

# EIR

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## From the Associate Editor

Some among our readers may think that Lyndon LaRouche's blistering attack on "classroom mathematics," the subject of our cover *Feature*, is over their heads. "After all," some might say, "I don't know a thing about mathematics, I am totally ignorant; so whatever he is saying about bad mathematicians certainly does *not* apply to me." Oh, really? Then why do you support the British doctrine of free trade? Why did so many of your countrymen elect a Congress that thinks we can solve the nation's economic problems by cutting the federal budget?

The idiocy that passes for economic policy these days derives from the British school of Isaac Newton and Adam Smith, and you need to know about it, and change it—and have fun doing so. As LaRouche writes, "The facts we are about to reference will probably appeal only to either those who simply enjoy having fun, or who prefer not to have the world plunged into [a] New Dark Age. . . ."

See the *International* and *National* sections for important coverage on the war in Bosnia, including LaRouche's comments about what the United States must do. As we go to press, there is an encouraging development: the agreement between French President Chirac and President Clinton on a policy of "massive and disproportionate" air strikes against the Bosnian Serb aggressors.

Unfortunately, as we warned in last week's issue, it looks as though the hearings in the U.S. House of Representatives on the Waco massacre are turning into a coverup of the real culprits, the "permanent bureaucracy" in the Justice Department. See Jeffrey Steinberg's report in *National*.

In a new flank against that "permanent bureaucracy" and its accomplices outside the government, Michael Billington, the associate of Lyndon LaRouche who is incarcerated as a political prisoner in Virginia with a 77-year sentence, has filed a *habeas corpus* suit in federal court (see p. 66). This is no legal mumbo-jumbo, but a chilling indictment of the travesty of justice by "Get LaRouche" task force.

*Susan Welsh*

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"Of what ill will he die?" was the caption the Spanish artist Francisco de Goya put on this etching from his "Caprichos" cycle of c. 1800. Goya continued: "The doctor is excellent, pensive, considerate, calm, serious. What more can one ask for?" (Except for a Nobel Prize, perhaps?)

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Lyndon H. LaRouche, Jr., in an Economic Advisory released on July 14, writes: "Today, every nation on this planet is under the domination of a single, worldwide monetary and financial system: the so-called International Monetary Fund (IMF) system. That system is about to go out of existence. . . . It could be gobbled up in an orderly bankruptcy reorganization conducted by governments, or, if governments are, as Hamlet said, too 'pigeon-livered' to do this, it will reach the point that the system simply disintegrates within as short a span as 24 to 72 hours."

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## Heat wave in North America shows infrastructure deficit

by Marcia Merry Baker

Don't blame it on the heat. The mounting death toll and property damage resulting from the mid-July heat wave across North America show the gaping shortfall of infrastructure, in particular for power use ratios in the residential, agricultural, and transport sectors. In addition, livestock and other farm losses reflect the marginalization of agriculture as a direct result of years of domination by the food cartel companies.

During the second week of July, large parts of the United States posted temperatures over 100°F, and many locations went over 105°. The duration of the worst period was mostly July 13-17. For some locations, unprecedented temperatures were recorded; and for most places, this has been the hottest period since the 1980 heat wave. Loss of life and economic damage are inevitable in such adverse weather, but the scale of the losses now posted in the United States stems strictly from the lack of adequate infrastructure.

Relief agencies usually declare an emergency when temperatures stay at 100-105°F for two consecutive days. These conditions covered areas where close to half the U.S. population lives, and also the states where cattle, hogs, and poultry are produced.

The death toll is still being tallied from the heat wave, with the lack of adequate housing, air conditioning, electricity, and water supplies, and the lack of safe mass transport contributing directly and indirectly to the toll. Several children and pets died in locked cars. As of July 20, several days after the heat spell had broken, news accounts reported more than 700 deaths nationally due to the heat wave. This number is higher than the U.S. annual death toll from heat for an average year, which, in recent years, has ranged from 148 to 1,700.

Likewise, many mass deaths of livestock have occurred mostly because of lack of shelter, power, water, and other means at hand to protect them. And because of the vertical

integration of production of poultry and hogs, mass kill-offs occur in the "factory farms" when there are infrastructure problems in cooling or heating.

Many cities are reporting their worst death tolls ever from the heat, with Chicago in the lead, and dozens dead in New York, Philadelphia, and Washington, D.C. The number of dead in Chicago alone totalled 376 as of July 18. The ultimate count is expected to exceed 500. Most are elderly, young, and poor who expired in their homes from the heat. Emergency morgue arrangements had to be made. Refrigerated trucks and funeral homes are holding the bodies, and mortuary students are assisting the county medical examiner.

### How could this happen?

The response of some Chicago city and Illinois state officials is typical of how elected politicians responded in many locations. They asked, "How could this happen?" and called for an investigation. But the lack of in-depth infrastructure of all kinds (hospital beds, morgues, pathology labs, electricity supplies) is typical of the situation all across the country.

Thousands of cattle died in the heat in the midwestern farm counties. Accurate estimates are available only on a county and state level. However, the rendering companies in the Midwest reported calls to pick up thousands of dead animals, but there were too many for the companies to handle, and so farmers resorted to burying carcasses. One Nebraska rendering company alone picked up between 1,000 and 1,500 dead farm animals the week of the heat wave in Nebraska, Iowa, Kansas, and Missouri; it turned away dozens of farmers' calls.

Also, there were thousands of chickens lost, with the largest kill-offs reported on the Delmarva Peninsula (Delaware, Maryland, Virginia).



*Chicago's infrastructure problems did not begin with the heat wave of 1995. Shown here is a scene from the flood of April 1992, when the failure to maintain and modernize the city's infrastructure took a deadly toll.*

Accounts from Chicago and from some of the emergency farm state locations illustrate how the question of infrastructure is crucial.

### **Chicago and the farm states**

In Chicago, the human resources division had only eight vehicles and 60 staff with which to respond to calls for assistance, because of budget cuts. But even more important than the limited response capability, is the systematic vulnerability of the population to harm because of substandard housing and low electricity supplies per household. Chicago has more than 443,000 residents age 60 or over, and thousands live in poor conditions.

In northwest Chicago, power outages hit 41,800 customers of the utility supplier Commonwealth Edison Co. The Illinois Commerce Commission held a hearing on July 18, and an investigation is under way of both this outage episode, and whether the company is in general properly maintaining its power grid. Some people were without electricity for 12 hours; some were lacking it for three days.

Another dramatic example of the lack of power is the case of the crisis at Chicago's Cook County Hospital, where indoor temperatures reached into the 90s. To cut costs, the hospital had contracted with Commonwealth Edison to go onto a "conservation" program—and use less than a certain amount of power in order to get a cheaper rate. During the heat wave, the operating rooms became ovens. Patients had to be sprayed with water, and fanned in order to be kept cool.

Typical of the situation in the cattle states was the plight of counties in southwestern Iowa. About 1,200 cattle died from the heat in Montgomery, Pottawattamie, and Shelby

counties during July 10-15. The farmers with water tankers and sprayers, joined by rural volunteer fire companies' trucks and hoses, saved all they could. The numbers of animals saved correlates directly with which farm operations had access to people, equipment, water, and electricity to protect the creatures.

