united country. We do not want chaos; we do not want blankets and biscuits because we are fighting: No, save that! Help us. Don't put sanctions. If you put sanctions on us, who suffers most? The people who you say you want to support.

So leave us alone, by saying to us instead: "Okay, we understand; as long as you do not trample on your people by doing something that everyone can see, depriving them of all rights, imprisoning them." Nobody can underwrite what is going on in Rwanda. It's terrible! And this is what will happen when you have people who are not educated—the level of education is very low.

We respect very much the system of the individual's right to achieve, to be the best. Let us go step by step, so that we can appreciate, as we go along, the beauty of education, the beauty of unity, the beauty of free trade.

**EIR:** Mr. LaRouche, who is the founding editor of *EIR*, has been campaigning now for nearly 20 years for a new, just economic order—one that would promote the development of each sovereign country and the development of each individual, each citizen within that sovereign country. Do you think that Nigeria could support these kinds of efforts?

**Tukur:** Yes, we believe that this is positive; we believe really in this cultural background. We must appreciate sovereignty of nations. You start from individuals: Fingers are not equal, you say fine; they all move, but some are shorter, some are longer. So if we agree, we start with that. With nations too. This kind of theory says, allow them to jump, and continue increasingly higher as they jump, until a certain level is reached.

## Jordan, Israel advance peace through development

by Dean Andromidas

The current peace negotiations between Jordan and Israel have brought the question of peace through economic development to the center of the Middle East peace process. In the first direct talks between the two countries held on their own territory, which began on July 18 in the desert directly on the border between the two countries, Jordanian and Israeli diplomats and generals met in an air-conditioned tent not far from the Gulf of Aqaba. Two days later, Israeli Foreign Minister Shimon Peres became the first Israeli to fly into Jordan in 46 years. At a press conference with Jordanian Prime Minister Abdul-Salamal-Majali and U.S. Secretary of State Warren Christopher, Peres spoke of the economic possibilities that peace will bring, where "farmers replace soldiers and greenhouses replace army barracks."

In contrast, the opponents of peace on both sides struck back with the massive bombing of a Jewish community center in Argentina, which left over 20 dead, and riots in the Gaza Strip.

Contributing to the opening of direct negotiations between Jordan and Israel was a diplomatic effort by the Clinton administration. According to King Hussein, the United States promised to cancel nearly \$1 billion of Jordan's foreign debt. Christopher spent one week touring the region, where he spoke with Israeli, Palestinian, Jordanian, and Syrian leaders in an effort to push the peace process forward.

While this breakthrough with Jordan is good news, in order for it to be successful it must be coupled with a renewed drive for regional economic development projects, as originally outlined by Foreign Minister Peres in the agreements with the Palestine Liberation Organization, and along the lines of Lyndon LaRouche's Oasis Plan for Middle East peace through economic development. The failure to immediately begin implementing the economic development proj-

ects outlined in the Gaza-Jericho agreements, primarily because of the obstructionist tactics of the World Bank and its supporters in the region, has been the biggest obstacle to the peace process.

### Ten joint projects proposed

An official Israeli government spokesman told the German weekly newspaper *Neue Solidarität*, "There are three key factors currently under negotiation: first, security; second, border demarcation; and third, joint cooperation in the areas of water, energy, and ecology." He said that once normal relations can be established between the two countries, "the sky is the limit" as to what can be done economically. According to Israeli government sources and Energy and Infrastructure Minister Moshe Shahal, Israel has proposed no fewer than 10 joint energy development projects including:

- The construction of canals between the Dead Sea and the Red Sea, as well as between the Dead Sea and Mediterranean Sea. The project would bring seawater to the Dead Sea, which is crucial for the continued exploitation of the sea for the production of potash and other natural resources by both countries. In addition, an 800-megawatt hydroelectric power plant could be constructed on the canal for power generation and water desalination.
- The integration of the electrical power grids among Jordan, Israel, and Egypt;
- The development of an integrated oil and gas pipeline network among Jordan, Israel, and Egypt;
- Construction of joint desalination projects utilizing gas, oil, and solar energy sources;
- Joint exploration and development of natural resources, particularly oil, gas, and mineral resources;
- Oil shale utilization for energy production, which

would enable joint development of the nearly 20 billion tons of oil shale deposits in the region.

Other projects under discussion include:

- Joint development of the Eilat-Aqaba region on the Gulf of Aqaba, including development of each countries' port and airport facilities. (Problematically, much of this is being discussed in the narrow and inadequate context of developing tourism.)

- A regional railroad from Istanbul to Cairo. Although at a very preliminary stage, Egypt has recently formally agreed to participate in the construction of a railroad from Cairo, through the Gaza Strip, to Tel Aviv.

- Construction of a road network linking Israel, the Palestinian territories, and Jordan, which would establish links between Jordan and the Mediterranean ports.

Although nuclear energy has not been part of the negotiations, the LaRouche Oasis Plan, which envisions the construction of nuclear power plants along such a canal, has been a topic of informal discussion among leading participants in the peace process.

While Jordan's King Hussein and Israeli Prime Minister Yitzhak Rabin are to hold their first public meeting on July 25 in Washington, a formal peace treaty is not expected to be signed. King Hussein has said that he would not sign a formal peace treaty unless he received approval from Syria, which has so far refused to engage in direct negotiations with Israel. Nonetheless, Jordan and Israel have been holding informal as well as formal negotiations for over a year and are said to have overcome most of the main obstacles that have prevented the signing of a peace treaty. These obstacles include a border dispute in the Jordan Valley, the allocation of water from the Yarmuk and Jordan rivers, and the question of Palestinian refugees who have been living in refugee camps for decades.

### **Rejectionists on both sides**

The catastrophic bombing of the Jewish community center in Buenos Aires, Argentina was a dramatic confirmation that the enemies of peace are active. In support of a statement by Peres charging that the bombing was an attack on the peace accords, Lyndon LaRouche, Jr., candidate for the U.S. Democratic Party presidential nomination, declared in a statement, "I wholeheartedly share the evaluation and sentiment of Israeli Foreign Minister Shimon Peres that the carbombing of the Argentine Israelite Mutual Association in Buenos Aires is an attack on the Mideast peace accords."

Although Israel and security experts have pointed the finger at Iran and the Iranian-backed Hezbollah for the bombing, there has been no confirmation. It is believed that Hezbollah carried out the bombing in retaliation for recent Israeli military strikes in southern Lebanon which killed over 20 Hezbollah guerrillas. In February 1992, the Israeli embassy in Buenos Aires was the target of a massive carbomb that left over 20 dead, which was said to be in retaliation for the

killing of Hezbollah leader Abbas Mousawi.

In addition, the taking up of residence in Gaza by PLO Chairman Yasser Arafat has not gone unmarred. On July 17, a massive riot at the Eretz border crossing between Israel and Jordan left two Palestinians dead and over 100 wounded. Palestinian police and Israeli soldiers were involved in shootouts which left 25 Palestinian police wounded. The riots were the result of insane border-crossing procedures which cause many hours in delays for Palestinians traveling to their jobs in Israel. The procedures are said to be the result of pressures by opponents of the peace accords within the military and security establishment.

Within a day of the riot, Hamas, an Islamic fundamentalist group which opposes the peace accord, took responsibility for killing an Israeli soldier in Gaza. Hamas is also accused of provocations during the Eretz riots. The provocation drew a quick response from Nabil Shaath, the Palestinian minister in charge of planning and international cooperation for the Palestinian National Authority. "We're now in a peace process in Gaza and Jericho and no one is permitted to carry out military operations, because these operations violate the agreement and thus will hit at the peace process," Shaath said. He nonetheless hit at the Israeli decisions to close the Gaza Strip: "Israel has no right to close the Gaza Strip every time a problem arises, and this violates the agreement."

In the past weeks, the radical settlers movement has become more and more extreme, as it becomes more and more isolated. While holding poorly attended demonstrations throughout the country, their most serious actions have been an occupation of government-owned houses in Hebron by radical settlers based in Kyrat Arba, the settlement where Baruch Goldstein, of Hebron massacre infamy, came from. Their activities are shifting rapidly from the settlements throughout the territories, to Jerusalem, where demonstrations are being held at the Dome of the Rock mosque, which radical right-wing Jewish groups refer to as the "Temple Mount," in reference to the site of the ancient second temple. This is aimed at intersecting the most sensitive political issue between Israelis and Palestinians, the status of Jerusalem. Israel claims Jerusalem as its "undivided and eternal capital," while Palestinians claim Arab East Jerusalem for their capital. Its final status must be resolved within five years of the signing of the Gaza-Jericho accord.

A confrontation is building up over the Dome of the Rock. This mosque is Islam's third holiest site, after Mecca and Medina. The mosque stands over the rock from which the Prophet Mohammed is said to have begun his journey to heaven. It is feared that the "Temple Mount" crazies will attempt a provocation against the site in an effort to create a regional crisis, if not a new war. These extremists are known to enjoy heavy funding from North America, Europe, and from circles within Israel associated with Ariel Sharon, architect of the disastrous 1982 Lebanon war and minister in the previous Likud government.

# Narco-terrorists plan explosion in Mexico as election nears

by Cynthia R. Rush and Carlos Méndez

When the Zapatista National Liberation Army (EZLN) attacked several municipalities in the southeastern state of Chiapas in Mexico on Jan. 1, 1994, *EIR* warned that this narco-terrorist offensive constituted a grave national security threat not only to Mexico, but to the United States as well. Today, that warning is even more valid, as the EZLN and its collaborators in the Revolutionary Democratic Party (PRD), as well as among the rest of the pro-terrorist left, threaten to use the Aug. 21 presidential election as the trigger for nationwide insurgency modeled on the Chiapas events. Official Washington, which is obsessed with whether to invade Haiti, would do well to refocus its attention on the far more dangerous Mexican situation.

In June of this year the EZLN escalated its offensive against the Mexican government. It first rejected the government's peace proposals and then presented President Carlos Salinas de Gortari with a list of unacceptable demands: that Salinas resign and a transitional government be set up; that the EZLN be granted belligerent status; and that a national constituent assembly be held to rewrite both the national and the Chiapas state constitutions. EZLN leader "Sub-Commander Marcos" warned that rejection of these demands would lead to a long and bloody civil war.

As if in unison, Marcos and PRD presidential candidate Cuauhtémoc Cárdenas also threatened that unless the Aug. 21 elections were clean, the population would "rise up" against the state. What they mean by "clean," however, is that the ruling Revolutionary Institutional Party (PRI) *must lose*, and hand power over to the opposition; for them, any other result would constitute irrevocable proof of fraud, and a pretext for unleashing armed conflict.

Cárdenas is already telling supporters at electoral rallies that the government is preparing to steal the vote just as it did in 1988, but that this time things "will be different." At a rally on July 6, he said that "we are the force with the best capacity to mobilize. . . . What comes or doesn't come, depends on what happens on Aug. 21." According to the July 15 *Christian Science Monitor*, the PRD has rejected an official audit of electoral lists, which found 98% accuracy, saying instead that the lists have a 20% corruption factor—a claim which can obviously be used to discount any electoral result on Aug. 21.

## A coordinated offensive

Mexico's narco-terrorist apparatus intends to use the weeks remaining before Aug. 21 to plan for post-election violence, with obvious support from outside the country as well. On July 22-24, the São Paulo Forum, the umbrella group of Ibero-America's narco-terrorist parties set up by Fidel Castro and the Cuban Communist Party in 1990, held a continent-wide conference of center-left mayors in Durango, Mexico to discuss "municipal autonomy." The mayor of Durango belongs to the pro-Cárdenas (and pro-terrorist) wing of the Mexican Workers Party, and all of Mexico's other pro-EZLN leftist parties were scheduled to be represented. Cárdenas himself was expected to be the central figure at the conference.

Following this, on Aug. 6-9, the EZLN will convene a National Democratic Convention which, under the guise of launching a "national dialogue of progressive forces," will further plan the dismemberment of Mexico's national institutions. In attendance will be every extremist element in the country, from radical gays to communist splinter groups, to the Marxist Theology of Liberation and its "indigenous" and "peasant" offshoots.

Cuauhtémoc Cárdenas told *La Jornada* that the EZLN convention "is important because it shows that those who took up arms, who found that path the only means by which to make themselves heard, today say that the solution to the country's problems will be found in a clean and transparent election. This is an important position, and I would hope that the convention, regardless of who participates . . . contributes to the holding of a clean and credible election."

## Financing subversion

It's no surprise that on July 11, the EZLN officially invited schismatic bishop Samuel Ruiz of San Cristóbal de las Casas in Chiapas to participate in its convention and to continue to serve as "mediator" with the Salinas government. Ruiz, a leader of the Theology of Liberation faction of the Catholic Church, has for years used his base in San Cristóbal to organize insurgency with a network of catechists and foreign priests, and is viewed as the chief orchestrator of the Jan. 1 EZLN assault.

On July 11, Gen. Ramón Mota Sánchez (ret.), president

of the congressional defense commission of Mexico's Chamber of Deputies, identified Ruiz as the recipient of foreign "humanitarian" financing which was then channeled into subversive activities. Mota said that he possesses evidence that the EZLN received financing from the Catholic organizations Adveniat and Misereor, as well as from the Spanish Basque narco-terrorist group ETA. Mota said that, according to intelligence reports, there are between 100 and 150 members of ETA currently in Mexico.

