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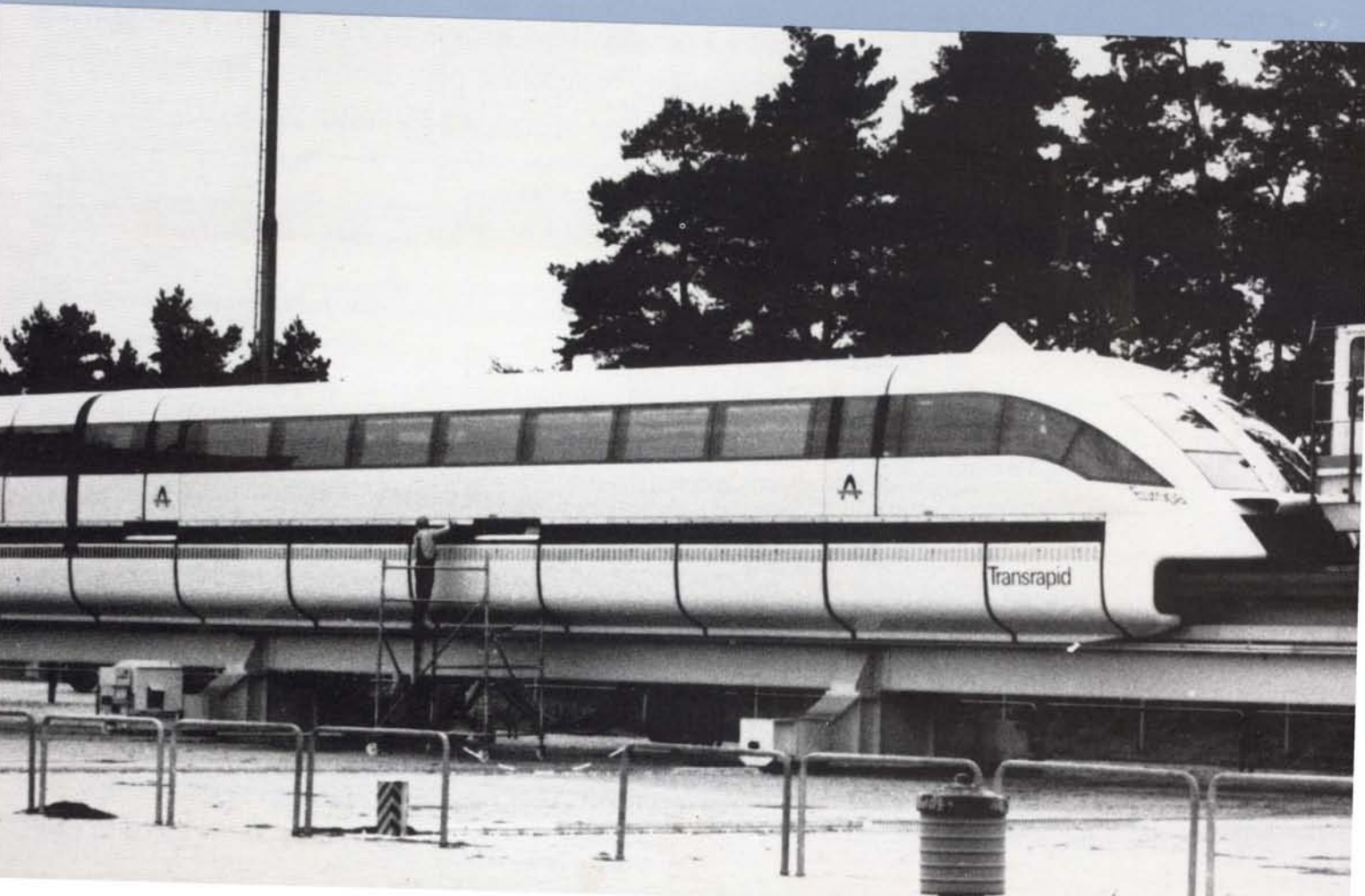
Executive Intelligence Review

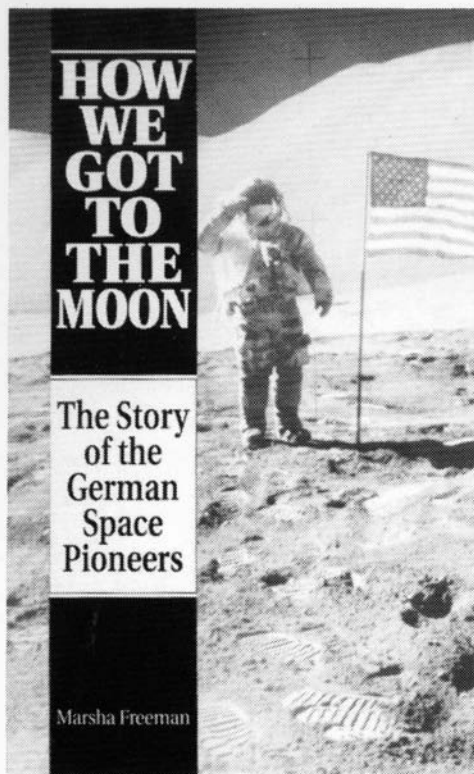
February 24, 1995 • Vol. 22 No. 9

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'Tequila effect' spreads to Argentina  
Sri Lankan President firm in bid for peace  
NBC's Brian Ross: up to his old tricks

The American System economics  
most Americans never learned





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*EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 333 1/2 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451.*

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Colonia San Rafael, Mexico DF. Tel: 705-1295.

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

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prohibited. Second-class postage paid at Washington D.C.,  
and at an additional mailing offices.  
Domestic subscriptions: 3 months—\$125, 6 months—\$225,  
1 year—\$396, Single issue—\$10

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

## From the Managing Editor

**M**exican President Zedillo's moves against the Zapatista terrorist insurgency deserve the support of people of good will everywhere. As we go to press, Zedillo is under tremendous pressure to reverse the steps he has taken against the guerrilla leaders, and to give up Mexico's sovereignty over the state of Chiapas. If this is allowed to occur, it will mean the disintegration of Mexico's national institutions, with dire consequences for all the nations of the Americas.

The crucial issue here is the sovereignty of the nation. Mexico *must* win the war against "Sub-Comandante Marcos," if it is to stand a chance of saving its economy from destruction. And as even IMF Managing Director Michel Camdessus is now warning, the crisis of the Mexican financial system is no local affair, but the sign of a global *systemic crisis*.

In coming issues, we will have a great deal more to say about who is steering the Zapatista insurgency. This is no "indigenous" movement; it is the creation of Britain's Tavistock Institute and affiliated intelligence circles. We at *EIR* have had these people under the microscope for 20 years, and we know exactly how they operate. Now, their criminal activities must be stopped.

Our *Feature* this week contributes crucial missing pieces to the historical knowledge Americans need to escape from the traps of the current political discourse, by uncovering the European roots of what Alexander Hamilton later called "American System" economics. Although the Hamiltonian approach, rooted in "cameralism" as documented by Nancy Spannaus's article, is drawing increasing attention in international academic and policy circles lately, it is still largely ignored in Washington. For example, in a recent national radio broadcast, two opposing "authorities," one from the Heritage Foundation, and the other a backer of the Clinton administration, argued over which side best represented the ideas of the British East India Company's anti-American agent Adam Smith. No one contested the absurd contention, shared by *both* pundits, that Smith was a veritable American Founding Father, merely on the grounds that he wrote his treatise the *Wealth of Nations* in 1776, the same year as the Declaration of Independence!

*Susan Welsh*

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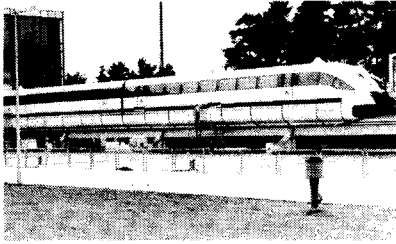
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## Feature



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The real lineage of the American System must be traced, not to Adam Smith and John Locke, as the devotees of the Conservative Revolution maintain, but to the cameralist tradition of Bodin, Colbert, Leibniz, and their followers. An analysis by Nancy Spannaus, co-author of *The Political Economy of the American Revolution*.

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## 'Tequila effect': Argentina's financial system on the brink

by Gerardo Terán Canal and Chris White

Clinton administration and Mexican government officials have been meeting to elaborate the rescue package for the peso, against a background which includes the possibility of a dramatic breakdown in the U.S. dollar.

Some at Britain's Treasury insist that the Mexican crisis is of local significance only, and have used that view to promote opposition to what President Clinton is attempting to achieve. Now, the managing director of the notorious International Monetary Fund has made his voice heard. All financial crises are systemic by nature; there is no isolated Mexican, Asian, or European crisis, the IMF's Michel Camdessus said in an interview with the French business journal *Les Echos* of Feb. 11.

"We need a system of coordinated and rapid reaction," along with increased capital for the IMF to respond to "an increasingly dangerous world," Camdessus said. He added that at the recent Toronto preparatory meetings for the Group of Seven summit, there was a clear difference in perceptions of the systemic character of the Mexican crisis: While the Americans and Japanese evaluated it as a threat to the system, the British and Germans insisted it had to do with local problems only.

Camdessus warned not to continue "to view the world like the king of Spain, who liked to say that the Latin American crises were crises of the Americans, while the crises in Europe were crises of the Europeans. This does not make sense. All crises are systemic by nature."

On Feb. 8, Camdessus had given a press briefing in Paris stating that he could identify at least 10 countries which could go the way of Mexico this year. But, he said, "Do not expect me to give you the list." The list is widely thought to include Argentina, China, Brazil, Hungary, Russia, the Philippines, Thailand, Sweden, Italy, and Canada.

The idiocy of the local crisis school is made clear by the following report from our Buenos Aires bureau.

### Panic in Argentina

The panic generated by the "Tequila effect"—the reverberations of the Mexico crisis—has completely exposed the fragility of Argentina's Convertibility Plan, the policy put into effect in April 1991, which by law establishes a one-to-one parity between the peso and the dollar. Despite government efforts, especially those of the plan's architect, Finance Minister Domingo Cavallo, to emphasize the "differences" between Mexico and Argentina, Argentina is increasingly vulnerable to a Mexican-style explosion.

Since Dec. 20, the Buenos Aires stock market has not been able to recover a trading volume which, at its high point of euphoria last year, reached over \$100 million a day. During the second week of February, it reached its lowest level of \$12 million, and on most days since December, analysts reported that both stocks and bonds closed the day "at historic lows." On the international markets, few people are purchasing Argentine debt paper. According to Daniel Muchnik, economics editor of the daily *Clarín*, holders of Argentine stocks and bonds have lost at least \$17.5 billion between Dec. 20 and the beginning of February.

The government insists that Argentina is not like Mexico. Yet it has just copied the disastrous policy of issuing instruments like Mexico's *Tesobonos*—short-term, dollar-denominated debt—which were one of the detonators of the crisis in the first place. The first issuance will be worth \$400 million and the 1995 total will reach \$1.7 billion.

Argentina's trade deficit is estimated to be 100% higher than that of 1993, between \$6 and \$7 billion. Members of Cavallo's economics team admit that at least \$10 billion will

be required this year to cover the current-account deficit.

Rounding out this pessimistic picture, the central bank has had to inject at least \$5 billion into the banking system to prevent its collapse.

Muchnik wasn't far wrong, when he noted in one of his regular Sunday columns in *Clarín* that "financially, commercially, emotionally, and psychologically, Mexico's developments are present in Argentina."

### The weak link

But as economist Daniel Novak put it in comments to the daily *Página 12*, "The banks are the model's weak link, the genitals of the Argentine financial system." There really isn't much that can be done, he added, except "1) pray; 2) try to convince foreign investors that Argentina and Mexico are totally different; 3) set up all the safety nets possible to prevent financial collapse and . . . 4) keep praying." The crisis, he said, "is building dangerously on Convertibility's first line of defense, its Maginot Line: the financial system."

The Convertibility Plan depends solely on how many dollars there are in the system to maintain parity with the peso. While it is true that the Buenos Aires stock market and the placement of bonds on international markets play an important role for purchase of dollars, no less important, and perhaps more so, is the role of the bank reserve ratio in dollars which the central bank holds for deposits in that currency. Media have reported the flight of those "deposits" to neighboring Uruguay and other countries in the amount of \$2 billion. Reliable sources have told *EIR* that average capital flight is now \$70 million daily.

Most affected are the so-called retail banks, which receive very large deposits in dollars from both foreigners and Argentines, on a fixed-term basis. One of these banks, the Extrader, had to close its doors in early January, due to a lack of liquidity. From the beginning of the crisis, the central bank has used the liquidity of the state-owned Banco de la Nación Argentina to set up several safety nets to bail out troubled banks, yet the consensus in the banking community is that the safety nets aren't working.

The illiquidity generated by withdrawal of funds is not unlike what happened in the United States, where large banks absorbed the smaller ones, which could offer at least a partially recoverable portfolio. Even President Carlos Menem has publicly advised people to take care where they deposit their money, recognizing that some banks are going to go under.

### An unpayable debt

Interviewed by television talk show host Mariano Grondona, central bank director Roque Fernández tried to calm fears by asserting that bank portfolios were very solid, since loans granted by each one of the banks audited by the central bank had mortgages attached to them. What Fernández didn't mention, however, was that the bank's ability to pay, based on this portfolio, is in doubt. The reality is that there has been

a 20% drop in prices in the real estate market, and upper class neighborhoods are now dotted with "for sale" signs on apartment buildings, because people are defaulting on mortgage payments on their condominiums. This is not unlike the situation that detonated the October 1987 collapse of the savings and loans in the United States.

An article in *Clarín's* Feb. 12 economics supplement, entitled "The Mexican Case Hits the Financial System: a Summer Storm," reports on statistics released by the Fundación Capital in December of 1994 which show that the banks' "irregular [or non-performing] debt portfolio reached 29.6%, compared to 17.2% in December of 1993." The same study reports that at the beginning of 1994 "banks held 4.9 billion pesos in public bonds. In October . . . the amount in the hands of banks fell to 3.4 billion, equal to 25% of the sector's net patrimony . . . the drop in bond volume between January and October reflects the fact that some companies were forced to lower prices and liquidate their positions. Beginning with the Mexican devaluation, bond prices dropped even further, causing a new collapse in the financial sector's stock prices."

Despite this, the government is now allowing banks to register stocks and bonds at their nominal value, in order to alleviate losses caused by the market collapse.

Also, this year, \$350 million of all the negotiable debt service obligations issued since the beginning of the Convertibility Plan come due; 80% of that debt is held by nine of the major banks in the city of Buenos Aires.

According to the Feb. 10 *El Economista*, most of the smaller provincial banks are agonizing over the situation. This is the case for Salta's state bank, 93% of whose debt portfolio is non-performing and whose profit rate is -38%; or the bank of Entre Ríos, one of the country's most important agricultural regions, 75% of whose debt portfolio is non-performing and whose profit rate is -79%. Except for those in six provinces, the rest of the provincial banks have non-performing debt portfolios ranging from 20% to 90%, and profit rates that are for the most part negative. The government's solution is to privatize these banks, even though they play a crucial role in issuing credit to finance increasingly depressed local productive activity in industry and agriculture.

Paradoxically, a survey published recently by *Clarín* shows that 40% of indebted Argentines are nonetheless willing to vote again for Carlos Menem in the presidential elections in May. This is evidence of people's terror at the thought of what would happen if the Convertibility Plan were to collapse and a subsequent devaluation were to cause their dollar debts to grow.

The same conditions apply, more or less, in each of the 10 countries believed to be on Camdessus's list, and in many that are not—for example, the United States. Not surprisingly, as the Mexican peso falls to new lows, and Ibero-American stock markets crumble, it is the U.S. dollar which financial specialists say is on the precipice of a confidence crisis.

# 'We've gotten out of depressions before'

*The following excerpts are from a radio interview with "EIR Talks" on Feb. 15 conducted by Mel Klenetsky.*

**EIR:** We have a continuing blow-out in international markets. *Neue Zürcher Zeitung* says that there are many situations that are far worse than Mexico, namely Italy, Canada, Spain, and Sweden. The rebuilding of Kobe, Japan has pulled yen back into Japan. How many more crises can the international financial system handle before there is a total blowout?

**LaRouche:** It's not going to work that way. What's going to blow the system out, is not a question of a blowout in the normal sense. It will be a disintegration, and it will be through reverse leverage.

This much was said implicitly this week, by [International Monetary Fund Managing Director Michel] Camdessus from France. More and more people are recognizing what the news media are not saying, and what people in government in the United States are still denying. You might say there's a psychological problem of hysterical denying around government and other institutions, saying that the Mexico crisis is not systemic, that is, it's not a reflection of a world crisis.

Now, these burdens of demands on the system for construction, as with the Kobe problem, or rebuilding problems from natural disasters, are not going to blow out the system, for the simple reason that we have mass unemployment and a great margin of idle construction and related capacity in Japan, in the United States, and elsewhere. Actually, these disasters should have a stimulative effect on the economies, analogous to what we saw in military buildups during the 1940s, during World War II, during the 1950s, and with the space program, all of which were great boosters of economic recovery from depression or serious recession.

For example, the war buildup involved changes in policies which took the United States out of the depression, and laid the foundation for postwar prosperity. From 1946 into 1949, the United States was in a very severe postwar recession caused by the policies of the Federal Reserve. The military buildup of 1949-52 was a stimulant to the economy, and led the United States to greater levels of prosperity.

From approximately February-March 1957, through the initial weeks and months of the Kennedy administration,

the United States was in a deep recession, the deepest of the postwar period, followed by a period of stagnation in which the economy had not significantly recovered from the recession of 1957-58. That's the collapse phase. And we got out of this through measures taken by the Kennedy administration, among which was featured the NASA program. . . .

Disasters, even great wars, do not cause depressions. They don't cause economic collapses. Bad policies do. Bad monetary policies, Federal Reserve policies do, or derivatives policies. Deregulation policies cause depressions.

Now, we are already in a global economic depression. When you look at the list of cuts being proposed and made by the "Contract with America" crowd around [House Speaker Newt] Gingrich [R-Ga.] and [Sen. Phil] Gramm [R-Tex.], you're looking at *massive depression cuts*. You have not seen proposed cuts like this, since the 1930s Depression, since the Hoover period and immediately following. These are Herbert Hoover cuts-plus.

These cuts reflect the fact that the system is bankrupt, that debt is accumulating in all sectors, especially outside the government sector, in the derivatives sector. The big problem of debt today is not the government debt, but rather the government debt is the result of tax cuts during the Reagan years, compounded by this wave of wild financial speculation: deregulation under the original Bush policies of 1982; the Gramm-Rudman policies which wrecked the economy, which are the major cause for the present debt crisis; and the derivatives deregulation. Those are the things that are killing us, the great speculative financial bubble.

**EIR:** The Rowntree group in Britain has issued the "Rowntree Report," which says that poverty expanded in Britain during the Thatcher years (1979-90) more than in any other country with the exception of New Zealand.

**LaRouche:** The collapse of New Zealand is an interesting comparison. The reason for the collapse in New Zealand (and there's a similar collapse in Australia) and these formerly prosperous areas (for example, New Zealand had the highest level of nutrition per capita of any nation on the planet) was a result of environmentalist and deindustrialization policies.

This forebodes for the United States, where a more radical version of the same thing that Thatcher did to destroy the economy and living standard of Britain, would be done in the United States. And we know what the level of poverty is, it's all around us. *We're in a depression right now*. No matter how they try to fudge the figures and manipulate the data and massage the statistics, the fact is the United States is in a depression.

I'm one of those older people who remembers the Depression. I saw and recall what the Great Depression of the 1930s looked like relative to the conditions at the end of the 1920s. I know what happened in the United States: *It*



is happening now. It has already happened. We have had Coolidge and Hoover and what they did, and we've had it all over again, through the 1970s and 1980s, since the 1971-72 changes in our economic policy.

And what Thatcher and her bunch of ignorant, stupid, wrecking bandits, with their crazy theories, did to Britain, they're going to do to the United States, unless we stop them. Anyone who wants to fool around with this Gingrich crowd's "Contract with America," should know that's what they're buying. That means: medical care, cut; jobs, cut; wages, cut, for virtually all Americans except the very wealthy. If you're old; if you're a member of a minority group, you're in trouble. If you're sick, they're probably going to kill you by withholding the medical care you require. That is, deliberately kill you, with the stroke of a pen. Ordered by Gingrich and company.

People should learn from this Rowntree Report: This is what they plan to do *to you*, if you let them get by with it. And we're in a depression. This is not prosperity. Let's react. We've gotten out of depressions before, let's get out of this one. It is not necessary to go through this misery and suffering.

**EIR:** What are the characteristics of the Thatcher policies that distinguish it from previous policies?

**LaRouche:** First of all, deregulation. The foundation of every successful modern economy is the economic role of the government in providing the increasing scales of public investment and private investment into basic economic infrastructure, through government direct investment or government-organized credit to private regulated utilities.

If you take the government out of infrastructure, as Thatcher did, put it on the private sector, make it the subject of hostile takeover techniques of the [Michael] Milken variety, then you are going to destroy the entire economy, the living standards, the health standards of the whole population.

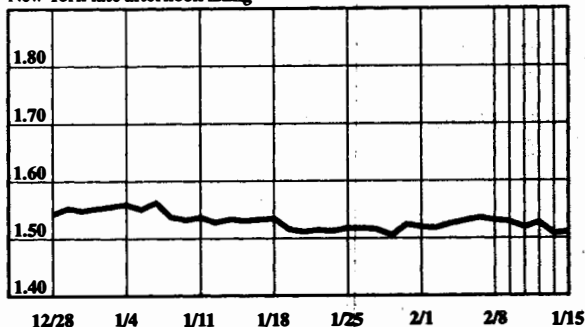
As society improves, you require more fresh water, public sanitation measures, the development of improved transportation systems, the development of sources of power and their distribution, the development of urban infrastructure, which has been collapsing in the United States for at least the past net effect, since 1970. The collapse of this infrastructure already, is the reason why our economy is collapsing.

Compare that with this immoral fascist philosophy, which the United States never followed in any period of U.S. prosperity. In every period of prosperity, the prosperity was based on what are called the methods of Alexander Hamilton, Friedrich List, and Henry C. Carey, that is, statist methods, or what Adam Smith denounced as "dirigist methods." Even Britain, in the 18th and 19th century, did not resort to free trade measures. They exported them to the victim economies; but Britain protected its own national economy rigorously.

## Currency Rates

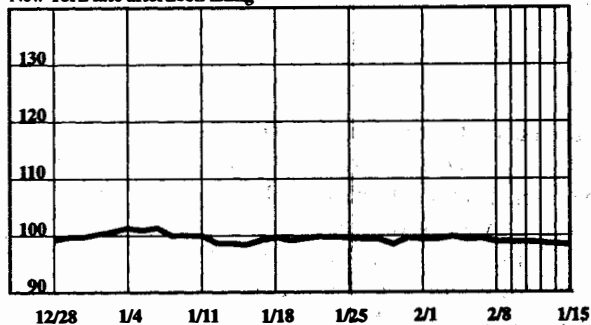
### The dollar in deutschemarks

New York late afternoon fixing



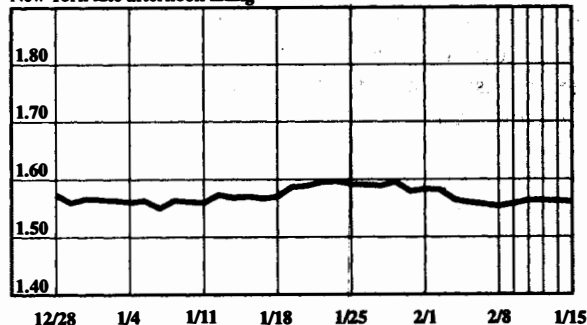
### The dollar in yen

New York late afternoon fixing



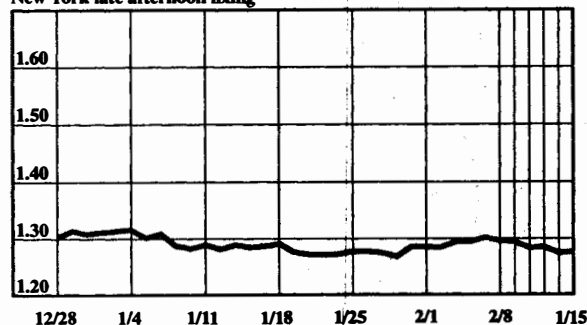
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# British send Greenpeaceniks to wage war on Japan's nuclear industry

by Rogelio A. Maduro

A fierce assault on Japan's nuclear industry is being waged by hundreds of Greenpeace operatives on five continents. As we go to press, Greenpeace's seagoing fleet is both stalking and deploying to ambush a shipment of reprocessed plutonium heading to Japan from Cherbourg, France. Greenpeace operatives have spread out from France to the Caribbean to the Philippines to organize mob protests along the plutonium shipment's route.

While Greenpeace claims that this international paramilitary deployment is designed to safeguard against a potential nuclear accident, one thing that is certainly at stake is Japan's energy independence. If Greenpeace succeeds in crippling Japan's nuclear industry, then its continued dependency on oil imports will leave it vulnerable to blackmail by the British empire, through its ability to manipulate political crises in the Middle East. Moreover, Japan has the only functioning plutonium program in the world. By attacking Japan's program, Greenpeace and its British masters are asserting their right to terrorize any country into giving up the plutonium cycle—and, in fact, into giving up nuclear power altogether.

There is no question that Greenpeace's deployment is directed from the highest levels of the British empire. As documented in *EIR* ("The 'Green' Terrorists on Prince Philip's Leash," Jan. 13, 1995), Greenpeace was created in 1969 by British intelligence as the "direct action" arm of the "peace" and "ecology" movements it spawned. Greenpeace was originally to run operations against the U.S. and French nuclear testing, as part of the operations against those nations' defense capabilities. In 1978, Prince Philip's World Wildlife Fund funded the creation of Greenpeace's seagoing fleet, whose first assignment was to destroy the whaling industries of Iceland, Norway, and Japan.

## Two-pronged opening: Caribbean and France

Greenpeace began its assault early in January when it sent the *Rainbow Warrior* into the Caribbean and Central America to whip up unfounded fears against the passage of the plutonium shipment through the Panama Canal. At the same time, another Greenpeace vessel, the *Moby Dick*, set sail to follow and harass the freighter *Pacific Crane*, which is bringing the shipment to Japan from Cherbourg.

On Dec. 18, Greenpeace released a report lying that if an

accident were to happen to the shipment, there would be severe harm to human beings and to the world's ecology. Greenpeace's lies included, for example, that the plutonium in the shipment is "weapons-usable." In fact, it is low-grade reprocessed plutonium that would require very sophisticated and complex facilities to be turned into something approximating weapons grade. Japan, as most are painfully aware, possesses no such facilities.

Ironically, Japan, by safely recycling nuclear waste, is doing exactly what Greenpeace claims it favors. Japan is sending uranium waste from its nuclear power plants to France for recycling. The French plant at La Hague reprocesses the uranium, separating useful and valuable components, including plutonium. The plutonium can be reused for the nuclear plants or a breeder reactor.

## Threatening a self-fulfilling prophecy

The real danger involved in this plutonium shipment is that either Greenpeace or a terrorist group, may attack the *Pacific Crane* or otherwise cause "an accident."

A knowledgeable source told *EIR* that "Greenpeace must ensure that the *Pacific Crane* suffers an accident." He continued: "Greenpeace has gone all over the world, from France to Panama to the Philippines, predicting that some sort of accident or another is going to happen to the ship. If an accident doesn't happen, then Greenpeace will be discredited." Greenpeace, he added, is "going to make sure something happens to the ship on its way to Japan." Top Japanese officials have expressed the same concerns.