For example, Rod Bentley, a farmer in Macedonia, Iowa, lost dozens of cattle, but he would have lost more without his own sprayer tank truck, and the response of the local fire company that answered his call and hosed down the cattle. Other farmers had no such means. According to the July 15 *Hastings Tribune*, Bentley reported that "in this neighborhood, hundreds have been lost." He said of his situation, "When something like this happens, you find out what small-town service is like when you need it. You have overwhelming response in the country."

### **The lack of basic infrastructure kills**

Both the urban and rural examples show the role of basic infrastructure during times of peak need. Look at electricity: All the arguments used to justify scaling down electric generating capacity and supplies per household and per square kilometer to the level of "average" electric loads, are refuted by the loss of life for want of adequate electricity when and where needed.

Overall, as of 1995, the United States has entered a period where the potential peak demand for electricity exceeds the available resources. This is the result of the cumulative effect of the declining installation of capacity (turbine generators, power transformers), and, in particular, the cancellation of nuclear plants that were on the drawing boards 20 years ago.

On July 15, Con Edison reported a record demand for electricity in New York City, despite the fact this was a Saturday, when demand is routinely lower than on weekdays. High demand and outages were the prevailing pattern throughout the heat wave.

The lack of power-generating capacity to keep up with demand has been masked until now by the worsening depression. Up until the 1960s, the manufacturing sector used to account for half of the consumption of electricity in the United States. As the "bubble" economy of financial speculation started to displace manufacturing output, manufacturing's share of electricity consumption has fallen to 30%. Increasing percentages of electricity have been consumed by the commercial and domestic sectors. But the decline of capacity has been so great, that any peak demand—heat waves, cold snaps, which are to be expected in U.S. latitudes—now results in power outages.

On a per capita basis, U.S. electric generating capacity ceased rising per capita as of 1985, and during five of the six years from 1987 to 1992, it declined. Electricity generating capacity has dropped from about 2.8 kilowatts per capita down to 2.6 in only four years.

### Food production vulnerable

The role and condition of agricultural infrastructure, which includes power and electricity, may not be so apparent to the average person. But the lack of basic infrastructure makes farm operations and the food supply system needlessly vulnerable to bouts of severe weather or other strain.

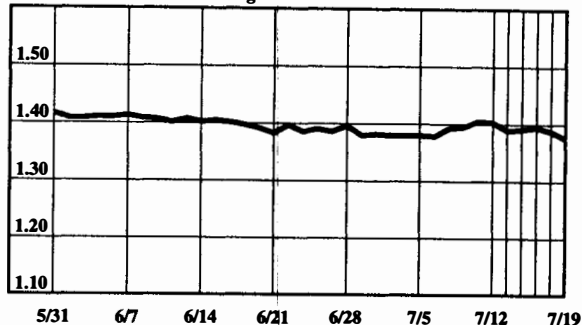
Worse, the shift of U.S. agriculture to crop monoculture (cultivation of one crop, instead of a number of crops) and concentration of livestock—mega—"factory farms" of poultry or hogs—add to the vulnerability. These shifts are the direct result of recent decades of self-serving actions by the international cartel of food-processing and commodities companies—Cargill Inc., Archer Daniels Midland (ADM), Pillsbury (Grand Metropolitan), Louis Dreyfus, Continental, Bunge, ConAgra, IBP, and a few others. Against all anti-trust statutes, these companies have dictated the characteristics of livestock for slaughter, crops, etc., the volume they will buy, and the price they will pay for farm commodities, and also the conditions of farm production.

The result, for example, is that 99% of all chicken consumed in the United States is processed by the cartel companies. The independent poultry farmers who produce the poultry bear the burden of debts to cover the difference between their farm costs of production (for buildings, electricity use, feed, and so forth), and the low prices they receive from the cartel. To try to survive, the farmers have flocks in the thousands. To cut costs, some farmers only use fans to try to provide temperature control, not air-conditioning. Or, they are limited in their electrical supplies. On the Delmarva Peninsula, over 1 million chickens died in the heat because of such conditions.

## Currency Rates

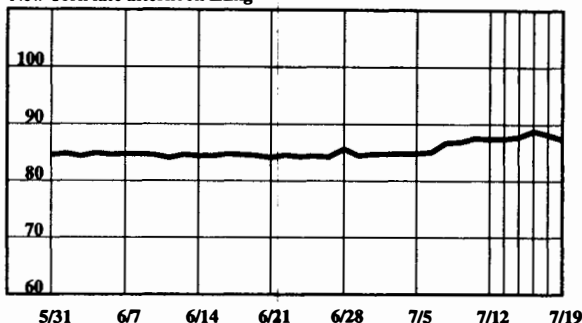
### The dollar in deutschemarks

New York late afternoon fixing



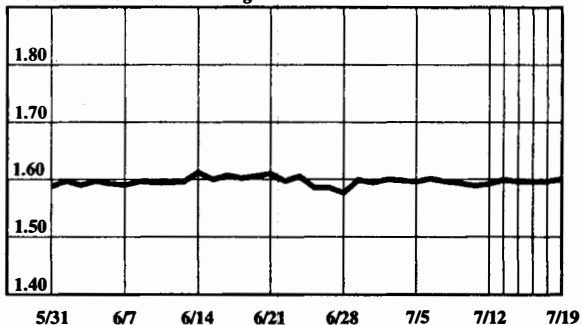
### The dollar in yen

New York late afternoon fixing



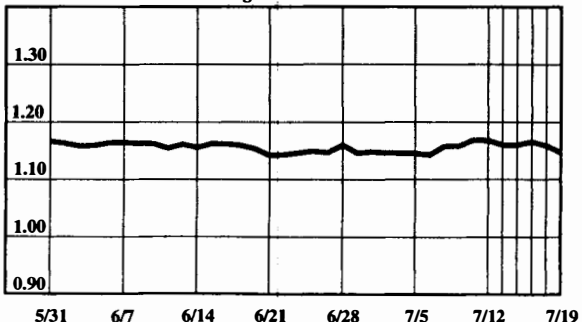
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing





# Usury won't solve the debt problem

by Cynthia R. Rush

Since mid-June, Argentine President Carlos Menem and Finance Minister Domingo Cavallo have been frantically trying to quash the debate over the country's economic crisis triggered by Father Osvaldo Musto's call for a one- to two-year moratorium on payment of the country's foreign debt. Musto, a member of the Labor Commission of the Argentine national bishops council, told a radio interviewer on June 19 that if his proposal were implemented, the funds normally allocated to interest payments could be invested instead in job creation and production to alleviate some of the misery and unemployment caused by the government's draconian free-market austerity program.

The President and his finance minister have reason to be frantic. Argentina's economic stability is precarious, and the International Monetary Fund (IMF) is demanding intensified looting of the country's human and natural resources to ensure foreign debt payment. Menem's own labor minister, Armando Caro Figueroa, said on Radio Mitre on July 11 that part of Argentina's high unemployment—now at 14% and expected to reach 18% in the next few months—has been caused by Cavallo's convertibility program set up in 1991. (This pegs the peso to the dollar in a one-to-one relationship.) "The most serious development of the past year," he said, "is that there are many workers who had jobs and lost them; that means that in the last two semesters, the Argentine economy began to destroy employment."