Both Mota and fellow PRI congressman Cuauhtémoc López, who represents San Cristóbal in Chiapas, charged that the German charity Adveniat, with an annual budget larger than that of Unesco, has funneled money to the EZLN through the Bartolomé de las Casas Human Rights Center in Chiapas, run by Samuel Ruiz. "These funds have not been used to help the Indians, but have in large part been channeled into training, maintaining, and purchasing equipment for the guerrillas," according to press coverage of the charges.

General Mota's call for an audit of the finances of the San Cristóbal diocese was called "pertinent" by Father Luis Fletes Santana, the vicar of the Mexico City Catholic archdiocese, who insisted that Ruiz doesn't act in the name of all Mexican bishops. The general's accusations were also echoed by Javier López Barragán, bishop of Zacatecas, who charged that several ecumenical Catholic groups in Europe, particularly in Holland, were financing the Chiapas guerrillas. When asked whether it were possible that Ruiz's diocese could have been financing the EZLN, Bishop López Barragán, president of the church's Doctrine of the Faith Commission, replied, "In this life, anything is possible."

Ruiz and his defenders responded to these charges by demanding proof and accusing Mota of slandering him. The government's new peace commissioner, Jorge Madrazo, who replaced Manuel Camacho Solís, urged Mota to "reconsider" his charges, which he labeled "adventurist." Madrazo also stated that "there is nothing to lead us to believe that Bishop Samuel Ruiz has participated in actions to arm the EZLN."

But General Mota calmly responded, "I don't have to give names of organizations. What I said is more than sufficient for all Mexicans to concern ourselves with the problem [EZLN's funding] and to try to reach the truth. I have a great deal of information, and it is neither false nor slanderous." He stressed the importance of "clearing up this matter, especially in light of the call for the National Democratic Convention, which clearly identifies the EZLN's purpose of destabilizing the country."

On July 12, the president of the lower house's justice commission, Juan José Castillo Mota, warned that the House intends to fully investigate "the orchestrators of the armed conflict in Chiapas . . . for which it demands that the San Cristóbal diocese explain how it has spent money received from abroad."

## Pope's voice is heard

Pope John Paul II has also placed considerable pressure on Samuel Ruiz, and made known that he views Ruiz's activities less than favorably. During a visit to Rome at the beginning of July—Mexican bishops make such a trip every five years—Ruiz met with the pontiff and told the press that the pope was pleased with his work in Chiapas and his efforts to mediate between the EZLN and the government. Reality proved otherwise. Ruiz failed to report that the pope only spoke with him for five minutes, compared to a meeting held with his colleagues which lasted for over 30 minutes.

Moreover, in a July 5 address to the group of Mexican bishops, the pope chastised Ruiz, although without naming him directly. "Today more than ever, Mexico needs peace with justice, reconciliation, and rejection of every temptation of violence," he said. "Armed violence is not only a mistaken road, but the greatest of evils, as the history of recent conflicts sadly demonstrates."

Speaking directly to the Mexican Catholic Church, Pope John Paul II stated that "while it is legitimate and sometimes even necessary for bishops to illuminate all areas of society's and man's life with the light of the Gospels, we cannot forget, as the Vatican II Council teaches, that the mission conferred on the church by Christ is not of a political, economic, or social order, but rather religious and moral. Actions or words which are only an expression or ideological promotion in no way contribute to communion or reconciliation." The pope called on Mexico's bishops to show "prudence" in their activities—an undisguised allusion to Ruiz. "This is a difficult hour, but also a hopeful one for Mexico," the pontiff said. "This is a time of profound national reconciliation, especially among the beloved communities of Chiapas."

Ruiz has disregarded the pope's message, however. On July 15, he shared a podium with the EZLN's "Marcos" at a seminar on "democracy" held at Mexico's National Autonomous University. Although Marcos was speaking by video, the two delivered virtually the identical message. Ruiz said that "the armed uprising in Chiapas does not free the country from social eruption, given the history of injustice in Mexico." He said that this is already manifest in the growing turbulence in the states of Jalisco, Michoacán, and Guerrero—three states named by the Salinas government as having been penetrated by "armed groups"—but that in Chiapas "the topsoil is very thin and less resilient because of extreme poverty."

"Marcos" stated that the EZLN had no desire to impose candidates in the upcoming Aug. 21 elections, but rather "aspires to be an element of warning to avoid the imposition of the ruling party and of electoral fraud." According to the July 18 *New York Times*, Marcos recently told the daily *La Jornada* that "there are armed groups in various parts of the country" and that violence would erupt if there is not enough progress in creating a "democratic opening" in Mexico.

# The cross that went to the Moon

by Claudio Celani

Last month in Rome, we met Father Giovanni Garbolino, a Roman Catholic missionary who has lived for many years in the United States. Father Garbolino came, among other religious representatives, to a conference sponsored by *EIR* on the theme of stopping the U.N.'s depopulation conference in Cairo in September. He gave us original documentation of a very special event, which we thought useful to offer to *EIR* readers on the anniversary of the first Moon landing.

It is the story of a little cross that went to the Moon, came back, and was given to a cardinal who later became pope. "Honest to God, I do not believe in sorcery, nor in witches, talismans, or mascots," says Father Garbolino, "but I do have regard and even reverence for signs and symbols." And what more powerful symbol than "a cross reminding many people of a God who chose to die on a cross with arms outstretched to signify His lasting embrace of mankind, whom He so strongly wanted to be close to the love of the one Father in heaven?"

Originally, the cross was supposed to be left on the Moon, and it was a big one. It was given to Father Garbolino by a Russian student whom he met during his missionary travels in 1959, in exchange for one of the many little crosses "blessed by the pope of Rome," which Father Garbolino carried with him. The time came, Garbolino says, when he decided to give up that precious object. It was when the Apollo 11 mission was ready to start and bring the first man to the Moon. The idea was "first, to enhance the technical prospect of success of this enterprise (in view of the beneficial impact it has on the human mind); second, because of the very connotation of a 'plus' that the cross has in the area of mathematics, as well as scientific thought."

Garbolino sent the package containing the Russian crucifix to Col. Edwin E. Aldrin, accompanied by a letter and followed by a telegram: "Do not forget the meaningful little cross." Aldrin not only carried that cross with him, but also another little cross, which he sent Garbolino on Oct. 1, 1969, a few weeks after his return to the Earth. Accompanying the little cross, which had the words "Apollo 11" and "Edwin Aldrin, Jr." impressed upon it, was a short message: "This crucifix was flown on board the Apollo 11 spacecraft 'Eagle' which landed on the Moon July 20, 1969." In another letter, sent two days earlier, Aldrin had written: "I am returning you the Russian crucifix . . . which was flown to the lunar surface on July 20, 1969. Regretfully, we were only able

to leave on the Moon a limited number of specifically authorized items."

## To Cardinal Wojtyla

Now starts the second and most extraordinary part of the story. The big Russian cross went to a very special person who had converted to Catholicism, the first to do so from the communist world: Joseph Stalin's daughter Svetlana. As for the little cross received from Aldrin, Father Garbolino decided to give it to a person and a nation whom he viewed as having a special mission in Christianity: Karol Wojtyla, then archbishop of Cracow, and Poland. During his missionary work, first in Brazil, then in the United States, and finally in Poland, Garbolino developed a special love for Poland and "the very singular veneration, both private and public, of the Polish people for the Holy Cross," as he explained in a letter on Sept. 15, 1974, after he heard a homily by Wojtyla and decided to donate the little *reliquia* to him.

Four years later, in October 1978, dramatic events led to two conclaves in one year, after the death of Pope Paul VI and of his successor, John Paul I, only 33 days after his election. On Oct. 12, before the opening of the second conclave, in which Karol Wojtyla was to be elected pope, Father Garbolino wrote the following letter to *Avvenire*, the daily of the Italian Bishops Conference: "Why not a Polish Pope? . . . The Polish nation, the Polish people demonstrate today a compactness, a vitality . . . which is extraordinary, considering the difficulties created by the materialist regime. . . . Polish culture has been, and is still now, an excellent 'model' of cross-breeding between Latin and Slavic civilization (language, costumes, traditions, etc.). That such a model of ethnic-spiritual conjugation could extend and multiply itself . . . is this not the maximum imperative that the dying millennium leaves to Humanity, so that she does not die with it, but could finally live in peace for the centuries to come?"

Garbolino's letter was published only on Oct. 18, after the election of John Paul II, when the newspaper editors recognized its "singularity."

It remains as a prophetic crowning of Garbolino's missionary enthusiasm, closing a voyage which connects faith and science, not only symbolically. The little cross that went to the Moon is today kept, at the desire of Karol Wojtyla, in the diocesan museum of Cracow.

Today, 25 years later, Father Garbolino expresses the wish that *EIR* and the LaRouche movement be privileged to publish his story. We feel authorized also to report that Father Garbolino holds the ideas he heard in a speech by Helga Zepp-LaRouche at the Rome *EIR* conference (see *EIR*, July 15, 1994, p. 53), as meriting the broadest support among the population and in the Italian Parliament. We hope that his wishes will be as prophetic as they have been in the past.

# Brazil yields to the malthusian lobby

by Silvia Palacios

Brazil is one of the Ibero-American countries which has unconditionally adhered to the malthusian agenda being presented at the United Nations Conference on Population and Development, scheduled to be held in Cairo in September. The country has thus broken with a foreign policy dating back at least to the 1970s, when Brazil favored population growth, in defiance of the zero-growth thesis of the Club of Rome and in resistance to foreign interference in matters considered the exclusive domain of Brazilian sovereignty.

Brazil's new position regarding the upcoming Cairo meeting has stirred expectations, given that, in 1991, conclusive evidence came to light of former U.S. Secretary of State Henry Kissinger's sponsorship of a secret population policy for Brazil and other Third World countries. National Security Study Memorandum 200 (NSSM-200), prepared by Kissinger's National Security Council in 1974, identified Brazil as one of 13 countries targeted for drastic reduction of its rate of population growth.

The surreptitious application of this imperial policy led to the illegal sterilization of more than 20 million women of childbearing age, according to Health Minister Alceni Guerra in 1991. Guerra charged that this abrupt decline in fertility robbed the country of 30 million inhabitants, which would have given the country a population of 200 million by the year 2000.

The Brazilian position today, as revealed in the documents and deliberations that precede the Cairo meeting, represents a surrender to malthusianism and, worse, throws a smokescreen over the genocide already committed against the Brazilian population.

A very different standard prevailed in 1974, during the World Population Conference held in Bucharest. The Brazilian representative to that conference, Amb. Miguel Ozorio Almeida, declared that Brazil would not permit restrictions on its population growth: "Alarm over population growth as such, unconnected to the relationship between population and national resources, is inadequate and unacceptable. Countries with more than 100, 200, and even 300 inhabitants per square kilometer exempt themselves from responsibility, while countries with less than 20 inhabitants per square kilometer are condemned for their population policy."

In February 1972, in response to the malthusian pres-

ures imposed by World Bank President Robert McNamara, Brazilian Ambassador in Washington Araujo Castro declared: "With 95 million inhabitants, Brazil needs a population growth rate in accordance with a complete use of its natural resources and effective occupation of its own territory. The attempt to approach this problem from a statistical standpoint is destined to total failure."

Such a foreign policy was paralleled in national economic planning. In the Second National Development Plan produced under the 1975 government of Gen. Ernesto Geisel, this policy perspective was ratified. It stated: "Brazil still finds itself an underpopulated country, in relation to the availability of land and other natural resources. As a sovereign nation, we have the right to adopt a position coherent with this fact of being yet an underpopulated country, that is, of allowing our population to continue to grow at reasonable rates to fulfill its development and economic potential."

The current turnaround is in response to the efforts of the bureaucracy at the Foreign Affairs Ministry (Itamaraty) to not contradict the interests of the one-worldist oligarchy. These bureaucrats believe that it is by this route that they can gain the sympathy of U.N. Secretary General Boutros Boutros-Ghali, thereby facilitating Brazil's entrance into an expanded U.N. Security Council. The fact that such a policy change implies adherence to an immoral plan of action which involves eliminating its own population doesn't appear to bother Itamaraty.

## A 'culture' of mass sterilizations

Despite the fact that the authors of the Brazilian document for Cairo allege that its content is the result of extensive consultations with all interested parties, the truth is that the document is a fraud, the typical accumulation of sociological sophisms for promoting abortion and mass sterilizations, which are uncritically characterized simply as "reality."

As *EIR* had warned in the period leading up to the 1992 U.N. Conference on Environment and Development (Eco-92), the concept of sustainable development—the unscientific notion that development has to be restricted in order to protect the environment and the abused concept of non-renewable resources—was but the entrance way to genocide against populations considered "undesirable" by malthusian racists. It is this same concept of sustainable development which shapes the Brazilian position today.