Indeed, several accident scenarios have been mentioned in more than a dozen Greenpeace press releases, in letters to heads of state, in their report, and in all their press conferences in Europe, in Panama, and in the Caribbean.

The group has already carried out "direct actions" against the *Pacific Crane*. Upon the ship's arrival at Cherbourg on Feb. 1, it was met by a large number of Greenpeace protesters who distributed leaflets "condemning the dumping of this nuclear waste in France." A Greenpeace press release gloated that "while it was being unloaded under protection of security forces, Greenpeace activists in inflatable boats painted a sign on the ship identifying it as a 'Nuclear Trash Bin.'"

Two hours later, Greenpeace activists scaled the fences



A Greenpeace rally across from the White House, against whaling nations, during a May 1994 visit by Norway's Prime Minister Gro Harlem Brundtland. Greenpeace is deployed internationally against a shipment of reprocessed nuclear waste headed to Japan, threatening that an accident "might" happen to the ship carrying the plutonium fuel.

and broke into the nuclear waste storage site next to the La Hague plant. The site is used to store barrels of nuclear waste underground.

The inflatable boats that were deployed came from the *Moby Dick*, one of the Greenpeace vessels that will tail the *Pacific Crane* as it heads back to Japan. Greenpeace's sophisticated seagoing fleet carries helicopters and high-speed assault boats, as well as possessing some of the most advanced radar and communications equipment. The *Pacific Crane* was to load the reprocessed plutonium in Cherbourg and sail to England, where it will unload more nuclear waste to be reprocessed at the Sellafield plant. (See p. 37, "Will 'Animal Rights' Be a Mass Movement?" for our report on Prince Philip's rent-a-mob capabilities in Britain.) The ship is expected to be welcomed by violent demonstrations.

### Caribbean chokepoint

The *Pacific Crane*, however, will probably face the greatest danger as it crosses the Caribbean and the Panama Canal. One very interesting scenario emerged from the Dominican Republic, concerning a potential collision of the freighter with an "unidentified boat" in the Mona Passage, one of the only two narrow passages through which most heavy vessels must pass to approach the Panama Canal as they negotiate the Caribbean islands. These are the Mona Passage, between the Dominican Republic and Puerto Rico, and the Windward Passage, between Cuba and Haiti and later through Jamaica.

Greenpeace could ambush the *Pacific Crane* at one of these passages and attempt a blockade or an "accidental ramming" of the ship at that point. Such a hypothesis seems to be supported by the statements of Greenpeace operatives in the Caribbean.

Francisco Gerales, a marine biologist and leading Dominican environmentalist, made a statement at a joint press conference on Feb. 8 with Greenpeace's Fernando Bejarano and Athena Lambrinidou, during the stopover of the *Rainbow Warrior*. According to the Dominican newspaper *Hoy*, Gerales asserted that "the risk of maritime accidents in the Mona Passage is very high, given the large number of ships that cross it." He said, "The fact that this passage is navigated by clandestine boats, such as the boats that transport illegal immigrants, makes it even more dangerous," adding, "these boats are not easy to locate precisely because they are not interested in being located."

Gerales told the press that between Puerto Rico and the Dominican Republic there is a chain of submarine mountains that rises from a depth of 10,000 meters to 1,000 meters and serves as a "curtain" to regulate the cold water currents coming from the Arctic through the Atlantic. He said that an accident that would release radioactive plutonium could corrode that "curtain." The damage caused to the ecological equilibrium would be incalculable, he asserted, directly causing mortality of some species and morbidity and mutations that could make many other species disappear.

# Russia's banks, politics, and organized crime

by Roman Bessonov

The banking system in St. Petersburg is getting more and more criminalized, according to officials of the Internal Affairs bureau, the Federal Counterintelligence Service, tax inspectors, and the chief prosecutor's office. They released a statement to this effect after an audit concluded during the second week in February, with the participation of the Russian Central Bank's representative in St. Petersburg, Viktor Khalansky.

What these officials have in mind is not only gross violation of banking laws, but also the fact that some banks are under the direct management of criminal elements. The prosecutor's office possesses evidence that illegal loans were given to some St. Petersburg companies, some of them exceeding \$100 million. One branch of a Moscow bank has been functioning in St. Petersburg since 1990 without being registered with the tax department, and has not been paying any taxes at all to the federal and local governments.

Delays in loan repayments are not the exception but the rule in Russian banking practice these days. Another common violation is to delay in transferring budgeted money to state-protected enterprises. This is most characteristic of Promstroibank, the bank that was found to be the most reliable by the European Bank of Reconstruction and Development. Some banks are constantly registering a false (diminished) cash balance. This was discovered in the audit of Baltiyskiy Bank, another prominent St. Petersburg institution. The "champion" in tax avoidance is Astrobank. Four other banks are occasionally mentioned in the report of the official audit for having committed violations, but they are not as significant in scale as these three.

The report on the audit was partly published only in the *St. Petersburg Business Review* newspaper, No. 2 (46). The liberal mass media "didn't notice" it, while the only publication that did, described the official report as "a campaign against all the commercial banks," especially the Baltiyskiy Bank.

## Political connections

The peculiar thing about these three banks is the degree of their involvement in political life.

**Astrobank** is known as a sponsor of former President Mikhail Gorbachov's Green Cross "ecological" organiza-



*Yegor Gaidar: His party holds its meetings at St. Petersburg's Astrobank.*

tion, busy with real estate speculation and supporting the formation of a "green" youth movement of a pagan variety. The bank is also sponsoring former prime minister and radical free-market advocate Yegor Gaidar's party, to the extent that *all* its meetings and conferences in St. Petersburg take place at the bank's offices at 48 Nevsky Prospekt. The bank also owns the liberal newspaper *Smena*, which was previously also the St. Petersburg branch of Gennady Burbulis's "Strategy" analytical center.

According to unofficial but well-informed sources, some of the **Promstroibank** leadership, as well as that of the **Baltiyskiy Bank**, are sponsors of the St. Petersburg Foundation for Promotion of Democratic Reforms, originally instituted by St. Petersburg Mayor Anatoly Sobchak, and later taken over by former chairman of the St. Petersburg City Council and member of the Federation Council Aleksandr Belyayev. Officials of both banks took part in the election campaign for the city Duma (Assembly) as members of the liberal Democratic Alliance of St. Petersburg, which was run by Belyayev.

In December 1993, a brokerage company called Lenstroimaterialy started buying up a large number of the shares of the St. Petersburg Bank. A bank official interviewed in the local press explained it by saying this was part of the activity of the "Promstroibank mafia." Mayor Sobchak tried to give another explanation, hinting at anonymous "aggressive banks from Moscow." But one well-informed banking analyst is sure that Promstroibank had direct permission from Sobchak to buy a controlling chunk of the St. Petersburg bank's shares.

As for the report of the Federal Counterintelligence Service group that conducted the audit, neither it nor the name of its chief was published. Probably for the same reason, the criminal groups that are suspected to be managing these banks are not mentioned. Still, St. Petersburg enterprises' directors unofficially refer to the "Promstroibank mafia" as they do to the "Chechen mafia" (since early spring 1994, when the leadership of the bank changed). Similar rumors have been circulating for a long time about the Baltiyskiy Bank.

# The disappearing German farmer: a candidate's perspective

by Georg Neudecker

*The author was a candidate for the parliament of the German state of Hesse for the elections on Feb. 19 on the Civil Rights Movement-Solidarity ticket, a movement led nationally by Helga Zepp-LaRouche. The article originally appeared in Neue Solidarität, and has been translated from the German.*

Agriculture is a painful subject for many politicians, and so it is often treated like a fifth wheel. And no wonder. Even many farmers no longer believe their profession is needed and are ready to throw in the towel. This becomes clear when one makes the effort to campaign door to door during the election period. Going from farm to farm, sitting down and talking to people and drawing up the balances, one discovers that the farmer has become a rare bird.

In the German state of Hesse, where legislative elections are about to be held, this has been affected by the small scale of agriculture, where in the semi-mountainous regions farms are seldom more than 6 hectares in size. The figures—1970: 91,715 farms; 1980: 63,219 farms; 1990: 47,442 farms; and 1993: 42,993 farms—reveal that farmers are disappearing faster and faster. According to official statistics, by the year 2005 there will be only 3,000 farms left in the state. What this means for the village structure can already be seen. The rural village is losing its character and function. Onetime agricultural buildings are remodeled into housing, and will no longer be usable in the future for their real purpose.

Thousands of jobs have been lost to a mistaken agriculture policy, and these people are being squeezed onto an already stretched job market. At a time when speculation looms large, little thought is given to national economic needs. An example is waste management. You would have to be an expert in waste disposal to figure out all the rules. In many towns I have seen as many as four different-colored waste barrels in front of every house, plus the yellow bags where you are supposed to put your rinsed-out plastic bottles.

The massive growth of speculation has led, in the last five years, to more and more capital being tied up. Agriculture has shrunk accordingly. This is quite understandable, because capital put into labor-intensive branches of the economy cannot bring in the rates of profit which can be “earned” in

financial speculation. What makes things even harder, is the fact that growers' prices have stagnated since the mid-1970s, and have even been sinking constantly over the last seven years, thanks to the European Agricultural Commission's decisions, while the costs of operating capital have been steadily rising. That means that even the farms with the best land and optimal equipment will be in trouble in the foreseeable future.

## Postwar progress

It is useful to look back over the past 50 years to grasp the changes that farmers have gone through. After 1945, food supply was extremely scant. Industry lay in rubble and ashes, and the currency to import goods from abroad was not available. To supply the population, government controls were set up for food. Food vouchers and ration cards assured a distribution which was by-and-large fair, and farmers were similarly under obligation to deliver farm products. Although the quotas were high, they were generally met, because all energies were exerted to stave off hunger in the cities.

This system from the Third Reich days was maintained until the 1948 monetary reform. Then commodities could be bought freely on the market again—insofar as one could do it, because prices were quite a bit higher than today.

Farming activities were predominantly performed by hand, and many hired hands were needed on the farms. Then, little by little, farm machinery and tractors drove out draft horses and oxen. Fertilizers could again be bought, causing yields to rise steeply, and the first pesticides came into use. After farm animals were replaced by technology, the fodder fields became available for growing fresh produce. By the mid-1960s, this change was complete for most farms. But with the increasing mechanization of farms, the costs also went down as not-insignificant items of expenditure.

Machines in the meantime became indispensable aids, without which it was no longer possible to do the work. But since not all the work could be mechanized, or only with very high capital outlays, specialization became unavoidable. At the same time, from the 1970s on, in the so-called family farms only the head of operations and his wife (and as much

as possible, the lifetime tenants) did the work.

Under the agrarian law of September 1955, for the next nearly 20 years German farmers broke even with the help of government subsidies. All that changed when in spring 1973 the first big oil shock broke over Europe. As ill-prepared as the world was at the time, the press was well-prepared to sell the hoax. The oil crisis was decided in summer 1972 in the Swedish saunas of the international banking circles; the 400% rise in crude oil prices was supposed to rescue the weary dollar balance of payments. This marked an incisive turning-point for agriculture.

### **Grow or retreat?**

Until 1973, the supply of the population with food was uppermost, but this changed fundamentally after the oil shock. The suspicion suggests itself that agriculture was deliberately being subjected to structural change, in order to weaken the small and medium-sized firms and make them easier to control by the apparatus in Brussels, the seat of the European Community bureaucracy.

A decisive change was also accomplished in financial policy, which helped in an essential way to cause the ruin of agriculture in the following years. In the 1975-76 agricultural year, the first incursion was made into the income of farmers, and since then, farm incomes have never again reached the level of the industrial sector. At the same time, the slogan of "grow or retreat" was put out. Previously people had still enjoyed farming, but now the climate changed in the rural communities. Because "grow or retreat" means now, that one must "retreat," if others want to "grow." The neighborly relations among farmers grew colder, and a battle began over leasing the fields of colleagues who were bailing out. The cost of leasing rose, and many farmers ventured into financial risks. The farmers were pulled into an expansion process which they could seldom finance out of their own pockets. Indebtedness climbed incessantly.

The end of the 1970s began the time of incentives for slaughtering herds and clearing land, and, (often at the same time) incentives for restocking. Land tax revenues were often a means for moving farmers to suspend farming activity. The competitive struggle was especially recognizable in the villages, where many farmers above the age of 40 or 50 are still expecting to work to earn their livelihood by running agricultural operations for many years to come, because the prospect is so slight of being able to find another job at their present age, given the already widespread unemployment.

At the outset of the 1980s, the operations were driven by the compulsion for success into bigger and bigger dimensions. The introduction of milk quotas in 1984 reinforced competitive thinking, because some had already enlarged their operations, while others had not, because the size of operations seemed to have been established from years back. Many went under financially, and no longer exist. Through partial selloffs of land the debts were gradually paid back.

When the operation was shut down, the live and dead inventory could be utilized for debt repayments. Anger with the revenue office thus drove many a farmer, in the surrender of his farming operations, to lose his mind.

### **Huge lies about supply**

Few of the remaining farmers are debt-free. Even the big operations with over 100 hectares have no guarantee of surviving the next years. If the "East German Exception" continues further, with its already far bigger structures, then many more farms will die off. What good that is, no farm association official or politician can explain today. Because under cost pressures, even the eastern economy cannot manage without the billions in subsidies from Brussels. Production intensity is flagging. This has led to the fact that in East Germany the apportioned milk quota has not to this day been completely fulfilled, although a lot more milk was produced before unification.

We have to ask ourselves: Who gives the German agriculture minister the nerve to still talk about overproduction of food in Europe? Due to a reduction in intensity and to land set-aside, for years there has been a 60-million-ton supply gap in the European Community. This corresponds, distributed over Europe, to 7.6 million hectares, to the cultivated area of the old West Germany.

In the case of a financial breakdown, a gigantic supply gap will open up and expose the "overproduction" lies. Today we are filling this gap only through substitutes brought in from the Third World. As a rule, these are production residues from citrus, oil, or liquor production, but also livestock feedgrains and tapioca, which in the producer countries only cost a few pennies per 100 kilograms, but in the EU they can be marked up for lucrative profits.

Whoever has followed this development, already knows the tricks of the so-called free market. The so-called invisible hand, which allegedly rules the market process, works peculiarly to the advantage of the speculators and usurers, and not for those who have taken on the efforts and risks of production. That is not just the case for agriculture. The billion-dollar international concerns who seldom care about the welfare of single nations, have their agents in politics, economics, and the associations. Thus the markets are controlled and the competitors are played off against each other. More and more private manufacturing operations are pressed on the market; in the long run, dumping methods strike down all the competition. This "invisible hand" has also entered the commodities futures markets. Here, the agrarian market is most effectively manipulated and the world market price is established, which in the past was always tied to the costs of production.

One thing is certain: As long as there are people, there will be farmers. And agriculture will in the future once again have much greater importance than it gives the impression of having under today's assumptions.

## Eastern perspectives for maglev rail

*The Russians and Germans plan to build a maglev rail system from Moscow to Sheremetyevo airport.*

On Oct. 12, 1988, in a speech at the Bristol Kempinski Hotel in Berlin, U.S. statesman Lyndon LaRouche outlined a perspective for East-West cooperation in the joint development of a "Eurasian land-bridge" of infrastructure and industry. The ideas that LaRouche presented, a year before the Berlin Wall fell, sounded like "castles in the sky" to many, but some took detailed notes.

So, when today, politicians and experts in Berlin repeatedly come forth with proposals for grand infrastructure development projects between the West and the East, one must also recall this debate has a background that can be traced back to that spark at the Bristol Kempinski Hotel in 1988.

During the last week of January, Berlin was at the center of several important events that were in the spirit that LaRouche addressed:

First, the transport ministers of Germany, Poland, Belarus, and Russia signed a memorandum of understanding in Berlin on Jan. 23, on the accelerated completion of the Berlin-to-Moscow transport corridor, which is planned, by the year 2010 at the latest, to make train travel possible at speeds of 160-250 kilometers per hour. The agreement was a point of departure for Herwig Haase, the Berlin city-state's minister of public transportation, who proposed that maglev trains, such as the German Transrapid, be used on that route:

"In view of the fact that the city of Moscow has concrete plans to build an urban maglev train line, and in view of the certainty that the Transrapid will run between Hamburg and Berlin, and

in view of discussions between Moscow and St. Petersburg as well, the modern maglev train system should be used instead of the traditional rail-track technology," Haase said on Jan. 24. "A project that would link the capitals Berlin, Warsaw, Minsk, and Moscow through this modern transportation system should also be seriously discussed. Travel time between the two end points of this new route—Hamburg and Moscow—could then be reduced from 33 hours currently, down to five."

Haase has mandated a study to define a route into Berlin for the Transrapid coming from Hamburg, as well as for potential maglev routes from Berlin to the East.

What Haase referred to as Moscow's "concrete plans" for an urban maglev project had already been discussed during talks that Berlin's Mayor Eberhard Diepgen conducted with senior Russian officials and transportation experts in Moscow in October 1994. The visit took place in the context of the sister-city partnership between the two capitals. The corresponding visit of a Russian delegation to Berlin on Jan. 24, 1995 resulted in a cooperation agreement that was signed that same day by both municipal administrations and industrial firms in the railway technology sectors.

The Moscow project envisions the construction of a 30 km maglev link between the planned new business center near the Kremlin and the international airport at Sheremetyevo. After completion of the line, passengers will be able to travel between the Kremlin and the airport in 20 minutes, as compared to an average 90 minutes today.

The project, which is scheduled to begin next year, will be a joint venture, with the construction (about 70% of the total work) done by Russian firms, while Germany will contribute the train system and modern electronic components, such as signal systems.

Vladimir Inosemtsev of the Moscow University of Transport Technologies who led the Russian delegation, said that the Bonn cabinet approval last autumn for the Hamburg-to-Berlin maglev project convinced them that this technology would be ideal for their project.

Both Inosemtsev and Haase hinted that after the maglev track in Moscow is completed by the year 2002, the Russians plan to build another 120 km rail line between Moscow and the industrial center of Selenograd, plus to the Domodedovo national airport.

The first line is expected to cost DM 1.2 billion (\$750 million), and the second DM 600 million. The weak flank in this agreement is that the investments will be organized by a private banking group that will be set up in Moscow. This requires a strong state hand in the project on the Russian side, to make sure that the free-market impulses that have caused so much ruin in the Russian economy, don't delay the project.

The Germans have offered to help the Russians secure some European Union funding for the projects, which, because this involves state guarantees on the western side, would make investments considerably safer.

On Jan. 29, Haase proposed taking the maglev technology beyond Moscow to Asia: "I am already seeing the Transrapid going from Berlin to Beijing, even to Tokyo." Since by 2010, Berlin will have become the biggest hub for high-speed transport on the continent, it is appropriate to think about maglev lines to Asia today, he said.

# Business Briefs

## Asia

### Malaysian firm may build express highway in India

Renong Overseas Corp. of Malaysia has offered to build the 700-kilometer Calcutta to Siliguri express highway on a build-operate-transfer basis, and the West Bengal state government has accepted the offer in principle. The state government will arrange for the 7,000 acres of land required to construct the highway, commented West Bengal Chief Minister Jyoti Basu, following the presentation of the plan by the Malaysian company in early February.

"Renong Overseas will soon sign a memorandum of understanding with the state government to take out a feasibility study of the highway project," Somenath Chatterjee, chairman of West Bengal Industrial Development Corp., told reporters on Feb. 7. The costs of the survey will be borne by the Malaysian company. The Peerless General Finance and Investment Company-Titaghur Steel combine has already appointed a New Delhi-based consultancy firm, Consulting Engineering Services India Private Ltd, to do a pre-feasibility study of the project.

## Eurasia

### New Berlin hub mooted for air travel to Asia

Berlin needs a new airport to serve as a hub for air travel to Asia, said Thomas Hertz, director of the Berlin Chamber of Commerce, and Hartmann Kleinert, managing director of the Association of Entrepreneurial Organizations in Berlin and Brandenburg. Hertz and Kleinert were presenting a document that calls for the construction of a new international airport south of the German capital, preferably at Sperenberg, where a former military air base already exists.

Many so-called experts oppose the project on the grounds that, with major airports in Frankfurt and Munich, Germany doesn't need a third major airport. Hertz and Kleinert said, however, that it makes a lot of sense to build

it in the Berlin region. Airliners would need at least one hour less flight-time to the Far East, as compared with Frankfurt or Munich. Unlike other airports which cannot be expanded much more, the capacity to transfer large numbers of passengers could be built into a new one, Hertz explained.

A new Berlin airport, because it would be located outside the urban area, could operate 24 hours a day, and would create incentives for economic growth in the Berlin-Brandenburg region of DM 20 billion (\$12.5 billion) a year, Hertz said. He added that a precondition of this prognosis is that the airport be accessible by high-speed trains, either the ICE or the Transrapid. The Berlin Chamber of Commerce has already come out for the Transrapid, a maglev rail system, as an extension of the Hamburg to Berlin rail line.

## Health

### Vitamin A deficiency tied to AIDS transmission

A new study shows a link between vitamin A deficiency in an HIV-infected mother, and transmission of the human immunodeficiency virus (HIV, which causes AIDS) to her infant, Dr. Richard Semba of a Johns Hopkins medical team reported on Feb. 2, according to the *New York Times*. The report coheres with a theory that HIV transmission is linked to the overall status of the immune system of the individual, and corroborates the findings of a biological task force commissioned by Lyndon LaRouche in 1975.

Several studies have shown that, when deprived of vitamin A, T cells and B cells—two types of immune cells—fail to function properly. T and B cells are critical to helping the body fight HIV. The Semba study, carried out in Malawi, showed that HIV-infected women who also suffered from vitamin A deficiencies died at twice the rates of other HIV-infected women, and their infants were at nearly five times greater risk of becoming HIV-infected.

"One puzzle of the AIDS epidemic is why the disease has spread so much more extensively in many countries in Africa than in the U.S. and Europe. Dr. Semba said he believed that vitamin A deficiency could be an impor-

tant factor in explaining the differences," the paper commented.

## Political Economy

### LaRouche's 'Christian Economy' reviewed in Italy

The Italian-language edition of American economist Lyndon LaRouche's *The Science of Christian Economics*, published last October, was reviewed in mid-February by ARI, a Catholic news agency. The book has met with much interest among Catholic economists and people who have contributed to the so-called "social doctrine of the Church," which was the basis for the industrial reconstruction in Italy after World War II.

"There is no book in the world which does not give insight into its author; the book we are reviewing reveals him immediately, in his full intellectual scope of an enlightened economist, standardbearer of freedom and justice, a man of unbreakable faith, which was not reduced by the dramatic events he had to undergo. He reveals this with the clarity and sharpness of his thoughts, which he had to dictate by phone from the jail in Minnesota in which he was kept prisoner, although innocent, for five years," the review read, referring to LaRouche's unjust imprisonment.

"The thesis which he develops, in order to demonstrate that social and economic policies must be inspired by principles of the Good, are mainly scientific. . . . They are also philosophical, historical, sociological, and literary, because they involve man: the sacredness of his life, his spiritual activity, his modes of behavior in history.

"Humanity, he writes, has to free itself from the evil which enslaved it, from all-consuming usury which, even if it changed colors, as the encyclical letter *Rerum Novarum* expressed in the 19th century, is still being practiced. As indicated by Thomas Aquinas, he continues, man has to react to the iniquity of laws which tend to make him miserable and oppress him because they do not conform themselves to True Reason; he has to oppose all attempts made day after day by speculators and oligarchs in order to mortify life, reject faith, and spoil consciences. . . .



"The scientist which predominates in him makes no statements which are not proven true by evidence; he gives no explanations which are not confirmed by certainties, such as the ones reached by the scholars Nicolaus of Cusa and Gottfried Leibniz, by the philosophers Plato and Socrates, by mathematicians Abel and Kepler, by economists Hamilton and List, by physicists Galilei and Pascal, by astronomers Torricelli and Gauss, and by Leonardo da Vinci, the Apostle Paul and Christ himself.

"LaRouche's book is therefore an illuminating book, which analyzes and criticizes the most important social and economic realities in the world; a book which is able to give the reader new certainties and to inspire in him an extraordinary strength, which can make him react and free himself. It is also a compassionate, disquieting book, since it supplies evidence of the many wrongdoings and crimes perpetrated in the name of gain and power in all parts of the world, by evil gangsters who hide behind masks."

## Trade

### Britain, Cuba toast better trade ties

Conservative Party parliamentarian Baroness Young met Fidel Castro twice during her visit to Cuba in early February as head of a 40-man British trade delegation. Young called Cuba a "very important market in the Caribbean," and praised the Cubans for having "undertaken a number of major changes in the economy," many of which she said she had discussed with Cuban officials during her last visit to the country 18 months ago. Castro told Reuters that he, too, was encouraged at prospects for improved ties.

The visit followed the signing in London of an Investment Promotion and Protection Agreement between Cuba and Britain, to build investor "confidence." The baroness heads up a newly formed "Cuba Initiative," described as a British private sector drive to increase business with Cuba. Cuba's trade minister has been named by Castro's regime to represent Cuba's side of the Cuban Initiative.

A British "business" offensive also contin-

ues toward other Ibero-American countries: The Foreign Office's minister for Latin America, Davis David, arrived for a four-day visit to Brazil on Jan. 30, as head of a business delegation. He said that Britain had a lot to teach Brazil about privatizing its steel, oil, and electricity industries. Four British ministers are scheduled to visit Brazil in 1995, he reported. Likewise, Britain's new ambassador to Colombia, Leycester Coltman, announced that he wants to double trade with Colombia. Britain is the second-largest and fastest-growing investor in Colombia.

## Population

### 39 million at risk because of civil unrest

Over 39 million people are in danger of dying of starvation or disease this year, because of civil unrest or other emergencies, according to a CIA report. Much of the danger is concentrated in Africa, but the threat is severe also in other parts of the world, including Afghanistan, Bosnia, Haiti, Iraq, and several former Soviet republics. The estimate was completed last December and does not address the toll in Chechnya.

The CIA estimates that 4.3 million people are at risk in Ethiopia, which is beset with civil strife, scarce water, and lack of infrastructure to support large-scale relief operations. Those at risk elsewhere in Africa include: Angola, 3.7 million; Rwanda, 4 million, 59% of the population; Sudan, 3 million; Liberia, 2.1 million, 74% of the population; Sierra Leone, 1.5 million, where less than half the population has access to safe water; and Somalia, 1.1 million, in a country which has no had a central government since 1991, and where the U.N. humanitarian relief effort that began in 1993 is set to end in March.

The CIA estimates that in Haiti, where at least 2 million people receive health and water assistance, about 1.3 million will require food assistance in 1995. Others at risk include: Afghanistan, 4.2 million; Bosnia, 2.5 million; 1 million each in the former Soviet republics of Azerbaijan, Georgia, and Tajikistan; and Iraq, 1.3 million.

## Briefly

● **CHINA** will not dismantle its state-sector industries, and western-style "privatization" policies will not be adopted, Yuan Mu, head of the Chinese State Council's Research Office, the leading think-tank advising the cabinet, told *Economics Daily* in early February.

● **WORLD FOREIGN DEBT** reached \$1.945 trillion at the end of 1993, compared to "only" \$658 billion at the end of 1980, the decade of the "big debt crisis" for developing sector nations, Danilo Taino wrote in the Feb. 7 Italian daily *Corriere della Sera*.

● **TURKEY AND INDIA** agreed that trade could be increased several-fold, and the potential for joint efforts in Central Asian republics could be tapped as part of trilateral arrangements, during Turkish President Suleyman Demirel's visit to India in early February.

● **FERTILIZER** prices are at an all-time high in the United States, and the chairman of the House Agriculture Committee in Minnesota has called for a government investigation. Prices have increased 20-50% in recent weeks, and wholesale nitrogen fertilizer prices have climbed 50-60% since last spring.