As a result, social protest is on the rise, especially in the poorer provinces. The CGT labor federation is demanding that the government form a national labor council, and pass a law to prevent further layoffs for one year. The unemployment crisis is such that Msgr. Rafael Rey, president of the Catholic Church's *Caritas* relief agency, reported that many unemployed have told him that "they have no desire to go on living due to the situation in which they find themselves."

### Morality and economics

Thus, Father Musto's raising the issue of *the necessary relationship between morality and economics*, as also repeatedly addressed by Pope John Paul II, did not come at an

opportune moment for Menem and Cavallo, who have a lot riding on their ability to maintain the creditors' policy of usury and speculation.

Just how raw a nerve the worker-priest struck with his proposal was revealed by Horacio Liendo, the government's former debt negotiator and now an official in Cavallo's Finance Ministry, in the July 10 *La Nación*. Under the headline "An Ethical Consideration of the Public Debt," Liendo was careful not to openly attack Father Musto, but suggested condescendingly that perhaps the priest is unaware of the fact that what he is proposing "has already been done in Argentina," through such programs as the Brady debt-reduction plan and renegotiation of the foreign debt.

If Argentina were to follow "the easy path of blaming others for our problems," Liendo wrote, it would lose "investor confidence" and cause greater suffering and misery among the poor. "Familiar with Father Musto's background, I know that this is very far from what he intended," he concluded.

Menem's public response to the church's intervention in this economic debate was more crude. Speaking to an audience in Buenos Aires on July 12, he spouted that "Christ made the dumb speak, the blind see, and the crippled walk. But he didn't try to fix the economy." He apparently forgot that Jesus did throw the moneychangers out of the temple.

The government has gone to great lengths to convince Argentines that the country is recovering from the crisis that shook it after the Mexican peso devaluation last December, and that it has again earned the trust of foreign investors. "We've got money pouring out of our ears," a euphoric Cavallo said following a late-June meeting with creditors in New York. He bragged that creditor banks had guaranteed financing for the country up through July 1996. The July 10 *Wall Street Journal* said the return of \$3 billion of the \$8 billion which fled the banking system this year, was an optimistic sign.

Nicholas Brady, treasury secretary in the Bush administration, arrived in Argentina on June 26, and announced that "internationally, everyone thinks that Domingo Cavallo has done an extraordinary job. . . . The minister is very important in order for Argentina to be successful in the international markets: He generates confidence abroad." Central Bank President Roque Fernández announced on July 17 that "we have overcome the financial crisis."

But in an interview in the July 17 London *Financial Times*, Cavallo admitted that the government had failed to meet IMF-dictated financial targets for the first half of 1995. He added, "But we are confident of meeting our targets for the second half." The only way that the minister met the second quarter's target was by delaying wages to 300,000 public sector workers. He told the *Times* that despite all the demands from unions as well as the Catholic Church for relief from unemployment, he has no intention of changing policy. In fact, he said, "the way ahead is rather to deepen reform."

# Privatized pension system: the apple of London's eye

by Cynthia Rush

Whenever Chile's privatized pension system is mentioned, it sends shivers of delight up the backs of London and Wall Street bankers. Deemed a success inside Chile, the model has been set up in Peru and Argentina, and is now being considered for Mexico and other Third World nations. A Mexican delegation recently visited Chile to examine the system more closely. An article in the June 11 *Washington Post* suggests that the system might even work better in the United States than the existing social security system.

How does Chile's privatized system work? Today it consists of about \$22 billion, which has been seized directly from workers' wages to prop up the Chilean monetary system. There are 18 private funds known as Administrators of Pension Funds (AFP in Spanish), which are managed by both private companies and the ubiquitous "financieras." The AFPs compete with each other in the "free market" for the Chileans who are active affiliates today. By law, workers must pay 13% of their annual salary to a fund, although they are "free" to choose the fund of their choice and they may also pay in more if they wish; 3% of their contribution is set aside to cover administrative and other costs.

When the new system was created in 1981, it did not eliminate the old social security system at one stroke. Older workers were given a choice of staying with the old system or joining the new one. If they chose to join the new one, they were eligible to receive Recognition Bonds to compensate them for the benefits they had earned under the old system. Young workers just entering the labor force had to join the new system.

In the new system, a worker is allowed to "choose" which fund he wants his seized money to be placed in, based on different rates of return they claim to be making on the money. The pension he finally receives depends on the earnings his contribution makes over time. According to the June 11 *Washington Post*, from 1981 to 1990 the funds earned an average 13% per year (adjusted for inflation), with earnings ranging from 3.6% to 28.5%.

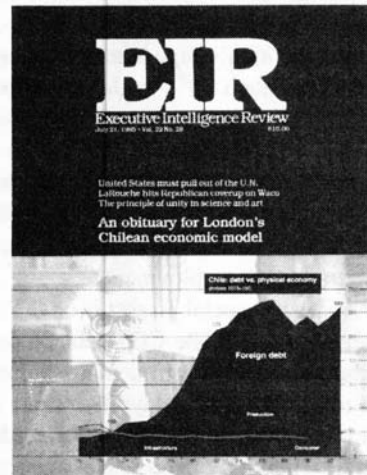
Where does the money get invested? Until now, a Risk Classification Commission has regulated the type of investment the AFPs could make, limiting investment abroad to 4% of a fund's holdings; however, a decree to be issued shortly will ease these restrictions, allowing the funds to "diversify" and invest 6% of their holdings abroad. According to the Superintendencia de Administradoras de Fondos de Pensiones in Santiago, Chile, as of March 31, 1995, a total of \$138.5 million, or only 0.63%, were invested abroad—a figure that will grow once the law changes. Another 36.3%, or \$8.0 billion, is invested in domestic private corporations, with two companies, Endesa and Enersis, receiving the lion's share of this investment. Both companies deal in energy and electricity generation. The remainder of the funds, almost two-thirds of the total, is invested in a variety of domestic treasury, central bank, and other financial instruments. In other words, a total of about \$15 billion of workers' money has so far been pumped in to directly bolstering the Chilean financial system.

Those who extol the virtues of the Chilean pension system fail to mention that poverty rates and unemployment are increasing in the country, leaving unanswered the question of how the unemployed and poor are supposed to benefit from this system. Moreover, if the AFPs are now going to increase their investments abroad, they are buying into an international financial system in which the use of derivatives and other speculative investments have created a bubble which is about to burst. When that goes, so do the pension funds of Chilean workers.

### Correction:

Last week's cover story (*EIR*, July 21, 1995) dissecting the failure of the "Chile model" was missing an important element of the package as originally designed, an article about the pension system, which appears on this page.

Also, due to a translation error, several graphics, including the graph on the cover, used the terms "Production" where the correct term is "Producer Goods," and "Consumer" where it should have been "Consumer Goods," as indicated in the text.



### Farmers march on Brasilia

*President Cardoso has attacked near-bankrupt farmers who want to produce food, as "irresponsible deadbeats."*

A march by thousands of Brazilian farmers on the capital city of Brasilia—described by one of the organizers of the “We can’t plant” movement as “the strongest demonstration in the history of agriculture”—is challenging the political and economic establishment which sustains the current regime of President Fernando Henrique Cardoso. Until now, the government, ensconced in Brasilia under the powerful political protection provided by the mass media, which silences all opposition, has succeeded with relative ease in imposing its corrupt scheme of “reforming” the Constitution, the better to dismember the Brazilian national state.