Brazil's Cairo document is a product of a series of seminars and meetings financed by the U.N. Population Fund, which were addressed by some of the more infamous "depopulators." That document admits that the abrupt collapse of fertility levels in Brazil is due to methods of population control such as forced sterilization, and cynically adds: "The fertility levels fell drastically and rapidly, albeit by means of distressing procedures, with a predominance of radical methods such as sterilization and abortion carried out under

precarious conditions; there is still a long way to go not only in the sense of expanding and meeting the demand for family planning, but also of conquests in terms of women's right to have access to advanced reproductive health methods, that is, to the whole range of modern contraceptive methods."

Unable to hide the fact that the sterilizations were carried out with stunning effectiveness—precisely as Kissinger's policy demanded—the document boasts that it was prepared under the collaboration of a group of demographers and other "specialists" who did not treat the problem as a foreign imposition but rather as a "culture" unto itself: "The majority of the sterilized women belong to families in which someone was already sterilized, or who had recommendations of family members and friends, and are ready to recommend to other women the so-called culture of sterilizations established by [demographer Elsa] Berquo."

The current Brazilian position praises the actions of private entities which illegally carried out brutal methods of birth control, and includes the activities of these genocidal entities within the official definition of Brazilian demographic policy.

The most oft-praised agency is the Family Welfare Society (Benfam), the Brazilian branch of the International Planned Parenthood Federation (IPPF), which was directly responsible for the Brazilian mass sterilizations, especially in the impoverished northeast. It is no accident that NSSM-200 mentioned IPPF, together with the U.N. Population Fund, as the ideal vehicles for carrying out its depopulation policy.

Apart from praising the activities of agencies which make up the *crème de la crème* of the international malthusian lobby, such as the Rockefeller Foundation, the Population Council, and the Association for Surgical Contraception, all of which have a presence in Brazil dating back years, the Cairo document welcomes new such non-governmental organizations, in particular the MacArthur Foundation, which heavily finances population control programs. This foundation has become infamous in Ibero-America as the funder of ecologist movements and for its zeal in promoting government measures to reduce the role of the continent's armed forces.

The document that sums up the Brazilian position argues that these malthusian policies should now be adopted officially, and no longer sanctioned secretly. For example: "Efforts to seek a consensus around the normalization of feminine sterilization continues to gather supporters among congressmen and feminists. In recent years, Brazil has felt a renewed impulse in the direction of defending reproductive health and the rights derived from that."

### **Workers Party: malthusian shock troops**

The most loyal ally of Itamaraty in the National Congress is the neo-communist Workers Party (PT), which has taken

the lead in pushing through a bill which will permit the Brazilian delegation to arrive in Cairo able to say that sterilization is legal in Brazil. PT's presidential candidate is Luís Inácio "Lula" da Silva, currently favored to win the upcoming presidential election.

In a surprising vote June 22, the lower house of Congress, the Chamber of Deputies, approved a bill for the first time regulating sterilizations in Brazil, and authorizing public and private hospitals to perform them. The bill was introduced by PT Deputy Eduardo Jorge. The bill is now before the Senate for ratification.

This is not the first time the PT has collaborated with Kissinger and his friends to promote sterilization. When *EIR*, in 1991, exposed Kissinger's NSSM-200 directive, and it became known that upwards of 20 million Brazilian women had been sterilized, it was feminists from the PT such as Deputy Benedita da Silva who led the fight in the Congress to neutralize congressional efforts to explicitly repudiate Kissinger's sterilization policy. She headed a Parliamentary Investigatory Commission which, while it censured the foreign agencies engaged in birth control programs, nonetheless concluded by recommending a law to regulate sterilizations.

### **Diplomacy and perversity**

The immorality of Itamaraty's diplomacy reflects a New Age agenda whose intellectual author is the Frankfurt School. In the document prepared for Cairo, homosexuality is presented as not only a legitimate expression of minority groups, but as a positive model for society, a point also heartily endorsed by the PT in its program, which advocates legalizing homosexual marriages.

The party's programs states, "On the positive side, there has occurred simultaneously an increase in representative politics, with greater participation of diverse sectors of organized civil society, expressed as the increase in the number of non-governmental organizations (NGOs). . . . In this context, the activities of feminist, black, and homosexual groups have gained strength."

Nor is this the first time that homosexuality and pedophilia have come up in Itamaraty's new values of diplomacy. In November 1993, journalist Rubem de Azevedo, in an article in *Correio Brasiliense*, charged, "The U.S. and 21 other countries, among those Brazil, backed granting consultative status in the U.N.'s Economic and Social Council to the International Lesbian and Gay Association (ILGA)." He pointed out that the ILGA "is composed of the North American Man Boy Love Association (Nambla), which defends homosexual relations of adults with boys. . . . The objective of Nambla is to grant pedophiles the same rights now granted to homosexuals."

The "anti-authoritarian" doctrines of the Frankfurt School appear to have crystallized in a new era at Itamaraty, characterizable as androgenous diplomacy.



## Kooks push genocide in Cairo

*Australia's extensive population control apparatus was "made in Britain," and is based on racial purity doctrines.*

A key organization energizing the Australian government's mad push for the adoption of radical population control doctrines at the September U.N. conference in Cairo, is the Family Planning Association of Australia. The FPAA has provided key personnel and much of the ideology behind the extensive "family planning," "birth control," and "population control" lobby here. The FPAA will be part of the Australian government's formal delegation in Cairo and is the government's chief recipient of birth control funds which, in the 1993-94 budget, will be \$30 million.

A brief look at the history of the FPAA demonstrates it to have been organized in Britain around the fanatically anti-Christian "racial purity" doctrines of the leader of the Theosophy cult, Annie Besant (1847-1943). Theosophy (literally "god-knowledge") was founded in 1875 by the Russian Madame Blavatsky and taken over after her death by the Briton Besant. A weird mixture of freemasonry and Eastern religions, the cult teaches that there is an ancient secret wisdom which can only be communicated to the chosen few by the "Ascended Masters," including Jesus Christ, who live in Tibet. The secret knowledge is preserved among a special race of men, whose "racial purity" is all-important.

One of the FPAA's chief propagandists is Dr. Stephana Siedlecky, who in the mid-1970s was appointed as the federal government's first adviser in Family Planning for the Commonwealth Department of Health, a position she maintained until 1986.

Dr. Siedlecky, a board member of the FPAA, is also a member of the United Nations Population Fund (UNFPA) and the co-author of *Populate and Perish: Australian Women's Fight for Birth Control*.

In the latter, Siedlecky traces the history of Australia's birth control lobby to Besant, who wrote and published in the late 1870s one of the first birth control tracts, *The Law of Population*. Wrote Besant: "Those who oppose birth control are either incapable of arithmetic else in favour of war, pestilence and famine as permanent features of human life." *The Law of Population* was republished in Australia and played a formative role in the Australian population control lobby.

The first institution to formally embody these ideas in Australia was "The Race Improvement Society," formed in Sydney in 1926, and renamed the "Racial Hygiene Association of New South Wales." One of the key founders of this outfit was Ruby Rich (1880-1980). According to the pamphlet "Ruby Rich: Family Planning Pioneer 1888-1988," Rich became a feminist during finishing school in England and "was influenced by the Theosophist beliefs of the British birth control campaigner, Annie Besant."

Rich was adopted into the inner elite of Besant's cult, becoming "a member of this secret spiritual society's Co-Masons group." Back in Australia, the Theosophists provided the logistical and financial support to help launch the new movement, through the Theosophy-owned Sydney radio station 2GB, and cult-

owned bookshops and cinemas. Like Dr. Siedlecky, Rich also played a key role in the United Nations apparatus. According to her obituary in the *Australian Jewish News*, Rich "played a prominent role on the executive of the League of Nations Union."

Bolstered by inputs of money and personnel trained in Britain, including several of Besant's disciples, the birth control lobby in Australia grew rapidly. In 1929, the Racial Hygiene Association (RHA) sponsored a conference on "eugenics," and the 1931-32 RHA annual report made clear the association's outlook: "The mental defectives are a great burden to society causing gloom, fear and inferiority complexes. Our society takes a very definite stand on that point and openly advocates sterilization of the unfit. . . . Our society is definitely pledged along lines of human, biological and eugenic ideals. A good or bad human race does not just happen, it is bred the same as sheep etc. can be bred."

A key early supporter of the RHA was Dr. Norman Haire, Honorary Medical Officer of the Malthusian League in London. Melbourne's first birth control clinic was opened in 1934, sponsored by the Eugenics Society of Australia, two of whose initiators were Prof. Wilfred Agar, who had come from England in 1919, and Dr. Victor Wallace, who had worked in England with birth control fanatic Dr. Marie Stopes.

During the 1950s, the RHA became an associate member of the newly formed International Planned Parenthood Federation (IPPF), which was first established in Bombay, India in 1952 with an initial grant of £ 5,000 from the British Foundation for Race Betterment, and whose rent-free premises were provided by the Eugenics Society. At the behest of the IPPF, the RHA changed its name to the Family Planning Association of Australia.

# International Intelligence

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## **Russian Navy still wants Kaliningrad**

The status of Kaliningrad, site of the strategic Russian naval base in Lithuania, is on the Russian Security Council's agenda, reported the news agency Interfax on July 14. Russia considers the base to be an "enclave" that it owns. The Council is said to be concerned about guaranteeing Russian military shipments to the base through Lithuania, regional social problems, and the strength of Russian forces in the region.

On July 12, Vyacheslav Kostikov, Russian President Boris Yeltsin's chief spokesman, was quoted as asserting that Moscow would decide unilaterally on the number of troops that it keeps stationed in the Kaliningrad region and that Russia's defense requirements would be the primary factor governing the disposition of forces there. Kostikov also said that Russia's defense requirements would be the primary factor governing the disposition of forces there. The current number of Russian troops stationed in Kaliningrad is unknown, but estimates generally begin at 100,000. In March, the Russian Defense Ministry announced plans to restructure its military forces there, with the aim of creating an integrated "special defense region."

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## **British are miffed at Bastille Day snub**

The British feel insulted that Germany was given higher priority at the French Bastille Day celebrations on July 14 than were the British, "against a background of worsening relations between London and Paris," the London daily *Independent* reported on July 15.

Under the title, "Bastille Snub to Britain Marks New Bitterness," the paper wrote: "While German troops rolled through Paris yesterday, the organizers of the annual July 14 military parade scrapped an invitation to the Royal Air Force (RAF) to take part in the accompanying fly-past. The RAF had offered to send four Tornados to fly over the

Avenue des Champs-Élysées but the French authorities decided against it four months ago, official sources said."

The *Independent* said that this was supposed to be the year of celebration of Anglo-French relations, with the 90th anniversary of the Anglo-French *Entente Cordiale* and so on, but this has all changed into "bitterness." The French are angered at British opposition to French policy in Rwanda, while the British feel their role in D-Day celebrations was relegated to a much lower place in French minds than the American role: "After Normandy, the Queen is said to have complained privately that President François Mitterrand had been offhand with her personally and towards Britain generally, playing up the U.S. role in 1944 and ignoring Britain. The French leader was more attentive to President Bill Clinton than to the Queen, one source said."

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## **Tudjman's policy has shrunk Croatian state**

The policy of Croatian President Franjo Tudjman has resulted in the fact that U.N. "blue zones" have reduced the Croatian state's territory by 1,000 square kilometers, wrote journalist and military analyst Srečko Jurdana in the daily *Slobodna Dalmacija* on July 14.

In an analysis of the situation in the country three months after the signing of the "Zagreb Agreement" with the Serbs, Jurdana charged that large parts of those western Slavonian territories that the Croats were able to liberate in the war of 1991 have been handed over to control by the U.N., which does nothing to prevent the Serbs from returning to those areas. Especially the area around the city of Okucani, but also the Velebitkote region and lands outside of Zadar, have been opened to Serbian "settlers."

The Croatian government has its hands tied mainly for political reasons, according to the author, as Croatia is permanently prevented from using its military muscle by following directives from abroad; this, in turn, is weakening the military position of the Croats.

"Details" such as securing the water supply for the Croatian population of Biograd, a city in the "blue zones" that was cut off several weeks ago through Serbian sabotage of the water pipeline that used to supply the region, are not envisioned by the U.N. in its agenda for talks with the Croatian government, Jurdana wrote.

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## **Prosecutors say mafia bombings aimed at pope**

Rome prosecutor Vincenzo Coiro, who has been investigating two 1993 bombing attempts, revealed in a press conference on July 14 that eight Mafia members have been indicted for those crimes. He said that the bombings were intended as a warning shot across the bows to Pope John Paul II.

Coiro stated, according to *Corriere della Sera*, that "it is now certain that the Mafia wanted to send a warning directly to the church. Everything starts with the strong speech given by the pope last year in Temples Valley (Agrigento), an intervention, that disturbed the balance, the silent agreement of non-belligerence between the church and the Mafia."

Coiro has based his indictments on revelations from ex-Mafia members, among other evidence. There is now growing concern in the Vatican over the planned papal visit to Sicily Nov. 5-6.

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## **Sir Jimmy Goldsmith raves against Clinton**

Sir Jimmy Goldsmith, a board member of the Hollinger Corp. whose "Other Europe" party in France now has 13 seats in the European Parliament, denounced President Clinton's turn toward Germany, in a speech in London on July 12. Clinton demonstrated "his astounding lack of history, which is to be added to his astounding lack of wisdom," Goldsmith raved. The lesson that Britain should learn, as Washington and Bonn "clamber into bed," is that Britain is now paying the price for its post-Suez 1956 "ser-

vility" to the United States.