● **SOUTH KOREA** is studying ways to improve farm production in North Korea, the Rural Development Administration said on Feb. 10. "Agricultural cooperation with North Korea is necessary to prepare for an eventual reunification," a spokesman said. North Korea's grain harvest last year totalled 4.13 million tons, against an estimated 1995 consumption of 6.72 million tons.

● **FRANCE** is heading for a "social explosion" because of the belief of the circle around Prime Minister Edouard Balladur that the working-class simply no longer exists, and that one can have a utopian worker-free society dominated by "services," the Feb. 8 German daily *Frankfurter Allgemeine Zeitung* commented.

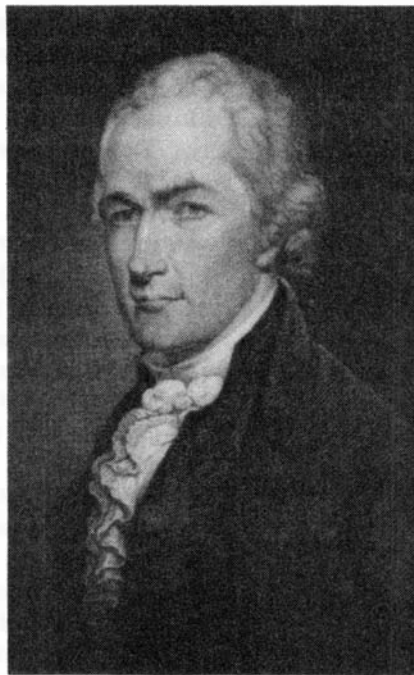
## European roots of the American System of Economics

by Nancy Spannaus

It would be a only a small exaggeration to say that the American population has undergone a lobotomy relative to its real history. Americans in general have absolutely no knowledge of the distinct and positive qualities of the Declaration of Independence, the U.S. Constitution, and the American System of Economics, and where they come from. Many have actually bought the line that British free-trade lackeys like Adam Smith and John Locke, were part of the positive heritage of this country. Such ignorance has created a very dangerous weakness that anti-American zealots parading as patriots—such as Rep. Newt Gingrich and Sen. Phil Gramm—are currently able to exploit.

The actual lineage of the American System is the concept of the commonwealth, an idea which emerged with force out of the period of the Italian Golden Renaissance, which was itself based on the Platonic republican tradition from the Greek Classical period, as well as Christianity. The concept of the commonwealth was built on the idea that a sovereign nation-state must be dedicated to the education and improvement of its population through scientific and technological progress. It was an idea that defined a positive role for the state, in its fostering of conditions that would benefit the individual, and which understood the individual for the first time in history, as being made in the image of God the Creator, and thereby worthy of being treated as such in social and economic policy.

If you understand the principle of the commonwealth, you then understand the coherence of the Declaration of Independence and the U.S. Constitution, and the undeniable fact that the fledgling American republic was a rejection of John Locke and British free-trade policies, and an embrace of republican values. If you know the real history of the commonwealth tradition, you then understand where the concept of “general welfare” in the U.S. Constitution comes from, and how it commits the United States to rejecting the Confederate Constitution and its modern-day imitators. You are able to resolve the allegedly irreconcilable conflict between the interest and freedom of the individual and of states, through the



Gottfried Wilhelm Leibniz, (left), a universal genius and leader of the cameralist tradition in Europe, can be considered the founder of modern economic science. The two greatest followers of the European cameralist school in America were Alexander Hamilton (center) and Benjamin Franklin.

concept of a republican nation-state based on God's natural law.

Historian Christopher White and I first sought to document this assertion in a book published in 1977, entitled *The Political Economy of the American Revolution*. The book, which is scheduled to be reprinted soon, was comprised primarily of documents from the work of those who created the commonwealth movements in France and England in the sixteenth and seventeenth centuries, and from their successor tradition in America—in particular Benjamin Franklin and Alexander Hamilton.<sup>1</sup>

Since that time, with the aid of economist-philosopher Lyndon LaRouche and many of his and our associates, the picture has been filled out considerably.<sup>2</sup> The fundamental breakthrough was made in the period of the 1439 Council of Florence, which saw an explosion of creativity not only in the arts and sciences, but also in the understanding of statecraft. A school of thinkers developed who called themselves

cameralists, since they formed chambers of advisers to local rulers. The task of the cameralists was to devise the policies which would guide the ruler in economic policies in particular.

Their thinking spread from Italy into France (Louis XI to Jean Bodin to Jean-Baptiste Colbert) and Germany-Austria (Melchior von Osse to Veit Ludwig Seckendorff to Gottfried Leibniz to Johann Heinrich Gottlob von Justi and Joseph Sonnenfels). These thinkers, as well as commonwealth adherents in England, played a direct role in transmitting the idea to the American colonies where, with the benefit of immense distance from the European oligarchy, a distillation of their republican ideas were put into practice. It was a great, though by no means perfect, step toward the realization of the ideas of the Renaissance.

At the present time, the American population—degraded in its self-conception as well as its culture and living standards—is in great danger of betraying its heritage. The opponents of the American Revolution knew that, if they destroyed the *ideas*, that they could destroy the reality. In the following pages are traced the leading intellectual forebears of the American republic and its system of economics and statecraft. In most cases, it is very difficult to find mention made of them, much less their writings, in any history or economics book, and even in libraries. Yet, an understanding of the thinking of these men is absolutely integral to understanding what the United States of America represented in its founding, and what it must again represent today.

1. Nancy Spannaus and Christopher White, *The Political Economy of the American Revolution*, New York: Campaigner Publications, Inc., 1977.

2. Two full-length books and innumerable magazine articles have been produced from the voluminous researches of members of the International Caucus of Labor Committees, the philosophical association based on LaRouche's ideas. The books are: W. Allen Salisbury, *The Civil War and the American System, America's Battle with Britain, 1860-1876*, Washington, D.C.: Executive Intelligence Review, 1992; and H. Graham Lowry, *How the Nation Was Won, America's Untold Story 1630-1754, Vol. 1*, Washington, D.C.: Executive Intelligence Review, 1988.



Nicolaus of Cusa's work in science and statecraft formed the basis for the republican movements of the Renaissance and the later development of cameralism.

### The cameralists in Italy

It is likely that the republican notions of statecraft that arose in the Golden Renaissance derive from the wide-ranging work of that era's most seminal figure, Cardinal Nicolaus of Cusa.<sup>3</sup> The cardinal's groundbreaking work in science was supplemented by writings on statecraft, and the museum dedicated to his life in Bernkastel Kues, Germany, contains a display on his pioneering ideas of representative government. In the same period, a Platonist of Greek nationality, George Gemisthos Plethon, was active in Florence, and discussed the principles by which a proper government must deal with different sections of society—those engaged in agriculture, manufacturing, and trade—in order to provide for the general welfare.

The core concept behind cameralist statecraft was that the prosperity of a state depended upon the adoption of policies which fostered the improvement, materially and spiritually, of the citizenry. This was a revolutionary idea at the time—and remains so in many parts of the world today. It meant that a ruler had to devise a means of increasing wealth by making the citizenry more productive, but not by looting them. It meant changing from a situation where the vast

3. William F. Wertz, Jr., "Man Measures His Intellect Through the Power of His Works: How Nicolaus of Cusa's revolution in the Platonic Christian concept of natural law laid the basis for the Renaissance invention of the modern nation-state," *Fidelio*, Winter 1994.

majority of the population were slaves, or virtual slaving beasts, to one in which people were assumed to be educable and improvable—and therefore to a state policy which sought to implement such a policy.

Thus, as opposed to a situation of virtual war between rulers and their subjects, there was conceived to be a scientifically knowable common interest between them. The first purpose of the ruler was to provide for the prosperity of his subjects.

At the highest level, with the cameralists there came into being a school of statecraft and economics based upon the idea that man's nature was *imago viva Dei*, in the living image of God. Man's innate dignity and his creative capabilities were not simply to be recognized in church, but were to be understood as the foundation for sound economic and social policies.

The cameralists are sometimes known as the school of statecraft or economics which based itself on expanding population. This was directly related to their view that each individual was a net producer, rather than a drain on society, and that the source of wealth in society is not raw materials or land, but the productive powers of labor of individuals. It was a short step from there to the requirement to improve that productive power, through education and infrastructure and technological advance.

The eighteenth-century cameralist Antonio Genovesi put it this way: "The first aim of Political Economy is the increase in population. The most important part of Political Economy is to discover through what means one can increase the population. The way to increase the population are manufacture and the improvement of agriculture through the teaching and application of agricultural mechanics."<sup>4</sup>

The most prominent Italian cameralist was Antonio Serra, who wrote his *Treatise of the Sources of Wealth of State without Gold or Silver Mines* in 1613. Serra's work was known to the German Hamiltonian Friedrich List (nineteenth century), but undoubtedly his work around Naples also spread to France, Germany, and Italy much earlier. Serra distinguished two kinds of wealth: *accidenti propri* and *accidenti communi*. *Accidenti propri* he categorizes as follows: 1) wealth from bullion coming from gold and silver mines; 2) wealth resulting from an extraordinary geographical endowment, such as fertile agricultural land; and 3) wealth from extraordinarily strategic location for trade, as in the case of Venice. But clearly none of these sources of wealth can provide a general concept of how to create wealth, Serra argued, since only a few states are endowed with these special characteristics.

Then Serra discusses *accidenti communi*, which he describes as follows: 1) crafts and manufactures; 2) the quality of the population; and 3) the character of the policy of the

4. The quotes from Genovesi and other cameralists (not including Leibniz) come from an unpublished speech given in the early 1980s by Michael Liebig of EIR's German affiliate.

state. These are elements of policy which any state can develop properly, regardless of geographical, climatological, or related conditions. Serra defines crafts and manufactures as the most important element for creating wealth, *above agriculture*. He argues that this is true because they guarantee a surplus, unlike agriculture, since they depend upon human work alone, not upon nature; because they can be expanded almost without limit; and because they can be transported over long distances.

Improving the quality of the population is the second policy Serra discusses. This means that the state has an interest in improving and educating people, and giving them the capability to learn and advance. His associate Tommaso Campanella expressed the concept this way:

“God’s will is that science is taught not only to noble men but to all people. . . . Doesn’t that painter paint better who knows mathematics and other sciences, compared to the one knowing only the craft of painting? In the same way, the wise man cultivates the land more profitably than the ignorant peasant, who knows nothing about the peculiarities of soil, water, and air, or the different seeds, plants, grasses, etc. . . . If bricklayers, shoemakers, and other craftsmen would know about scientific ideas on the subject and proceedings of their work, and therefore rely not only on tradition, we would have better workers and a happier life.”

The third determinant of the state’s prosperity is whether the government, or ruler, followed such policies.

What we see in Serra, overall, is an anti-oligarchical policy—one that demands constant progress for the population as a whole, and an active effort by the state to create conditions permitting that progress.

### The French cameralist school

While there were many Italian Renaissance influences into France, including through the Brothers of the Common Life and other institutions and individuals who influenced the great Louis XI,<sup>5</sup> one of the major theorists of the school of national economy (or national economic development) which came out of this, was Jean Bodin (1539-96). Bodin’s work and that of his better-known successor, Louis XIV’s General Controller of Finances Jean-Baptiste Colbert, are extensively reviewed by Christopher White in *The Political Economy of the American Revolution*, and therefore will be merely summarized here.

Bodin begins from the concept that an expanding and improved population is the principal basis for wealth, and

5. King Louis XI (reigned 1463-83) created the world’s first modern nation-state in France. His national projects included the first postal system, the first national military not based on the private armies of the feudal nobilities, and a project for a national bank (unfortunately never realized). Under his 20-year reign, in a country otherwise devastated by the Hundred Years’ War and Black Plague, the national income was doubled. Louis XI was closely allied with both the Renaissance forces in Italy and with the Brothers of the Common Life in the Low Countries.

then asserts that the growth of wealth depends upon increasing the amount of work done on nature (e.g., crafts and manufactures). Both of these ideas led him to reject the leading practice of the day—looting bullion to increase wealth. Instead he had to insist upon the state taking actions to promote an increase in knowledge on the part of the population, and an increase in the means by which the population could produce wealth, through tax policy, education, subsidies, and so forth.

These policies were continued by Colbert in particular, who used his period of political power to unify the French nation with infrastructure, to promote self-sufficiency in necessities such as food and clothing, and to foster technological advance through academies, fairs, and so forth.

Colbert was a direct influence on Alexander Hamilton, America’s first secretary of the treasury and the acknowledged founder of the American System of Economics. Colbert’s policies are generally considered the prototype of mercantilism, meaning state protection of industries against the free trade, or trade war, and the control of terms of trade. What is usually ignored, however, is that the Colbertian—and American—view of mercantilism was not undertaken in pursuit of buying cheap and selling dear (effectively, theft), but for building up the productive power of the nation.

### The German cameralist school

German cameralist writings have been traced to the period as early as 1555, when Melchior von Osse, a court judge in Leipzig, wrote his “Testament.”<sup>6</sup> Von Osse outlined the obligations for a ruler who wished to run a prosperous, successful state. Here is a sample of his thought:

“A lord and ruler is in three respects under obligations to the people divinely intrusted to him, namely, that he should maintain the same in good prosperous circumstances, which occurs when the people live virtuously, and some among them are promoted to learning, and to good arts, and many wise and learned people are in their numbers, from whom the rest may receive good instruction, and they are not left to wander in the darkness of ignorance, and everything through which such promotion of things useful to the community is hindered is either prevented or averted by the ruler.”

Von Osse’s ideas should not be thought of as abstract. He was fighting specifically for policies of caring for widows and orphans, of controlling prices for necessities, and of curing abuses in prisons and courts—all policies which could teach Gingrich a few things today. His successors, like Veit Ludwig von Seckendorff (1626-92), were even more explic-

6. The following history of cameralist writers, with the exception of the material on Leibniz, comes from Albion W. Small, *The Cameralists, The Pioneers*, (Chicago: University of Chicago Press, 1909). While Small maintains the inaccurate view that cameralism was merely a pragmatic, rather autocratic reaction to the situation in the German feudalities, he is one of the few English-language writers on this subject, and includes invaluable quotations from original sources.

it—demanding government provisions for doctors, clean water, sewage treatment, a good education, the abolition of usury, suppressing parasites (such as gamblers), and providing the means by which everyone could make a decent living. Von Seckendorff wrote two major books on cameralist theory and policy, *The German Prince's State* and *The Christian State*.

The concept of “general welfare” as the touchstone of public policy for the cameralists is so clear, that even those who deny the universal nature of this school of statecraft, like author Albion W. Small, feel forced to deal with it.<sup>7</sup>

Another leading cameralist in the seventeenth century was Johann Joachim Becher (1635-82), a doctor who traveled throughout Europe, and collaborated with many leading scientific intellectuals, including Christiaan Huygens and that towering genius Gottfried Wilhelm Leibniz, who worked at the same Mainz court at which Becher resided in the 1660s and 1670s.

Becher wrote a *Political Discourse—On the actual reasons determining the growth and decline of cities, states, and republics. How to make a state populous and productive and to make it into a real Societam Civil*. The piece is remarkable in its explicit advocacy of the Christian principle underlying a successful state, which today is only advocated by LaRouche in his *The Science of Christian Economy*.<sup>8</sup> The preamble cites Genesis 1:28, with its injunction to “Be fruitful and multiply. . . .” And in describing the role of government, he says, “Government is said to be the means by which man is enabled to live according to his nature, which is created in the divine image.”

Becher conceives of society as being divided into three parts: its soul, its mind, and its body. The soul is comprised of the government and the church; the mind, of the scientists and teachers; and the body, of the peasants, craftsmen, and merchants. The health of the soul and the mind are absolutely dependent, Becher insists, on the health of the three productive classes, the peasants, craftsmen, and merchants. To define the right proportions, Becher uses the following beautiful image:

“Just as when one is to play on a violin, one must first examine and tune each string, so when its sustenance is to be assured to a community, attention must be paid to every sort of human being that there is, and nothing appears to be more remarkable than that in many places no thought whatever is given to these most difficult points.”

Becher promotes a policy of expanding population, nourished by an increased living standard. He targets three systematic enemies of this objective—monopoly, polypoly, and propoly. Monopoly, he notes, checks population and is therefore evil. Polypoly, which means the unrestricted competi-

tion for scarce resources (including jobs), reduces living standards too much. And propoly, which means a society in which individuals amass huge quantities of goods for speculation, divides the community.

What a difference from today’s free marketeers, or from the oligarchs of the time, who wanted to see wages driven down to the lowest possible level, and let the economy be dominated by the speculators or monopolists!

Nor was Becher, a doctor, limited to mere administrative or political affairs. The concluding chapters of his *Discourse* survey 14 major areas of physical economy which must be attended to, and he also wrote several books on mining, chemistry, and mechanics.

Becher’s father-in-law, Philip Wilhelm von Hornick, was also a leading German (in this case Austrian) cameralist. Differentiating between private and public economy, von Hornick developed nine rules of public economy, most of which involve ensuring maximum production of national necessities at home, minimum dependence on foreign nations, and full exploitation of domestic natural resources.

### The genius of Gottfried Wilhelm Leibniz

Working closely with Becher and von Hornick was Gottfried Wilhelm Leibniz. Leibniz is primarily known as a philosopher and scientist, but his rôle as a genius in statecraft cannot be overlooked. Leibniz, like Benjamin Franklin after him, was at the center of massive international political networks which intervened on behalf of the republican idea of statecraft. Because of his work in physics and technology, as well as philosophy and science, LaRouche describes him as the founder of modern economic science.

Leibniz wrote two seminal documents on economic policy. The first was composed in 1671, while he resided at the court of Count Johann Philipp von Schoenborn in Mainz. It is called “Society and Economy,”<sup>9</sup> and in it can be found the very antithesis of the free-market economics which runs rampant today. The second is a proposal for founding an academy for the promotion of arts and sciences, in which Leibniz’s ideas of how a society should progress are outlined at some length.

“After all, is not the entire purpose of Society to release the artisan from his misery?” Leibniz asks in his short, incomplete, essay on “Society and Economy.” He then outlines the principles by which this aim can be accomplished, which include ensuring that the farmer gets a fair price for his produce, and that there is no shortage of food. He also argues that individuals be provided with sufficient resources to care for their families.

With the proper measures, Leibniz says, “we eliminate a deep-seated drawback within many republics, which consists in allowing each and all to sustain themselves as they please, allowing one individual to become rich at the expense of a hun-

7. *Ibid.*, p. 86.

8. Lyndon H. LaRouche, Jr., *The Science of Christian Economy*, Washington, D.C.: Schiller Institute, 1991.

9. Published in *Fidelio*, Fall 1992, p. 54.

dred others, or allowing him to collapse, dragging down with him the hundreds who have put themselves under his care.”

What is striking about Leibniz’s view in this small sketch is its total opposition to the views of British economy which argue that only need, misery, or punishment will force a person to work hard. Leibniz argues as follows:

“One might object that artisans today work out of necessity; if all their needs were satisfied, then they would do no work at all. I, however, maintain the contrary, that they would be glad to do more than they now do out of necessity. For, first of all, if a man is unsure of his sustenance, he has neither the heart nor the spirit for anything; will only produce as much as he expects to sell (which is not very much given his few customers); concerns himself with trivialities; and does not have the heart to undertake anything new and important. He thus earns little, must often drink to excess merely in order to dull his own sense of desperation and drown his sorrows, and is tormented by the malice of his journeymen.”

A good description of industrial England, or even the poor in American cities today? To prevent such problems, Leibniz promotes a policy of full employment, adequate wages, continual conferences of scholars, universal education, and the promotion of morality in all locations.

Leibniz’s longer discussion of principles of economy comes within his 1671 paper “On the Establishment of a Society in Germany for the Promotion of the Arts and Sciences.”<sup>10</sup> The extensive introduction to a listing of specific measures in this paper makes explicit the philosophy underlying his economic measures: the fact that man is created in the image of God. We quote briefly:

“For God creates rational creatures for no other reason but that they should serve as a mirror, in which His infinite harmony would be infinitely multiplied in some respects. . . . Now reason and power can be used for the glory of God principally in three sorts of ways, exactly as I can meet a man in three sorts of ways; that is, with good words, good thoughts, and good works. . . .”

Leibniz explores all three ways of serving God, first as orators and priests, second as natural philosophers (or scientists), and third as moralists and politicians. The highest value he puts on the third, because the moralists and politicians establish the framework of society which facilitates the other two kinds of professions. For example, he notes, “evil institutions, carelessnesses, and distractions” are permitted to make useful discoveries useless to people, if the moralists and politicians don’t do their work. His inspired description of the worthy task of statecraft goes as follows:

“ . . . The third way to seek the glory of God, namely those who serve Him as moralists, as politicians, as those who guide public affairs, is the most perfect, since those not only endeavor to find the radiance of God’s glory in nature, but also seek to emulate Him through imitation; and thus seek

to honor Him not only through praise and devotion, or with words and thoughts, but also with good works, not only to consider the good He has done, but to sacrifice themselves to Him and offer themselves as an instrument and through that to do more good for society and in particular for the human race, as the best of all visible creatures, in those things which we have the power to effect, and for which we are ordered and created.

“These are the ones who apply the discovered wonders of nature and art to medicine, to mechanics, to the comfort of life, to materials for work and sustenance of the poor, to keeping people from idleness and vice, to the operations of justice, and to reward and punishment, to preservation of the common peace, to the increase and welfare of the fatherland, to the elimination of times of shortage, disease, and war (insofar as it is in our power and is our responsibility), to the propagation of true religion and fear of God, indeed, to the happiness of the human race; and who endeavor to imitate in their domain what God has done in the world.”

After this motivation, Leibniz details his ideas on how manufactures, commerce, and the arts and sciences should be promoted and improved. Under the first, he includes his crucial concept of “continuous cheap fire and motion as the basis of all mechanical effects,” as well as listing the various divisions of manufacturing which he describes as “all those inventions which help the working people doing manual labor.”<sup>11</sup>

Under the section on commerce, Leibniz deals with the mercantilist principles against free trade, including the need for food reserves, for immigration, for a bank, and government measures to promote innovation in manufacture.

Under the “promotion and improvement of arts and sciences,” Leibniz insists upon the collection and publication of ideas and experiments, an education system available to the poor and orphans as well as to others, and the improvement of medical sciences.

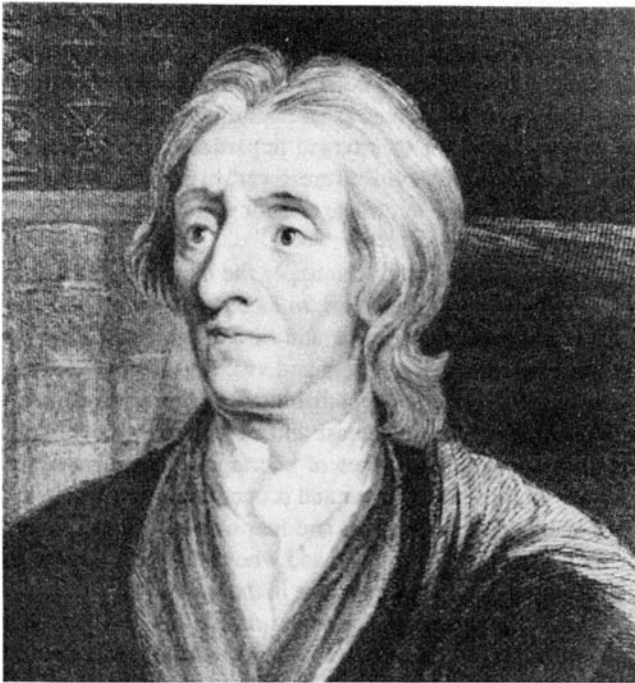
Clearly, what Leibniz is talking about in this paper is the germ form of a society or a national economy based on scientific and technological progress. It is composed from the standpoint of the responsibility of political leaders, or government, to provide the basis for every citizen to contribute to society, and be cared for by society. From this plan comes the idea of the “general welfare” of society, as opposed to a Hobbesian universe of each citizen against the other, or a government limited to minimal interference in each person’s affairs. There is a higher purpose to society, and the economic system must serve it.

## From Leibniz to America

The influence of Leibniz’s ideas went far beyond Germany. He had correspondents in the American colonies, in En-

10. Published in *Fidelio*, Spring 1992, p. 63.

11. This section of the Society paper is not included in the *Fidelio* selection, but comes from the unpublished speech of Liebig, *op. cit.*



Britain's John Locke advocated a ban on the manufacture of any finished goods by the American colonies. The constitution he drafted for the colony of South Carolina went against the principles of natural law which would later be enshrined in the U.S. Constitution.

gland, in Russia, and many other places. And although the British and other oligarchical forces did their best to wipe out his name and ideas, they did not succeed.

The standard line of incompetence these days, of course, is that the American economic system and revolution were the spawn of the English moral philosophers John Locke and Adam Smith. Yet, even a short glimpse at the ideas of these two characters, in relation to the founding institutions and acts of the fledgling republic, should disprove this notion.

John Locke was not unknown in America. As a member of the Board of Trade appointed by King William of Orange, he had advocated revoking the charters of all the American colonies, a royal dictatorship over their economic activity, and a ban on the manufacture of any finished goods.<sup>12</sup> He had also at one time drafted a constitution for the colony of South Carolina, which declared the purpose of the government to be the defense of "life, liberty, and property." Part of that "property," of course, was the population of slaves, as Locke did not find that institution at all incompatible with his idea of the liberties of Englishmen. Locke's constitution established a hereditary nobility (outlawed by the U.S. Constitution, you'll recall!). After about 18 years, Locke's constitution was abandoned.<sup>13</sup>

12. Lowry, *op. cit.*, p. 75.

13. John Marshall, *The Life of George Washington, Vol. 1*, Fredericksburg, Virginia: The Citizens' Guild of Washington's Boyhood Home: 1926, pp. 154-159.

But the U.S. Declaration of Independence and Constitution did not follow Locke's lead in either respect. Not only did the Declaration anticipate the development of an industrial nation, but the inalienable rights which it asserted were the Leibnizian "right to life, liberty, and the pursuit of happiness."

Gottfried Leibniz, himself a lawyer among other vocations, considered happiness as the "end" of society, and to be the object of the highest form of law. "The most perfect society is that whose purpose is the general and supreme happiness," he wrote in a piece on natural law.<sup>14</sup> In a longer piece on "Meditation on the Common Concept of Justice," written in 1702-03, Leibniz distinguishes three levels of law: the *ius strictum*, equity, and piety.<sup>15</sup> The crafting of the U.S. Constitution, especially the statement of purpose in the Preamble, reflects a higher concept of law than mere contracts or equity, and thus stands in the Leibnizian, not Lockean, tradition.

Of course, one can find innumerable American revolutionaries, as well as Tories, who quoted Locke and his ostensibly anti-absolutist views during the period of the American Revolution and the formation of the Constitution. But that does not relieve you of the obligation to look at the content of the ideas. There may be many "patriots" today who adhere to the slogan "Life, Liberty, and Property," but the patriots of the American Revolution were about a higher moral purpose.

Even more outrageous is the argument that the economic system of the most advanced colonies, and the early republic, followed the ideas of Adam Smith and English liberals. Smith's *Wealth of Nations* was published in 1776, and was a polemic *against* everything the American colonists were fighting for—the right to manufacture and achieve economic development, most prominently. While Smith permitted the central government to play a role in defense, his explicit argument on the economy was to keep the government out, and let the private entrepreneurs (might we say privateers?) do what they would without interference. Although such a free-trade outlook was not at all England's imperial practice, Smith was writing for the mickeys, such as us Americans. We were supposed to buy it, and continue to let England dominate world finances and trade.