But this steamroller technique of governing is coming rapidly to an end, as thousands of farmers, mounted on tractors and farm vehicles of every description, begin pouring into the capital city from every corner of the country. Their goal is a simple one: to drive home to the government the reality of the agricultural crisis that Cardoso’s monetary policies, with interest rates 60% and higher, and with his open-door approach toward imports driving down the already minimal prices on the country’s basic grain crops, leading Brazilian growers into unavoidable bankruptcy, have caused.

To get some idea of this, Brazil imported 9 million tons of grain at a cost of \$2 billion during the 1994-95 harvest period, despite having produced the largest grain crop in the country’s history, some 81 million tons. The farmer organizations estimate, based on last year’s harvest, that losses to the sector were on the

order of \$6 billion, despite the fact that the physical volume produced was 17% greater.

In this context, the protest being carried out in Brasilia must be seen as a last resort by farm producers, many of whose leaders in the National Congress have already been corrupted and bought off by the government. The march began in the extreme south of the country, in the state of Rio Grande do Sul, which borders on Uruguay and Argentina, and has traveled more than 2,500 kilometers to Brasilia. Along the route, the marchers have held numerous demonstrations and staged important public acts. The *Jornal do Commercio* of Belo Horizonte, the capital of the state of Minas Gerais, reports that nearly 40,000 rural producers from 400 cities in 10 states are taking part in the protest, which was organized outside the framework of the traditional agricultural associations.

President Cardoso, who first tried to ignore the agricultural crisis and then attempted to describe the march as an “unnecessary demonstration” whose purpose was “incomprehensible,” finally directed a statement to the nation. In it, he attacked the leaders of the march as “irresponsible deadbeats” who would shatter the nation’s financial system with their proposal for general debt moratorium.

At the same time, he demagogically offered \$3.2 billion to finance next year’s harvest, when the amount of credit the sector was receiving in the early 1980s was approximately \$27 billion a year!

Another trick of the government

to try to destroy the opposition to its program, is to encourage the so-called Landless Movement, linked to the Theology of Liberation and the radical Workers Party (PT), to intimidate the bankrupt farmers with land invasions. However, such a move bears a grave risk of exploding beyond anyone’s control.

And the government’s problems are just beginning. First, the farmers who have traveled thousands of kilometers have no intention of returning home without a solution, and are prepared to camp on the doorstep of the presidential palace if necessary. They arrive in Brasilia at a time when Congress is returning from its recess and the government hopes to accelerate its constitutional reform plan, as agreed to with the international banks. Second, the fact that the protesters intend to donate food to the “Community of Solidarity” charity which is run by First Lady Ruth Cardoso, is a “white-glove” slap in the face to government policy.

The march, which entered Brazil on July 18 to a noisy reception of fireworks and trumpet-blowing, proposes first and foremost, in the words of Antonio Eloy Paz, one of its leaders, to organize all of Brazilian society around the fight for survival of the agricultural sector. “The presentation of documents to the President of the Republic is symbolic, because everything we have had to say he already knows.”

Another march leader emotionally declared, after hearing the presidential statement denouncing the growers, “We want to know what the President’s position is. If it is to bankrupt the growers, then fine. We will go home and ask all the growers to plant perhaps half of what they planted last year. And if there is not enough food, ‘Impeachment for Fernando Henrique Cardoso.’”

# Business Briefs

## Infrastructure

### Rhine-Rhône Canal up grade moves ahead

The first section of the modernized Rhine-Rhône Canal has been completed, with the construction having taken only five months—unusual in a Europe that has otherwise seen nothing but slow progress on such projects. The 20-kilometer strip of waterway between the cities of Mulhouse and Niffer, in the French region of Alsace close to the Rhine River, is now navigable for barges of 4,400 tons.

The French government recently reaffirmed its intent to accelerate the construction work on the other sections to make the entire canal navigable between Mulhouse and Marseille by approximately the year 2010, but the exact timetable and the sources of financing are still unclear.

## Ukraine

### Minister condemns loss of science capability

Ukrainian Defense Minister Valeri Shmarov condemned the loss of Ukraine's scientific capabilities, at a briefing in Washington at the American Association for the Advancement of Science on July 10. "It is a most stupid thing to miss the advantages that have been accumulated in our scientific efforts," he said.

Shmarov, after listing the achievements of Ukrainian science, said, "the condition of science is far from being satisfactory. Less than one-half of 1% of what is needed is being allocated to maintain science." The result, he said, is that "Ukraine is losing its scientific potential."

Shmarov praised the role of the Soros Foundation in helping Ukraine, and the bilateral cooperation that Ukraine has in science with many other nations, including the United States, France, Germany, and the United Kingdom.

At the briefing, Shmarov cautioned that "the pace of the process of NATO enlargement

has to be under control in order to avoid the previous situation of polarization and confrontation. I am not supportive . . . of the stand of some countries in eastern Europe of rapid involvement in NATO. It takes a gradual and steady process of development."

Rather, Shmarov said, "at this stage, the internal political and economic situation is more of a national security threat than external factors," and the number one threat is the "power-shortage problem. . . . Anybody would agree that the power shortage is a far more serious threat than foreign military invasion."

## South Africa

### Telecommunications will not be opened

South Africa has ruled out opening its telecommunications market to international competition, and it has also been announced that Telkom, the state monopoly, will not yet be privatized, as had earlier been announced, the July 10 London *Financial Times* reported.

Pallo Jordan, the minister of posts, telecommunications, and broadcasting, said during the presentation of a discussion document on the future of the industry, "If we opened up the market now, and allowed in, say, AT&T and British Telecom to compete openly, they would wipe us out within a week. I am not going to look at that option; it is subversive."

The campaign launched by the Congress of South African Trade Unions to "kill off any moves toward privatization," played a major role in the decision, the paper said.

Instead, Jordan announced a "consultative process" by which South Africans are being given 10 weeks to respond to a questionnaire on privatization and competition. Jordan will then take the answers to an "evaluation colloquium" in mid-September. An as-yet-unnamed group of persons representing the main stakeholders in the industry will then sit down with the minister to produce a white paper to be put before the cabinet by

the end of the year. "My view is that Telkom is the collective property of SA Incorporated. Until now it has only served 15% of the population, and it must become accountable to the other 85%," Jordan said.

The South African government spends six times more a year on servicing its debt than it does on the politically crucial Reconstruction and Development Program, of which the provision of telephones is just one small part.

## Labor

### Recycling steps up in United States

The pace of labor recycling is intensifying in the United States, the July 17 issue of *Business Week* magazine reported. Workers are being fired, and forced to hunt for new jobs, or else rehired at their old job, but in each case at lower pay and benefit levels. Examples of the trend include:

- Briggs and Stratton, which is based in Milwaukee, Wisconsin and makes small engines for lawn mowers, announced last year that it is shifting 2,000 of its 5,500 jobs to Kentucky and Missouri. The reason, said *Business Week*, is that it "can pay half the \$21-an-hour [its] workers up north get in wages and benefits."

- In the Oakland, California airport, the ticket agents for American Airlines wear a uniform that looks like the American Airlines dark blue uniform, but the workers do not technically work for American Airlines. In May, American Airlines terminated its ticket agents, and hired replacements from Johnson Controls, Inc. American pays its veterans up to \$19 per hour; these replacement workers make \$7 to \$9 per hour, with inferior benefits. North American Airlines is allowing outsiders to work at 28 second-tier airports.