Goldsmith said that Franco-British ties should be strengthened, to deal with the new situation. Not only is the U.S.-British special relationship in trouble, but, he claimed, German Chancellor Helmut Kohl and French President François Mitterrand are going their separate ways, as the "love affair at the heart of Europe" begins to cool off. Explaining this latter process, Goldsmith spoke derisively of Germany: "Germany needed to go out with a respectable girl on his arm. After the war, France was a respectable girl. Now that Germany has become stronger and more powerful and the respectable girl has become a little older, it's no longer quite as necessary."

## Colombia's Samper meets French leaders

Ernesto Samper Pizano, the President-elect of Colombia and a leading advocate of drug legalization, was in Paris for a "private visit" during the Bastille Day celebrations of July 14, and viewed the commemorations along the Champs-Élysées with other world leaders. He is scheduled to take office on Aug. 7. Samper was received on July 13 by President François Mitterrand and Prime Minister Eduard Balladur.

In an interview with the daily *Le Monde* on July 16, Samper boasted that he will bring narco-terrorist guerrilla leaders into local and regional power structures. "If negotiation is useful," he said, "I will resume it. But the guerrillas have used the talks, especially during the last years, to tighten their grip. I believe that, in any case, the guerrilla movement itself has changed. Ten years ago, we were negotiating with a unified command. Today, the guerrilla movement is split into pieces, there is no longer any single authority. I count on negotiating with the local chiefs. . . . Obtaining power in the center doesn't interest them any more. They want to win mayoralties, posts in regional assemblies. And with the majority that I have in Parliament, I can bring about the passage of laws permitting them to enter into local and regional authorities."

*Le Monde* asked him what role can be played by ex-guerrilla Antonio Navarro, who transformed his M-19 movement into a legal political party, but only obtained 3.8% of the vote in the presidential election. Samper responded: "I will give him an official function, linked to the pacification of the country."

Tape-recorded telephone conversations made public after Samper's election revealed that the Cali cocaine cartel paid several million dollars to get Samper elected (see *EIR*'s cover story of July 15). Asked about this by *Le Monde*, Samper replied by denying the authenticity of the tapes, and blaming his electoral opponent, Andrés Pastrana: "No sum was paid by the Cali cartel. This argument was advanced by my unfortunate adversary, Andrés Pastrana. This is the first time in the history of the country that a loser thereby rejects his defeat. That will not prevent me from calmly assuming my functions on Aug. 7."

## Successor named to EU's Jacques Delors

Luxembourg's Prime Minister Jacques Santer was named president of the European Commission on July 15, replacing Jacques Delors of France, who has pushed a program of major infrastructure projects through the European Union (EU). The previous candidate, Belgian Prime Minister Jean-Luc Dehaene, was defeated by a British veto.

In France, the business daily *Les Echos* and the leftist *Libération* both describe Santer as "the lowest common denominator," as does the *Financial Times* of London. Italy's *La Stampa* said that "a weak leader at the top of the EU Commission can only please London, which has long been hostile to European integration."

In an interview in the *Luxembourger Wort* newspaper on July 14, Santer said that he was a European federalist, but not a centralist. "The more Europe is decentralized the stronger it is," he said. He also made a strong case for a Europe built on free trade—which, Reuters noted, is a point likely to make him more acceptable to Britain.

● **THE ARGENTINE** daily *Clarín* on July 14 headlined its coverage of President Bill Clinton's visit to Germany, "Is the Special Relationship with England Breaking?"

● **THE CARICOM**, the 14-member association of the English-speaking Caribbean nations, issued a statement supporting former Venezuelan President Carlos Andrés Pérez, who is now in jail for corruption. The statement praised his alleged "noble efforts" for peace, democracy, and economic development; it was published as an advertisement in all the Caracas papers on July 14, in an obvious intervention against Venezuelan President Rafael Caldera.

● **A. SOLZHENITSYN** is being promoted for the Russian presidency by a growing lobby of literary and political figures, the German daily *Frankfurter Allgemeine* reported on July 15. Among the novelist's backers are Yegor Vinogradov, editor in chief of *Komintern*, and poet Yevgeny Yevtushenko. Spokesmen for the Democratic Russia movement said at a press conference that they would be willing to nominate Solzhenitsyn as their candidate.

● **URUGUAYAN** President Luis Alberto Lacalle announced backing for a "common position" against abortion at the U.N.'s International Conference on Population and Development, scheduled for Cairo, Egypt in September. Lacalle said he fully supported the proposal made by Argentine President Carlos Menem to all Ibero-American heads-of-state, to take a stand against abortion.

● **THE JAPANESE** Defense Agency's annual "White Paper," released on July 15, said that Russia still maintains approximately 240,000 ground troops in the Far East, with massive air and naval capabilities, and that the "future of the Russian military remains uncertain because it is linked to political and economic instability in Russia."

## Stung British counterattack Clinton over policy shift

by Edward Spannaus

While Americans remained ignorant of one of the most important developments in U.S. foreign policy in the postwar period, the British escalated attacks on President Clinton, following his writing-off of the U.S.-British "special relationship" during his visit to Germany.

After Clinton's press conference in Bonn on July 11, where he announced a new, "unique" German-American partnership, and consigned the old U.S.-U.K. special link to the history books, British reactions ranged from shock and outrage, to a "stiff upper lip" (see excerpts, following pages). The special relationship—which has allowed the delapidated British oligarchy to impose its policies of economic looting and destruction around the world after the British Empire expired in World War II—consists basically of yoking American "brawn" to British "brains." Without it, the whole gameplan for a one-world U.N. dictatorship could blow up, and sanity, namely peace based on economic development, would have a chance to succeed.

Predictably, the *Sunday Telegraph* of London launched a new round of scandal-mongering on July 17, with a front-page story accusing Clinton of having used cocaine, and then lobbying to have their new allegations brought up in the congressional hearings on Whitewater. The new round of Hollinger Corp. scandal-mongering against the presidency has been considered "newsworthy," where the President's accomplishments have not.

### U.S. media spike the story

U.S. citizens could learn about the scandals from the U.S. news media, but they were not informed about the events which triggered the latest British reactions.

Consider the following: On July 11, Clinton and Germany's Chancellor Helmut Kohl held a press conference, at which Clinton announced the new "German-American part-

nership." When asked by a reporter what would happen to the old "special relationship" with the U.K., Clinton answered that he couldn't pick between the two, because the history of the two relationships is different. He said that the common partnership with Germany is "unique now, because so many of our challenges are to Germany's east." Clinton declared that the United States and Germany "have a more immediate and tangible concern with these issues even than our other friends in Europe."

While the London *Guardian* blurted that Clinton had "effectively ended" the special relationship with Britain, and reduced it to "a mere sentimental tie with the Mother Country," the *Washington Post*, the biggest paper in the U.S. capital, breathed not a word of these dramatic events. Its coverage was limited to describing Clinton and Kohl's appetites and mutual love for food.

Of the major dailies, only the *New York Times* even mentioned that Clinton had called upon Germany to become the major partner of the United States with respect to Europe, and indicated that unnamed "American officials" regarded Britain and France as unable to play a leadership role in Europe. That "newspaper of record" blacked out the exchange regarding the U.S.-U.K. special relationship.

The next day, July 12, prior to delivering his speech at the Brandenburg Gate, Clinton met with Kohl and outgoing European Commission President Jacques Delors. At a joint press conference, Clinton stated, "I want to particularly applaud President Delors for his 'White Paper' on jobs and growth in the European Union. . . . We talked quite a bit today about how we can further develop our cooperation to generate more jobs and higher incomes."

The White Paper, adopted by the European Union heads of state at their Corfu summit on June 25, involves 11 European-wide infrastructure projects, including rail projects virtu-

ally identical to those proposed by LaRouche and the Schiller Institute in their "Paris-Berlin-Vienna Productive Triangle" proposal of 1989-90.

On July 13, there was absolutely no U.S. coverage of Clinton's endorsement of the Delors "White Paper" and Clinton's discussion of generating more jobs and higher incomes. None. Why? Could it have anything to do with the British hatred of Delors's infrastructure proposals?

Just before the Corfu EU summit, Lord William Rees-Mogg, writing in the *Times* of London on June 24, denounced Delors's infrastructure projects as "insane" and warned that they would cause a panic on the financial markets. Better to deal with unemployment by "reducing labor costs and rigidities"—i.e., slashing wages and destroying working conditions. British Prime Minister John Major subsequently vetoed the selection of Belgian Prime Minister Jacques Dehaene to replace Delors, on the grounds that he was too much like Delors, and "represents a tradition of big government."

In the week since Clinton's return from Germany, there was still not a word of coverage on the scuttling of the special relationship with Great Britain, or of Clinton's praise for the Delors Plan. To this writer's knowledge, the *Houston Chronicle* was unique in even alluding to British concerns about the decline of their special relationship with the United States.

### The Brits' Whitewater wars

On the principle, "If you don't like the news, make up your own," back came a new round of scandal-mongering. Hollinger board member Sir Jimmy Goldsmith sputtered that Clinton had demonstrated "his astounding lack of history, which is to be added to his astounding lack of wisdom." The lesson that Britain should learn, Goldsmith said, as Washington and Bonn "clamber into bed," is that Britain is now paying the price for its post-Suez-1956 "servility" to the United States.

A few days later, Hollinger's *Sunday Telegraph* escalated the Clinton scandals again, with a front-page story trumpeting charges that Clinton used illegal drugs in the 1970s and '80s. It described the allegations as having been made in a series of "exclusive interviews" with the *Sunday Telegraph*.

Toward the front of the article, author (and British intelligence stringer) Ambrose Evans Pritchard wrote: "Republican Senator Lauch Faircloth, a member of the Banking Committee that later this month will hold hearings into the Whitewater property deals involving Mr. and Mrs. Clinton, wants to expand the narrow scope of the investigation to cover growing allegations about narcotics trafficking and money-laundering in Arkansas in the 1980s."

But once again, Pritchard has gotten ahead of himself. *EIR* learned from the office of Senator Faircloth, a Republican from North Carolina, that Faircloth is not making any attempt to expand the scope of the upcoming hearings. An aide said that Pritchard had asked the senator if credible evidence were presented that Clinton had used drugs while

in office, what would his reaction be? The aide stated that Faircloth did *not* tell Pritchard, "I favor expanding the hearings," but he only said that *if* credible evidence were presented, then the hearings ought to be expanded.

At this point, said the aide, neither Senator Faircloth nor anyone else even knows when the Senate will take up the Arkansas phase of the Whitewater hearings, since the currently scheduled hearings are limited to areas in which special prosecutor Robert Fiske has completed his investigation. That pertains only to the "Washington phase" of the investigation—White House contacts with regulatory agencies, and the events surrounding the death of White House aide Vincent Foster.

Meanwhile, the London *Economist* ran, in its July 9-15 issue, an article listing mysterious deaths and incidents of violence which have taken place in Arkansas—most of which were first dug up or concocted by Hollinger's Ambrose Evans-Pritchard.

The *Economist* begins by discussing the videotapes being circulated by evangelist Jerry Falwell. The Falwell tape "is crude and sensationalist," declares the *Economist*, and "most people have dismissed it as nonsense." But, continues the City of London weekly: "It is true, nevertheless, that a peculiar pattern of suicides and violence surrounds people connected to the Clintons or their associates," and then the *Economist* is off and running with its detailed listing of seven incidents.

The *Washington Times* reprinted the *Economist* article verbatim in its July 19 issue. On the same day, the editors of the *Wall Street Journal* conducted journalistic contortions to justify rehashing the same list. In a long editorial entitled "The Falwell Tape," the *Journal* editors report on the accusations of murder made in the tape, and suggest that the accusations are "old news" to journalists covering the Arkansas scandals. But "few of us have shared any of this knowledge with readers," the *Journal* editors deadpan, since "we decline in the name of responsibility to print what we've heard."

Then how does the story get circulated? It is left to "less responsible sources" to publish it first. Says the *Journal*, "the British press has a different approach," citing Evans-Pritchard and the London *Economist*. The rest of the editorial is devoted to republishing what the *Economist*—"surely not a sensationalist sheet"—has already printed, listing the allegedly curious deaths in Arkansas.

"Pondering the string of violent coincidences," the *Journal* intones, "we feel some duty to share with readers one factor that colors our thinking about the Arkansas connections. In particular, with drugs does come violence, and also money laundering. And laying aside any thought of presidential involvement [perish the thought!], there is a story here worth our attention and yours." Thus the gutter journalism of Ambrose Evans-Pritchard gets laundered through the so-respectable *Wall Street Journal*—the same *Wall Street Journal* which refused to let its readers in on one of the biggest stories of the decade.

# U.S. anti-British shift aired in European press

*The following quotes are cited verbatim from articles in the English language press, or translated by EIR staff where the original texts are in German or Italian.*

### From Great Britain

● “The Clinton Doctrine,” lead editorial, *Daily Telegraph*, London, July 4:

Much attention will no doubt be paid to President Clinton’s remarks in an exclusive interview in today’s *Daily Telegraph* in which he extols both closer European integration and German leadership of the continent. . . .