But the American System of Economics, which Benjamin Franklin represented before the founding of the Constitution, and Alexander Hamilton represented afterwards, was at direct loggerheads with Smith's propaganda. Nothing demonstrates this more sharply than the Preamble to the U.S. Constitution, with its commitment to "form a more

14. Gottfried Wilhelm Leibniz, "On Natural Law," in *Leibniz, Political Writings*, translated and edited by Patrick Riley, (Cambridge: Cambridge University Press, 1972, 1988), p. 77.

15. Leibniz, "Meditation on the Common Concept of Justice," in *Leibniz, Political Writings, op. cit.* pp. 45-64.



perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity.” Under Smith’s philosophy, we had no right to talk about the “general welfare” as an aim of government policy, much less put the federal government in charge of promoting it.

To the contrary, the ideas of the government’s role in promoting the general welfare of the citizenry had to come from another tradition—the tradition of Leibniz, Colbert, and their English co-thinkers.

### The cameralist school continues

While the United States of America is the only republic to have been founded in the spirit of the cameralist tradition, the tradition survived in Europe, primarily in Germany and Austria.

In 1727, the first Professorship of Cameralism was established at Frankfurt an der Oder. The first individual to hold that position was Justus Christoph Dithmar, who began as a professor of history. With the appointment came the idea that there was a cameral science, dealing specifically with how to raise and improve the income of the principality, and apply it for the maintenance of the community.

One of Dithmar’s successors, George Heinrich Zincke, described the “new” science as follows:

“Cameral science is a learned and practical science, first, of inventing, improving, and introducing all sorts of good police [sic] laws and institutions drawn from the nature and condition of the means of livelihood of a land; second, a science partly resting upon *die Öconomie* (economics), partly upon special rules and maxims which set forth the rights and duties of a ruler, of wisely, prudently, rightly, and skillfully founding, maintaining, increasing, and administering the necessity, comfort, and riches of a land, and at the same time and thereby the ready means needed by the ruler for the good of the state and its ruler.”<sup>16</sup>

The most famous of the official cameralists, however, was Johann Heinrich Gottlob von Justi, who had a widely variegated career, from the Austrian Court of Maria Theresa to Göttingen, Denmark, and Berlin. Justi, who wrote the book *Staatswirtschaft* (*State Economy*) in 1758, conceived of himself as a “universal cameralist.” The first principle of his profession he described as follows: “Hence follows the first and universal principle, namely all the governmental activities of a state must be so ordered that by means of them happiness of the state must be promoted.”<sup>17</sup> He argued that “subjects do not exist for the sake of the ruler,” and the ultimate aim of the republic has to be the common happiness of the population.

16. Small, *op. cit.*, p. 254.

17. *Ibid.*, p. 310. Other quotations from von Justi are from the same source.

The state’s happiness depends upon providing conditions of freedom, assured property, and flourishing industry to the population, Justi said. That means that the state has to have enough wealth to make such a provision. He proceeds to outline various ways to increase the wealth of the state—all of which could usefully be studied by the decorticated professionals called “economists” today.

The first way is to increase population. Justi says, “The larger the number of people living in the country, therefore, the greater will be the means and power of the republic. Hence the duty of the ruler to promote an increase of population.”

The second way is to provide for flourishing commerce, manufacturing, and trade. Justi was clearly thinking of dirigist measures here, as he writes, “A wise ruler will not leave the food supply and employment of subjects to take care of themselves, but will see that they are systematically made abundant.”

He also argues that regulations governing medicine, municipal sanitation, and food hygiene be enforced. He also discusses the need to regulate trade, and the need for good infrastructure, like harbors, roads, navigable rivers, canals, and a postal system. He insists upon the promotion of domestic production.

Justi is fully confident that an emphasis on such objectives will increase necessary state revenues. As he puts it, the “best and surest means to increase revenues comes from encouraging the laboring class.”

The last prominent self-professed cameralist was Joseph von Sonnenfels, an Austrian who lived between 1733 and 1817. Sonnenfels was a great promoter of industry from the theoretical standpoint that the development of manufacturing was a boon to increasing population, and to increasing the component of “artificial labor,” i.e., technology, in society. Sonnenfels, unlike many other cameralists, is cited in economics textbooks. What we know today as the Vienna School of economics—a slew of British liberal monetarists—has done its best to bury or subvert practically every tenet of Sonnenfels’s thinking.

### The American System of Economics today

It is not necessary for American or other national political leaders today to rush into the local library, dust off their German and Italian, and read the writings of the cameralist school of economics. Fortunately, they can turn to the much more elaborated and advanced work of the modern physical economist in the cameralist tradition, Lyndon H. LaRouche, Jr.

But it is critical, in this time of extraordinary failure of economics to serve and improve the human condition, to know that there is a tried and tested tradition of moral economics, Christian economics—a tradition which found its expression in the first hundred years of the America republic, and can therefore be revived today.

## Terrorist apparatus laid bare in Mexico

by Valerie Rush

Mexican President Ernesto Zedillo sent shockwaves through the ranks of the international terrorists when he ordered a military assault on Feb. 9 against the narco-terrorist Zapatista National Liberation Army (EZLN), which has held the strategically important southern state of Chiapas hostage since Jan. 1, 1994. Arrest warrants were issued for the EZLN's top leadership after several Zapatista arms caches containing sophisticated weaponry, explosives, and communications equipment were discovered in the states of Mexico and Veracruz. Federal troops rapidly moved to retake "rebel territory" in Chiapas, driving the terrorists into a jungle preserve along the border with Guatemala. On President Zedillo's request, the border with Guatemala was sealed by order of that country's President, Ramiro de León, leaving the Zapatistas encircled.

In his speech to the Mexican nation that same night, President Zedillo made it clear that his decision to move responded to the urgent necessity of defending both Mexico's territorial integrity and national political stability. Despite repeated government offers of dialogue, said Zedillo, the Zapatistas "responded with threats of breaking the cease-fire, with armed and violent incursions into various municipalities of Chiapas, and with criminal and propaganda actions. . . . Initial investigations indicate that the EZLN was about to embark on new acts of violence. . . . Far from preparing for dialogue and negotiation, the EZLN's strategy was to buy time to arm and grow to carry out further acts of violence."

This, said Zedillo, could not be tolerated, and therefore his government moved to "immediately assume its constitutional duty to protect the safety of Mexicans and preserve social peace. The government cannot, nor should it, remain indifferent to violations of the Constitution which, in this case, clearly implied a threat to the Mexican people and

public order."

At the same time that President Zedillo ordered the Army into action, the government also released the true names and identities of several top Zapatista leaders, including the masked "Sub-Comandante Marcos" whose Hollywood-style "mystery man" image was carefully cultivated to lend a romantic aura to his gang of brutal terrorists. "Marcos," it turns out, is Rafael Sebastian Guillen, the son of a well-off Tamaulipas family who wrote his university thesis on the philosophy of Karl Marx and on French deconstructionists Michel Foucault and Louis Althusser.

### The roots of terrorism

Not surprisingly, "Marcos" also studied at the Sorbonne in Paris, became involved with various terrorist insurgencies in Ibero-America, and in the early 1980s lived in Nicaragua where he studied and received guerrilla training under the Sandinistas. According to reports from Madrid, the Spanish government is said to be in possession of evidence that the terrorist ETA has financed the EZLN, and its networks inside Mexico were giving both training and logistical support to Marcos's Chiapas operations. ETA has long been a crucial element in the continent-wide narco-terrorist apparatus, as revealed in the May 1993 explosion of a huge arms cache in Managua, Nicaragua.

Even more important, the identity of the EZLN's "Dr. Frankenstein" was brought to light when captured Zapatistas admitted what many in Mexico had already suspected: that Chiapan cleric Samuel Ruiz, bishop of San Cristóbal de las Casas, had sponsored the EZLN from the beginning. On Feb. 11, the Mexican daily *El Universal* ran an eight-column story revealing that Ruiz used the code-name "Mayan Prince"—especially interesting in light of Ruiz's stated commitment to



*Support for President Zedillo against the terrorists: Shown here is a demonstration against the Zapatistas' violence on Jan. 14, 1994 in Tapachula, Chiapas, by a group called the Civic Alliance.*

found an "autochthonous church" for the region's indigenous people. It was earlier revealed that Ruiz had accepted more than \$7.5 million from the German theology of liberation "charity" Misereor during the previous decade, none of which had ever been accounted for to the Mexican Bishops Conference.

These revelations confirm in spades what *EIR* has asserted since the Zapatista uprising over a year ago: that the so-called "Mayan insurgency" in Chiapas is nothing but the northern extension of the same international terrorist project which spawned Peru's Shining Path and similar narco-terrorist excrescences globally. Indeed, as *EIR's* January 1994 *Special Report*, "Shining Path North Explodes in Mexico," stated at the time, "Shining Path was created not by Quechua Indians but by foreign anthropologists and ethnologists trained at places such as the University of Paris, France's Sorbonne, as part of a project designed principally by British intelligence." Mexico's EZLN is now proven beyond a shadow of a doubt to have the same genesis.

### **A popular mandate**

Zedillo's decision was in response to pressure from various quarters inside Mexico, including the Mexican electorate itself, which overwhelmingly voted him into office last August in explicit repudiation of the forces of destabilization represented by the EZLN and its electoral arm, the Party of the Democratic Revolution (PRD). And yet, since his

decision, he has been under intense pressure from the U.S. State Department, London, certain Wall Street interests, and the international human rights lobby, which works in tandem with the Terrorist International, to order a retreat and pursue an El Salvador-style "conciliation" with the terrorists.

The British news agency Reuters was filled with dire threats about how Zedillo had "thrown caution to the wind" and taken a "huge political gamble" in ordering the Army to move against the Zapatistas. The *Wall Street Journal* similarly warned about Zedillo's "large political risk" in undertaking an effort which could "undercut President Zedillo's claims that he can turn Mexico into a country ruled by law rather than brute force and corruption." The article described the alleged widespread "sympathy" the Zapatistas inspire throughout Mexico, and interviewed captured terrorists such as Alvaro Castillo Granados, who has openly admitted to making hand grenades for the Zapatistas and who told the *Wall Street Journal* that he was tortured by his jailers.

The "human rights" intelligence operation Americas Watch issued a statement protesting Zedillo's deployment of the Army. Amnesty International issued a statement retailing the Zapatistas' charges—denied by the Zedillo government—that the Army had strafed and bombed innocent villages, and murdered and raped women and children, in its pursuit of the Zapatistas. Lacking any evidence to confirm the accusations, the U.S. press nonetheless reported them.

■ Marcos's own charges that the government's deployment

of the Army answered to a conditionality of the international financial community's latest rescue package for Mexico, was also published by the major U.S. newspapers, obliging one of Mexico's creditors, Chase Manhattan Bank, to issue a public denial that it had ever called for "eliminating the Zapatistas." The pro-terrorist PRD party of failed presidential candidate Cuauhtémoc Cárdenas pulled 100,000 people into Mexico City's main plaza to chant, "We are all Marcos!" and to promise a nationwide campaign of "civil disobedience" if the Army were not pulled back in Chiapas.

The U.S. State Department, more subtle than the others, nonetheless exerted the greatest pressure of all. Department spokeswoman Christine Shelley told reporters on Feb. 13 that Washington had not yet received any reports that the Mexican Army was violating human rights but, according to Reuters, she said that Washington was urging the Zedillo government to treat the narco-terrorists with "restraint, respect for human rights, and full compliance with the legal process." Secretary of State Warren Christopher told Senate Foreign Relations Committee hearings on Feb. 14 that, to use President Zedillo's own words, "a solution to this conflict should come through full respect for the law, through political channels, and through conciliation." In other words, call off the war and start negotiating again.

### **The pendulum swings**

Zedillo's vulnerability to this kind of pressure became evident on Feb. 14, when the ruling party's governor in Chiapas, Eduardo Robledo, announced his "voluntary" resignation from the post to "facilitate the peace process." His departure had been a key Zapatista demand.

At the same time, Zedillo gave a speech to a delegation of Indian representatives at the National Palace, in which he announced that he was temporarily suspending the arrest warrants against the Zapatista leaders while preparing an amnesty proposal for those willing to lay down their weapons and "enter the political process." He also announced that he had issued "precise instructions" to the Army and Attorney General's office that no offensive military action was to be undertaken, and that the Army should "limit itself to patrols to prevent violence."

Yet, as one knowledgeable source commented to *EIR*, if the Army is pulled out of Chiapas, it might as well be pulled out of Mexico entirely.

Zedillo's decision to halt his troops in mid-battle is a potentially disastrous move, and has given fresh encouragement to those who have targeted both the Mexican government and military for destruction. However, a celebration by Mexico's enemies would be premature. On Feb. 15, Government Secretary Esteban Moctezuma Barragán issued a statement in the name of the Zedillo administration which, while reiterating the government's commitment to a just peace in Chiapas, emphasized that the government intended to adhere to constitutional law in dealing with the Zapatistas: "The

framework of respect for the law is not discretionary. The debate is not over the number of weapons found in the EZLN's safehouses, but over the question of whether society should have to live with the threat of armed subversion around every corner. The government cannot permit this."

Therefore, concluded Moctezuma, the arrest warrants against the Zapatista leaders still stand, as does "the decision to reestablish the state of law and the presence of governmental authority in the conflict zone. . . . Today, there does not exist any Mexican territory under the supposed control of a force other than those legitimately recognized by the nation. Today, the government is in a position to promote, for the first time in over a year, the social development programs that were suspended in the conflict zones. Today, scores of thousands of the displaced, the great majority of them Indian, can return to their homes. The Mexican Army has done its duty once again, with discipline, loyalty, and institutionally."

### **'The heart of the conspiracy'**

In a Feb. 13 statement, the Ibero-American Solidarity Movement (MSIA), a continent-wide association which shares the policy outlook of American statesman and economist Lyndon LaRouche, fully endorsed President Zedillo's decision to use the nation's Armed Forces against "a gang of narco-terrorist assassins at the service of a foreign conspiracy headed by the British Crown, the World Wildlife Fund [now the World Wide Fund for Nature] headed by Prince Philip, and its allies in the international financial oligarchy."

The MSIA statement emphasized that the EZLN, which President Zedillo had characterized as "neither popular, nor indigenous, nor Chiapan," was in fact the product of "an army of anthropologists and catechists from Belgium, France, and Britain who were deployed to Chiapas at the end of the 1950s as part of the 'Harvard Chiapas Project.'" It is now time, insisted the MSIA, to go to "the heart of the conspiracy and investigate its highest-level local agents: Comandante Samuel Ruiz, Manuel Camacho Solís, and Cuauhtémoc Cárdenas Solorzano. It has already been unequivocally demonstrated that they and the Zapatistas only used the truce to prepare to build a narco-terrorist network across the country, just as the MSIA had warned back in January 1994. Now the nation faces the threat of a wave of urban terrorism and more assassinations."

The MSIA demanded that Zedillo pursue the absolute defeat of the Zapatistas, with the support of the Mexican Army. The fact is that the current situation—terrorists temporarily cornered, Army temporarily shackled, and President Zedillo swaying like a pendulum—is clearly untenable. The broader networks, both domestic and foreign, which have sustained the Zapatistas, are moving quickly to turn the situation against both the presidency and the Army, which could lead to an explosive disintegration of Mexico's national institutions. The security implications for the United States are grave.

# Mideast peace accords in delicate situation

by Adam K. East

The foreign ministers of Egypt, Jordan, and Israel, and a senior official of the Palestine Liberation Organization (PLO), met in Washington on Feb. 12, in an effort to revive the lagging Mideast peace talks. The meeting, chaired by U.S. Secretary of State Warren Christopher, was sponsored by President Bill Clinton, underscoring the U.S. concern for the urgent resuscitation of the peace process.

The United States will redouble "its efforts to get the peace process back in full gear," Clinton told the delegates. "We are not going to let the peace process collapse. . . . Today it is for us to begin to take the specific steps necessary to have the message of peace and a renewed commitment carried out." Clinton emphasized the need for economic development for the Palestinians in order to bring about tangible improvements in their standard of living. "I am absolutely convinced we have to move as quickly as we can to show there are economic benefits from peace," Clinton said.

Although there were no major breakthroughs, Israel and the PLO pledged prompt negotiations on early elections and on withdrawal of Israeli troops from the West Bank.

In a statement issued following a separate meeting with Israeli Foreign Minister Shimon Peres and senior PLO officials, Christopher said that both sides "reaffirmed their commitment to negotiate promptly all aspects of the interim agreement, including transfer of authority and redeployment in the rest of the West Bank, and elections, in accordance with the Declaration of Principles" by Israel and the PLO in 1993. He added that they "expressed their determination that there can be no turning back and that they must find ways to overcome the challenges ahead."

In an attempt to address the Palestinians' concern over lack of employment, the delegates agreed to establish a series of "industrial zones" in the Gaza Strip and the West Bank. The plan reportedly calls for two to three industrial zones in the Gaza Strip and four in the West Bank. The idea of so-called industrial zones first received serious consideration at the Taba conference held earlier this month in Egypt, which was attended by the trade ministers of Egypt, Israel, Jordan, the PLO, and the United States.

It is not clear how much the Palestinians will benefit from the industrial zones, given their dire economic conditions, but some progress is better than no progress. Since the signing of the 1993 Oslo Accords, there has been an absence of real economic activity in the Palestinian territories, thanks to the

foot-dragging of the donor states and the sabotage of the World Bank, which has withheld promised funds from the Palestinians.

The continued Israeli closure of Palestinian territories, the unchecked expansion of the Israeli settlements in the West Bank and Jerusalem, and the ongoing delay in implementing the peace accords have created rather dangerous conditions for PLO Chairman Yasser Arafat and the entire peace process.

Only one day earlier, on Feb. 11, Arafat had appealed to world leaders to help save the peace deal with Israel, after a summit with Israeli Prime Minister Yitzhak Rabin ended in deadlock. The Palestinians are demanding that Israel cease its border closure, which prevents thousands of Palestinians from reaching their jobs in Israel—their only source of income. The latest closure, which is one of the longest ever imposed, has had devastating effects on the already prostrate Palestinian economy. Israel closed off the West Bank and the Gaza Strip following the killing of 21 Israeli soldiers in northern Israel by militants of the Islamic Jihad in late January.

## 'Permanent division' mooted

While Israel has temporarily closed off the territories in the past, the government is now talking of a "permanent division" between Palestinians and Israelis. Palestinians say separation from the Jewish state is agreeable as long as it does not turn Palestinian populated areas into scattered "concentration camps."

Another sore point is the Israeli settlements, which have increased since the Labor Party came to power in 1992. According to the Palestinian National Authority, Israel has confiscated more than 27 square miles of West Bank land in the 16 months since the Declaration of Principles was signed. Since 1992, the number of settlers in the Gaza Strip and West Bank has risen from 112,000 to 140,000, a 25% increase. Israel's continuing policy of expanding settlements aids the cause of Islamic militants. Moreover, a minister-level committee of the Israeli government recently decided to okay construction of over 4,000 new housing units in the three West Bank settlements which are close to Jerusalem. Palestinians who are demanding a halt to all settlement activity, especially around Jerusalem, argue that Israel is preempting final status talks on Jerusalem which are set to begin in 1996.

The neo-conservative crowd in the U.S. Congress, with the active support of the Zionist lobby, has also begun meddling in the issue of Jerusalem. Recently, Sens. Daniel Patrick Moynihan (D-N.Y.) and Alfonso D'Amato (R-N.Y.) called on Christopher to make preparations to move the U.S. embassy from Tel Aviv to Jerusalem by the year 1999. The idea was first floated by that genius of the so-called "Conservative Revolution," House Speaker Newt Gingrich (R-Ga.), during his visit to Israel last month. Gingrich knew or should have known that the Jerusalem issue is the "mother of all conflicts," which is why Israel and the PLO agreed to discuss it only in the final status talks.

# Sri Lankan President shows determination in pursuing peace

by Ramtanu Maitra and Susan Maitra

Despite a spate of intelligence reports suggesting that the Liberation Tigers of Tamil Eelam are planning fresh assassination attempts against the President and other prominent individuals, President Chandrika Kumaratunga is pursuing with unflinching courage what she calls "a hard and tortuous path" to end the 13-year-long civil war that has killed thousands and created hard-core assassins in the island-nation of Sri Lanka. President Kumaratunga has indicated that her government has "almost finalized" a package of proposals to resolve the long and violent ethnic conflict between Tamils and Sinhalese, the majority group that follows Buddhism.

Since she came to power as prime minister with a wafer-thin majority in August 1994, Kumaratunga has carried out three rounds of negotiations with the Tamil Tigers, who, through a series of violent acts over a decade which successfully eliminated almost all moderate and radical Tamil leaders from the scene, represent the Tamil community in Sri Lanka. In November, Kumaratunga won the presidential election with a huge margin to become the fourth Executive President of Sri Lanka, the office she vows to eliminate by this summer, and subsequently handed the prime ministership over to her mother, former prime minister and elder statesman of Sri Lankan politics, Sirimavo Bandaranaike.

## First foray for peace

Soon after she took over as prime minister in August, Kumaratunga's government sent a high-level delegation to the northern province of Jaffna, the undisputed stronghold of the Tamil Tigers. At the time, this foray was widely criticized by the Sri Lankan Army, a reservoir of Sinhalese chauvinists, but it paved the way for the first round of official talks. It was during this visit by officials from Colombo that Kumaratunga came to realize how desperately the Tamil population in Jaffna wants peace. This finding has been a very important ingredient in helping the Sri Lankan President to muster courage and challenge the Tigers.

The second round of negotiations, scheduled for Oct. 24, 1994, was sabotaged by assassins who murdered opposition leader and presidential candidate Gamini Dissanayake at a public rally. Sri Lankan police chief Frank Silva has since revealed that he has collected evidence which suggests that

Dissanayake was killed by a suicide bomber linked to the Tigers. However, Silva did not provide any clue as to why Dissanayake should be chosen as a target by them, nor did he state whether the suicide bomber was actually a member of the Tiger clan or one of the pool of mercenaries spawned by the violent conflict, who may or may not have a loose criminal connection to the Tiger apparatus.

## The pope's intervention

The second round of negotiations took place in early January, and the discussion was focussed around issues relating to cessation of hostilities and reconstruction. Colombo presented a package of proposals expected to cost about \$800 million. The possibility of establishing a North-East Development Authority with the participation of the Liberation Tigers of Tamil Eelam (LTTE), the organization that the Tigers belong to, to oversee the reconstruction process, was ostensibly put on the table during this round of talks. Also in the hopper was a proposal to facilitate movement between the Tiger-dominated Tamil areas in northern Sri Lanka and the south, by opening up an alternate sea route via Pooneryn and a land route via Elephant Pass. The second round of talks did not succeed in resolving any of these issues.

The third round of talks, which took place on Jan. 14, was held in the context of Pope John Paul II's visit to Sri Lanka on Jan. 20 and 21. The pope's impending visit led to the cessation of hostilities, since both parties to the conflict were anxious to ensure that this important visit by the apostle of peace should proceed without incident. And the third round of talks succeeded in extending this cessation of hostilities indefinitely. Meanwhile, President Kumaratunga has said that the government would send a team of technicians to the north to start work, and the LTTE has agreed to provide labor. "We are willing to start even tomorrow," Kumaratunga said, "but the dates have not yet been fixed."

As President Kumaratunga is getting down to the brass tacks of bringing peace to the island, she is simultaneously fighting a number of powerful enemies of peace; some of them are known, some are in the shadows, and some others are completely invisible.

The reason for such a complex situation has been best explained by President Kumaratunga herself. In a recent in-

interview with the Madras-based Indian news daily *The Hindu*, Kumaratunga said that the cult of violence was the progeny of the predecessor United National Party (UNP) government, during whose reign in 1982 the nation was torn apart by an orgy of violence in Colombo in which thousands of innocent Tamils were slaughtered. Recalling those dark days, Kumaratunga said that the UNP's addiction to violence had pushed the Tamil people into becoming violent. Manipulation was another method used by the UNP and former President Junius Jayewardene, she said. Even India, President Kumaratunga maintained, was manipulated for a short while.

### **Hornet's nest within the Army**

The first threat to President Kumaratunga comes from the Army, a nest of Sinhalese chauvinists in collusion with Buddhist Sangha fanatics who have made hay during the decade-long ethnic violence. Arms purchases, commissions, and the bribes associated with such deals, as well as counterterrorism training undertaken by the Sri Lankan Army from, among others, the Israeli Mossad and the British Secret Intelligence Service, made the Army all-powerful and almost unaccountable.

The failure of the politicians, coupled with the unleashing of the cult of violence by the political leadership, provided the unscrupulous Army brass with the necessary ingredients to build their empire—an empire built on phony nationalism and bloodshed—within the country and without. It is for this reason that President Kumaratunga, in an interview with Sri Lankan daily *The Island*, said, "I face a greater threat to my life from corrupt Armed Forces officials and vested interests in the business sector than from the Liberation Tigers of Tamil Eelam."

President Kumaratunga has accused the Army of perpetuating the war against the Tamil Tigers, and has already moved in to reorganize the defense establishment, a move that is now ready to go into effect. The resignation of Defense Secretary Gen. Hamilton Wanasinghe, a powerful figure, ostensibly under pressure from the President, is expected to trigger the much-sought-after revamping of the Army apparatus. Reports from Colombo indicate that Wanasinghe's passport was impounded following news that he was ready to leave Sri Lanka under the pretext of seeing his children in India. Wanasinghe has, however, denied the report, describing it as part of the "mud-slinging campaign" against him.

### **The invisible enemy**

The problem with General Wanasinghe, and for that matter, with the Sri Lankan Army as a whole, goes beyond the allegations of hunger for power. One Sinhala daily reported recently that some top officers of the National Intelligence Bureau, which comes under Defense Secretary Wanasinghe, had been selling secrets to a European embassy in Colombo. Although the name of the European embassy and the nature of the secret documents have not been made public, the Sri

Lankan elite's long-standing closeness to Great Britain raises serious concerns. General Wanasinghe has denied the charges, and has reportedly told his associates that the charge may have originated from the Tigers themselves, to discredit him further. General Wanasinghe was the only serving five-star general in the Army, and retired as the top commander of all combat troops deployed against the Tamil Tigers in the island's northern and eastern regions.

The second variety of killers lurking in the shadows is exemplified by the suicide bombers, such as those who assassinated President Premadasa and Indian Prime Minister Rajiv Gandhi. Some of them, if not all, were one-time associates of the Tigers, or have direct links with the Tigers. Killers all, these suicide bombers most likely work on contracts, and contract could be handed over to these faceless assassins by the Tigers or any number of other individuals or organizations, such as that unnamed European embassy allegedly buying secret documents from National Intelligence Bureau top brass.

### **Plans to disrupt the peace process**

There exist indications that the shadow killers are planning to lay waste to the peace efforts of President Kumaratunga and her government. A few weeks ago, two of the commandos in charge of providing the President with an inner ring of protection, were apprehended with sticks of dynamite which they had smuggled into the presidential residence. Subsequently, a photographer was arrested at Kumaratunga's home just outside of Colombo. The arrested individual has reportedly told intelligence agents that the Tigers had commissioned him to photograph the area.

These threats, from wherever they are issued, cannot be taken lightly. In a matter of 18 months over 1993 and 1994, Sri Lanka witnessed the assassination of President Premadasa, former National Security Minister Lalith Athuluthmudali, and UNP presidential candidate Gamini Dissanayake—top-ranking political leaders with maximum security protection. Even Chandrika Kumaratunga, describing these developments, told reporters that "it is a bit worrying." She told newsmen that her intelligence agents have told her that the Tigers have targeted her.

Although Kumaratunga's sheer courage and determination to bring about a resolution to the ethnic conflict have been widely hailed in various international fora, the fact remains that the Sri Lankan President has received little real help from anyone, except perhaps Pope John Paul II, whose presence in Sri Lanka at a crucial hour was highly significant and productive. Her greatest strength at this point in time, although it may not provide her with the required security, is her firm conviction that the Tamil population in Sri Lanka wants peace, and that if the Tigers, for the same reason perhaps as the Sri Lankan Army, push for further conflict and violence, the Tamils will stand up against the folly of continued bloodshed.