- Throughout industry, many workers are fired from their jobs, which they have held for 10 to 15 years, only to be hired back by a "business services agency," which contracts out to the business to do the identical job but at lower wages. According to the Bureau of

Labor Statistics, between 1984 and 1994, employment in the "business services" sector doubled from 3 million to 6 million workers.

Meanwhile, major American manufacturing industries, which produce physical wealth and pay decent wages, keep declining. For example, since 1987, the highly skilled aerospace sector has laid off more than half a million workers.

## Health

### Ukraine, Russia face water, disease crises

Water and disease emergencies in eastern Ukraine and Moscow are underscoring the massive infrastructure collapse in the former Soviet Union that has resulted from International Monetary Fund-mandated "shock therapy" policies.

According to German and British radio reports, authorities in the eastern Ukrainian city of Kharkov, Ukraine's second largest city with a population of 1.7 million, have urged the entire population to leave the city, because a deadly strain of cholera has been found in the water supply. The sewage treatment system in Kharkov collapsed in late June during heavy rains, and was still out of service as of mid-July. Wastewater from households and industry has been pouring into the water system. Freshwater for the population is being brought in from neighboring towns. The entire water supply in the densely populated areas of eastern Ukraine and contiguous areas in Russia are now threatened.

As of July 14, BBC was reporting that there was not yet any sign of mass exodus from Kharkov.

Meanwhile, BBC also reported that there are calls to declare a health emergency in Moscow, because dysentery, hepatitis, salmonella, and scarlet fever are all spreading. Cholera has been detected in the Moscow River, and is spreading—the first time that it has broken out from within Moscow, rather than being brought into the city from former Soviet republics or from outlying regions in Russia. BBC said that authorities know that the bacteria that

carries tuberculosis and diphtheria has also been detected in the water. People are being told not to bathe in the river, but are doing so anyway because of the heat. BBC commented that funds are lacking, not only for normal health and prevention measures, but even for educational campaigns to warn the population about the disease threats. BBC's Moscow correspondent also reported that there is an uncontrolled growth of disease-carrying rats in the Russian capital.

## Petroleum

### Iran, Sudan sign deals with western companies

Both Iran and Sudan signed oil contracts with western firms during July. An agreement was signed between the French firm Total and the National Iranian Oil Co. on July 13, which replaced the \$1 billion deal that Conoco Inc. was forced to cancel with Iran, according to news wire reports. The week before, Royal Dutch Shell Group said it had renounced the same deal because of President William Clinton's ban on oil trade with Iran.

Total, which had been in talks with Iran since 1991, said the contract was to develop the Sirri "A" and "E" fields located offshore from an island in the Persian Gulf close to Dubai. Total is responsible for securing the financing of all costs incurred (estimated at \$600 million), and the company will get about one-third of the crude oil in return for its investment.

Meanwhile, Sudan signed an oil deal with the Arakis Energy Corp. of Canada, to develop its oil in the Unity and Greater Helig fields, the July 11 London *Financial Times* reported. The \$750 million project is to be financed jointly with Arab Group International, a Saudi investment group. The project entails a pipeline from the oil fields to Port Sudan on the Red Sea. A spokesman for Arakis said Sudan would be producing 100,000 barrels per day, twice its domestic needs, thus providing surplus for export. Reportedly, the deal includes a price-sharing agreement, whereby the Sudanese government would get half the total revenues.

## Briefly

● **THE DUTCH** Parliament in late June approved the "Betuwe" high-speed rail project, between the port of Rotterdam and the German high-speed rail grid. Current projections are that it will transport 30 million of the 70-75 million tons of containerized freight which is moved annually from Rotterdam to Germany by no later than the year 2015.

● **SALOMON**, Inc. shocked investors on July 11, forecasting a \$65 million loss for the second quarter, far worse than expected. The news prompted Standard & Poor's to review \$15 million of its debt for a possible downgrade. Salomon lost \$400 million in 1994.

● **GEORGE SOROS** will be barred from Slovakia unless he apologizes for comments at the World Economic Forum in Switzerland on July 1, the ruling Movement for a Democratic Slovakia said. Soros attacked Prime Minister Vladimir Meciar as a proponent of business interests and nationalism, which he called "a classical recipe of fascism."

● **ISRAELI** Foreign Minister Shimon Peres said that economic cooperation is vital for the success of the Middle East peace effort, in Vienna on July 11, the Austrian daily *Die Presse* reported. He pointed to the European Union as a model for economic cooperation that could also be practiced in the Middle East.

● **CHINA** has double-tracked the 1,620-km rail line from Lanzhou, capital of Gansu, to Urumqi, capital of Xinjiang, in order to speed development of the land-locked region, *People's Daily* reported on July 2. Development of Xinjiang has been hampered by lack of transport to industrial areas.

● **WHEAT PRICES** on the Chicago Futures Market rose 17% in the second half of June, *Agra-Europe* reported the week of July 3. Compared to one year ago, wheat is 42% more expensive.

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## Green Scissors eco-fascist alliance out to destroy U.S.

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*The conservative National Taxpayers Union is in cahoots with radical ecologist Friends of the Earth? Yes, and the species they're protecting are oligarchical and British. Rogelio A. Maduro reports.*

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On Jan. 31, the "conservative" National Taxpayers Union joined with the "radical" green group Friends of the Earth for a press conference to announce the release of "The Green Scissors Report: Cutting Wasteful and Environmentally Harmful Spending and Subsidies," and to announce that they had formed the Green Scissors Coalition to enforce the findings of their report. The coalition report, written by groups that are, by conventional wisdom, on opposite ends of the political spectrum, calls for terminating crucial government programs on the leading edge of infrastructure building and scientific and technological development. The proposed cuts, in the name of saving taxpayers' money and protecting the environment, would have a devastating impact on the physical economy and future of the United States.

The conservatives and the greens in bed together? This should not shock anyone. Since the Nov. 8, 1994 elections, the Conservative Revolutionaries have been unveiling their ideological agenda, which is no different from that of the greens: They share the British Empire's commitment to destroying the United States' national sovereignty, including the federal Constitution, and to implementing malthusian policies in opposition to scientific and technological progress.

This drive is being led in Congress by House Speaker Newt Gingrich (R-Ga.), who is pushing the radical anti-science, "post-industrial" ideology typified by Alvin Toffler's "Third Wave" thesis, and by free-trade fanatic Sen. Phil Gramm (R-Tex.).

By June of this year, the odd marriage of conservatives and greens shocked some anti-environmentalists and members of the Wise Use movement into recognizing how they have been used by the Conservative Revolution. Over June 10-14, more than 300 citizens, including loggers, ranchers,

and commercial fishermen, came to Washington, D.C. to attend the annual "Fly-In for Freedom," and to lobby Congress during the following days.

Sponsored by the Alliance for America, an umbrella group representing over 500 grassroots organizations, the fifth annual Fly-In for Freedom was supposed to focus participants on the most effective ways to fight environmental radicals, and to overturn insane environmental regulations. Attendees, mostly members of the Wise Use movement, came in response to appeals on fighting environmentalism, especially the Endangered Species Act. Instead, the conference agenda had been perverted and the bewildered participants found themselves addressed by leading advocates of environmental lunacy and by so-called "conservatives" who demonstrated that they have a nearly identical ideological perspective with the greenies who oppose all government support for technological progress.