For Britain, this realignment may have uncongenial consequences in the long term, particularly if pressure were to mount for her to relinquish her seat on the U.N. Security Council. But it is the comparatively precarious democracies of central and Eastern Europe that will derive most cause for concern from President Clinton’s remarks. His recipe for continental stability would appear to be a more active role for both Germany and Russia—their traditional oppressors. . . .

● “Clinton Tells Germans to Be Leaders,” Stephen Robinson, *Daily Telegraph*, July 12:

President Bill Clinton has urged Germany to play a strong leadership role in a more closely integrated European Community and has endorsed Bonn’s current drive, which is opposed by Britain, towards a federal Europe. . . .

His effusive comments about Germany were no doubt intended as a courtesy, but his emphasis on the centrality of the German role went far beyond diplomatic niceties.

Relations with Britain have not been easy since America’s first Oxford-educated President reached the White House, and British officials can be sensitive to any implied snub. During his visit to Britain for the Normandy commemorations Mr Clinton made a point of stressing the ties which link Britain and America. But he reserved his major speech on European policy for the French National Assembly. . . .

● “U.S. Cuts British ‘Special Link,’ ” by David Gow, *Guardian*, London, July 12:

President Clinton yesterday effectively ended the United States’ “special relationship” with Britain, instead offering Germany a unique partnership with the world’s leading power in forging a united Europe from the Atlantic to the Urals.

Reflecting a tilt in U.S. foreign policy back towards Eu-

rope and away from the Far East, Mr Clinton made plain that the U.S. is intent on creating a special relationship with Germany as the dominant force in promoting European union.

President Clinton, on the first day of a two-day official visit to Germany, reduced the U.S.’s special relationship with Britain to a mere sentimental tie with its mother Country. “It is unique in ways that nothing can ever replace because we grew out of them,” he said.

While he was careful at a news conference on the chancellery lawns to stress that U.S. links with Britain and Germany were different, he played up the primacy of the partnership with Europe’s biggest and most powerful nation.

Central to this new special relationship was how to integrate Europe’s “other half”—the reformed central and east European states, and Russia—into new institutions, which would build greater stability after the Cold War.

. . . The U.S. and Germany are understood to have agreed to set up a working party to discuss ways of extending political and economic security eastwards—a joint Ostpolitik designed to bring countries such as Poland and Hungary closer to the European Union and, eventually, Nato.

● “Clinton Ends the Affair with Britain,” by Murray Ritchie, European Editor, Brussels, *Glasgow Herald*, July 13:

“Nothing will stop us, everything is possible—Berlin is free,” President Bill Clinton cried yesterday from the eastern side of the Brandenburg Gate in Berlin. The phrasing might not have carried the same ring as John F. Kennedy’s “Ich bin ein Berliner” but the message, as far as Britain was concerned, was deadly. Any lingering notion that the United Kingdom and the United States still enjoy the so-called special relationship which puts British-American interests first among equals is fantasy.

The truth is now unmistakable. Mr Clinton, the best American political operator since Kennedy, is behaving in character by responding to the reality of political power in Europe and identifying himself with it. . . .

Of course, there were the usual belated and placatory noises from Mr Clinton and White House officials about the effect of the Berlin speech on American relationships with Britain. And in London the Foreign Office was at pains to dismiss his words as just another burst of romantic exuberance by a young President. But the truth must hurt John Major and other British Atlanticists who still hanker nostalgically for the days when the special relationship really existed, even in the bizarre *On Golden Pond* style of the Thatcher-Reagan era. . . .

This affair demonstrates with almost hurtful clarity the extent of the United Kingdom’s decline not just as a world power—which has been evident for half of this century—but as a European one. . . . Like the dead parrot in the Monty Python sketch, this is an ex-special relationship. . . .



A sample of German press from July 12 and 13: "Clinton: Germany No. 1 Partner. U.S. President Expects Undertaking of Greater Responsibilities. Private Meeting with Kohl in the Evening" (Berliner Zeitung); "Clinton's Brandenburg Gate Speech Highpoint of German Visit" (Tagesspiegel); "America—in the Midst of Berlin" (Berliner Allgemeine Zeitung); "First Visit in Unified Berlin. President Bill Clinton Lauds German Values" (Handelsblatt); "Clinton: 'We Are on Your Side, Now and Forever. 40,000 Celebrate the President. Bill Clinton in Berlin Calls for Throwing a Bridge Between East and West'" (Berliner Zeitung); "Clinton: America Stands at Your Side. Berlin Prepares Enthusiastic Reception for Presidential Couple. First Speech by a U.S. President in the Eastern Part of the City" (Tagesspiegel); "'Nothing Can Hold Us Back.' The Historic Speech of President Clinton at the Brandenburg Gate. First Visit by an American President after the Fall of the Wall in Berlin" (Tagesspiegel); "Berlin Celebrates Clinton: 40,000 in 29 Degrees [centigrade] at Brandenburg Gate" (Die Welt); "Clinton in Berlin: A Historic Speech" (Bild-Zeitung).

Americans, especially those of Clinton's generation, show little sympathy for the residual resentment of a successful Germany which surfaces in France and Britain. He knows Germany is the key to a new, larger, more integrated Europe which cannot come about without German political clout and economic assistance. . . .

- "Clinton Tour Shows U.S. Loss of Direction," *Financial Times*, London, July 15:

In Bonn, Mr. Clinton spoke of "a common partnership that is unique now because so many of our challenges are just to Germany's east."

The "special relationship" with the U.K. he consigned to the status of a nostalgic curio: "Even though we fought two wars with them early in the last century it is unique in ways that nothing can ever replace because we grew out of them."

**In Germany**

- "The Hand Reaches Out and There's Nothing There. Reflections in London About the Changed Relations with North America," by Bernhard Heimrich, *Frankfurter Allgemeine Zeitung*, July 14:

LONDON, July 13. The "special relationship" between Great Britain and the United States has not, in reality, always been so special. Yet some in London shrank back in horror when President Clinton now officially declared it a thing of the past, and in the German capital of Berlin, of all places.

As the most important inspiration for British foreign policy the architects of the Foreign Office have carved over the splendid entrance stairway Psalm 67. . . . More concretely . . . facing the "waiting room of the ambassadors," a door away from the foreign minister's office, a mural gives the

mandate to generations of British policy: Britannia stretches her hand across the sea toward "America—the biggest of the republics." Through these halls, for some time the feeling has been creeping, that the hand is reaching out, and more and more, there is nothing there.

. . . After the last world war, Winston Churchill in his famous Iron Curtain speech of March 1946 in Fulton, Missouri described the basis upon which the future of this divided world could be mastered: "a special relationship between the Commonwealth and the United States of America."

The Commonwealth today only has a sentimental meaning, and since the collapse of the Iron Curtain, London has belatedly begun to prepare itself for a future in which the "special relationship" is now only history.

. . . President Clinton was even a student at Oxford and has more former Rhodes Scholars among his troops than any predecessor; but . . . Clinton himself cannot forget that the British Conservatives worked against him during his electoral campaign against President Bush.

● "Clinton's Berlin Signal," by Heinz Kurtzbach, *Berliner Zeitung*, July 15:

. . . Bill Clinton has left behind a threefold signal, the signal from Berlin.

First: The appeal to the Germans not to let the chances from unity wither, but to courageously use them. That an American says this in the shadow of the Brandenburg Gate is already meaningful and worth thinking about.

Second: The appeal to young Germans to grasp the company of people of different origins as enriching. This from a man who is President of a multicultural society (however well or less well it may function) also must be thought over. . . .

Third: The commitment of the Americans to the transatlantic community and the directing of this community to the stabilization of democratic beginnings in former eastern and central Europe. It was no accident that Clinton went to the Baltics and Poland before his Germany trip, and it was also emphatically more than mere polite reverence toward Europe, that the president of the EU Commission [Delors] yesterday stood beside Clinton and Kohl in the Reichstag. . . .

● "Teutons on the March: After Clinton's Speech, France Wants to Learn to Love Germany," by Jürg Altwegg, *Frankfurter Allgemeine Zeitung*, July 16:

PARIS, July 15. Mitterrand intimate . . . Pierre Berger commented, "I can only repeat myself. We share with the Germans a most important part of European culture. We were enemies for a long time—but no longer than with the English—and now we have learned to know one another. And to love each other."

● "Grace on the Sidelines. Without Clinton's Help: England's Anxiety about the German Giant," by Gina Thomas, *Frankfurter Allgemeine Zeitung*, July 16.

Agitation rules in England. The tabloid press is a bit less indignant than usual, because the subject hardly suits sensationalist headlines, but there is no lack of worried com-

mentaries in the leading newspapers. Whatever President Clinton's Berlin remarks mean, there can be no doubt that the Britons feel stricken in their self-esteem. For decades they have vaunted their direct links to Washington, like teacher's pets, against the other European nations.

The Special Relationship between England and America . . . was much more than a cornerstone of British foreign policy. It mirrored the world outlook of a nation which felt itself more strongly drawn toward its cousins on the other side of the Atlantic than toward the European continent. The traditional affinity to America always went hand in hand with the country's security interests; . . .

Now Clinton has gone so far as to flaunt for German-American relations the term *Special Relationship* [in text in English] which the English up to now saw as their privilege. . . . The *Daily Mail*, which loves to beat the anti-German drums, spoke of an "unholy alliance" between Clinton and Kohl.

"Don't Count on Berlin," reads the headline of a commentary by William Rees-Mogg in the *Times*. . . . Rees-Mogg compares Great Britain, France, and Germany, which all woo the favor of America, with the three Graces. . . .

A feeling of injustice, that the British had won the war, but then have to experience how they have fallen further and further behind their vanquished enemy, reinforces the resentment. . . .

For years no constructive initiatives have come out of London. . . . Clinton has now bestowed the [Special Relationship] crown on [Germany]. Even if his Berlin utterances were not seen as a shift in American foreign policy, but rather as a form of courtesy, his appearance has symbolic force. England feels exactly that.

## Italy, United States

● "July 14: Germans in Paris. The New Season of Europe Opens," by Arturo Pellegrini, *Il Popolo*, daily of the Italian Popular Party, Rome, July 15:

London, orphan of the "special link" which she has cultivated for half a century with Washington, intends to oppose the candidacy of [Jacques] Santer, whom she sees and not wrongly as a threat to her design for a Europe limited to the single market. . . .

● *Houston Chronicle*, July 17:

In his apparent enthusiasm to embrace Germany in perpetual partnership, President Clinton has risked throwing both caution and historical memory to the winds. . . .

There is puzzlement and hard feeling over this elsewhere in Europe. It is being read by some as Clinton's de facto proclamation of Germany as this country's principal ally and helpmate in the coming years. For good reason, that makes many uncomfortable.

The British are expressing particular concern that their longstanding "special relationship" with this country may be nearing an end as the result of the president's remarks. . . .



# Bertrand Russell was the 'godfather' of Hiroshima-bomber James B. Conant

by Carol White

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## **James B. Conant, Harvard to Hiroshima and the Making of the Nuclear Age**

by James G. Hershberg

Alfred A. Knopf, New York, 1993

948 pages, hardbound, \$35.00

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## **"How Bertrand Russell Became an Evil Man"**

by Lyndon H. LaRouche, Jr.

*Fidelio* magazine, Washington, D.C., Fall 1994

Single copy price \$10

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The recent "revelations" by self-avowed KGB agent Pavel Sudoplatov, in his book *Special Tasks: The Memoirs of an Unwanted Witness—a Soviet Spymaster*, have been the occasion of renewed interest in the truth of how the Soviets succeeded so quickly in getting the atomic bomb. Were scientists such as Robert Oppenheimer and Enrico Fermi slipping them secrets, as Sudoplatov claims? In the July 1 issue of this magazine, American statesman Lyndon LaRouche asked, "Of What Is Leo Szilard Guilty?" In his short piece, he alleged that the atomic bomb was developed not to counter a perceived German threat, but as a pretext for the imposition of a world federalist government under British control.

LaRouche followed that up in an article scheduled to appear in the Fall 1994 issue of *Fidelio* magazine, which has come to us in a prepublication draft. We also have on hand James G. Hershberg's biography of James Conant, the man with direct supervisory responsibility for U.S. government nuclear energy policy during World War II. Much in the Hershberg book confirms LaRouche's contention, although this was hardly the intention of its author, who appears to be quite sympathetic to Conant.

While Hershberg documents an ongoing relationship among Conant, Winston Churchill, and Churchill's deputy

Frederick Lindemann (Lord Cherwell), it is not clear to what extent personal contact existed between Conant and Bertrand Russell. That they agreed in principle on questions such as the direction of the postwar peace cannot be denied, even though at times Conant was constrained to take into consideration the anti-British sentiment among many Americans, including members of the U.S. Senate and House of Representatives. Moreover, particularly on issues of bomb policy, where the retooled "pacifist" Russell considered favorably the possibility of a preemptive strike against the Soviet Union at the close of World War II, Conant and Russell had a profound underlying agreement on the shape which the peace should take. Thus, to identify Bertrand Russell as James Conant's godfather, is not too great a liberty on my part.