# India's stand on NPT: The bluster has given way to tacit acceptance

by Ramtanu Maitra and Susan Maitra

The warming up of relations between Washington and New Delhi in the post-Cold War days has had a decided effect on India's earlier rigid and self-righteous stance on the Nuclear Non-Proliferation Treaty (NPT). As the day for a proposed indefinite extension of the treaty fast approaches, despite some stiff opposition from unexpected quarters, New Delhi is moving significantly closer to the U.S. position on the global freezing of fissile material production and is keeping clear of any further fuming and fretting about the discriminatory clauses embedded in the 1967 draft NPT.

## A decided shift

The shift in India's position has been occurring slowly as New Delhi finally came to accept Washington's strategic concerns—military and economic—about the region in the post-Cold War era. Joint military exercises with the U.S. Army, coupled with increasing foreign investment in India from the West, provided New Delhi the needed “peace of mind” to sit back and work out a fresh policy which will mean neither signing of the NPT nor confrontation with the United States on the nuclear proliferation issue. The solution evolved in the form of India's support for the Comprehensive Test Ban Treaty (CTBT) and the fissile material cut-off convention; there is little doubt that both nations have struck yet another harmonious chord in preventing further global nuclear proliferation.

The first major signal in this direction came in an interview with Prime Minister P.V. Narasimha Rao reported by the Hongkong-based *Far Eastern Economic Review*. In that interview, Rao made it clear that his government has given explicit support to the CTBT, and that India is “more or less of the same view” as the United States on such a treaty. What Prime Minister Rao was referring to is the apparent Indian agreement to the American proposal to co-sponsor a fissile material cut-off treaty in the United Nations Disarmament Committee in Geneva, which is now preparing to begin negotiations.

The treaty will require all countries to refrain from producing highly enriched uranium and plutonium—the fissile materials—for weapons purposes and to place the peaceful use of such material under international monitoring, which

India had vociferously objected to in earlier days. The controversy at this point, one official explained, is whether such verification can be extended to past stocks or should be confined only to future stocks.

## The test ban treaty

The cut-off treaty, according to some observers, will take the heat off India to sign the NPT and put the whole non-proliferation issue in quarantine. For the Rao government, the cut-off treaty circumvents the obvious political difficulties involved in signing the NPT after India has criticized it for more than 25 years. At the same time, it will serve the basic purposes of the Clinton administration. For instance, the cut-off treaty would ensure that India can maintain its nuclear arsenal, whatever its size, but cannot update that arsenal. Whatever that may mean to India's security, it would provide the Clinton administration a great deal of satisfaction that the warming of relations with India, and the high-powered trips by Secretary of Defense William Perry, Secretary of Commerce Ron Brown, and two visits by Energy Secretary Hazel O'Leary, were not in vain.

John Holum, director of the U.S. Arms Control and Disarmament Agency, has already told the Associated Press in the course of an interview that India was one of the targets of the cut-off treaty, which would effectively put a lid on India's nuclear programs.

According to those observers who consider that the signing of the Comprehensive Test Ban Treaty is giving in to U.S. demands, the cut-off treaty is not non-discriminatory since it allows the nuclear weapons states to enjoy the leverage of maintaining a huge nuclear arsenal. In essence, they claim, the treaty would sanctify the Non-Proliferation Treaty, which India continues to refuse to sign because of discriminatory clauses. They also cite Holum's statement that the fissile material cut-off, in particular, is a valuable step because it is in the direction of ultimate adherence to the Non-Proliferation Treaty by the so-called threshold nations like India.

What has also been noted is that in anticipation of the CTBT, a seismic monitoring station has been put in place in Bangalore in India and another only recently in Pakistan.



What exactly the U.S. strategy is at this point vis-à-vis the nuclear issue in South Asia can be gleaned from U.S. Deputy Assistant Secretary of State Robin Raphel's recent congressional testimony.

### U.S. strategy

A multi-prong strategy, which includes a declaration of a fissile material cut-off by the five nuclear weapons states (United States, Great Britain, France, Russia, and China) prior to the convention to extend the NPT and a call for the CTBT, will be buttressed by an indefinite extension of the NPT in April. If India joins the five nuclear weapons states to back a freeze of fissile material, it will no doubt be considered a triumph of Washington's nuclear diplomacy. But the Indian position on the CTBT and freezing of fissile material is as old as its opposition to the discriminatory clauses of the NPT.

From that angle, New Delhi has not in fact conceded much, so far.

There is also little doubt that India sees no reason to loosen its case on its principled position against the NPT. Pressure on India to join the NPT from Washington has tapered off significantly, which has helped the Rao government politically. What some others point out is that there always has been an unwritten understanding between the nuclear weapons states that India would not campaign against the NPT, and, in return, they would not press India to join. However, from time to time, this understanding had broken down and the Non-Proliferation Treaty was used by both sides to make some political statements and exert political pressure. There are indications that Washington is now going about in a circuitous way exerting pressure on the issue.

Despite Prime Minister Rao's statements, the Indian Foreign Office maintains that "until a satisfactory convention to prohibit the production of fissile material for weapons purposes enters into force, there is no question of India unilaterally capping it or accepting restrictions on the program for the peaceful uses of nuclear energy."

### Peaceful nuclear program at stake

Notwithstanding these clarifications, what is at stake is India's nuclear program for peaceful use. The Comprehensive Test Ban Treaty, if and when it comes into force, will bring all of India's plutonium production, a natural by-product in India's power reactors, under the control of international safeguards. Considering the current role of the U.N.'s International Atomic Energy Agency (IAEA), the matter raises serious concerns. On the other hand, the next phase of India's nuclear program calls for use of thorium; yet, it is likely that India will find much less maneuvering room to pursue the program. In addition, the nuclear weapons states, awash with highly enriched uranium and plutonium, will have nothing to lose with the signing of the cut-off treaty. One wonders what India will actually gain out of it.

## War escalates against Rwandan refugees

by Linda de Hoyos

Bujumbura, the capital of Burundi, where the murderous Tutsi military is taking back political power under the benign eye of United Nations Commissioner Oud Abdallah, was the scene on Feb. 15-17 of an international conference to determine best how to induce refugees from Rwanda—now numbering approximately 2 million—back to Rwanda. The conference was jointly sponsored by the United Nations and the U.N. High Commissioner for Refugees and the Organization of African Unity. There are approximately 500,000 refugees in Tanzania; 500,000 in Burundi; and slightly under 1 million in Zaire—a massive exodus caused by the Ugandan-backed invasion of Rwanda with the backing of British intelligence (see *EIR*, Oct. 28, 1994, p. 48).

The conference was held amidst a growing drumbeat in the western press that the Rwandan refugees must be forced home. The argument, as put forward in a commentary in the *Los Angeles Times* by former aid worker Mary Jane Marcus, is that the "humanitarian presence"—giving aid to Rwandan refugees—has had a "damaging effect on the prospects for peace and reconciliation." This is because the camps reportedly continue to be under the political control of the leaders of the former Rwandan government of the murdered President Juvenal Habyarimana, and because, according to her, these leaders were guilty of genocide against the Tutsi minority in Rwanda in the spring of 1994. The case has been most strongly stated by Alain Destexhe, secretary general of the group Doctors without Frontiers, who is demanding a U.N. military deployment into the camps to ensure that the perpetrators of the genocide are brought to account in a U.N. tribunal, and that the refugees are forced back home.

In a press conference at the United Nations on Feb. 6, Roger Winter, director of the U.S. Committee on Refugees, charged that the only reason Rwandan refugees stayed out of their country was the harassment and intimidation coming from members of the former Rwandan Army, who, he claimed, "force them to stay on as magnets for aid." The U.N. secretary general has a "duty to confront what has been the most organized, ruthless, and efficient genocide since the Holocaust," said Winter, demanding a U.N. force to clean out the refugees. Winter held the press conference jointly with the Rwandan Patriotic Front's (RPF) ambassador to the United Nations.

Politically, the RPF, formerly a section of the army of Uganda's unelected President Yoweri Museveni, will have



*Rwandan refugees near Goma, Zaire in August 1994. Today, up to 1 million refugees are in the Goma area, and the U.N.'s World Food Program says that it is running out of food. International pressure is being brought to bear to force the refugees to go home—even if it means going to their deaths.*

no credibility in the international community unless Rwanda's refugees return home. As U.S. National Security Adviser Anthony Lake told RPF Prime Minister Faustin Twagiramungu during a visit to Rwanda on Dec. 16, "There is no prospect of economic and political stability inside the country while many people live outside."

### **Refugees under siege**

Wherever possible, the U.N., in alliance with the RPF, is forcing that return. About 1 million displaced Rwandans have been holed up in refugee camps in southwest Rwanda, where the French Foreign Legion established a "safe zone" for those fleeing the RPF blitzkrieg invasion of Rwanda that began within hours of the assassination of President Habyarimana on April 6, 1994.

In December, the RPF began burning down the camps; this action did not bring the refugees home, however, but forced them to flee further into either Burundi or Zaire. In mid-December, while RPF troops surrounded the camps outside, a force of 1,800 U.N. "peacekeepers" swept through the camps looking for known perpetrators of murder and for arms and other heavy weaponry allegedly in the camp, but came up with virtually nothing. "We feel the camps should not be allowed to become hotbeds of militarization, of violence," said U.N. representative to Rwanda Sharharyar Khan. Khan claimed that the U.N. does not favor shutting the camps, but believes that "ethnic reconciliation" is impossible unless the refugees return home.

In mid-January, the U.N. joined in. Aid agencies stopped distributing food to the Cyanika camp in southwest Rwanda, and the U.N. cut off the water supply to the camp. Once again, refugees fled to Zaire or to Burundi, rather than return home.

On Feb. 8, the World Food Program, the U.N. food agency, warned that it was running out of food for the camps

in the Goma area of Zaire, where up to 1 million Rwandans live. Warning that the program's food stocks for Rwanda would run out by April, Deputy Director Daan Everts forecast riots and "grueling scenes of starvation" in the camps by spring. Contrary to the allegations coming from aid agencies, Everts flatly denied that the program was feeding an "army-in-waiting of exile Rwandan militiamen and troops in the camps." A forced registration of all refugees had made food aid more orderly, he said.

Food deliveries to the camps are already being delayed by days due to prolonged checks at the Rwandan border into Zaire, reported a World Food Program representative on Feb. 6. "The justification for the checks by the local [Rwandan] security personnel is to be sure the trucks are not transporting arms," program worker Klaus Muhlsteff told Reuter.

The U.N. has now entered into an agreement whereby Zairean soldiers will directly patrol the camps. This pact was the result of the failure of the U.N. to come up with the 5,000-man U.N. peacekeeping force that had been mandated by the U.N. Security Council in November, for Rwanda. Only one country offered any troops for the job; no one offered money.

### **Why no return?**

"Rwanda is a very secure country right now," Winter claimed at his RPF press conference at the U.N. "It is not an empty country. It is not a country in which vigilante or revenge killings are common."

Refugees are not convinced. After food and water supplies had been cut at Cyanika camp in southwest Rwanda, refugees refused to return to Rwanda. As one woman told Reuter, "If I stay here, I may die, but if I go home I will die, so I have chosen to stay."

Of the very least concern to the refugees is the evidence

that the RPF is seizing the land of those who have fled the country, with many Hutus fearing that going home will return them to the status of "serf," which the Hutus held under the Tutsi overlords throughout the colonial period, when Belgium raised the Tutsi to the status of colonial enforcers.

Of prime concern is the fact that leaders of the RPF government in Kigali have stated categorically that unless there are tribunals for the crime of genocide held in Kigali, where the death penalty prevails, then RPF troops will take revenge on their own. "People who have lost their wives, their children, will resort to other means of revenge," said Maj. Wilson Rutayisire, head of the RPF information office. The U.N. Commission on Refugees, in a report not released to the public, charged in December that the RPF was engaged in revenge killings throughout Rwanda.

Within the country, the RPF is now holding 7,000 people in prison on charges of genocide, and RPF Defense Minister Paul Kagame, who led the invasion of Rwanda from Uganda, has stated that the new Kigali government wants to try up to 30,000 people.

The U.N. has already dispatched its prosecutor to Kigali to gather evidence. Richard Goldstone, a judge known to have worked closely with the British mining corporation Anglo-American in South Africa, is heading the team. There has been no word on how a defense of the Hutus might be organized; sources report that while the U.N. will pay for the prosecution, the defense will have to be *pro bono*.

The underlying assumption of the current siege against Rwandan refugees is that the massacres that occurred in Rwanda in spring 1994 were exclusively carried out by Hutus against Tutsis. This is not the case. The Rwandan catastrophe

was sparked by the RPF invasion of Rwanda in October 1990. Despite the fact that the Tutsi-dominated RPF government represents only 15% of the population, the Arusha accords orchestrated by the U.N., Uganda, and Tanzania gave the RPF a 40% share in power in the government of the elected President Juvenal Habyarimana. When Habyarimana was killed, when his plane was shot down in Kigali Airport, the RPF moved quickly from the north of Rwanda, where it controlled a chunk of territory. According to numerous sources, including François Nsengiyumva, press secretary of the democratic opposition to Habyarimana, the murdered Prime Minister Agathe Uwilingiyamina, the thousands of corpses floating down Kagere River into Lake Victoria, were victims of RPF massacres, as they killed their way into the country.

All efforts by the Rwandan Democratic Movement to work with the RPF have been spurned by the RPF, according to Dr. Dismas Nsengiyaremye, former prime minister of Rwanda and first vice president of the Democratic Movement. In a declaration published in December, the social democratic wing of the movement denounced the "assassinations, the massive slaughters, the disappearances, and arbitrary imprisonments of which the RPF army continues to be guilty. In view of the scale of these sad deeds, we cannot put them down to isolated elements of this army giving ways to feelings of vengeance. This argument has proved to be a false alibi."

Until this reality is dealt with, the people of Rwanda will continue to be hideously victimized by the franchise given to the Tutsis by British intelligence, specifically Minister of Overseas Development Lady Lynda Chalker and her "blue-eyed darling Yoweri Museveni," to rule by force and murder with impunity.

## EIR warned of Rwanda genocide in 1990

In its Nov. 16, 1990, issue, *EIR* featured an article written by Africa Desk officer Michael Gelber with the headline, "Rwanda Targeted for World Bank Genocide." Reporting on the invasion of Rwanda on Sept. 30, 1990 by 10,000 troops from Uganda, Gelber noted that Rwanda, "with the highest population density in Africa, has long been a target of malthusian population reductionists." The RPF-Tutsi invasion, Gelber reported, came right at the point that the Rwandan government of Juvenal Habyarimana had been forced to go to the International Monetary Fund after years of resisting the Fund's deadly conditionalities. In addition, the invasion followed by three weeks the visit to Rwanda of Pope John Paul II, who had called for regional

cooperation on economic development as the key to the solving the tribal tensions in the area. "The concrete implementation of projects conceived in common will support everybody's activity, whether in technical fields of transportation, the commercialization of basic commodities, credit or scientific research programs, to the struggle against diseases and their prevention."

Gelber further warned that although "Uganda has been one of the parties engaged in cease-fire talks, its attitude in the conflict is highly suspect. As recently as the second week of September, Ugandan President Yoweri Museveni met with the leadership of Rwanda and Zaire, assuring them that no invasion would occur from Uganda. . . . But the soldiers who invaded were led by a member of the Ugandan Armed Forces who was originally a Rwandan Tutsi. Museveni, from a Rwandan Tutsi family himself, was put into power with the backing of Tutsi guerrillas."

And Museveni has remained in power, with the role of East Africa's marcher lord, thanks to British intelligence.

# Italy's Dini carries out bankers' program

by Claudio Celani

The new Italian government headed by Prime Minister Lamberto Dini, a former executive director of the International Monetary Fund, has moved to carry out a number of austerity programs demanded by the financial establishment, at the expense of the Italian nation. But after only one month in office, the government is so unstable, that the political parties are already preparing for early elections, which could come as soon as May.

Dini's transport minister, Giovanni Caravale, has blocked Italy's participation in a vital high-speed railway project, by announcing that the project has to be reexamined financially. Although Caravale formally denies that he wants to cancel the project altogether, his move would stop it for at least one year, thus jeopardizing the many contracts already signed by the state, private companies, and local administrations. These complex negotiations have been 99.9% completed, State Railway Manager Lorenzo Necci had announced just the day before.

The Italian state is presently financing 40% of the high-speed rail projects. Private companies will finance the rest, but the investments are insured by the state. Caravale, a former bureaucrat from the Finance Ministry, insists that such state guarantees amount to a subsidy, and wants to change them.

Franco Carraro, chairman of the Impregilo company, which is supposed to build 61% of the Florence-Bologna line, has declared that if the contracts are not signed during February, "the project could be delayed for one year. In the meantime, there are very serious risks for employment."

On another front, Labor Minister Tiziano Treu has announced that, this year, 1.5 million pensioners will receive part of their pensions in state bonds. The bonds, with five or ten years' maturity, will replace the equivalent of some \$20 billion which had been cut by the last government, and later restored by the Supreme Court, which ruled that the cuts were unconstitutional.

Sergio D'Antoni, leader of one of the three major trade unions, the CSIL, threw his support behind the plan. "We agree on payment in state bonds," he said. "It is important to act quickly."

As for the ministries of defense and foreign affairs, these are dominated by oligarchs, as *EIR* reported last week. Deputy Defense Minister Carlo Maria Santora, founder of the Center for Geopolitics and Ethno-Nationalism in Milan,

raised eyebrows when he endorsed the Fortress Europe concept of Karl Haushofer and Adolf Hitler, in an interview with the magazine *L'Italia*. Now, a member of his center, Livio Caputo, has been appointed by Foreign Minister Susanna Agnelli as Italy's representative to the European Union committee that is preparing the next conference on implementation of the Maastricht Treaty on European unity.

## New elections soon

With the prospect of early elections in May, the leftist bloc has already chosen technocrat Romano Prodi as its candidate for prime minister. Prodi is a product of the London School of Economics. In 1989 he was part of the team put together by Hungarian-born financier George Soros that produced, under the leadership of Harvard's "flea-market" economist Jeffrey Sachs, the "reform" plan for Russia known as the Shatalin Plan. Prodi is pushing for a scheme for western and eastern Europe comparable to the North American Free Trade Agreement (NAFTA), which is looting Mexico while driving down wages in the United States and Canada.

When he was chairman of the giant state conglomerate IRI in the 1980s, Prodi sold Alfa Romeo to FIAT owner Gianni Agnelli (whose sister is the current foreign minister) and the SME food industry to Carlo De Benedetti (the latter agreement was considered so scandalous, that it was nullified after a week). Under the government of Carlo Azeglio Ciampi, Prodi was again appointed IRI chairman, and sold two major banks, Banca Commerciale and Credito Italiano, to a coalition of Central European *fondi*, or family fortunes, allied to banker Enrico Cuccia.

Prodi profiles himself as a Christian with social concerns; his candidacy was conceived in part to split the Catholic vote away from the Popular Party (PPI, formerly the Christian Democracy) and the moderate bloc.

On another side of the political rainbow, the congress of the separatist Northern League, which ended in Milan on Feb. 12, manifested the deep crisis into which the party has fallen since its leader, Umberto Bossi, brought down the government of Silvio Berlusconi at the end of 1994, in favor of the leftist-supported Dini cabinet. The number-two man in the League, former Interior Minister Roberto Maroni, left the party, along with 53 Members of Parliament. Polls give the Northern League, which elected more than 100 representatives in the last elections, only 3% at present. Describing the climate at the congress, former Northern League ideologue Gianfranco Miglio (who left the League, joining the conservative bloc) characterized it as "a funeral like the ones celebrated in southern regions, where the corpse is not buried yet and the relatives are fighting over the inheritance."

Significantly, one guest speaker at the Northern League congress was Massimo D'Alema of the former communist PDS party. As for Bossi, he was reelected secretary general of the League, after all the dissidents were kicked out of the party.

# Italy: from politics to marketing

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*The representative democracy of the 1947 Constitution got corrupted, but today's direct democracy is worse. Leonardo Servadio writes from Milan.*

During the past several months, Italian political life has undergone a significant change. The country, which according to its Constitution should still be a "representative democracy," i.e., a regime where the people exert power by means of a series of delegated structures and organizations, is passing over to so-called direct democracy, i.e., where people express their will directly on every issue.

In his *Republic*, Plato argued that too much freedom kills democracy. Now in Italy, we are likely confronting the fact that too much democracy kills freedom.

The fundamental element which served the cause of "representative democracy" from the postwar period until 1992-93, was the party structures. Italy was the "democracy of the parties." They determined all the legislation, and chose all the local and national state bureaucracies. The division of bureaucratic posts according to the differing weights of the various parties was catalogued in the "Cencelli manual" (named after the Christian Democrat who formulated it), which permitted the former ruling party, the Christian Democracy (DC), to distribute important posts to all the parties with seats in Parliament, maintaining a de facto overall peace and cooperation among them.

But that party system was killed: by the enormous state debt (now, at 2 trillion liras, higher than the Gross Domestic Product), by scandals which reduced the political life of the First Republic to shambles, and by the 1993 referendum which established that the electoral vote would be majority-based, and no longer proportional (before, each party got as many elected representatives as its percentage of the vote; now, it's winner-take-all).

With the government of television magnate Silvio Berlusconi (April-December 1994), the first after the referendum, and the first after the death of the First Republic, it was proclaimed loud and clear by the mass media that "direct democracy" had arisen. It was most appropriate that the television czar would be its midwife. Berlusconi apparently lives by the polls. All his decisions are preceded by a poll, and only if the poll is favorable is the decision taken.

Notoriously, the private television networks live off commercials. And commercials need polls in order to establish

the prices of the various "time slots" and to evaluate the real "market share," and thereby the real "value," of each broadcast. As a private television magnate, Berlusconi was so used to polls that when he entered the political arena, he introduced that conceptual revolution into politics. Before announcing his program, he polled the public to see what it wanted. Then, he announced it as his program—as easy as selling a five-second prime time spot with a 10% discount on the nominal value.

The Italians wanted jobs. So, he promised jobs and won. At his side, Berlusconi kept his polling "genius," Gianni Pilo, a professional pollster. During Berlusconi's government the poll mania spread like wildfire, and the former Communists, now PDS, started to do the same, commissioning polls at the drop of a hat. Political round tables were organized daily to debate the issues emerging out of the polls.

The most successful communist television broadcast, a political debate led by journalist Michele Santoro, is organized around a continuous poll. Say the subject is, "Is the right wing properly represented in the mass media?" The panel is made up of various "personalities," the editors of the country's major newspapers plus some television journalists. Every five minutes the camera pans a room where young women are taking calls from the public. The public is called upon to answer the question: "Is Berlusconi's power in the national television networks too dangerous?" Every five minutes a nice lady informs the public, "Now 53.2% of Italians think that it is not dangerous, 41.7% think it is, and 5.1% do not know." Then all the "experts" debate. After five minutes the program is interrupted again and the new "results" of the poll are made known. Maybe a total of 25 people call in to answer the stupid question. Yet the poll is presented as "the thinking of the Italian people."

The major dailies, such as *Corriere della Sera*, constantly run polls. "Public opinion expert" Renato Mannheimer polls voters on their intentions. Over the course of weeks Mannheimer thus shows that voters increasingly vote less for the Popular Party (PP, the old Christian Democracy). He wants to show that with the new majority-based system, people want to be either right or left, and that no center of the

political spectrum is possible any more. The fact that one paper presents as the objective thinking of the majority of Italians, that the PP should not exist, is a much stronger argument than a hundred speeches by politicians.

But far from being an amusing little ruse, with the Berlusconi government, polls became the daily bread of all the national mass media. Political platforms became increasingly associated with the media, rather than with the parties. The “right-wing” option is presented by the daily *Il Giornale* and the weekly *Il Settimanale* and its editors Vittorio Feltri and Marcello Veneziani, and the journalists of Berlusconi’s television empire. The “left-wing” option has been reborn in the classic British free-trade mold, having found its standard-bearer in Indro Montanelli, the former editor of *Il Giornale* (which he founded as an anti-communist daily!) and now editor of the liberal *La Voce*; in short, journalists are taking over the politicians’ role of speaking to the people to formulate and discuss ideas and programs.

The cycle is obvious. The mass media formulate the thinking process, which is then poured into “public opinion,” where it is “monitored” by the polls, whose results become binding on the elected officials. This mechanism guarantees that whoever controls the media controls the elected representatives, with “public opinion” as the apparent source of legitimacy. Politicians are reduced to technicians at the behest of the opinion poll/media magnates.

Not by chance, the issue most hotly debated during the first Berlusconi government was the question of the control of the state television.

### The referendum merry-go-round

But it is not only polls that constitute the backbone of direct democracy. Referendums are also important. Here the master is former Liberal student leader Giacinto Pannella, now a Radical leader of an electoral slate in his own name. In recent months, this referendum enthusiast proposed a total of 10, of which six were declared unconstitutional by the Constitutional Court, and the other four will be voted on next spring, together with referendums introduced by different organizations. Pannella’s all go in the direction of deregulation of public television, of labor/management relations, and of business activities. Among those which were struck down was one calling for deregulating welfare assistance.

Is there a strategy behind all this shift to “direct democracy”? Yes, and a longstanding one.

In 1977, a book was published called *La costituzione di carta* (*The Paper Constitution*), by Mario D’Antonio. D’Antonio headed the study center of the Chamber of Deputies (the lower house) for several years, and in 1977 he was the top researcher for the Institute for Documentation and Legislation Studies and a prolific writer on constitutional subjects—in short, a real “insider” in the state bureaucracy. The book’s contention was that, since the Italian Republic’s Constitution was written in 1947, its basic plan for the func-

tioning of the state and government has been progressively emptied and inverted in real political life. The argument is persuasively documented.

D’Antonio shows that from the outset, the various parties, ignoring the constitutional dictates on separation of powers, have taken over the institutions of government and used them to private advantage, dealing with them as private property. At the same time, within the parties themselves, oligarchies prevailed, increasingly stifling policy debate. Hence the national institutions were permanently occupied by the oligarchies in control of the parties. The parties, in turn, lived by corruption. Exploiting their power, they took money illegally from banks, industries, and other sources, in exchange for political favors: a sort of secret illegal tax system imposed over the economic entities. Anyone who wanted a career in public institutions had to be “protected” by a party, and in a country where the public sector accounted for half the economy, this meant a lot.

D’Antonio shows that the corruption started before the Constitution was even written, in the mid-1940s, and continued into the 1970s. The book argues that the constitutional provisions have been so twisted that there is no way to return to a situation where the constitution might really be implemented. Therefore, power should be taken away from the parties and direct democracy installed, taking advantage of the use of computers—D’Antonio implies something like a system of permanent popular consultation. Finally, he concludes, government must no longer be run by politicians but by ordinary citizens, chosen for limited periods by random drawing.

As D’Antonio emphasizes, precisely in the mid-1970s, when he was writing the book, the state television monopoly was broken with the creation of private television (resulting in the hegemony of Berlusconi’s networks in the private sector); and the just-established public financing of the parties proved unable to stop the existing cycle of corruption.

The book proves that the present Italian political crisis had been planned out nearly 20 years ago, at a time when the attack by the terrorist Red Brigades and various “autonomous” and “right-wing” groups against the Christian Democracy-centered party system was at its zenith. Far from being a fringe operation, the attack against the state came from within the state itself. Moreover, while hard evidence is not at hand, it can only be suspected that it had ample aid from the foreign interests which have never hesitated to meddle in Italian politics.