The new theme of the conference, presented by Ike Suggs and R.J. Smith of the Competitive Enterprise Institute, among other speakers, was that the enemy is the United States government and President Clinton—not environmentalism. Instead of opposing the oligarchy which put through the anti-industrial policy and the Endangered Species Act (ESA) in the 1960s and 1970s, the speakers called for a convergence with the greens.

These conservatives told the participants to accept the ESA and instead work to reform it to make it more green, yet more friendly to private property interests. The argument was that landowners should not be penalized by restrictions, but instead rewarded when they help protect purportedly endangered species. They hammered home the idea that the defense of private property must be the driving principle of society, not a global fight for growth and progress.



*The green radicals at Friends of the Earth and the "fiscal conservative" National Taxpayers Union issued a report in January which says it all: "Cut Wasteful Spending with Green Scissors." They're no friends of the United States or the American taxpayer.*

Conference participants were further astounded to find that the morning panel on June 11 had been turned over to leaders of the National Audubon Society, the National Wildlife Federation, the terrorist group Earth First!, and the Competitive Enterprise Institute (CEI). The environmentalist leaders used the panel to insult the majority of the participants, while laying out plans for a convergence of the Wise Use and environmentalist movements. This was all the more outrageous, since many of the conference participants have been the victims of Earth First!'s terrorist activities, while others had been driven out of their homes or businesses by the policies of the Audubon Society or NWF. The conference itself was dedicated to the memory of Gil Murray, head of the California Forestry Association who was murdered in April by an eco-terrorist bomber.

What transpired at the Alliance for America conference and the policies promoted by the Green Scissors Coalition could not possibly be further from the kind of policy advocated by former Washington state Gov. Dixy Lee Ray, the best known fighter against green fascism among conservatives and "wise-users." Ray, a former member of the Atomic Energy Commission who fought throughout her life for scientific and technological progress, unfortunately passed away in 1993.

The way the Conservative Revolutionaries and the greens have succeeded in fooling these individuals, most of whom consider themselves pro-American, has been to play upon their legitimate grievances against the environmentalist dic-

tatorship that has made policy in Washington for the past two decades, by narrowly focusing them to defend their perceived self-interest and their individual greed. This is the deep flaw among the constituents the greens are trying to destroy. They place their self-interest above the national interest. All along, the efforts of the anti-environmental movement have been to create a movement that is based on self-interest, such as property rights or states rights, and free trade. The underlying concept is a profound hostility to the nation-building imperative of the U.S. Constitution. These efforts, although in most cases well intentioned, have given birth to this poison fruit, leading to the green takeover of this movement.

The most revealing moment of the Alliance for America conference took place when *EIR* correspondent Anton Chaitkin asked the Endangered Species Act panelists where they stood on the Green Scissors report and the fact that it was supported by the National Taxpayers Union. CEI's R.J. Smith responded that, despite their differences, conservatives and greens could work together on such issues as cutting government waste.

### **Green Scissors to draw blood**

During the well-publicized press conference announcing the release of the Green Scissors report, spokesmen for Friends of the Earth and the National Taxpayers Union said that the report aims to entirely eliminate a number of federal government subsidies and funding for projects which they say are wasteful porkbarrel giveaways that endanger the in-

tegrity of the environment. The report singles out 34 programs and claims that cutting them will save taxpayers \$33 billion over a five-year period.

The National Taxpayers Union and Friends of the Earth have worked together since 1993 to implement these goals through a coalition called Citizens United to Terminate Subsidies (CUT\$). This coalition, which brings "fiscal conservatives and environmental progressives together," will be the vehicle to campaign for the implementation of the Green Scissors report.

Members of the coalition (see box) range from the conservative Citizens for a Sound Economy and the Concord Coalition, to green establishment outfits such as the Sierra Club, the National Audubon Society, the U.S. Public Interest Research Group, and the Wilderness Society. Many more conservative and green groups have joined the coalition since January. Funding for the Green Scissors report came largely from the Rockefeller Family Fund and the W. Alton Jones Foundation, two of the top funders of the multibillion-dollar environmentalist movement.

Green Scissors aims at nothing less than wrecking the ability of the government to build infrastructure, particularly the ability to develop modern energy sources. The list of programs targeted clearly indicates that these groups are acting at the behest of the top levels of the British oligarchy, which is fanatically opposed to the development and spread of scientific and technological progress, especially as that is embodied in the U.S. Constitution.

Green Scissors aims to drain the blood out of several crucial areas of infrastructure, particularly: energy production; irrigation and flood control; agriculture, forestry, and mining; and transportation. While the Green Scissors Coalition claims that the elimination of these programs will save \$33 billion over five years (\$6.6 billion a year), the report is a fraud from the standpoint of economics, science, and social policy. As we shall see, these cuts will exact an enormous toll on the health and well-being of the American people, as well as the economic future of the country. The actual cost of these cuts will amount to trillions of dollars.

If the National Taxpayers Union and Friends of the Earth were truly concerned with reducing the deficit, they could call for a system of national banking to replace the Federal Reserve System, so that the government would not have to pay usurious rates to issue currency, a process which sinks the federal government \$300 billion a year deeper into debt.

They could have called for the elimination of useless environmental mandates (they officially cost the economy over \$200 billion a year, in reality closer to \$1 trillion). The ban on chlorofluorocarbons (CFCs), for example, will cost the U.S. economy over \$1 trillion by the year 2000. In fact, as documented in this writer's book, *The Holes in the Ozone Scare, The Scientific Evidence that the Sky Is Not Falling* (Washington, D.C.: 21st Century Associates, 1993), there is no scientific evidence that CFCs are damaging the ozone layer or pose a future danger. If the coalition wanted to save

the taxpayer some more money, Green Scissors could have called for more than \$5 billion in cuts from the research on global warming, solar energy, and renewable resources. Saving the taxpayer money is not the point of the report: eliminating infrastructure and science and technology is.

## Protecting diseases from people

One target of the Green Scissors report is spending for health and human welfare. This is best illustrated by the report's call to terminate the Animal Damage Control Program (ADC), administered by the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) with two major aims: to control damage caused by wildlife, especially to livestock; and, to track down and destroy animals carrying dangerous, communicable diseases.

At present, there are outbreaks of the bubonic plague and rabies across the United States, particularly in the Western States. Enormous populations of wildlife are infected with the plague and are transmitting it to each other, as well as to people. More people have died of bubonic plague in the past few years in the United States than at almost any point in the preceding century.

The main line of defense against the further spread of these diseases is the ADC program. Furthermore, ADC is the only real defense against other diseases carried by animal vectors, such as rats, including the deadly hanta virus. The health of millions of Americans depends on the control of these animal vectors. The annual cost of the ADC program is a measly \$36 million. Obviously, the cost of the program is not the reason why the Green Scissors wants to cut it.

In the 14th century, a pandemic of bubonic plague killed between one-third and one-half of the population of Europe, following the collapse of the banking system under conditions of a war-ravaged economy. Given the rapid collapse of the U.S. and world economy, conditions could again be created for the catastrophic spread of disease.