I wish here to discuss LaRouche's article, counterposed to Conant's book. But first it is worth noting that the Russian scientific community has vehemently repudiated Sudoplatov's implications that they were dependent upon spies for the success of the Russian scientific effort to produce a bomb.

On July 12, a group of nuclear physicists published a letter in *Izvestia*, the Russian government paper, in which they denounced Sudoplatov's version of the history of the building of the nuclear bomb in the U.S.S.R. Sudoplatov had worked in Soviet foreign intelligence and was a close associate of the chief of Stalin's secret services, Lavrentii Beria. In his book, Sudoplatov claims that leading American scientists shared strategic information with Soviet agents regarding the bomb, without which they could not have succeeded in building the bomb.

This the Russian physicists deny. According to their letter, they used information from spies in order to exactly replicate the American device because they were afraid that Stalin would exact brutal retribution should they develop their own innovative design without immediate success. Considering that there can be no doubt of the independence of the Soviet development of the hydrogen bomb, the claim by these scientists should be treated with respect.

## **The evil Bertrand Russell**

We do know of one occasion when Conant and Russell definitely did meet, and that was when Russell lectured at

Harvard University in 1940. Viewed from the vantage point of today, it is hard to imagine the vehemence of the public outcry against Russell when he toured the United States in 1940. Nonetheless, it is a fact that he was barred from speaking at New York's City College because of his despicable public flaunting of immorality. Nonetheless, despite the general uproar, in December 1940, the president of Harvard University, James Conant, invited Russell to deliver the annual William James lectures at his university.

Conant, like Russell, was a self-avowed libertarian, in political if not sexual matters. In May 1943, at the height of the war effort, when he himself was fully involved in giving political direction to U.S. atomic energy policy, he found time to write an article for *Atlantic Monthly* magazine entitled: "Wanted: American Radicals." Not surprisingly, Conant was a strong supporter of Robert Oppenheimer, who also was a libertarian of the British, Benthamite stripe. The accusation by Sudoplatov that Oppenheimer passed on secrets to the Soviets during the war does not ring true, but it can be made to appear credible not only because of Oppenheimer's past communist associations, but because he too was a British radical of the same stripe as Bertrand Russell, or Russell's philosophical progenitor, the mummified Jeremy Bentham.

Russell, Oppenheimer, Conant—these are the men who participated in shaping a postwar era to be dominated by the specter of the unnecessary bombings of Hiroshima and Nagasaki. It is interesting to contrast two different treatments of this subject, LaRouche's and Hershberg's.

### The trip of the Enola Gay

LaRouche takes off from the fact that the bombings occurred despite the fact that the Emperor of Japan was already negotiating surrender terms with the Truman administration through Vatican channels. He begins his article with the stark statement: "See in your mind's eye a B-29 bomber aircraft, called the *Enola Gay*, flying to its hellish appointment, that horror stricken summer's day in 1945." The remainder of this piece explains how such an atrocity could have occurred.

Even before the United States was at war, in the summer of 1941, Conant was given responsibility by President Franklin Roosevelt for assessing the feasibility of building a weapon employing the newly discovered principles of nuclear fission. Then, as deputy to Vannevar Bush, he took over responsibility for directing the U.S. government's crash effort to build that bomb. This effort continued and accelerated, as Hershberg documents, even after it became clear that Germany 1) was not itself making a bomb, and 2) would be imminently defeated. Japan then became a target of opportunity on which to demonstrate the efficacy of the bomb. Japan was to be the instrument of a policy of terrorizing the Soviet Union and patriotic forces in the United States and France, into accepting the dominance of a world government.

In the summer of 1945, Conant was a member of the top-

secret Interim Committee, which was appointed by President Truman to debate the use of the atomic bomb. Conant suggested that the bomb be dropped on a "vital war plant employing a large number of workers and closely surrounded by workers' homes." This was in fact the basis upon which Hiroshima was chosen as a target. The aim of the choice was to exterminate as many people as possible, using the factory as a cover. After the first euphoria over the ending of the war had subsided, the horrible thing that Conant and all those responsible had decided to do came under increasing attack.

On page 284, Hershberg cites private correspondence between Conant and one of his critics, Reinhold Niebuhr, in March 1946, in which Conant flaunts the fact that the bombings of Hiroshima and Nagasaki were indeed intended to inflict maximum damage upon the civilian population. He wrote then:

"If the American people are to be deeply penitent for the use of the atomic bomb, why should they not be equally penitent for the destruction of Tokyo in the thousand-plane raid using the M69 incendiary which occurred a few months earlier? (I may say that I was as deeply involved with one method of destruction as the other, so at least on these two points I can look at the matter impartially.) If we are to be penitent for this destruction of Japanese cities by incendiaries and high explosives, we should have to carry over this point of view to the whole method of warfare used against the Axis powers."

### LaRouche's argument

Today, the world's population has more and more come to accept such atrocities as necessary evils. Fear of the bomb, rather than moral qualms, is the stock and trade of the world federalists today, just as fear of hordes of the starving descending upon the industrial nations is used to try to bludgeon people into accepting genocide in the name of necessary measures to limit population growth.

LaRouche seeks to answer the question of how it is that such a transformation has occurred over the past 50 years; how it is that the United States has been drawn into these policies. To do this, he traces the thread from the pre-war decision to develop nuclear weapons as a means to impose world government as part of the postwar settlement, rather than from a genuine fear that Germany would develop a usable atomic weapon. It is useful to consider here a substantial quotation from an article by Russell, which LaRouche cites in his article. Russell's piece appeared in the *Bulletin of the Atomic Scientists* (Nos. 5 and 6, Sept. 1, 1946). It bore the title, "The Atomic Bomb and the Prevention of War":

"It is entirely clear that there is only one way in which great wars can be permanently prevented, and that is the establishment of an international government with a monopoly of serious armed force. When I speak of an international government, I mean one that really governs, not an amiable facade like the League of Nations, or a pretentious sham like the

United Nations under its present constitution. An international government, if it is to be able to preserve peace, must have the only atomic bombs, the only plant for producing them, the only air force, the only battleships, and generally whatever is necessary to make it irresistible. Its atomic staff, its air squadrons, the crews of its battleships, and its infantry regiments must each severally be composed of men of many different nations; there must be no possibility of the development of national feeling in any unit larger than a company. Every member of the international armed force should be carefully trained in loyalty to the international government.

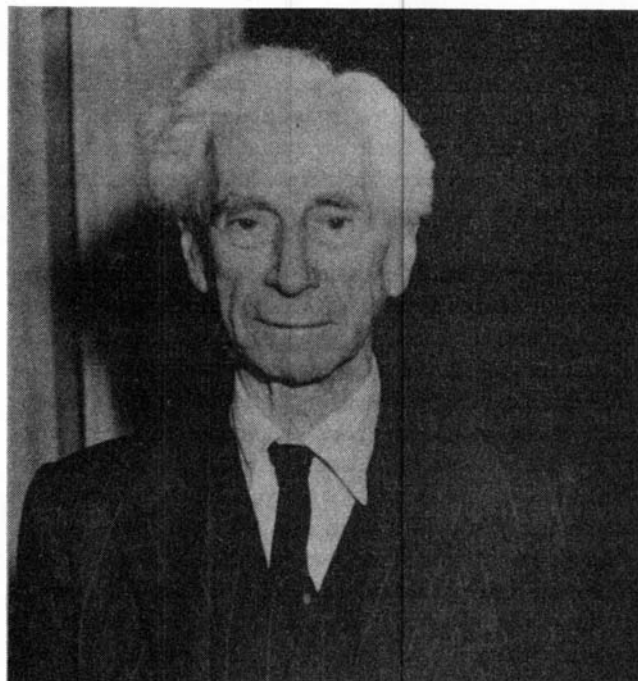
“The international authority must have a monopoly of uranium, and of whatever other raw material may hereafter be found suitable for the manufacture of atomic bombs. It must have a large army of inspectors who must have the right to enter any factory without notice; any attempt to interfere with them or to obstruct their work must be treated as a *casus belli*. They must be provided with aeroplanes enabling them to discover whether secret plants are being established in empty regions near either Pole or in the middle of large deserts.

“The monopoly of armed force is the most necessary attribute of the international government, but it will, of course, have to exercise various governmental functions. It will have to decide all disputes between different nations, and will have to possess the right to revise treaties. It will have to be bound by its constitution to intervene by force of arms against any nation that refuses to submit to the arbitration. Given its monopoly of armed force, such intervention will be seldom necessary and quickly successful. I will not stay to consider what further powers the international government might profitably possess, since those that I have mentioned would suffice to prevent serious wars.

### ‘Peace through power alliances’

“There is one other method by which, in theory, the peace of the world could be secured, and that is the supremacy of one nation or one closely allied group of nations. By this method Rome secured the peace of the Mediterranean area for several centuries. America at this moment, if it were bellicose and imperialistic, could compel the rest of the world to disarm, and establish a worldwide monopoly of American armed forces. But the country has no wish for such enterprises, and in a few years the opportunity will be gone. In the near future, a world war, however terrible, would probably end in American victory without the destruction of civilization in the Western Hemisphere, and American victory would no doubt lead to a world government under the hegemony of the United States—a result which, for my part, I should welcome with enthusiasm.”

Hershberg cites archival material showing drafts of memoranda by Conant indicating that he shared Russell’s views. Hershberg also documents a point otherwise made by LaRouche, that the circumstances in Germany which did not permit them to launch their own Manhattan Project were well



*The evil Bertrand Russell, who urged the use of the atomic bomb to usher in a world federalist government.*

known to American and British policy-planners. It was not fear of a German bomb, but the desire to shape the peace, which impelled the shapers of the Manhattan Project forward. A memorandum to himself by Conant (still existing in government archives), which is cited by Hershberg, substantiates the parallelism between Conant and Russell on the subject of world government.

In May 1944, Conant wrote: “Of course, for the very long run, I’m inclined to think that the only hope for humanity is an international commission on atomic energy with free access to all information and right of inspection.” He elaborated on this, pointing to a stark choice faced by humanity: “Alternatives: race between nations and in the next war destruction of civilization, or a scheme to remove atomic energy from the field of conflict.” This became the basis of a memorandum in which he outlined the structure of what in fact became the International Atomic Energy Agency (IAEA), which would start as a clearinghouse but would rapidly gain policing powers so that, “after a decade,” the scope of the agreement would be enlarged to “include all armament inspection and publications of figures.”

“If eventually why not at start?” he wrote. “Perhaps so. Might try International Commission on Military Science with powers above on atomic powers but powers of inspection and publication on all armaments problems and military secrets.”

### The Venetian tendency

Hershberg’s book is informative. For those who are interested in the history of the immediate postwar period, it is

an extremely worthwhile contribution. However, the real question that must be answered is implicit in the title of LaRouche's article: "How Bertrand Russell Became an Evil Man." How, we ask, did the United States of Franklin Roosevelt, which believed itself committed to creating a world order free of such monstrosities as British colonialism, as well as Hitler's Nazi party, fall into the trap of postwar nuclear politics?

A partial answer is provided by Henry Kissinger's infamous May 10, 1982 speech to the Royal Institute of International Affairs, or Chatham House, in London. Here he admitted that he took directives from the British Foreign Office rather than his own President, and attacked President Roosevelt's wartime attacks upon British colonialism. For Kissinger, it was Churchill, not Roosevelt, who laid the guidelines for future U.S. policy, and for Churchill it was policy-planners such as Bertrand Russell who guided Britain's role in attempting to transform the moribund British Empire into a controlling role in what was to become the United Nations.

But to understand the extent of Kissinger's perfidy it is necessary to survey the past 600 years of human history, beginning with the Council of Florence, which ushered in the Golden Renaissance under the guidance of the groundbreaking philosophical and scientific contributions of Nicolaus of Cusa. It is this which Russell, Churchill, Conant, Kissinger, and the like intend to destroy. In this regard, we

do well to recognize the British Empire as an offshoot of earlier Venetian ambitions to resurrect the evil Roman Empire.

Bertrand Russell was, in effect, born to be evil. To deny the birthright of his heritage, he would have had to break with a family tradition which allied him to an oligarchy which in turn traces its roots as far back as the aristocratic families which ran Rome. Just as his grandfather secretly supported the Confederacy during the American Civil War, so Russell hated the United States of Abraham Lincoln, which still survived in the memories of people alive in 1940.

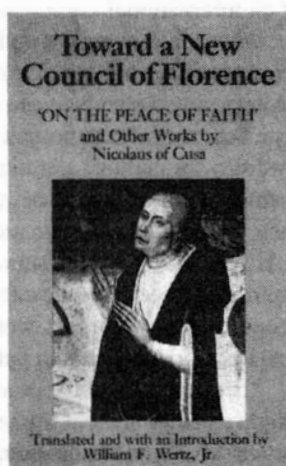
Russell hated Franklin Roosevelt, because Roosevelt was first and foremost an *American President*. Russell favored a preemptive nuclear strike against the Soviet Union in order to maintain the balance of power in Europe, even after Germany was destroyed. His attack on the United States was only more subtle. He worked to subvert it from within, and turn it from a republican nation to a junior partner in a vicious Anglo-American alliance to rule the world. Roosevelt's expressed commitment to the Four Freedoms epitomized the hopes of people everywhere that out of World War II would come a peace which would have effectively extended the rights of man, as expressed in the U.S. Declaration of Independence and the Bill of Rights of the U.S. Constitution, to all mankind; which would guarantee a century to come of peace and development. Tragically this has yet to occur.