The party system was undoubtedly corrupt. The question now is not whether the new gamemasters of mass-media politics are more, or less corrupt. In the interstices of the mass-based political parties, there were also people who represented the real interests of Italy as a nation. In the bureaucratic organizations which control the mass media today, one can hardly see anything but the private interests of an ever smaller, ever more powerful oligarchy.

## Will 'animal rights' be a mass movement?

by Mark Burdman

Growing numbers of farmers in Great Britain are being forced to take special security measures to protect themselves from increasingly threatening and violent "animal rights" and "animal welfare" protesters, who are sending letter bombs and staging obstructionist actions against farmers involved in exporting live calves to the European continent for veal. The British National Farmers' Union, which usually abides by the rules of the political game in Britain, has been forced to demand that the government take strict enforcement actions against "animal welfare" terrorists.

The situation took an ominous turn at the beginning of February, after "animal rights" militant Jill Phipps was killed when she lunged in front of a truck that was transporting live animals. The British press has been filled with tear-jerking articles about her and her family, and she is rapidly becoming a national martyr. Deranged French actress Brigitte Bardot has lent her support to this operation, with an open letter to France's *Journal du Dimanche* newspaper saying: "Jill will go down in history as the Joan of Arc of veal."

Her funeral at Coventry Cathedral on Feb. 14 was attended by 1,000 mourners, including former Tory Defense Minister Alan Clark, who is a vegetarian. The music was provided by a rock group called "Sub Humans." Eulogies compared "use or abuse of any animal" to "using or abusing an innocent child."

Phipps was not some well-meaning sympathizer with the plight of animals, however. Her boyfriend, who went with her on many demonstrations, is an activist in the Anti-Nazi League, a clone of the Trotskyist/Socialist Workers Party in Britain. Other leaders of the demonstrations come from the "anti-fascist" Class War group in Britain. "Animal rights" is just one of the "rent-a-mob" causes that these creatures are deployed into, by the highest levels of the British establishment.

### Scrapping the 'established faiths'

A faction of the establishment is architecting the issue in order to create a new paradigm, or belief-structure, in Britain, in which animals are considered equal to, or even better than, human beings. This is the next phase of the World

Wide Fund for Nature campaign of Prince Philip. Leading ecologists have stressed, in interviews, that "animal rights" is now becoming a mass movement, winning over larger sectors of the population than just true-believing militants, as people who are enraged and fed up with politicians and politics become easily manipulable into such a new "cause."

The most overt statement from the establishment about this gameplan, was a lead editorial in the Jan. 21 London *Independent*, entitled, "Ideology Is Dead . . . Long Live Animals!" The editorial began by comparing the phenomenon of 4 million people in the Philippines coming out to "catch a glimpse of an aging Pole, John Paul II," with "hundreds of normally quiet, law-abiding citizens" in a British town suddenly "protesting *en masse* against live animal exports." Both are examples of "fervor," as people seek "what has value and meaning in their lives. Filipinos are uplifted by their Roman Catholic faith and the papal messenger from their God," while the animal protesters "seem to have found a cause that expresses their sense of what is right, both politically and, for many of them, spiritually." All of this is part of the replacement of "ideology" by "the new battle over ethics and morality" in the post-communist era.

"Great moral questions about the nature of man's relationship to the environment dwarf the old economic issues," the editorial continues. "An important additional factor is a gradual change in western spirituality. Established faiths tend towards monotheism and typically have a transcendent, distant god. But the people of the West have been moving away from their traditional way of expressing spirituality. The old religions are in decline. The new spirituality would be better represented by the reverential, prehistoric animal paintings revealed this week in caves in southern France. We are rediscovering the sacred nature of our immediate environment. Certain animals have even become symbols of our new beliefs. We struggle to save the whale, the elephant, and the panda with a fervor that resembles the reverence an African animist might accord to his animal totem.

"This is also an age when emotion has been legitimized. The feminization of society means that feelings have now won proper public respect alongside rationality. . . .

"Some people may still regard an empathy for furry animals with disdain, considering it to be anti-intellectual. They are out of touch. We should celebrate this week's victory by animal rights campaigners. It shows that politics has not died in the post-communist West. Environmentalism demonstrates that people have global concerns. They have not become introverted in their politics. Even modern technology and the police cannot frighten them. People can still bind together in a common, worthy cause and win."

Such disgusting expression of ostensible "love for animals" has drawn the wrath of some Bosnian refugees living in Britain, who express their horror that the same British who are backing the Serbian slaughter of Bosnians in former Yugoslavia are shedding tears about the suffering of animals.

## Supranational 'justice' for Colombia

*Samper opposes extradition of drug traffickers, but approves foreign assaults on the military.*

In a move unprecedented in Colombian history, President Ernesto Samper Pizano on Jan. 31 accepted the findings of the Inter-American Court of the Organization of American States (OAS), as if it were a ruling of his nation's own judicial system, and pledged to punish members of the Colombian military for the alleged death or disappearance of 107 individuals. Samper's decision has caused a furor within the Armed Forces, which view his action as a flagrant violation of national sovereignty and of their nation's sovereign institutions.

The case of the so-called "Trujillo massacres" had been duly investigated and dismissed by Colombia's offices of the Prosecutor General and Attorney General, and by both civil and military courts. Nonetheless, the OAS Inter-American Court, determined to find Colombian military personnel responsible for human rights abuses, ignored the findings of these national judicial bodies and pursued its own investigation.

To give the aura of legality to this decision by a supranational organization, the OAS court decided to include as one of its investigators the pro-terrorist Jaime Córdoba Triviño, Colombia's human rights "ombudsman." Also nominally representing Colombia on the OAS's "Truth Commission" were several ministers, the inspectors of the Colombian Armed Forces and National Police, and representatives of five pro-terrorist non-governmental organizations (NGOs). Among its conclusions, the OAS court "ordered" the Samper government to financially compensate fami-

lies of the alleged victims and the population of Trujillo, in the state of Valle de Cauca, where the disappearances were said to have taken place. The court demanded that the government publish a book detailing the alleged atrocities (the better to heap scorn on the military), and to erect a monument in the name of human rights.

Upon receiving these official "conclusions" of the "Truth Commission," President Samper promised to fully honor the demands, and agreed to accept the blame "that belongs to the Colombian state for the action or omission of public servants in the violent events that occurred in Trujillo." Samper's acquiescence to this multinational imposition stands in striking contrast to his refusal only weeks earlier to reconsider using the weapon of extradition and trial in foreign courts against the country's increasingly powerful drug cartels.

On Feb. 1, civilian Defense Minister Fernando Botero Zea gathered together 30 Armed Forces and police generals to inform them of President Samper's decision to implement the OAS's orders and to discharge Lt. Col. Alirio Antonio Uruña Jaramillo, the targeted officer in the Trujillo case. The meeting was marked by sharp verbal confrontations between the minister and the generals, with several generals criticizing the government for permitting this blatant violation of national sovereignty and for setting an "ill-fated precedent" and "disincentive to the troops." According to press accounts, some even asked, "What if this becomes a habit and we have to respond now not only

to Colombian justice, but also to informal international commissions?"

Before the meeting, Gen. Harold Bedoya, commander general of the Army, publicly rejected the OAS's Truth Commission report: "Colonel Uruña was investigated by the Public Order Attorney, by the military criminal justice system, and by the human rights prosecutor; they did not find him responsible and the investigation was closed. He is innocent, according to Colombian law." Bedoya said that the OAS commission is nothing but "an extrajudicial body which has nothing to do with Colombian law."

Since the government's decision, every leftist and pro-terrorist columnist in the country has praised Samper for "finally listening to an NGO"; some are already demanding a total overhaul of the military justice system and criminal code. Only the daily *El Tiempo* editorialized the obvious: that this precedent of allowing judicial decisions to be imposed by "foreign unofficial bodies" is an explicit violation of national sovereignty. Further, warned *El Tiempo*, we must beware the tendency to "use the incident to open the door to undermining the military hierarchy and discrediting the high command, whether out of prejudice against the military institution or out of poorly disguised sympathy with subversion."

It was clearly no coincidence that during the week of the OAS court ruling, the same group of human rights NGOs which last year issued a 500-page "hit list" against Colombia's Armed Forces entitled "State Terrorism in Colombia," have issued a new book on the same subject, which concludes that human rights abuses in Colombia are not the work of "individual fanatics in the military," but are inherent in military doctrine and institutions.



## **Defense Ministry proposal draws fire**

*The proposed creation of a new, civilian Defense Ministry is part of the plot to destroy the Armed Forces.*

**P**resident Fernando Henrique Cardoso began his presidency by presenting to the Armed Forces his proposal to create a civilian-led Defense Ministry, which would replace the three individual service ministries as well as the minister of the Armed Forces General Staff which currently exist. There is little question that the motivations behind this plan are related to the plot of certain circles in London and Washington to demilitarize Ibero-America.

President Cardoso named Gen. Bendito Bezerra Leonel, chief of the Armed Forces General Staff, to elaborate the proposal for the new ministry, with the idea of creating it by the end of this year. But reactions against it have been so strong, there's no guaranteeing that it will be set up by the target date.

On Jan. 16, the daily *Gazeta Mercantil* reported Navy Minister Mauro César Rodrigues Pereira's comment that "we have to find our own, Brazilian solution, and can't look at what other countries have done. Our case is very different from that of the United States and England."

In its January issue, the most influential military newspaper, *Ombro a Ombro*, editorialized that "the statement that [the creation of] a Defense Ministry is a universal tendency doesn't necessarily mean that Brazil should follow that tendency. . . . Those who conceive of a Defense Ministry as a means of reducing the power of the military establishment should recall what we have previously stated here: The Armed Forces are not servants of the government or of the state, but of the Fatherland, which ex-

ists above governments and structures of the state, and is an expression of the nation which precedes the existence of the state and is an amalgam of Brazilian society."

*Ombro a Ombro* mentioned certain individuals who have loudly defended the proposed Defense Ministry. One of them is São Paulo Archbishop Cardinal Evaristo Arns, who in his year-end message stated, "The existence of demilitarization is desirable in order to give society the character of a civil citizenry." Arns is one of the leaders of the theology of liberation movement, a friend of Fidel Castro, and has become a chaplain of sorts to the pro-terrorist São Paulo Forum. He is also a personal friend of President Cardoso.

Thus, the President's idea came smack up against reality. He had hardly made the announcement when various sectors of the Armed Forces began to express their disagreement—some of them publicly, others limiting the debate to the barracks. In any case, the consensus is that the President's proposal is part of the effort to undermine the role which the Armed Forces have played historically in Brazil.

There is no doubt that the pressure to create the new ministry came from abroad. Last November, U.S. Secretary of Defense William Perry traveled to Brazil in an attempt to reestablish the "special relationship" long advocated by Henry Kissinger. Perry was especially enthusiastic about the creation of a civilian-led Defense Ministry, precisely Cardoso's proposal. "The United States seeks to hold periodic meetings with all of Latin America's defense ministers," he

told the press.

The agency which has been most vociferous in demanding the dismantling of Ibero-America's armed forces is the Inter-American Dialogue (IAD), a Washington-based think-tank which maintains close ties to Wall Street. Fernando Henrique Cardoso is one of the IAD's founding members.

To date, President Cardoso has tried to be cautious in his dealings with the Armed Forces, but tension has nonetheless arisen in two other areas—one related to wages and the other to the military's demand that new investments be channeled into its technological projects.

Funding for both of these areas depends on whether the government remains committed to following the suicidal policy outlined in the "Real Plan"—the monetarist economic plan to combat inflation devised by Cardoso when he was finance minister in the Franco government—or decides to make policy changes more in accord with national interests. During the second week in January, "unrest returned to the barracks," the daily *Correio Brasiliense* reported, provoked by the fact that wage increases were granted to the government's Executive and Legislative branches, but not to the Armed Forces.

Apparently the government is considering some action to control the military unrest over low wages. During a recent debate in the national congress, it was reported that the secretary of administration to economist Carlos Bresser Pereira had proposed a nasty scheme of divide and conquer. This consisted of raising the military high command's wages to the level of a deputy minister, without extending the raise to the lower ranks. In response, General Leonel of the General Staff quickly stated that the proposal was "an infantile idea to coopt us."

# International Intelligence

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## **Denmark and Britain 'don't stand together'**

British Foreign Minister Douglas Hurd's visit to Denmark on Feb. 8 drew acid press commentary. On Feb. 9, the Danish paper *Jyllands-Posten* ran an article observing, "Denmark and Great Britain no longer represent a close partnership in European policy, even if Douglas Hurd yesterday tried to revive the old alliance."

"If there are two who do not stand together it is Denmark and Great Britain," stated the Feb. 10 editorial in the Danish paper *Politiken*. "The reason why it is necessary to repeat this logical consequence of the past decade of Thatcherism, is the recent visit by the British foreign minister. On that occasion, the old traditional song about Denmark and Britain being close allies and good friends was performed with profound professional hypocrisy, at least by the electronic media, who surprisingly uncritically, broadcast this diplomatic lie. Not that we are unfriendly with Britain. Not at all. It just happens that we utterly disagree with the British Conservative government on basically all points on the agenda in the European Union."

In January, a Danish senior military analyst told *EIR*, "Since the fall of the Berlin Wall, we have been surprised to find how little we actually have in common with the Anglo-Saxons. We are also surprised to find that on almost all issues, Germany turns out to be our natural ally. It is amazing how fast the pre-World War I strategic constellation of Europe has reasserted itself."

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## **Revolt in Poland casts doubt on deal**

A revolt within the Polish Peasant Party (PSL) has cast doubt on the durability of the coalition agreement to replace Prime Minister Waldemar Pawlak with Sejm (Parliament) Speaker Jozef Oleksy of the Democratic Left Alliance (SLD), which was made on Feb. 7 (see story in last week's *EIR*). The

PSL's main executive council voted on Feb. 9 to accept Pawlak's decision to step down, but the party's 170-strong parliamentary caucus sharply criticized the move. PSL deputies and senators denounced Pawlak's advisers and leading PSL cabinet members for agreeing to the deal without consulting them. Some urged a probe into corruption allegations against the prime minister.

Others argued that the party should demand continued control of the prime minister's post or opt to join the opposition. Pawlak's position within the PSL seems badly shaken. Even if the party agrees to a prime minister from the post-communist Democratic Left alliance (SLD), which supports free-market reforms, the battle over ministerial posts is certain to be fierce, and defections by PSL deputies in any "constructive no-confidence vote" to form a new government appear likely.

The PSL and Pawlak failed to explain to Poles the nature of the battle to protect the national economy and avoided openly criticizing the International Monetary Fund. As a result, debate has centered around corruption charges and disagreements between President Lech Walesa and the government, leaving the society in total confusion.

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## **Pakistan sends accused terrorist to U.S.**

U.S. officials praised the cooperation of Pakistani authorities who arrested alleged World Trade Center bombing mastermind Ramzi Ahmed Yousef at the Islamabad Holiday Inn on Feb. 7, and immediately sent him to New York City for trial. He was arraigned there on Feb. 9, and pleaded not guilty to 11 counts related to the February 1993 atrocity.

Pakistani authorities found bomb-making equipment in Yousef's room. Working with the U.S. Drug Enforcement Administration, the Pakistanis had kept him under surveillance for two days after he arrived there from Manila on Feb. 5. Interior Minister Nasirullah Babar said that Yousef was extradited without the normal procedures,

after he confessed during interrogation to his role in the World Trade Center bombing.

Pakistan desires to restore the special security relationship it once had with Washington, and may be succeeding at least in part. Hillary Rodham Clinton plans to visit Pakistan in March, and Prime Minister Benazir Bhutto is due to visit Washington in April.

Yousef's trail was picked up from the plan to assassinate Pope John Paul II in Manila. Last December, an explosion aboard Philippine Airlines Flight 434 from Manila to Tokyo that killed one passenger and injured ten others was claimed by a radical Muslim group.

Then, as part of the security screening for the pope's visit to the Philippines, two Muslim men were arrested on Jan. 6, and a day later authorities raided an apartment near the Papal Nuncio's compound. They found fake security badges for the pope's visit, diagrams of his travel route, bomb-making materials like those used in the Trade Center bombing, and a fingerprint which, when it was turned over to the FBI, proved to match that of Yousef.

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## **LaRouche case presented to New Delhi symposia**

Signators of the Schiller Institute's ads calling on President Clinton to exonerate Lyndon LaRouche organized two public symposia in New Delhi, India to present the case for LaRouche's exoneration and that of his associates. The campaign was also the subject of seminars at two major universities, Jawaharlal Nehru University and Jamia Millia University.

On Feb. 8, Gail Billington, whose husband Mike Billington is serving a 77-year sentence in Virginia, was invited to address a symposium at the Law Institute, sponsored by two human rights organizations, PUCL and CED. One of India's leading human rights attorneys, who has followed the LaRouche cases for three years, set up the meeting and personally invited 50-60 attorneys, especially those who practice before

the Supreme Court. Fifty lawyers and journalists came to hear Mrs. Billington's briefing. Another senior attorney called on those present to do everything in their power to move the U.S. President to right the wrong committed against the defendants.

A second panel discussion, sponsored by the Center for Alternative Institutions, drew 35 lawyers, journalists, and human rights activists. Two speakers, one of India's three national election commissioners and a former Assistant Attorney General, joined Gail Billington in addressing the group.

## ***Balladur not a shoo-in for French presidency***

"Inevitability is draining from France's presidential election," wrote William Pfaff from Paris, in the Feb. 11 *International Herald Tribune*. Until recently, Prime Minister Edouard Balladur "seemed invulnerable" in all the polls.

Pfaff predicted that other conservative candidates may challenge Balladur (RPR) for the presidency, then added: "But possibly more dangerous to Mr. Balladur are the scandals of party and campaign financing besetting all of the major parties during the past two years." Three cabinet ministers have already fallen because of scandals, and prosecuting magistrates are coming down hard on the RPR "neo-Gaullist" party.

A further scandal has now exploded which may ruin the chances of Interior Minister Charles Pasqua (RPR) to become the next prime minister of France, and could also ricochet against Balladur. It started with an investigation launched in 1994 by a district judge in Creteil, who was looking into illegal financing of Balladur and Pasqua's party through fraudulent "construction programs." The probe centered on the director of the department of Haute-Seine, Pasqua crony Pierre Schuller.

Shortly before Christmas, the Creteil judge's father-in-law was arrested in the course of a FF 1 million drug-related "sting" operation. Schuller later admitted that Inte-

rior Minister Pasqua had advised him on how to stage the arrest. Ultimately, President François Mitterrand interceded to have the incident investigated by a higher court.

On Feb. 8, the Paris Court of Appeals ruled that the judge's father-in-law had been entrapped by police. Moves are also afoot to transfer the case from the crime squad, under Pasqua's ministry, to the gendarmerie, which is under the Defense Ministry.

## ***Izetbegovic takes leaf from Machiavelli***

Bosnia has only been able to survive, and will only survive, by relying on its own forces, and has used diplomacy as a means of "buying time" to reach the point where it can act effectively militarily, Bosnian President Alija Izetbegovic told a Bosnian television interviewer on Feb. 9, echoing the realism of the Florentine 16th-century political scientist Nicolò Machiavelli.

Said Izetbegovic: "The world will respect and help us to the extent that our army and state is powerful. There will be no meeting with [Serbian dictator Slobodan] Milosevic unless he recognizes Bosnia-Herzegovina within its borders." He said that "recognition of Bosnia is the crucial point of this war. . . . Everything has to be done to save the country and the people, regardless of violation of some norms of protocol. Of course, there are limits. We have already negotiated with [Bosnian Serb leader Radovan] Karadzic. . . . These were not political negotiations. Imagine if some bandit kidnapped your daughter, and invited you to negotiate. You could not say you would not talk to such a person. Simply, some things in life have to be done."

Izetbegovic defended his strategy by stressing: "We succeeded in buying time to save the state. Some facts should be registered. At the beginning of the war, we had 18,000 armed people, at the end of 1992 it was already an army with 50,000 people, at the end of 1993, 100,000, and at the end of 1994, 200,000. Our reason to negotiate was to get peace if possible and, if not, to get time in which our army will grow."

● **FORMER CIA** director William Colby has joined British fascist Lord William Rees-Mogg's *Strategic Investment* newsletter, it was announced in the December 1994 tenth anniversary issue, which also proclaimed: "The future is disorder."

● **CHINESE** abortions are 97.5% female fetuses, which contributes to the growing imbalance in the population, now 118.5 men for every 100 women, according to the official *Books and Newspaper Digest*. While the use of ultrasound to determine the sex of an expected child is illegal, the fact that there are 10,000 machines in the country makes enforcement nearly impossible.

● **NIGERIA'S** military leader, Gen. Sani Abacha, dissolved his cabinet on Feb. 8. Lt. Gen. Oladipo Diya, the second in command, said that some of the ministers said they wanted to leave the government and go into active politics. Ministers who were not politicians would be qualified to return to the cabinet, he said.

● **PAKISTAN'S** drug mafia took a big knock in Pakistan when a record haul of 165 tons of hashish and 480 kilograms of heroin was seized in late January in the Khyber Agency outside Peshawar, and \$70 million worth of assets of seven drug barons were frozen. A more powerful and better-organized Anti-Narcotics Force (ANF) has been created and the Pakistan Narcotics Control Board merged into it, led by an Army general.

● **A COMPUTER** hacker in Italy penetrated Pentagon computers containing President Clinton's medical files, it was announced in Italy on Feb. 12, after the University of Aquila (Abruzzi) completed the investigation that identified the hacker, a new university employee.

## FBI dirty tricks target NASA with phony scandals

by Marsha Freeman and Jeffrey Steinberg

In December 1991, the FBI began an operation it dubbed "Lightning Strike," supposedly to investigate complaints of fraud and corruption at the NASA Johnson Space Center in Houston. However, although this operation was said to be warranted because the NASA inspector general had received anonymous tips on corruption there, it was *not* carried out to investigate crimes being committed by NASA employees or industry contractors, but to see whether the FBI could entrap people into committing crimes.

"Lightning Strike" officially ended in December 1993. Astronaut David Wolf, who had been targeted in the sting, appeared on the NBC Nightly News and revealed that while there was no predisposition to crime, or suspicion of such, on his part, FBI undercover agent James H. ("Hal") Francis called him up nearly 20 times to try to get him to accept a favor for influence peddling.

In June of last year, the first indictment was announced by the Department of Justice (DOJ), and eventually two lower-level NASA employees and seven industry contractors were indicted on bribery and kickback charges. Most of the alleged infractions were minor, and all were a result of the attempts made by the FBI to lure people into committing crimes.

Even though "Lightning Strike" was supposedly terminated, there are still reported to be ongoing investigations of individuals at the Johnson Space Center. A prominent role in hyping up media allegations of wrongdoing is being played by ABC-News reporter Brian Ross, a man very well known to this news service for his mid-1980s role in the slander, frameup, and unjust imprisonment of Lyndon LaRouche and several of his associates. In the dossier below, we shall document just what sort of "journalist" Ross is, and what master he is actually serving.

But first, the story of "Lightning Strike":

The FBI had sent undercover FBI agent Francis to Houston to set up a fictitious company to try to entice NASA employees in the life sciences division at Johnson Space Center, and their industry contractors, into illegal activities. In addition to rookie astronaut David Wolf, former NASA Administrator James Beggs was targeted in this sting operation. As one manager targeted by the probe, but not indicted, remarked, the FBI did not find or expose crime, but "manufactured" it. Seasoned observers insist that the DOJ has "had it in for Beggs," since the bogus case against him had to be dropped (see box).

FBI agent Francis went to Houston posing as an executive of the fictitious Southern Technologies Diversified company. He told NASA employees that his company had developed a miniaturized ultrasound imaging system able to detect and crush kidney stones, which it wanted tested on the Space Shuttle. The company was seeking funding from NASA to do so, he said.

Judging from the accusations that have been made of fraud and abuse, one would assume that this bogus medical device *did* fly on the Shuttle or has been used in medical practice in harmful ways. But the fact is, as Johnson Space Center director Dr. Carolyn Huntoon stated when the indictments were announced, the nonexistent device was rejected by NASA when it got to the second in a complex system of 19 steps required for such equipment to be selected for flight.

### Just like the Nazis

Last year, Beggs told *Houston Press* reporter Steve McVicker what he thought of Operation Lightning Strike: "I think the whole idea of the government running stings in which you [use] government employees who lie and offer bribes with impunity, I think that's outrageous. I don't see

any difference in that from what the Nazis did. What *really* disturbs me about them doing this kind of thing to NASA is that you sow the seeds of distrust among the people in the agency who are responsible for running a very difficult and exceedingly hazardous program. To sow the seeds of distrust, deliberately, in that program is about as despicable and disgusting and rotten a thing to do as I can imagine.”

John Crenshaw, who has worked in the aerospace industry for 40 years and was targeted, although not trapped, by the FBI, wrote a letter to Attorney General Janet Reno on June 15, 1994, protesting the entire FBI operation. He pointed out that Lightning Strike was not even correctly described as a “sting,” where known criminals are allowed to implicate themselves. “To my knowledge, there was no prior criminal activity unearthed in this operation on the part of those charged. It was nothing but a fishing expedition.”

On Aug. 17, Crenshaw received a reply to his complaint from the Office of the Deputy Attorney General. “The Office of Professional Responsibility in the FBI has initiated an inquiry into the matter,” the letter stated.

So far, no results from this internal investigation have been revealed. No action to investigate the FBI’s activities has yet been taken by either the Senate or House Judiciary Committees, which have oversight of the actions of the Department of Justice.

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## Brian Ross: up to the same old tricks

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On Feb. 6, ABC News reporter Brian Ross disrupted NASA Administrator Dan Goldin’s briefing for the press on the newly released fiscal year 1996 budget for the space agency. Ross fired a series of “do you still beat your wife” questions at the NASA director, focusing not on the agency’s budget, but on “Operation Lightning Strike.” As the following excerpts from that exchange suggest, Ross had more detailed “inside” information on the FBI sting than did NASA chief Goldin:

**Ross:** You did not mention in your presentation the fact that in the last year and a half NASA had been the target of an FBI undercover investigation into contracting procedures that FBI agents say uncovered a system and a pattern of fraud and abuse. What, if anything, did you learn from Operation Lightning Strike?

**Goldin:** I think Operation Lightning Strike was conducted by the FBI and other government agencies. We have not yet seen the final results. I think it’s inappropriate for the NASA administrator to comment on the efficiency or the approach of another government agency until we see the final results.

**Ross:** Did you learn anything from what’s come out so far?

**Goldin:** We had a few minor contracting actions and inappropriate actions by employees at NASA Johnson. We have a workforce of 22,000 employees. In a workforce of 22,000 employees there will always be those who might have the tendency to do wrong things. We support investigations and we support open looks into the agency to make sure that the American public gets value for its money.

**Ross:** But just minor infractions?

**Goldin:** We don’t have all the results yet and we’re waiting to see what the final results are going to be.

**Ross:** In light of the FBI investigation, do you still have full confidence in Carolyn Huntoon [director of the Johnson Space Center]?

**Goldin:** Carolyn Huntoon is an outstanding leader. We have no reason to believe that she is not conducting herself with the highest ethical standards.

After repeated efforts by Ross to draw Goldin into an on-camera confrontation over the FBI probe, the NASA press coordinator was forced to shut down the press conference, characterizing Ross’s badgering questions as inappropriate.

Ross, who for years was with the NBC Nightly News, is now working for ABC’s “Day One” news magazine show. The staged confrontation in front of the cameras was apparently designed by Ross to obtain footage giving the impression that the NASA administrator was dodging the question of NASA corruption and the FBI probe.

The incident was vintage Brian Ross. His stock in trade, revealed through his role in the “Get LaRouche” task force, is this kind of attack-smear journalism, and he has a very particular political apparatus on whose behalf he operates.