In this context, it is quite interesting to point out that the malthusian Carrying Capacity Network (CCN) supports the Green Scissors report. The June-July 1995 issue of the CCN bulletin had a front-page "Call To Action" requesting all its members to purchase the report and to support the National Taxpayers Union. CCN is one of the leading advocates of population control. One of its directors is Paul Ehrlich, the leading green guru who began predicting environmental doomsday in the 1960s, and who has proposed a radical reduction in the world's population as the only long-term solution to the world's environmental problems.

## Extermination of advanced energy programs

The Green Scissors Coalition has also committed itself to the elimination of any research into future energy sources. The report calls for the elimination of virtually the entire nuclear research program as well as any research into fusion energy. Just about all major research and development programs for nuclear energy are slated for the chopping block,



ensuring that society is frozen into a total dependence on fossil fuels. Moreover, while advanced coal research programs are targeted by Green Scissors, oil is not, which may have something to do with the fact that the major multinational oil corporations, led by Royal Dutch Shell and Atlantic Richfield Corp. (Arco), contribute hundreds of millions of dollars to the environmentalist movement either directly or through private family foundations. The Rockefeller family, which contributes over \$50 million a year to the environmentalist movement, for example, made its fortune in oil. As noted earlier, the Rockefeller Family Fund helped pay for the production of the Green Scissors report.

The coalition has a three-pronged attack on nuclear research. The first prong is its attack on research to develop the next generation of nuclear reactors for civilian use, which includes energy generation and medical uses. Its second prong is to dismantle research into nuclear weapons, and its third prong is to prevent the construction of the nuclear waste repository at Yucca Mountain, Nevada.

The attack on nuclear energy is one of the most dishonest aspects of the Green Scissors report. The report explicitly attacks nuclear power, claiming that it "continues to pile up dangerous radioactive waste for which there is no proven method of safe and permanent storage or transportation." The case of France—80% of whose electricity comes from nuclear power—gives the lie to that assertion. France does not have a problem with nuclear waste because they reprocess it. Most important, however, is that the Green Scissors Coalition intends to ensure that its prophecy about nuclear waste is fulfilled, by closing down the construction of the Yucca Mountain repository, leaving the nation with no safe, long-term storage site for nuclear waste. Two of the nuclear research programs that the Green Scissors Coalition wants to terminate would reprocess spent nuclear fuel, including plutonium, and use this former "waste" as an energy source.

While Friends of the Earth's violent opposition to nuclear power is well-known, the National Taxpayers Union's is not, despite the fact that NTU has opposed nuclear power for over two decades. In the 1970s, the NTU led the opposition to the Clinch River Fast Breeder Reactor in Tennessee. This project was finally terminated when the Reagan administration said it could be completed as a private enterprise. As could be expected, no "entrepreneurs" ventured forth to complete the project. Breeder reactors use spent plutonium fuel and actually produce more fuel than they consume.

In the past few years, the NTU has been leading the opposition to the Integral Fast Reactor at Argonne National Laboratory in Illinois. The IFR is designed to use spent nuclear fuel and waste plutonium.

Not content with destroying the nuclear industry, the National Taxpayers Union and Friends of the Earth are also out to destroy research into fusion energy. The Green Scissors Coalition targets those fusion research facilities that have not previously been cut back. The report calls for the termination of any further design or construction of the Tokamak

Physics Experiment (TPX) reactor at Princeton, New Jersey, as well as the National Ignition Facility at Lawrence Livermore National Laboratory in California. The Livermore reactor would use lasers to ignite deuterium and tritium fuel to start a self-sustaining fusion reaction. This facility can also be used to study the physics of nuclear weapons and to provide inexpensive tests to examine their effects.

The NTU and Friends of the Earth are also planning the takedown of nuclear research for medical purposes. One of the Green Scissors proposals is to terminate the Advanced Neutron Source at Oak Ridge, Tennessee. As noted by the Green Scissors report itself, the ANS "is a civilian research reactor" that would produce "the greatest number of neutrons per unit area per second." This breakthrough, "would enable certain research to be conducted for the first time and other activities to be significantly expedited." The report further acknowledges that the ANS reactor will be used to "conduct materials research and to produce isotopes for research and medical use." The motto for this cut should perhaps be "let them have cancer."

Green Scissors also targets coal and hydroelectric power. For all its environmentally friendly pretensions, the report calls for terminating the Clean Coal program that has led to the reduction of polluting emissions from coal-burning plants; and the cancellation of various water projects, including dams and hydroelectric projects, not just in the United States, but around the world.

In addition, the Green Scissors Coalition calls for the termination of the Rural Electrification Administration (REA) program and the reform of the Power Marketing Administrations. REA was created in 1935 as the Rural Utility Service (RUS), and its job was to finance the development of the electric and phone grid in rural America, to provide universal service to areas that would have been abandoned by private companies because of their unprofitability. REA has done a magnificent job and it continues to play a critical role in providing low-interest loans for the further development of energy infrastructure across the United States. The Green Scissors report complains that the rates offered by REA are not usurious and therefore it should be eliminated. Such a step would prevent any further infrastructural and industrial development in rural areas, particularly in the West.

### **Target: food production and flood control**

Just as the Green Scissors report lays out a strategy to destroy future energy technologies, it also takes aim at agriculture by calling for an end to the construction of new irrigation projects and water control projects. The report calls for \$4.2 billion in cuts to agricultural irrigation projects.

Among the reasons given for these cuts, two stand out: "The Interior Department heavily subsidizes irrigation of crops that the Agriculture Department pays farmers not to grow"; and the falsehood that these farmers are growing "surplus crops." As extensively documented by *EIR*, there are no "surplus crops" anywhere in the world, and, in fact,

the world is now facing severe food shortages, at the same time that food production has collapsed in the United States. The United States is no longer self-sufficient in food production and has almost no food reserves to speak about.

One project that has drawn fire from the report is the Animas-La Plata project in Colorado, to build a major dam in a water-starved area and develop a system of reservoirs and pumps that would lift water 1,000 feet and distribute it through a 240-mile network of canals. If this project is cancelled, the likelihood is that every other major irrigation project left in the West will be as well. With serious shortages of water already existing in the West, which will become acute in the next few years, these cuts would have very serious repercussions.

Flood control programs would also find their way to the Green Scissors cutting room floor. The report calls for a 50% cut in the Army Corps of Engineers Inland Waterways Operations and Management Budget. In addition, the Green Scissors report wants to slash \$1.25 billion from the Corps of Engineers Civil Works program, arguing falsely that "rather than reducing flood losses, federal flood control and relief have encouraged the development of flood-prone areas by eliminating incentives for strong state and local floodplain management." One wonders where these people were two years ago, when the flooding of the Mississippi and Missouri rivers showed that only levee and flood control systems built by the Corps of Engineers stood up to the flood, while almost all the levees and other systems that failed were exactly those built under state and local management! In addition to the reduction or outright elimination of flood control programs, Green Scissors wants to do away with any Coastal Flood Insurance for new developments, and opposes the creation of a Natural Disaster Protection Fund Proposal.

### **'War on the West'**

The National Taxpayers Union and Friends of the Earth particularly target resource producers in the western part of the United States. As such, Green Scissors is an escalation of the "war on the West" launched by President George Bush in collaboration with the environmentalist movement, to prevent any further development of the western states and to turn that part of the country into an empty wasteland. That scenario was laid out in the book *The Nine Nations of North America* and covered in the June 2, 1995 issue of *EIR*.