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# Malthusians attack Vatican over Cairo

by Kathleen Klenetsky

The Vatican's aggressive campaign against the draft program for the United Nations International Conference on Population and Development (ICPD, informally, the Cairo conference) has triggered a nasty counterattack.

The public attacks on the Vatican's position which have proliferated over the past several weeks, share several themes, all of them false: There is a grave population crisis, especially in the developing sector, which requires immediate intervention via the spread of contraceptives, sterilization, and abortion; the Vatican is acting irresponsibly toward this crisis, through its "obstructionist" and "inflexible" opposition to such measures; and the Vatican is increasingly out of step with the vast majority of Catholics on the issues of population policy, contraception, and abortion.

International Planned Parenthood Federation Secretary General Halfdan Mahler signalled that neo-malthusian operations against the Vatican were going into high gear, with a statement in the June 30 *Earth Times*. Mahler expressed "sadness and frustration that the Vatican opposes the Cairo draft program. . . . No religious group," he thundered, "should monopolize morality or ethics. People know what is best for themselves. . . . A majority of Catholics in many countries disregard the Vatican's strictures on 'artificial' contraception."

## 'Dissident' Catholics denounce pope

Right on cue, several groups of dissident Catholics launched high-profile efforts aimed at derailing the Vatican's anti-Cairo effort.

Catholics Speak Out (CSO), a project of the Maryland-based Quixote Center, is soliciting signatures from Catholics in the United States, Ibero-America, and Europe for an ad which it plans to publish in the *New York Times* shortly before the Cairo conference opens this September. Titled "An Open Letter to Pope John Paul II," it slams the Vatican and defends the neo-malthusian lie that the world is overpopulated: "The number of people born into our human family is straining the earth's limited resources, a growing crisis which calls us . . . to make effective family planning methods available worldwide. In spite of this crisis, Vatican policy opposes one of the most effective means of voluntary family planning: contraception. . . . Because . . . such opposition severely worsens our global crisis of population and resources and because the majority of good Catholics . . . have rejected it,

we say to you simply: On the issue of contraception, you are wrong."

Collaborating with CSO is Catholics for a Free Choice (CFFC), which is rumored to receive funds from the Planned Parenthood-affiliated Alan Guttmacher Institute, and whose president, Frances Kissling, has proposed depriving the Vatican of its official status at the United Nations. CFFC has held three press conferences since the beginning of July to defend Cairo and denounce the Vatican. In Rome on July 11, Kissling accused the Vatican of "viciousness" in its comments on Cairo, and declared that "the Vatican cannot be allowed to set policy for the whole world."

She strongly endorsed the Cairo program as "one of the more progressive, balanced, and ethical documents on family planning that we have seen in a long time. The Vatican is acting as an obstacle to this document."

At CFFC's other press conferences, spokesman Daniel Maguire levelled the absurd charge that concern for "power—not embryos or fetuses," is the engine driving the Vatican's position on Cairo, while Kissling has claimed, equally absurdly, that the Catholic Church fears it will lose money it now receives from U.S. government aid agencies for relief services if a greater proportion of U.S. foreign aid were to go to "family planning" (as it would under the Cairo program).

Another flank against the Vatican was opened at a press conference at U.N. headquarters on July 19, where Nafis Sadik, secretary general of the Cairo conference, was presented with a report produced by an "interfaith consultation" which took place in Belgium in May.

Sponsored by the Chicago-based Park Ridge Center and financed by the Ford Foundation and the Pew Global Stewardship Initiative—both funders of pro-Cairo, pro-population-control efforts—the consultation was attended by theologians from Protestant, Jewish, Roman Catholic, Buddhist, and other religions.

According to Park Ridge Center's Larry Greenfield, the report not only blasts the Vatican for opposing the the Cairo agenda; it also asserts that religions must play a role in implementing the Cairo depopulation program. The report insists that the "principle" of freedom *from* religion must be affirmed, and criticizes any religion which "interferes" with national policymaking on population-related issues. The report states that "there is a population crisis, which has to be addressed by a multifaceted approach" including universal access to contraception, extensive sex education, and global legalization of abortion, Greenfield said.

Dr. Jose Barzellato, head of population programs for the Ford Foundation, told a journalist that the report is "a very important" flank in the campaign to keep the Vatican from undermining Cairo, especially since it was signed by several Catholic theologians. Pressure by Roman Catholics who disagree with the pope on contraception and abortion is the best weapon against the Vatican's "inflexible position" on Cairo, he said.

## McCloskey blasts British policy on Bosnia

Rep. Frank McCloskey (D-Ind.), anticipating that the Bosnian Serbs will reject the latest partition plan for Bosnia, called again on June 14 for lifting the arms embargo against Bosnia. He also asked that the West provide air support to the Bosnians "to avert an ongoing, one-sided bloodbath."

"Think of the splendid basic logic of the British mandate," McCloskey said ironically. Either "the warring parties agree to the plan, or it will pull out with no lifting of the arms embargo or other support for the Bosnians. Why should the Bosnian Serbs disagree with a British green light to gear up their killing machine?"

McCloskey warned that the Bosnian-Croatian alliance, "a singular achievement of the Clinton administration," is "in peril." McCloskey was referring to conditions in Mostar, where Muslims are still being forced from their homes by gangs without any intervention from Croatian authorities in the city. If these crimes are not stopped, McCloskey warned, "the Bosnian-Croatian alliance will be short-lived indeed."

## Health care reform at top of debate agenda

As Congress returned from recess on July 11, congressional leaders prepared for a heated debate on the Clinton administration's health care reform legislation. House and Senate leaders are working to build support for President Clinton's demand for universal health care.

One point involves welding together varying forms of complex reform legislation amid firm opposition to a key part of Clinton's plan—a pro-

posal that employers pay 80% of workers' health insurance. Immediately, on return from the holiday break, Senate Majority Leader George Mitchell (D-Me.) held a series of closed-door meetings with both Democrats and Republicans to try to pull together two versions of legislation passed by Senate committees.

In the House, Speaker Thomas Foley (D-Wash.) and Majority Leader Richard Gephardt (D-Mo.) are trying to fashion a single piece of legislation out of separate bills passed by the Ways and Means Committee and the more liberal Education and Labor Committee.

The biggest controversy is the so-called employer mandate, which the White House says is the best way to cover 39 million uninsured Americans. The White House has steadfastly stuck to its call for a mandate but, at the same time, has indicated a willingness to negotiate on how to get universal coverage. "What's alive is universal coverage, and to get to universal coverage you have to have some kind of mandate . . . whether it's employer, whether it's employee, whether it's 50-50," White House Chief of Staff Leon Panetta said on the CBS News program "Face the Nation" on July 10.

Universal coverage was given added support when the National Conference of Catholic Bishops came out publicly in favor of it. At the same time, the bishops indicated that they could not accept a measure which also funded abortion. On "Face the Nation," Panetta indicated that the administration is willing to find an "approach that, frankly, provides that choice, allows people to make that decision, doesn't have the government necessarily impose one approach or the other."

The administration is also attempting to counter a campaign against the employer mandate by the National Federation of Independent Business, whose members are mostly small firms with five or fewer workers. Republicans have said they will not vote for legislation that includes the mandate, and conservative Democrats have expressed reservations about it. Clinton says he wants Republican support, but Panetta said that the White House is prepared to push legislation through the Democrat-controlled Congress without them. "We've got to get health care reform passed and if it has to be done just by Democrats then so be it," Panetta said.

## GOP derails striker replacement measure

Senate Democrats made a final, futile attempt on July 13 to break a Republican filibuster, which was launched to prevent the "Workplace Fairness Act" from taking effect. This legislation would make it illegal for employers to permanently replace workers striking for higher pay and other economic benefits.

Under existing legislation, it is illegal to replace workers striking against unfair labor practices. The Clinton administration strongly supports the legislation and has lobbied hard to get the necessary votes. Business groups, however, with the National Association of Manufacturers in the lead, have been bitterly opposed to the legislation.

A similar bill died in the Senate in 1992 after two unsuccessful cloture votes. The same bill has, however, already passed in the House. Union

leaders point to the threat of permanent replacement as the tool successfully wielded by management to force striking Caterpillar workers back to work without a settlement.

## **Malthusians say 'poor have too many babies'**

A gaggle of malthusian genocidalists made their pitch to the House Foreign Affairs Committee in hearings on July 12. Representatives were told that poor countries are having too many children.

Former World Bank President Barber Conable testified that, while poor people benefit from broadly distributed economic growth, growth is offset because poor people "suffer from population growth which reduces per capita income and erodes the potential for an improved quality of life." This occurs, he said, because "illiteracy, infant mortality, and lack of options for women limit real family choices," not because families choose to have lots of children. Conable also complained that "45% of the population in sub-Saharan Africa is under the age of 15 years." Although "contraceptive use is going up quite sharply in some parts of Africa," Conable lamented that that was because of fear of AIDS, not because of a "newfound desire to limit family size."

The malthusians tried to shore up support for the September population conference in Cairo.

Rep. Henry Hyde (R-Ill.) asked the population control advocates how, "in view of the eugenics of the predecessor organization of Planned Parenthood," they intended to deal with the latent racism "underlying the urge of the United States, in all its wisdom

and arrogance in telling other countries, particularly Third World countries, how many children they ought to have?" Hyde pointed to the obvious fallacy in the malthusian argument by asking if we couldn't "direct [our efforts] toward economic development, like trying to teach people how to farm," instead of "trying to be the great condom dispenser of the universe."

Hyde ripped into the alleged "concern" of present-day malthusians for the "health of the woman" by quoting figures presented by Dr. Margaret Ogawa of Kenya in the July-August issue of *Social Justice Review*. "Doesn't this disparity in the West's provision of population control devices versus simple and cost-effective medicines foster the impression that our main priority is limiting the numbers of people in developing countries rather than improving their health and well-being?" Hyde asked.

## **Amendment on Baltics draws outcry from Russian Duma**

The Senate introduced an amendment to the Foreign Operations Appropriations bill on July 13 which would prevent the appropriation of any of the funds designated as aid to Russia after Aug. 31, unless all Russian troops have withdrawn from Estonia and Latvia by that time. Aug. 31 was the date settled on for withdrawal in negotiations between the parties, but the amendment raised an outcry from the Russian Parliament.

Although Russian withdrawal from Latvia appears to be proceeding according to schedule, difficulties have arisen in Estonia because of the uncertain status of Russian officers

who have retired there. There is also a dispute between the two countries regarding the border between Estonia and Russia.

The Clinton administration helped to mediate agreements between Russia and Latvia, and Russia and Estonia. President Clinton was well received in Riga, Latvia, during his July European trip and took the occasion to encourage the Baltic leaders to treat fairly the Russian minorities remaining in their countries.

## **Compromise likely over 'racial justice' measure**

The White House was working overtime during the July recess to lobby the Congressional Black Caucus (CBC) to drop or modify its position on death penalty provisions that are tying up the crime bill. The House version of the bill would allow death-row defendants to contest their sentences based on statistics indicating racial inequity in death penalty cases. The Senate version does not contain that provision.

Republican senators are hell-bent on pushing through legislation which would leave less leeway for appeals on death row, and a half-dozen senators have threatened to filibuster if the measure remains in the final bill.

In a meeting on July 14, the CBC voted to oppose the rule on the crime bill if the legislation emerges from conference without the "racial justice" provision. Opposing the rule would seriously delay a vote on the measure. The CBC is not united on the issue, however, and a number of the members are prepared to support the administration. The crime bill has been stuck in conference since last spring.

# National News

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## Supreme Court allows execution stays for habeas

The U.S. Supreme Court ruled on June 30 that federal judges can postpone executions of convicts who have exhausted their state appeals, to give them a chance to obtain lawyers for a federal review of their cases, according to the July 1 *New York Times*. The 5-4 ruling in a Texas case opens up the possibility of further *habeas* review for scores of death row inmates and could prove to be the turning point in the court's analysis of *habeas corpus* petitions.

The decision marks a reversal of recent court rulings that had moved to restrict the use of *habeas* petitions: The Texas case suggests that a new majority has emerged that is unwilling to cut back the *habeas* process much further.

The ruling revolves around a financially indigent man who came within hours of death as two lower federal courts refused a stay of execution, in holding that they had no jurisdiction over any aspects of the case because the man hadn't filed a *habeas* petition. The man argued that without the stay of execution, he would die before finding a lawyer to prepare a petition. At the last minute, the Supreme Court granted a stay at the request of two volunteer lawyers.

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## Bishops urge universal health care, no abortion

The U.S. Catholic bishops held a press conference in Washington, D.C. on July 14 to release a letter to the congressional leadership, urging that the final form of health care legislation include universal coverage and exclude abortion. The Catholic Church in America operates approximately 10% of all health care facilities.