## The railroad against LaRouche

In October 1983, NBC Nightly News reporter Ross and his producer, Ira Silverman, launched an “investigation” into the political activities of Lyndon LaRouche. According to a deposition that Ross gave a number of months later, the decision to produce the story that eventually appeared on the NBC Nightly News on Jan. 30, 1984 was motivated by LaRouche’s recent political successes—thousands of candidates were running for local, state, and federal office in support of LaRouche’s platform—and by news stories in *EIR* exposing former Vice President Walter Mondale’s ties to the Soviet KGB. Ross told attorneys representing LaRouche in a 1984 libel suit against NBC and the Anti-Defamation League of B’nai B’rith (ADL), triggered in part by Ross’s January 1984 smear, that he considered the exposé of Mondale a political libel that warranted investigation.

Ross’s sworn testimony skirted the edge of perjury. While LaRouche’s political successes and his plan to run for the Democratic presidential nomination against Mondale in 1984 were certainly disturbing to Ross and his ilk, the mo-

tives surrounding the launching of a full media smear campaign against LaRouche—coordinated with a federal and state effort to put him behind bars—went far deeper than the issues cited by Ross.

From February 1982 through the spring of 1983, LaRouche had conducted sensitive back-channel negotiations on behalf of the Reagan White House with the Soviet government. The fruits of those talks had been unveiled publicly on March 23, 1983, when President Ronald Reagan, in a nationwide television address, announced the Strategic Defense Initiative, a program he adopted from LaRouche. Senior figures in the Eastern Establishment, including Henry Kissinger and “moles” inside the Reagan cabinet, had assured Moscow that President Reagan would never adopt LaRouche’s SDI program, according to official messages delivered directly to LaRouche by his Soviet back-channel interlocutor.

The March 23 speech by the President was a shocking refutation of that promise. If LaRouche could “get to” President Reagan on the SDI, despite the best containment efforts of White House Chief of Staff James Baker III and a small army of neo-conservative and “Bush league” assets in and around the White House, then similar LaRouche policy “coups” on other vital issues could not be ruled out. LaRouche’s ideas were too close to the ears in power.

Within weeks of Reagan’s March 23 speech, Wall Street broker John Train, a pivotal figure in Anglo-American intelligence circles, convened the first of a series of war councils to map out a coordinated media smear campaign against LaRouche, to create the public climate for a frameup against him.

The selection of Train to spearhead the propaganda effort showed the importance that senior British circles placed on the “Get LaRouche” drive. Train’s cousin Russell Train was the American director of Prince Philip’s World Wide Fund for Nature (WWF), one of the most important British Crown resources; John Train’s investment counseling firm, Train Smith Counsellors, was about to be bought out by the British Rothschild interests; and Train was personally an intimate collaborator of Sir Jimmy Goldsmith and his brother Edward (a leader of the radical wing of Prince Philip’s worldwide environmentalist apparatus), dating back to Paris in the early 1950s.

The “salon” assembled by Train included two dozen editors and senior reporters from *Business Week*, *Readers Digest*, *New Republic*, and NBC-TV. The ADL, already a major component of the “Get LaRouche” efforts since 1978, was represented by Fact-Finding Division operator Mira Lansky Boland. An ADL paid retainer, Dennis King, who had been assigned to crank out anti-LaRouche propaganda in such publications as the pro-drug-legalization *High Times* magazine since 1979, was assigned the task of preparing charts and briefing papers for the gatherings.

At least one official of the National Security Council, Roy Godson, attended the events under the auspices of CIA

official Walter Raymond, then heading a White House covert operations unit attached to George Bush and Oliver North’s Special Situation Group (SSG), the unit in charge of all Reagan administration covert operations and the center of anti-LaRouche efforts inside the Executive branch. At least two federal law enforcement officials, apparently from the FBI and the Internal Revenue Service, also were present at the Train sessions, according to one report.

An April 1983 Train salon meeting was followed by a second meeting in October 1983—just prior to the launching of the Ross-Silverman “investigation.”

### **NBC producer commits perjury**

The Ross-Silverman slander of LaRouche was aired on the NBC Nightly News on Jan. 30, 1984, just days before the Federal Election Commission was scheduled to announce its decision on whether it would grant matching funds to LaRouche’s presidential primary campaign. Ross privately boasted before the show that the FEC would not grant the funds.

Two months later, NBC struck again, airing a 20-minute slander against LaRouche on its “First Camera” news magazine.

LaRouche promptly sued the network and the ADL, which had provided on-the-air interviews by two top officials, Abbott Rosen and Irwin Suall.

During the pre-trial discovery, NBC producer Pat Lynch, who had done the “First Camera” segment, drawing upon some of the same sources used by Ross and Silverman, committed perjury by concealing her participation in the Train salon sessions. Lynch had attended the April 1983 meeting, and had maintained contact with several key participants, including King and Mira Lansky Boland of the ADL. In her deposition, she was asked where she had obtained a chart detailing the structure of “the LaRouche organization.” The chart had been handed out at the Train salon meeting which she had attended—a fact she never admitted.

Lynch’s perjury, compounded by similar false statements under oath by Dennis King, had a profound impact on events. The Train salon sessions were never presented to the jury in the libel case, and as a result, NBC and the ADL were found not guilty of libel. The verdict constituted a green light for the Justice Department to go forward with the railroading of LaRouche. Had the truth about the Train “Get LaRouche” salon come out at the NBC civil trial, the entire railroad would have been thwarted.

In his own deposition in the libel case, Brian Ross admitted that he had relied heavily on King and the ADL for the material he aired. He also admitted that he had been in touch with federal law enforcement sources in New York and Washington, D.C., who had also provided material. Again, the influence of the Train salon was present, but the truth never came before a jury.

In short, the NBC slanders against LaRouche were all part of the John Train effort, which was the propaganda

## The case of NASA administrator James Beggs

The current FBI "corruption" investigation against officials of NASA's Johnson Space Center is not a new political tactic. The 1980s prosecution of NASA Administrator James Beggs—which was eventually dropped—took a tragic toll in human life, as the chain of events which led to the loss of the Space Shuttle *Challenger*, and the death of seven astronauts, can be traced directly to the witch-hunt against Beggs.

On Dec. 2, 1985, then-NASA head James Beggs was indicted by the Department of Justice for violations of and conspiracy to violate federal procurement regulations. On June 19, 1987, all of the charges were dropped, when William Weld, currently governor of Massachusetts and then head of the Criminal Division of the DOJ, could not explain why 82 boxes of documents that had been obtained by the defense under the Freedom of Information Act had been "overlooked" by the prosecution. The defendants were exonerated.

In between these events, Beggs was forced to resign as NASA administrator. One month after he did so, under an incompetent temporary replacement, William Graham, the *Challenger* was launched in freezing weather, resulting in the explosion of the orbiter.

Although no longer in an official position, Beggs was at NASA headquarters in Washington on the morning of Jan. 28, 1986, when the *Challenger* was launched. Had he been administrator, he would have been down at Cape Canaveral, as he or his deputy had been for every Shuttle

launch since his assuming the top position at NASA. Asked that morning whether the Shuttle would fly that day, Beggs replied, "Brrrrr. It's too cold."

In an interview with this news service on July 2, 1987, Beggs explained, "It was a cold morning and it had been below freezing through the night, and what you don't know with that vehicle, is whether you've got internal ice." Morton Thiokol, Inc. engineer Alan McDonald, Beggs stated, voiced objections to the launch on a number of counts, "and there were several good reasons why we wouldn't [have] launched that morning." McDonald was "worried about several things that morning," including ice on the gantry, and the effect of the cold on a number of components in addition to the booster seals, Beggs stated, "which is what I would have been worried about had I been down there."

At a press conference following the announcement that the case against him had been dropped, Beggs stated that the indictments brought by the Department of Justice were "politically motivated." There was ample evidence the defendants were not guilty when the case was brought.

In leading the space agency, Beggs had clearly annunciated his political views. "More than a century and a half ago, there were the Luddites. More recently, there was the Club of Rome," he stated at a lecture in 1984. "The fundamental error made by the Luddites, the Club of Rome, indeed by the malthusians and others who have shared their philosophy, is one of forgetfulness. They forget to remember that the human imagination is not finite." He held this view, and fought for increased funding for the space program, in opposition to the free marketers and budget slashers in the Reagan-Bush administration.—*Marsha Freeman*

component of an even larger private sector-government illegal joint strike force.

### The role of the Heritage Foundation

Although the "Get LaRouche" effort escalated dramatically around the NBC libel trial, the campaign had begun earlier. In the summer of 1982, simultaneous broadsides against LaRouche had been issued by the Mont Pelerin Society-captured Heritage Foundation and the ADL. During this period, Canon Edward West of the Episcopal Archdiocese of New York had candidly told visitors that the Anglican apparatus would let their "Jewish friends at the ADL" take care of LaRouche.

Although the ADL did take on a particularly significant and vicious role in the ensuing slander and frameup drive, the fact that the Heritage Foundation launched a nearly identical and simultaneous attack was of great significance. The Heritage Foundation has been the hub of the British-spon-

sored Conservative Revolution assault against the U.S. Constitution and the American economy since 1978 (see last week's *EIR* for a comprehensive report on this). In recent months, Heritage Foundation literature has formalized the alliance with the ADL. A recently published Heritage policy guide for new Republican members of Congress lists the ADL's Washington "fact-finder" Mira Lansky Boland as their "expert" on terrorism. It was on behalf of this apparatus, spawned by the British and the Mont Pelerin Society of free-market fanatics, that Brian Ross undertook the slander against Lyndon LaRouche and associates.

It is not from FBI headquarters that Ross takes his orders, in his current deployment against NASA. He is one of the media "hit-men" at the disposal of the Mont Pelerin Conservative Revolutionists. His current targeting of NASA is taken right out of the Mont Pelerin Society's blueprint for the complete destruction of what remains of America's preeminent science and technology driver, the national space program.

# Republican crime bills are dismantling the Constitution

by Carl Osgood

The Republican-controlled U.S. House of Representatives continued its drive during the first two weeks of February to dismantle the Constitution, by taking up the crime plank of the Republican "Contract with America." Several of its provisions, including exclusionary rule reform, limits on death penalty appeals, deportation of criminal aliens, and replacing the community policing program passed last year with block grants to the states, were passed overwhelmingly.

The underlying premise of the GOP "reforms" is that rights guaranteed in the Constitution have become impediments to prosecuting and punishing suspected criminals. The right of *habeas corpus* is described in the Contract document as "originally designed as a remedy for imprisonment without trial, it is now a tool of federal and state defendants who have been convicted and exhausted all direct appeals." Hence, the rationalization for virtually repealing *habeas corpus* is that all convicted defendants are guilty, and therefore their appeals and *habeas* petitions are frivolous.

The GOP Contract treats the Fourth Amendment protection against unreasonable searches and seizures in the same way. The Contract complains that the exclusionary rule, which suppresses evidence discovered as the result of an improper police search, "leads to the acquittal of many who are obviously guilty." Instead of asking why improper searches are conducted in the first place, the Republicans succeeded in passing a bill that legitimizes police searches without warrants, and other misconduct.

Of all the revisions passed by the House, the only one that the Clinton administration has publicly taken issue with is the plan to repeal the community policing program, the sixth and last of the revisions of last year's crime bill passed on Feb. 14. This is supposed to put 100,000 more police officers on the streets through a \$10 billion block-grant pro-

gram. President Clinton threatened during his weekly radio address on Feb. 12, that he would veto it if it got to his desk.

## Repealing the Fourth Amendment

The exclusionary rule reform bill, appropriately numbered HR 666, that was passed, would allow evidence discovered through warrantless or improper searches to be admitted in court if the police can demonstrate that the search was carried out with an "objectively reasonable belief that it was in conformity with the Fourth Amendment."

The Fourth Amendment itself rapidly became the issue during House debate on Feb. 7, when Mel Watt (D-N.C.) offered a substitute amendment which consisted of the very language of the Fourth Amendment itself. Out of apparent deference to any member who might be unfamiliar with it, Watt explained that this was "the exact language of the Fourth Amendment of the U.S. Constitution." He explained why he was doing this, and said: "I love the Constitution of the United States, even when it is not convenient for me to love it. I still think it needs to be defended and protected, contrary to some of my colleagues, apparently, in this body."

As if to prove Watt's point, Bill McCollum (R-Fla.), the chief Republican point man on crime, complained, "Members need to understand that this amendment guts the bill as it is now written," and that "in essence, it is another way of voting against this bill." He asserted that the purpose of the bill was to "reaffirm an exception to the exclusionary rule and expand that exception to allow us to get more evidence in search and seizure cases, and get more convictions and get away from technicalities letting people who have committed crimes off the hook."

Cleo Fields (D-La.) objected to McCollum's argument, saying, "This bill would basically make the Fourth Amend-



ment to the Constitution moot. . . . I think the bill in itself is unconstitutional, not to mention unconscionable." Watt's response was that "it seems to me the only way one could conclude that this guts the bill is to say that the rest of the bill is somehow inconsistent with the Fourth Amendment." Watt's amendment was defeated in a vote of 121-303.

Equally outrageous was the manner in which members of Congress exempted certain agencies which are of concern to their constituents. The Bureau of Alcohol, Tobacco, and Firearms (ATF)—a favorite target of gun-owners and of the "militia" organizations—was exempted, as was the Internal Revenue Service. But a similar amendment exempting the Immigration and Naturalization Service (INS), submitted by Jose Seranno (D-N.Y.), was rejected. The conclusion? It's okay for the police or the FBI or the INS to come into a ghetto or minority community and break down doors, but if the ATF tries to do it in Montana or Colorado, Congress says they can't get away with it.

The House then took up the "Effective Death Penalty Act" to limit death row appeals. The main provision of the bill is to add a one-year limitation on the filing of *habeas corpus* petitions; it requires a defendant in a state proceeding to show that a federal constitutional right was violated before he may appeal a ruling in a *habeas* proceeding. Again, as during the exclusionary rule debate, the Constitution itself became the issue.

Charles Schumer (D-N.Y.) offered the first amendment to the bill, to require states to provide qualified counsel in capital cases. Schumer said that "to put people on trial for their very lives without giving them good counsel is fundamentally unfair and outrageous." McCollum made the same complaint as he had of amendments to the exclusionary rule reform bill. He said that Schumer's amendment, if adopted, "is going to destroy the underpinnings of this bill to speed up the process of carrying out the death sentences in this country." Schumer's amendment was voted down by 149-282.

However, the worst was yet to come. Watt followed Schumer's amendment with one which would have added a provision that "a substantial showing that credible newly discovered evidence which, had it been presented at trial, would probably have resulted in an acquittal for the offense for which the sentence was imposed." Watt said that "if you show that you are probably innocent, you should not have to raise a constitutional issue."

McCollum again elevated procedure above a search for truth. He complained that the Watt amendment made "a weaker and less stringent standard in terms of getting to the appeal process, and thereby undermining what we are trying to do, to carry out sentences more quickly."

Watt rejoined, "What I am trying to do is make sure that somebody who has a credible claim of innocence does not sit in jail for 30, 40, or 50 years without any remedies or rights; that somebody who has been sentenced to death does not go to the gas chamber or be put to death without being able to

come into court and at least present their evidence." He said of the House, "We are trying to keep from codifying case law because we do not care whether somebody is innocent or guilty; we just do not want them in our court system."

Maxine Waters (D-Calif.) counterposed the U.S. Constitution to British tyranny. "We would be a lot better off if, instead of reading the Contract on America [sic] in this body every day, that we would simply quote the Constitution." After reading the Preamble, Waters said that "citizens . . . [left] Great Britain . . . because of oppression and tyranny . . . and when they left to establish [themselves] in a new land, they were invaded. They were violated. Their homes were broken into. Not only were they overtaxed, they were simply mistreated. They could not pursue justice, freedom, and equality. These were not blacks. They were not Mexicans. They were basically people who left Great Britain. They kind of all looked alike.

"But . . . it does not matter whether you are black, white . . . or any other color . . . they are going to invade your property, they are going to violate the most precious of that that can be violated. . . . You allow them to do this when you mess around with this Constitution this way.

"You will see a number of African-Americans on the floor today [fighting against this act] . . . Well, we were not there when those who were fleeing Great Britain were being violated, but we were there as slaves. We were there when our doors were kicked down. We were there when children were grabbed away from their families . . . and so we feel this very deeply. . . . This is not about some political posturing. This is about protection of human and individual rights for the people, and the Constitution defends that, and it guarantees that."

## Truth no longer the issue

*EIR* founder Lyndon LaRouche observed that "these guys recently took an oath to uphold the Constitution. Now what happens? McCollum and supporters are confronted by this statement of the language of the Fourth Amendment, stuck in as a proposed amendment to the bill. He says, 'No, we can't allow that, because that would nullify, or attempt to mitigate, the intent of this legislation.'

"That is, their *intent* was to go against the concept *which is part of the Constitution*. Therefore the bill is *intentionally unconstitutional*. . . .

"What you're seeing, is that U.S. law is becoming fascist, not because a fascist imposition has been made upon the law, but rather, what are called 'professionally acceptable procedures of law,' legal procedure, what is called a 'fair trial,' is itself fascist in character. . . .

"It means fascist . . . in the sense of positivist. To the positivist there is no issue of 'truth,' Truth does not exist. Therefore, the question of guilt or innocence or fault or no fault, truthfully, does not exist in legal procedure under *stare decisis*. It has been eliminated."

# Clinton, Kohl firm up special relationship

by Edward Spannaus

During their Feb. 9 meetings in Washington, U.S. President Bill Clinton and German Chancellor Helmut Kohl consolidated the new partnership between their two countries which has superseded the old postwar "special relationship" between Britain and the United States.

Last July, Clinton shocked and outraged America's former colonial masters by announcing the new German-American partnership during his visit to Bonn, and how the United States and Germany planned to work together with the newly independent nations of eastern Europe.

The President said in Bonn last July that the common partnership with Germany is "unique . . . because so many of our challenges are to Germany's east." Clinton declared at that time that the United States and Germany "have a more immediate and tangible concern with these issues even than our other friends in Europe."

In case anybody had missed the significance of what had happened, the British press proclaimed it. "U.S. Cuts British 'Special Link,'" shouted the London *Guardian*, bemoaning the fact that Clinton had "effectively ended" the special relationship with Britain, and reduced it to "a mere sentimental tie with the Mother County."

## Clinton welcomes Kohl

"America has no better friend than Chancellor Kohl," declared Clinton as he opened the news conference following his meeting with Kohl at the White House on Feb. 9—a statement which must have sent chills through the Foreign Office in London, the same Foreign Office which Henry Kissinger said he kept better informed than his own President when he was secretary of state 20 years ago.

Earlier in the day, in welcoming ceremonies, Clinton recalled how he and Kohl had walked together through the Brandenburg Gate in Berlin last summer, and then stated: "Now our two nations must continue our journey together with the same resolve we have shown in the past. Today we renew and reaffirm our vital partnership."

Following their meeting—which lasted longer than scheduled—the two world leaders indicated that their major topic of discussion concerned Russia, eastern Europe, and NATO's expansion there. Chancellor Kohl expressed special concern that Russia not be pushed into a corner and isolated.

"This will immediately bring us back to the old, bad structures of the past, and I don't want, in a few years ahead, to be facing the accusation that had we acted in time and reasonably, we could have prevented this," the chancellor said.

Clinton reported that they had discussed the enlargement of NATO, which he said would be "gradual and open." "We also agreed that in parallel with expansion, NATO must develop close and strong ties with Russia," Clinton said. "Chancellor Kohl and I will consult closely on the form this new partnership will take. We share a vision of European security that embraces a democratic Russia, and we will continue to reassure President [Boris] Yeltsin that an expanded NATO will pose no threat to a democratic Russia."

Chancellor Kohl, in his remarks to the press conference, underscored the need for patience in the expansion of NATO, and the need for the process to be gradual, and step by step.

"As a German, I am more aware than others how difficult it is to take a country where people speak the same language and bring two parts of it together after 40 years of complete isolation. . . . And if I try to imagine back, and I do, what it means [is] that since 1917 Russians lived under the communists (being aware that the Romanovs weren't exactly a picnic either) . . . you can appreciate how difficult the process that is going on in Russia is at this time."

## Kohl visits Capitol Hill

The German Chancellor went from the White House up to Capitol Hill for meetings with the congressional leadership, including Republican leaders Sen. Robert Dole (Kan.) and House Speaker Newt Gingrich (Ga.). The principal topics of discussion were Russia and Bosnia-Herzegovina, although informed sources indicate that Kohl was also concerned about the effect of Republican-sponsored cuts in the defense budget, particularly expenditures involving Europe and those which would provide a housing subsidy for Russian soldiers withdrawn from Germany.

The Italian daily *Corriere della Sera* commented: "On the ruins of the Anglo-American *special relationship*, so vital at the time of Reagan and Mrs. [Margaret] Thatcher, yesterday a new one was born, between Germany and the United States." *Corriere's* U.S. correspondent Ennio Caretto wrote: "It is the beginning of a historical shift between the postwar, post-Cold-War period (the 50 years of yesterday), ruled by the synchronization between London and Washington."

The London *Independent* began its coverage of the Clinton-Kohl summit with the comment: "While Britain yesterday squabbled about what sort of coinage it is to have in the future, the real fate of Europe was being decided elsewhere." A companion piece, entitled "The Great Atlantic Drift Away," noted that the British government "is interested in any attempt to repair the transatlantic breach which might partly restore Britain's previously pivotal role."

# Perry confronts the Conservative Revolution

by Leo F. Scanlon

In recent weeks, Secretary of Defense William Perry has been spending as much time defending the authority of the institution of the presidency as he has spent explaining the details of the administration's defense budget. So far, his response to his challengers has kept the debate focused on the long-term reorganization of U.S. military forces, and the need to maintain a "defense industrial base," which is the real problem facing defense planners.

In response to his opponents, Perry has been careful to identify the unconstitutional features of various Republican-sponsored "defense bills," not as partisan issues, but as issues which threaten national defense. The "National Security Revitalization Act" (HR 872), sponsored by House Speaker Newt Gingrich (R-Ga.) and the "Conservative Revolution" crowd, typifies the problem. The bill mandates unilateral changes in NATO policy, orders a drastic shift in defense expenditures, and would prevent collaboration between the Armed Forces of the United States and its allies—all elements of the Heritage Foundation's attack on the U.S. constitutional system.

It is symptomatic that the secretary of defense and the secretary of state felt compelled to call a joint press conference to point out that U.S. troops are—by law—always under the command of the President. Secretary of State Warren Christopher said, "What is at stake here is absolutely fundamental, the authority of the President to protect our national security and to use every effective option to advance our national interests."

## Industrial capabilities targeted

Even before the Pentagon budget was presented to Congress, Perry had to confront the House Appropriations Committee, which proposed to add \$670 million in unsought readiness funds and to cut an array of programs labeled "non-defense related." Among the "non-defense-related" items was a \$110 million program for housing construction for Russian officers resettled from the Baltic region. Cutting the expenditure would have abrogated a personal promise made by the President during negotiations in Vancouver. This measure would embarrass the President in a volatile area of the world (and would, ironically, cut funds to U.S. engineering companies which are to do the work).

HR 872 also makes a provocative demand that the United States unilaterally declare several eastern European states to be members of NATO—while excluding the Baltic states and Ukraine.

The House National Security Committee is also entertaining a proposal developed by the Heritage Foundation and the British authors of the Contract with America, that Congress appoint a \$1.5 million "blue ribbon commission" to assess the military's needs. Perry responded with a lecture on constitutional government:

"I cannot support a flawed concept of a commission to decide those matters for both of us. You are my commission. I do not need an independent commission interposing itself between myself and you, and you do not need an independent commission interposing itself."

"You should not dilute the responsibilities of the secretary of defense by trying to turn a key part of them over to an independent commission," he continued. "Rather you should hold me accountable for meeting those responsibilities. And if you find that I'm incapable or unwilling to meet those responsibilities, you should ask me to step down as the secretary of defense."

The populist opponents of "big gov'mint" stood mute.

"Don't try to reform the current system" of Pentagon procurement, Gingrich recently told an audience of defense contractors, "it is hopeless." Therein is a key to the debate over the defense budget. Perry has proposed a \$246 million budget to complete a demobilization which saw defense spending drop from 57% of the budget at the height of the Cold War, to less than 15% by the year 2000.

In less than five years, the Army has gone from 18 to 10 divisions, the Navy from 15 to 10 carriers, the Air Force has similarly cut its fighter wings, and procurement of new weapons, at least for the next two years, will be at historic lows. Under such circumstances, it is vital that close ties be maintained among commercial, academic, and military labs, researchers, and engineers. Perry has initiated innovative procurement reforms and a program called the Technology Reinvestment Project to cultivate this collaboration.

Those programs are Gingrich's prime targets. His cohorts have targeted "dual use" (i.e., both military and civilian use) programs as examples of "government interference in the marketplace" and marked them for rescission. A Pentagon official commented: "We've had a long history of dual use. The entire National Guard is dual use. It has a state mission as well as a federal mission. The Corps of Engineers . . . this had a dual use and we've been using it in this country for 200 years. Air traffic control: You probably don't know that one out of every four air traffic controllers is a military guy. We have an agreement with the FAA [Federal Aviation Administration]. . . . It's dual use. We've done it for years. . . . [Global Positioning System]: The private sector's using it more than we are. . . . Forgive me if I sound defensive about it, but we think this story hasn't been properly told."

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## Book Reviews

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# Garfield, the Pythagorean theorem, and the fight for universal education

by Suzanne Klebe

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### **The Mathematical Universe**

by William Dunham

John Wiley and Sons, New York, 1994

314 pages, hardbound, \$22.95

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William Dunham's latest book contains an intriguing story about U.S. President James A. Garfield—the same Garfield who was assassinated in 1881 by networks controlled by the British monarchy (see “British Monarchy Takes Aim at Another President,” *EIR Feature*, Dec. 2, 1994). Garfield, as Dunham elaborates, developed a unique proof of the Pythagorean Theorem. This, obviously, was back in the days when U.S. political leaders still admired a Classical education. How far we are now from the oratory of an Abraham Lincoln, or from the inspired crusade for Classical education in free, public schools by a Thaddeus Stevens. And how unusual for a U.S. President and congressman to be involved in geometrical constructions! But perhaps this story further fills in the picture of why such a political leadership was considered a threat to the British aristocracy who had just seen their support for the Confederacy go up in flames.

Dunham's book, which is arranged to present different discoveries and personalities in the history of mathematics “from A to Z,” includes under the letter “H,” the chapter “Hypotenuse,” in which he discusses three different proofs of the Pythagorean Theorem. These include the “Chinese Proof” embodied in the *hsuan-thu* diagram of a square tilted in another square, dated from somewhere between 1000 B.C. and 1 A.D.; the proof by John Wallis in the 17th century based on the proportionality of similar triangles; and finally, the proof developed by U.S. Rep. James Garfield in 1876, based on the construction of a trapezoid containing a right triangle (see illustration from Dunham's book).