The letter is signed by Archbishop William H. Keeler of Baltimore, president of the National Council of Catholic Bishops; Cardinal Roger Mahony of Los Angeles, chairman of the Pro-Life Activities Committee; and Bishop John H. Ricard of Balti-

more, chairman of the Domestic Policy Committee. Speaking for Mahony, who was unable to attend, was Bishop James McHugh of Camden, New Jersey, who is also a leader on the Pro-Life Committee.

The bishops said that a recent poll they had commissioned showed that 70% of Americans support universal coverage, but that if abortion were included in that coverage, it would turn "millions of advocates into adversaries of reform legislation." The church, they point out, "is deeply involved in health care as a major provider and purchaser of care and as a community which helps pick up the pieces when our system fails. We have worked for comprehensive health care reform for decades." They urge, finally, that congressional compromise on the bill "not come at the expense of the unborn, the unserved, the undocumented, and the uninsured."

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## Colin Powell weighs in for Coleman and Wilder

Gen. Colin L. Powell, former chairman of the Joint Chiefs of Staff under George Bush, gave \$1,000 to the independent U.S. Senate campaigns of both Republican Marshall Coleman and former Virginia Governor L. Douglas Wilder, a Democrat. Coleman, who ran against Wilder for governor in 1989, entered the race for the seat held by Sen. Chuck Robb (D) in order to stop the Republican nominee, Oliver North. According to the July 13 issue of the *Richmond Times-Dispatch*, Powell said in May that he couldn't support North because of North's role in the Iran-Contra scandal.

Meantime, Vice President Al Gore called Doug Wilder to the White House on July 14, to ask him to drop out of the race. After the short meeting, Wilder said, "there is not a scintilla of a chance that I would not complete the run" for U.S. Senate. Gore said in a statement later, that he wanted "to tell him in person that I hope he will end up supporting the candidacy of Senator Robb for reelection, as I do."

In a related development, an independent committee formed by former Democratic primary candidate Nancy Spannaus to

expose North as the drug-runner that he is, announced the availability of its bumper stickers: "Defeat Ollie North, that Son-of-a-Bush."

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## California to base risk assessment on fears

A soon-to-be-released report commissioned by the state of California would base environmental risk assessment on public perception and fear, instead of scientific data. *Los Angeles Times* reporter Frank Clifford obtained an advance copy of the 640-page report. In a recent article that has appeared in local papers throughout the state, he quotes John Moore, a former official of the U.S. Environmental Protection Agency (EPA) and a member of the advisory committee overseeing the study: "This is the first major project of its kind in the country that basically owned up to the fact that totally relying on experts and technical data is too narrow an approach."

The controversial report is supposed to provide guidelines for the California EPA. Clifford notes that even some environmentalists are "leery." Clifford quotes Lawrie Mott, a scientist with the radical ecology lobby Natural Resources Defense Council, who helped engineer the alar scare, "There are some squishy areas that can make you a bit queasy. No doubt about that."

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## Privatized Florida school shows poor performance

The *Virginian Pilot* on July 14 carried an article, "School Privatization Firm Flunks Test in Florida," referring to the failure of the school privatization firm Education Alternatives, Inc. to show positive results. According to the *Pilot*, EAI's flagship Southpointe Elementary School has failed to improve academic performance after three years, reported Dade County, Florida, school officials. Test results at Southpointe were no different from any of the public schools in the system.



The superintendent said he likes the company's teaching program, "but to think that EAI is the answer to the woes of public education is absolutely ludicrous." He said that the test results there should quiet those who contend that privatization is the answer to problems with the public school system.

The *Virginian Pilot* lists this as part of an ongoing series of setbacks for EAI: In June, the company admitted it falsely reported test scores in Baltimore. The city subsequently released its own study showing that EAI had not improved test scores and reported that it would delay expansion of EAI contracts; also in June, Maryland state officials concluded that EAI had violated federal requirements for teaching learning impaired students. In Hartford, Connecticut, officials have backed off plans to have EAI run the school system. Instead they have called for competitive bids from several companies, including EAI, to serve as a consultant for one year for no guaranteed fee.

## Riverboat gambling, term limitation on D.C. ballot

Two initiatives will likely be on the November ballot in Washington, D.C., since the required petition signatures were handed in at the July 11 deadline:

- **Riverboat gambling:** Meeting the deadline, after repeated challenges, was an initiative to permit riverboat gambling. Brenda Parker, treasurer of the group backing riverboat gambling, filed more than 45,000 signatures toward the required 16,435. Backers say that riverboat gambling is expected to generate \$200 million for the nation's capital and create 15,000 jobs. Among those whom supporters recruited to gather petitions were homeless D.C. residents, who were paid up to \$1.75 per name. Games permitted by the initiative include, but are not limited to: baccarat, bingo, craps, keno, poker, roulette, slot machines, blackjack, and wheel of fortune.

The gambling measure has survived two court challenges. In May, an earlier riverboat gambling initiative was thrown out because of "inconsistencies in the language."

A reworded initiative was approved by the elections board.

- **Term limitation:** The Coalition for Citizen Empowerment handed in more than 32,000 signatures to place an initiative on the ballot to limit D.C. politicians to two consecutive terms. It would not prohibit non-consecutive terms. The coalition paid some of its petitioners 50¢ a name in order to meet the deadline.

A third initiative to allow "student-led prayer in the District's public schools," did not meet the signature requirement to appear on the ballot. Backers of this initiative will continue to gather signatures up to the Dec. 27 deadline to appear on the April ballot if there is a special city council election.

## Dakota lawmakers briefed on LaRouche forecast

Ron Wiczorek, a leader of the Food for Peace movement in South Dakota, testified on July 11 before a special session of the state legislature that had been convened to consider the state Supreme Court's ban on video gambling. "I want to point your attention to a much larger gambling problem," Wiczorek said. "One year ago Lyndon LaRouche warned that the \$14 trillion which our nation's banks are gambling in the financial derivatives market was sucking capital out of the producers of our economy and also sucking capital out of transportation, energy, and water systems. He urged measures to deflate the bubble. The bubble is 35% bigger now. LaRouche now proves it will inevitably burst, and soon, bringing down our entire financial system in a matter of days."

Wiczorek urged the lawmakers to reject the allure of making up for falling state revenues by turning to gambling: "The very same mob-related bankers who speculate on farm loans and farm commodities here in South Dakota, and who are rumored to be financing the high-stakes gambling casinos . . . such as the friends of Minneapolis mob banker Carl Pohlad, are merely frontmen for the bigger speculators . . . of New York and London."

- **A MAJORITY** of the Congressional Black Caucus opposes an invasion of Haiti, the *Philadelphia Inquirer* reported on July 17. "The black caucus has never voted on the question of an invasion, but if put to a vote, members on both sides say it would lose."

- **A NEW ROPER POLL** shows that only 1% of Americans think the Nazi Holocaust did not happen. Last year, a Roper poll released by the American Jewish Committee seemed to show that 22% thought so. However, the polling was based on a question that contained a double negative, thereby skewing the results.

- **A CLEVELAND** federal judge has issued a restraining order against the school board to halt the layoff of 500 of the expected 750 school employees that had previously been announced. He said that if an agreement is not reached, he will impose budget cuts himself.

- **FOUR LAROCHE** Democrats running for Congress in Virginia have received notice of their certification for the November ballot: Matt B. Voorhees, 1st C.D., is running against incumbent Herb Bateman (R); Jerry Berg, 7th C.D., is the only challenger to incumbent Tom Bliley (R); William C. Jones, in the 8th C.D., faces incumbent Democrat James Moran; and Alan Ogden is running in Lyndon LaRouche's home district (10th) against incumbent Frank Wolf (R).

- **LOUIS FARRAKHAN** is a factor in the New York congressional race, according to the *Boston Globe* of July 18. Farrakhan's Nation of Islam is backing Eric Adams, a candidate opposing Congressional Black Caucus member Major Owens, because of Owens's denunciation of the NOI in the House of Representatives. Adams called Owens "a hustler" and said, "Farrakhan is not the issue here. It's these abandoned buildings."

### *How to save Africa*

A first necessary step to reversing genocide in Africa, is to stop the Cairo population conference. The African Academy of Sciences is already on record, in a document released last November, opposing the headlong drive toward making coercive population reduction into official United Nations policy.

For the U.N. side, there is Cornell professor David Pimentel, who proposes, in effect, to kill 4 out of every 5 people now living, in order to reduce the human race to 1 billion in the next century. WorldWatch Institute is more modest, allowing that only 1 out of 5 individuals need be eliminated to get population down to 4 billion. The U.N.'s *officially preferred* "low scenario" for collapse, opts for 2 out of 5 and an extended time lag into the 22nd century.

The fact is that the world is already on the road to a disastrous contraction in population. World population growth was at its highest in 1965-70. The picture in Africa is stark, as events in Rwanda merely highlight. There is no such thing as "explosive population" on that continent, just the reverse.

In 1950, as the colonialists of Britain, Belgium, etc. were losing their grip on their African colonies, Africa's population was 200 million people. Four times the size of Europe, it had 40% of Europe's population. The newly independent African nations' average *population density* was 6-7 persons per square kilometer, about one-eightieth of some of the European nations which had subjected them, or one-fifteenth of Europe as a whole.

In the first 25 years of political independence, 1950-75, the African nations' combined population grew 90% to 385 million: still only an average density of 13 persons per square kilometer. In 1975-2000, according to the projections of international population agencies, African population will have grown to 600 million, an increase of not 90%, but only 55% in 25 years. Moreover, these African population figures are scandalously inflated. The most stunning example is the U.N.'s official population estimate for Nigeria, Africa's most populous country: 124 million. Nigeria's own 1991 census counted only 88 million people, 30% less! If this adjustment alone is made to the 2000 A.D.

"estimate," the 1975-2000 population growth is not 90% or even 55%, but only 48%.

The West African nations including Nigeria grew 100% in 1950-75, and will grow perhaps by 50% in 1975-2000; Egypt by 85% in 1950-75 and perhaps by 60% in 1975-2000; South Africa by 107% in 1950-75 and perhaps by 75% in 1975-2000.

The policy reasons for this are clear. Beginning with the 1970s oil and commodity hoaxes and currency deregulation, the International Monetary Fund and World Bank cut off credit to African countries except to finance exports, demanded and forced currency devaluations, and stopped economic infrastructure spending through IMF "adjustment" and "shock therapy" programs. Many African countries have fewer railroad and road miles, fewer hospital beds, and less sanitation and fresh water capacity today than in 1975; less domestic food crop per capita; and civil wars annihilating their people. Somalia's population has fallen by 10%; Rwanda's has fallen by 3-4% in two months. Uganda's population is 20-30% infected with the fatal AIDS virus.

A modern electrical power production and transmission system featuring nuclear, coal, and hydroelectric components, is the primary parameter of a nation's standard of living and labor productivity. Americans produce about 9,500 kilowatt-hours per capita per year; Europeans, 8,500; Africans, 1,000-1,500. To have a modern power sector able to design, build, and operate both plants and transmission systems, requires a labor force devoted to this of at least 75-100,000 skilled workers, engineers, and scientists, even for a nation small in area. Many African nations have populations of 10 million or less, and industrial work forces of 1 million or less: *too small* to support a skilled electrical power sector of the needed size, without large numbers of young workers entering the labor force (rapid population growth) and the means to educate and train them through the years of secondary or college-equivalent education.

The truth is that Africa needs more people. The world does not need, and should not tolerate, the policies represented by the planned conference in Cairo.

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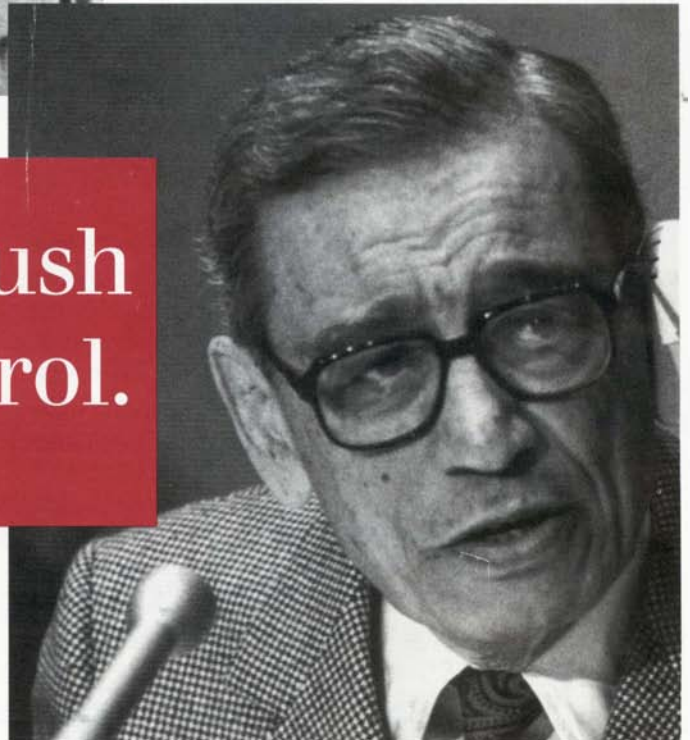
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