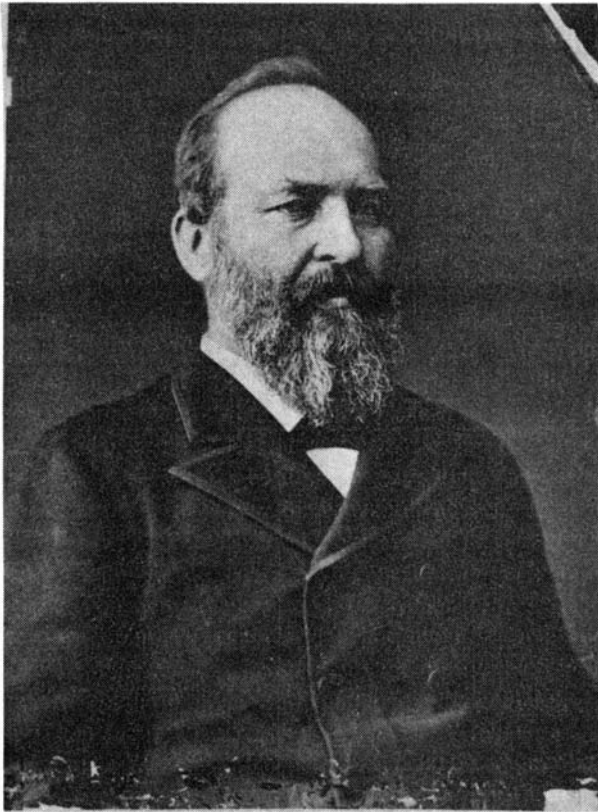
Dunham details—and provides extremely useful source material for readers to follow their own investigations further—the mathematical interests of U.S. chief executives

from Presidents Washington to Grant:

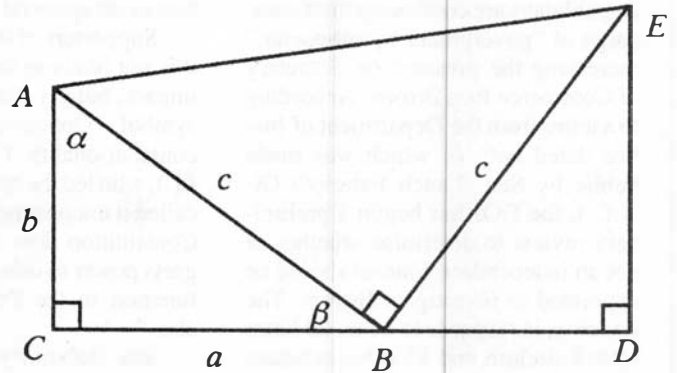
“U.S. Presidents, whatever abilities they exhibit in other spheres, are seldom known for their mathematical powers. . . . Historically, however, some chief executives have possessed mathematical talent. One was George Washington, an accomplished surveyor, who endorsed mathematics with the following words: ‘The investigation of mathematical truths accustoms the mind to method and correctness in reasoning, and is an employment peculiarly worthy of rational beings. . . . From the high ground of mathematical and philosophical demonstration, we are insensibly led to far nobler speculations and sublime meditations.’ ”

He continues: “Abraham Lincoln was also a strong advocate of mathematics. As a young adult studying law, Abe recognized the need to sharpen his reasoning skills, to learn what it meant to prove a point by means of a sound logical argument. As he later recalled in an autobiographical sketch: ‘I said, “Lincoln, you can never make a lawyer if you do not understand what demonstrate means”; and I left my situation in Springfield, went home to my father's house, and stayed there till I could give any proposition in the six books of Euclid at sight. I then found out what “demonstrate” means, and went back to my law studies.’ ”

James Garfield was trained at Western Reserve Academy and Hiram College in Ohio, graduating from Williams College in Massachusetts in 1856. He planned to return to Hiram to teach mathematics, but, in the heat of the debate over slavery and the threat of war, he was elected to the Ohio Senate in 1859. “Radical in his politics and fiercely patriotic, he left academe to join the Union Army when war erupted in 1861,” writes Dunham. “Interestingly the math teacher turned out to be a fine soldier. Garfield quickly rose in the ranks until he was appointed chief of staff for Union Gen. John Rosecrans. In 1863, Garfield shifted from the U.S. Army to the U.S. House of Representatives, where he spent the next 17 years as a Radical Republican intent upon reforming, if not punishing the South. . . . In 1880 James A. Garfield earned the Republican nomination for the presidency and narrowly defeated another Civil War hero, the Democrat Winfield Scott Han-



President James Garfield



As a congressman, Garfield considered it a worthwhile form of “amusement” to get together with his colleagues from both sides of the aisle and solve problems in geometry. Shown here, a diagram from his proof of the Pythagorean theorem.

cock, in that fall’s election. At his inauguration in March of 1881, our mathematical President promised to improve the educational opportunities of all Americans, because, ‘It is the high privilege and sacred duty of those now living to educate their successors and fit them, by intelligence and virtue, for the inheritance which awaits them.’\*

“But promise was about all that came from the Garfield administration, for on July 2, 1881, having served less than four months, he was shot by a disgruntled office seeker while boarding a train in Washington. . . . He lingered until mid-September before death overtook him. . . . Politically, his was a life with its greatest dreams left unfulfilled. But he left

\* In 1866, Representative Garfield had Pennsylvania State Sen. Thaddeus Stevens’s famous 1835 speech in support of public schools read into the *Congressional Record*. Stevens had made his speech to defend the 1834 law establishing public schools against a large-scale petitioning campaign for its repeal. Stevens biographer Thomas Woodley wrote of Stevens: “His zeal to extend educational opportunities to the masses, early showed itself and continued with uniform intensity throughout life. It was a necessary corollary to his ambition for human equality in the matter of liberties, rights, and punishments. To him, education was the best means afforded to humankind to obtain equal opportunity in life, and he never veered from his staunch conviction that public schools were a fundamental requisite for the maintenance of our form of government. . . . He kept up his propaganda, however, and at public gatherings where toasts were offered, his would be “Education—May the film be removed from the eyes of Pennsylvania and she learn to dread ignorance more than taxation” (from *Thaddeus Stevens*, by Thomas Frederick Woodley, Harrisburg, Pa.: The Telegraph Press, 1934).

a mark upon mathematics.”

### ‘Some mathematical amusements’

Garfield’s demonstration of the Pythagorean principle was presented in 1876 while a member of the House of Representatives, as he himself explained, while “ ‘in some mathematical amusements and discussions with other M.C.’ [members of Congress], and [was] published in the *New England Journal of Education*, a periodical devoted to ‘education, science, and literature.’ ”

Garfield’s construction itself proceeds by dropping two parallel lines from the legs of a right triangle, and then connecting those lines with a base line in such a way that the right triangle is now embedded in a trapezoid—and the trapezoid itself is cut into three right triangles. The demonstration then compares the area of the trapezoid with the areas of the three right triangles and concludes that the sum of the squares of the legs of the right triangle is equal to the square of the hypotenuse of the right triangle.

Dunham remarks, “Garfield’s is really a very clever proof,” and shows later that the demonstration is a mirror image of the *hsuan-thu* diagram of the “Chinese proof.” The author then concludes: “Here again we see the benefits of looking at the trapezoid’s area from two different viewpoints. As the author of the *New England Journal* article wryly observed, ‘we think it something on which the members of both houses can unite without distinction of party.’ ”

## Republicans increase pressure on Ron Brown

Republicans are continuing their campaign of "government by subpoena," increasing the pressure on Secretary of Commerce Ron Brown. According to a letter from the Department of Justice dated Feb. 6, which was made public by Sen. Lauch Faircloth (R-N.C.), the DOJ has begun a preliminary review to determine whether or not an independent counsel should be appointed to investigate Brown. The review is in response to a Jan. 23 letter from Faircloth and 13 other senators to the Attorney General, alleging that Brown failed to disclose his finances involving a former business partner.

Brown's lawyer has stated that Brown has complied with all disclosure requirements, and either has paid, or will pay, all relevant taxes.

Meanwhile, at Faircloth's request, Senate Banking Committee Chairman Al D'Amato (R-N.Y.) has asked the Resolution Trust Corp. and the Federal Deposit Insurance Corp. for documents concerning Brown's business partner Nolanda Hill.

## House passes line-item veto

The House on Feb. 6 passed a bill which would give the President the power to kill specific spending items without vetoing an entire bill. The measure, called an "enhanced rescission" rather than a strict line-item veto, passed on a vote of 294-134, with 71 Democrats joining the Republican majority.

The bill would allow the President to strike specific spending items in an appropriations bill and send the bill back to the Congress. The measure is one of the items called for in the Conservative Revolution's "Contract

with America." Congress could override it by a majority vote in a "resolution of disapproval."

Supporters of the bill concede that it is not likely to have much practical impact, but say that it is an important symbol. Opponents questioned its constitutionality. Cardiss Collins (D-Ill.), who led the opposition to the bill, called it unconstitutional because "the Constitution does not give the Congress power to delegate the legislative function to the President or anyone else."

Sen. Robert Byrd (D-W. Va.) said in an interview on Evans and Novak on Feb. 11, "I'm against the line-item veto because it would shift the power over the purse to the Executive, thereby changing the structure that was created by the framers. And the whole structure is separation of powers and checks and balances." The bill is supported by President Clinton, and now goes to the Senate, where it faces heavy opposition.

## Leach calls derivatives 'most helpful' instruments

House Banking Committee Chairman Jim Leach (R-Iowa) characterized derivatives as "most helpful instruments," in comments to a conference of End-Users of Derivatives on Feb. 7. He predicted that Congress would act to regulate derivatives during the current term (a measure which Republicans can hardly avoid following the Orange County, California bankruptcy, caused by investment in derivatives), but assured his Wall Street buddies that any legislation he would craft would only have "modest accountability" on derivatives.

Derivatives are instruments of "enormous sophistication," Leach said, warning Congress against an

"arrogance of power" in thinking they can fully regulate derivatives.

Leach nevertheless admitted that the notational value of derivatives exceeds the Gross National Product, and that they are "outside of real-world experience," with numbers in the trillions. The responsibility has to be turned over to the "professionals" in the regulatory agencies, he maintained, to have "careful, modest accountability."

## Conservative Dems moot new anti-liberal caucus

As many as two dozen House Democrats, who have voted with Republicans on most issues this year, are threatening to form a conservative Democratic caucus, according to the Capitol Hill newspaper *Roll Call*. Some of them, such as Billy Tauzin (D-La.), had considered switching parties, but changed their minds. The group has already been meeting regularly to discuss issues.

The group, whose goings-on are still a matter of some secrecy, supports many of the items in the Conservative Revolution's "Contract with America," but members also want to stake out their own positions, often different from those of the party leadership. The group includes some of the traditional Boll Weevil Democrats from the South, who feel themselves threatened by the apparent success of the Conservative Revolution in the last election. The formation could seriously weaken the already-reduced voting power of the Democratic minority in Congress.

The Republican leadership is attempting to take advantage of the split, trying to bring disgruntled Democrats on board. Republicans took the unusual step of appointing a member

of this grouping, Gary Condit (D-Calif.), to the House-Senate conference on the unfunded mandates bill, after Condit had been rejected for that conference by his own party leadership.

## **D**efense bill faces Clinton veto

In an unprecedented press conference on Feb. 14 at the U.S. State Department, Secretary of State Warren Christopher and Secretary of Defense William Perry made it clear that they would recommend a veto of the Republican-crafted defense bill in its present form. They also indicated that certain changes in the bill could transform it into an acceptable piece of legislation.

Curtailling the ability of the President to authorize actions in collaboration with other countries or in the context of U.N. operations, is not acceptable, Christopher indicated. "What is at stake here is absolutely fundamental, the authority of the President to protect our national security and to use every effective option to advance our national interests, whether by acting alone or by acting with others. . . . In the present form, the bill unwisely deprives the President of the flexibility that he needs to make the right choices," he said.

White House press spokesman Mike McCurry had already indicated in the daily White House briefing on Feb. 13, after a commentary by Perry and Christopher on the subject had appeared in some of the nation's papers, that President Clinton was leaning toward vetoing the House Republicans' national security bill because of provisions requiring deployment of national missile defenses and curbs on international peacekeeping. Clinton "feels very strongly" about opposing

legislation that he feels will curb his constitutional authority and "would find the recommendation of the secretary of state and secretary of defense very compelling," he said.

## **N**ASA defended by traditional Republicans

Breaking profile with the "slash-and-burn" policies of the new Republican majority, the GOP leadership of the House Science Committee seems intent on winning the fight for the Space Station program and overall NASA budget, as indicated in statements in hearings on Feb. 13.

Aware that two years ago the Space Station survived the House by only one vote, largely because most of the 100-plus freshman representatives voted against it, Space Subcommittee Chairman James Sensenbrenner (R-Wisc.) announced that the committee will hold two informal briefings for freshmen, given by top managers from NASA, to bring new members up to speed on these programs. These will include presentations on space science, mission to planet Earth, aeronautics programs, launch vehicles, the Space Shuttle, and the Space Station.

Freshman Van Hilleary (R-Tenn.), whose district includes the University of Tennessee Space Institute, told NASA Administrator Dan Goldin that the new congressmen were not just sent there to balance the budget or cut programs, but to make sure that the money was spent rationally. He expressed concern that NASA will not be updating and replacing the aging wind tunnels in its laboratories, including the one in his district, because the policy is that the aircraft industry has to match the government allocation, which it has been unable to do.

Sensenbrenner said after the hearing that the committee was in a very difficult position, having received a proposed administration budget that cut NASA nearly \$200 million. Unlike other programs which the Republican majority will fight to cut more, Sensenbrenner seems confident that the NASA budget will be passed as is. However, cuts made by the administration will not be restored, because "this congress is not in the mood to do add-ons to the administration budget."

## **W**elfare put on the chopping block

Rep. E. Clay Shaw, Jr. (R-Fla.), chairman of the Ways and Means Subcommittee on Human Resources, has proposed welfare "reform" that would replace 70 federal programs worth billions of dollars with a lump-sum payment of \$15.3 billion a year to states to use "in any manner reasonably calculated" to assist needy families with children. This is the amount spent on welfare in 1954, and the sum would be frozen at that level.

One of the features of the program would be to deny cash assistance to hundreds of thousands of unmarried teenage mothers and to most immigrants, including legal aliens. States could not provide welfare benefits to a recipient for more than five years, except in cases of hardship, and would be required to move one-fifth of their welfare case-load into jobs within a period of years. If a state fails to meet those requirements, its block grants will be reduced by 3%. Benefits would no longer be automatically available to every eligible American.

The legislation was passed by subcommittee on Feb. 13, and House Speaker Newt Gingrich (R-Ga.) has promised a vote by mid-April.

# National News

## Baltimore grand jury calls to legalize dope

A Baltimore grand jury is recommending that doctors be allowed to give cocaine and heroin addicts allotments of their favorite drugs, and that marijuana be "decriminalized." The grand jury's report was not made public, but was leaked to the *Baltimore Sun* which made a headline story of it on Feb. 9. Mayor Kurt Schmoke, a national leader of the pro-drug lobby, had testified to the grand jury and said he was pleased with their findings. The grand jury also heard testimony about the pro-drug laws in the Netherlands.

Arnold S. Trebach, president of the Drug Policy Foundation, hailed the report and hoped it would "have historic impact."

The latest grand jury contradicts one empaneled in 1993 by Baltimore Judge Kenneth L. Johnson. That earlier grand jury recommended a special prosecutor to investigate whether corruption was responsible for the fact that only lower-level drug arrests were taking place, while drug wholesalers and money-launderers are being directly protected. Judge Johnson's grand jury was attacked as "runaway," "rogue," and "amateurish" by Schmoke and the *Sun*. Schmoke suggested that Johnson, not the drug dealers, should be investigated.

## Italian daily blasts attacks on Clinton

The Italian daily *La Repubblica* wrote that the "intolerant right-wing" neo-conservative revolution in the United States is aiming to "cancel the America of Roosevelt and Kennedy," through scurrilous attacks on President Bill Clinton, in its Feb. 6 issue. The daily gives a refreshing, accurate picture of the American political landscape, painting Clinton as under attack by an "intolerant" right which is making "brutal" budget cuts against the elderly, children, hospitals, and "the numerous forms of public assistance with which America, since

Kennedy and Johnson, has conducted the 'war on poverty.'"

The article depicted the so-called social programs of the Conservative Revolution as transgressions against any standard of social justice, and suggested that their proponents give no better rationale for cutting public assistance than that it is "liberal."

*La Repubblica* opined that Clinton showed a "rare moment of firmness" in his response to the Mexico crisis, which was necessary to avoid incalculable damage to the American economy, adding that his firmness shed light on the inability of many members of Congress to understand the connection between American interests and the rest of the world.

The paper also chronicled the attacks on Clinton, from two videotapes, "The Clinton Chronicles" and "Unanswered," which seek to prove that Clinton is a thief and was involved in the death of Deputy White House Counsel Vincent Foster, to House Speaker Newt Gingrich's attacks on Mrs. Clinton. *La Repubblica* characterized the attacks as underhanded, misleading, and well financed.

## Virginia lawmakers battle over prison-building

In the final 10 days of its legislative session, which ends on Feb. 25, the Virginia legislature was embroiled in a battle over whether, where, and how to build the 27 prisons that are required over the next decade as a result of parole abolition ("Proposal X") and harsher sentencing measures passed last September. Three busloads of citizens from Wythe County descended on Richmond on Feb. 15 to protest plans to put the state's first private prison in their area, which Corrections Corp. of America plans to begin constructing within two months. Another delegation came from Northampton County, to express concerns that the 1,200-inmate prison scheduled for there would cause water shortages.

Del. William Robinson (D-Norfolk), a civil rights leader, introduced legislation that would give a locality's governing body

a virtual veto over plans to place a prison there. If passed, it would stymie Gov. George Allen's plans to binge on building private prisons, which can be sited where they are unwanted, as long as local zoning ordinances allow.

The *Richmond Times-Dispatch* reported on Feb. 16 that five private prison firms are "scouring" the state for prison sites in anticipation of state plans to authorize construction of six private prisons for 5,000 inmates later this year. Most are expected to be built in the deeply depressed coalfields region of far Southwest Virginia. Andrew Chafin, executive director of the Cumberland Plateau Planning District Commission, in Southwest Virginia, is quoted that they would "much prefer a manufacturing or high-tech industry, but the area's dire economic distress makes a prison look good."

## Getty Museum acquires two Rembrandt paintings

The J. Paul Getty Museum in Malibu, California, announced that it had acquired two early paintings by the Dutch artist Rembrandt Harmensz van Rijn (1606-69), which went on view on Feb. 21. *The Abduction of Europa*, a scene from Ovid's *Metamorphosis*, was painted in 1632, and the Old Testament episode, *Daniel and Cyrus Before the Idol of Bel*, was painted in 1633. At the time he painted these two scenes, Rembrandt was in his mid-20s and already a very successful painter of Biblical and historical subjects, based in Amsterdam.

Although portraiture was the mainstay of Rembrandt's production, these two pictures reveal him as a master storyteller. *The Abduction of Europa* is one of his few landscapes, and the only one securely attributed to the master in the United States.

*Daniel and Cyrus Before the Idol of Bel* shows King Cyrus, who has just asked his trusted Hebrew adviser Daniel why he does not honor the deity Bel, whose statue looms dimly in the background. Daniel has replied that he worships the living God, not an idol. The king points to the offerings of food and



## Briefly

wine he believes the idol consumes each night. With one hand against his chest signifying his respect, Daniel gently points out to the king that bronze statues don't eat, and it begins to dawn on Cyrus that he may have been duped.

The Getty Museum now owns four paintings by Rembrandt, and 11 Rembrandt drawings, the most important group in America.

### South Dakota may tax medical services

The South Dakota legislature debated a bill that was proposed by Governor Janklow in mid-February which would tax medical services. The plan to impose a 4% tax on medical services is being denounced by doctors, dentists, hospitals, and other health care providers. It is part of a plan to raise \$120 million in additional revenue for the state so that Janklow can cut property taxes 30%.

Janklow also wants to boost the state's share of video lottery profits, cut the state budget, and repeal the sales tax exemption on a variety of goods to make up the revenue to local governments to offset their loss of property tax revenue. The tax on medical providers was denounced at a hearing on Jan. 9 by Representative Nemecek: "To me it's like hitting a man when he's down, or kicking him in the teeth when he's down," he said. "It's a tax on sick people. I just don't know why anybody would want to tax sick people who are already having a lot of bad luck."

### IRS targets five black churches in Virginia

According to an Associated Press wire in the Feb. 8 *Richmond Times-Dispatch*, the Internal Revenue Service (IRS) warned five black churches in Norfolk that they could lose their federal tax exemptions because of political activity during the 1994 Virginia Senate campaign.

The warnings were made public by U.S. Rep. Owen Pickett (D), who received the

warning in a letter from IRS Commissioner Margaret Milner Richardson. In the letter, Richardson admitted that the IRS agents' visits to the churches did not follow normal IRS procedures, which require a reasonable belief that an organization has violated the tax code before such a visit.

While the IRS did not release the names of the churches, due to privacy laws, the Rev. Dr. Raymond Dean, pastor of a 1,700-member Baptist church in Norfolk, went public. Dr. Dean, whose church heard candidate Nancy Spannaus, a LaRouche associate, address them during both the 1994 Senate and 1993 gubernatorial campaigns, is quoted: "I said, 'Wait a minute, how can you say that about our church? When have you visited and asked Pat Robertson's church?' Had she [Richardson] visited the church of [the Rev. Jerry] Falwell, Liberty Baptist in Lynchburg? I said, 'I don't understand how those guys are openly and boldly and publicly entertaining political people and you haven't visited them.'"

### Food irradiation gets boost from Tampa daily

The *Tampa Tribune* editorialized on Feb. 6 for food irradiation after two years of hostile coverage. The Florida daily's editorial, "Get the Bugs Out of Meat Inspection," noted that the new meat inspection policy of the U.S. Department of Agriculture leaves out a "simple, readily available means of eliminating contamination"—food irradiation.

Although previously hostile to the nation's first food irradiation plant in nearby Mulberry, the *Tribune* editorial put the issue sharply: "The much-maligned irradiation process kills bacterial disease in poultry. . . . But because irradiation subjects food to low—and absolutely safe—levels of radiation, it has met panicky public resistance. . . . How ridiculous. Irradiation kills the bacteria that kills people. Yet, because of baseless claims, stores avoid irradiated food while selling meat and poultry that poses a far greater (though still minute) health threat."

● **RIVERBOAT CASINO** gambling is finished in Virginia for 1995. Facing sure defeat, Del. Jerrauld Jones (D-Norfolk), the pro-labor spokesman whom the gambling interests used to push their supposedly pro-job proposal, withdrew his proposal on Feb. 5, in the face of opposition from restaurateurs, church groups, and horse-racing interests.

● **PENNSYLVANIA'S** Republican legislators are reported to be pushing anti-crime and other legislation in coordination with the Gingrich cabal in Washington. On Feb. 8, State Sen. Melissa Hart announced a bill which would allow the use of evidence obtained through defective search warrants.

● **THE OHIO STATE** Teachers Pension Fund has sent out a letter announcing that it has lost \$8 million because of the decline in value of investments in Mexico. State pension funds, universities, and government agencies were allowed to invest up to 10% of their holdings in foreign markets, according to a law passed two years ago, ostensibly to allow investment in Israel bonds.

● **DAN QUAYLE**, the former vice president who was considered among the front-runners for the GOP nomination, announced on Feb. 10 that he will not run for President, citing an inability to raise the needed \$20-25 million. Speculation is rife as to whom this will benefit most.

● **AMBROSE** Evans-Pritchard, the Washington correspondent for London's *Sunday Telegraph* newspaper, gave his approval to the presidential ambitions of Sen. Phil Gramm, calling the Texas Republican "the sole candidate for the right-wing of the party," the dominating force in Congress, and who is "controlling much of the grass-root machinery." Evans-Pritchard has led the attacks against President Clinton, including giving wide coverage to Larry Nichols, who has made physical threats against the President.

## Editorial

### *Not-so-strange bedfellows*

On Feb. 8, Henry Kissinger praised Massachusetts Gov. William Weld (R) as a possible candidate for President in 1996. In an interview with a *Boston Herald* reporter, Kissinger said, "I think he is one of the ablest leaders in our country. I am very impressed with leadership in this state."

Kissinger's timing was impeccable, because Weld was on the point of signing into law one of the most vicious pieces of welfare legislation yet passed by any state in the Union. The Massachusetts law requires all able-bodied welfare recipients with school-age children to find work after 60 days of receiving benefits, denies increased aid to families who have more children while on welfare, and ends payments altogether after two years.

Clearly, Kissinger, with his record of butchery of whole populations, finds nothing abhorrent in the adoption of the Chinese model of population control for the United States. What is interesting in Kissinger's attempt to boost a Weld presidency, is to review the operations run against Lyndon LaRouche by Weld and Kissinger.

Kissinger was a key mover in the creation of the "Get LaRouche" task force. That task force brought the first criminal indictments against LaRouche and his associates in Boston, first in 1987 and then in 1988. The trial in Boston was declared a mistrial after, as was shown later in a straw poll of the jurors, it had become clear that the defendants would be acquitted.

In fact, the trial had developed in such a way that it was Kissinger and the criminal conspiracy which he had engineered against LaRouche, that was put on trial. The venue was then moved to Virginia, where the norms of justice were so overridden by a corrupt judge—who among other crimes saw to it that a packed jury was seated—that a guilty verdict became a foregone conclusion.

Kissinger's hatred of LaRouche is longstanding. In 1975, LaRouche and his associates exposed the fact that the policies which then-Secretary of State Kissinger was imposing on developing nations, were against the interest of the United States. As Kissinger himself confirmed on May 10, 1982, in a speech to the Royal Institute of

International Affairs (Chatham House) in London, Kissinger was then, and is now, a de facto agent of Britain's royal family.

He said in that speech to Chatham House, "In my period in office, the British played a seminal part in certain American bilateral negotiations with the Soviet Union—indeed, they helped draft the key document. In my White House incarnation then, I kept the British Foreign Office better informed and more closely engaged than I did the American State Department." Especially after President Reagan's March 23, 1983 speech announcing the Strategic Defense Initiative, the British became extremely alarmed at LaRouche's growing influence in shaping global policy initiatives. Who better to set upon LaRouche than mad-dog Kissinger?

Weld, as the U.S. Attorney for Massachusetts, was chosen as the point man to launch a national "crack-down" on LaRouche. This is the man whom Kissinger would have been the next U.S. President. Weld is now openly vying with House Speaker Newt Gingrich (R-Ga.) as to who will have a grimmer record in the effort to turn the United States into a gruesome replay of Hitler's Germany.

Kissinger was asked by the *Herald* reporter whether Weld would not have difficulty in jumping from the State House to the White House, because he did not have the background to handle foreign policy. "I think the scope of Governor Weld's abilities would preclude that," said Kissinger. No doubt the ability to take orders from Kissinger is one of Weld's abilities which Kissinger had in mind.

Even though Kissinger had to take a relative back seat during the Reagan years, in 1983 he was a member of the President's Foreign Intelligence Advisory Board, which is known to have met at that time to decide how to block LaRouche's growing influence in the U.S. government and internationally. It was from this meeting that steps were taken to form the "Get LaRouche" task force.

Kissinger has had many strange bedfellows, and his public endorsement of his protégé William Weld should come as no surprise.

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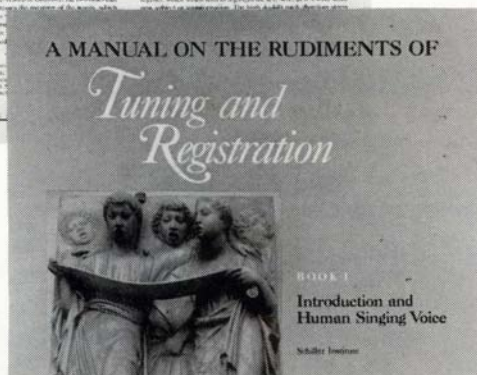
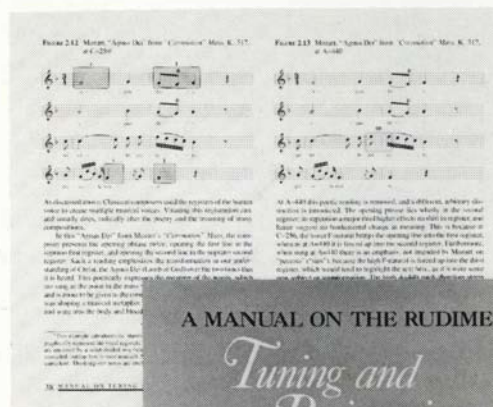
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