The two most important changes proposed by the Green Scissors report are a "reform" of the 1872 Mining Act, and the end to any further road building in National Forest lands. Those proposals would destroy what's left of the U.S. mining and timber industries.

In addition, Green Scissors gives free rein to a "free market" approach to the grazing fees paid by ranchers to graze their cattle on public lands. The report fraudulently argues that the western ranchers should pay the same charges to graze on public lands that eastern cattle growers pay to

## **The Green Scissors Coalition and its principal targets**

### **"Fiscal Conservatives"**

National Taxpayers Union  
Citizens for a Sound Economy  
Concord Coalition  
Council of Citizens Against Government Waste  
Lead or Leave

### **Environmentalists**

Friends of the Earth  
American Oceans Campaign  
Center for International Environmental Law  
Clean Water Action  
Coast Alliance  
Defenders of Wildlife  
Environmental Action Foundation  
National Audubon Society  
National Parks and Conservation Association  
National Wildlife Federation  
National Wildlife Refuge Association  
Natural Resources Defense Council  
Nuclear Information and Resource Service  
Physicians for Social Responsibility  
Public Citizen  
Safe Energy Communications Council  
Sierra Club

raise their cattle in private lots. The report conveniently ignores the fact that the public lands, especially in the West, are largely desert areas with little water and no improvements, while the eastern pastures have plenty of water, forage, and land improvements. Such a change would put most western ranchers out of business.

And, of course, the water-short West will be severely affected by the termination of irrigation and water projects, and elimination of the Rural Electrification Administration.

One of the most ironic aspects of the Green Scissors movement is that western conservatives are among the biggest supporters of the National Taxpayers Union and the Conservative Revolution. They have become so ideologically blind in their pursuit to tear down the U.S. government that they have not even noticed that they are themselves a target of this eco-fascist alliance.

### **Friends of the oligarchy**

On a deeper level, the National Taxpayers Union and Friends of the Earth are two of the most sophisticated outfits

Southern Utah Wilderness Alliance  
20/20 Vision National Project  
Taxpayers Assets Project  
U.S. Public Interest Research Group  
The Wilderness Society

### **Green Scissors targets**

#### **Energy Programs**

National Ignition Facility—Terminate program  
GT-MHR Gas-Cooled Reactor—Terminate program  
Advanced Light Water Reactor—Terminate regulatory assistance and cancel the first-of-a-kind engineering program.  
Yucca Mountain Nuclear Waste Repository—Stop site construction  
Tokamak Fusion Reactor—Cancel any further design or construction  
Atomic Vapor Laser Isotope Separation—Terminate program  
Advanced Neutron Source—Terminate program  
Nuclear Testing Site—Cease testing and reduce operating expenses  
Nuclear Waste Fund Fee—Increase fee  
Rural Electrification Administration—Eliminate the administration  
Coal Research and Development—Cut funding  
**Agriculture and Mining**  
1872 Mining Act—Rewrite the law  
Forest Service Timber Roads—Cut all funding for construction of new roads

USDA Marketing Promotion Program—Terminate funding  
Grazing Fees—Increase fees  
Sugar Program—Eliminate import quotas and price supports  
Animal Damage Control Program—Eliminate program  
**Irrigation, Water Control, and Disaster Protection**  
Animal-La Plata Irrigation Project (Colorado)—Terminate project  
Arum Dam III (Nepal)—Cut funding of World Bank's International Development Association by the proportion of the proposed Arum III loan.  
Army Corps of Engineers Civil Works—Cut funding for the civil works program and transfer responsibility for flood control to state and local governments.  
Passaic River Tunnel (New Jersey)—Deauthorize flood tunnel project  
Irrigation Subsidies—Eliminate or restrict subsidies for irrigation projects to grow food crops  
Auburn Dam (Sacramento, California)—Deny any funding to the Army Corps of Engineers  
Inland Waterways Operations—Reduce operation and maintenance budget by 50%  
Proposed Natural Disaster Protection Fund—Reject proposal, allow free market mechanism to handle risks  
Coastal Flood Insurance Reform—Prohibit insurance for new developments in coastal zones

run by Prince Philip's Club of the Isles. As noted in the *EIR Special Report* on "The Fall of the House of Windsor" (Oct. 28, 1994) the Club of the Isles created a vast network of organizations criss-crossing the ideological and political landscape, to implement their policies. While these organizations may have cosmetic ideological differences, they share a common commitment to restoring and protecting the British Empire. A full treatment of the pedigree of these organizations was detailed in three *EIR* cover stories (Jan. 13, Feb. 17, and June 2).

The most interesting organization to examine in the context of the Green Scissors report is the National Taxpayers Union. Founded in 1969 by James Dale Davidson, NTU is part of a whole nest of conservative outfits working at the behest of the British Empire, as documented in the Feb. 17 issue of *EIR*. This includes the Mont Pelerin Society, the Heritage Foundation, the Reason Foundation, the Cato Institute, the Progress and Freedom Foundation, and the American Legislative Exchange Council.

Since its inception, NTU has been a leader of the eco-

fascist drive to destroy scientific and technological progress. The most recent annual report of the NTU proudly boasts that, in the early 1970s, it helped lead the charge to strip funding from the U.S. Super Sonic Transport program, which was also one of the major targets of the environmentalist movement. The SST was the next step in the development of the U.S. aerospace program, and its termination nearly destroyed the space program. While Britain and France developed the Concorde, that plane was one-third the size of the planned U.S. SST, and is now 25 years old, with few programs planned to replace it.

It was the National Taxpayers Union that initiated the drive to call a constitutional convention to pass a balanced budget amendment in the early 1980s.

NTU's chairman and founder, James Dale Davidson, collaborates very closely with Britain's Lord William Rees-Mogg, who has played a major role in the most recent efforts to destroy the United States, including his promotion of the militias.

Davidson is a principal of Strategic Advisors Corp. of

Baltimore, Maryland, which he describes in a 1993 tract as “an asset management group for wealthy individuals.” Strategic Advisors publishes *Strategic Investments*, a financial newsletter edited by Davidson and Rees-Mogg. This is the newsletter that has been used to build the anti-government militia movement.

Davidson and Rees-Mogg coauthored the books *Blood In the Streets: Investment Profits In A World Gone Mad* and *The Great Reckoning*, both of which proclaim that a financial apocalypse is imminent; but, they add, those in the know can make a killing by buying investments at panic prices.

On Jan. 5, 1995, Rees-Mogg penned an incredible diatribe against public education in the *London Times*, arguing for a return to an information age version of feudal society: “The information age will require very high skills in non-repetitive work. In international competition, perhaps 5% of the population will produce 80% of the national income, and the employment of the 95% will depend on the success of the few.”

Interestingly, given his views on education, Lord Rees-Mogg is vice chairman of the BBC, and chairman of the Broadcast Standards Board, which sets standards for public broadcasting in Her Majesty’s realm.

Davidson is very open about his connections to the European oligarchy and its functionaries. In a 1993 book, *The Plague of the Black Debt: How To Survive the Coming Depression*, the NTU chairman writes, “Much of our success is based on a key insight into events. It is not legal to profit from inside information about stocks. But there is no such problem with inside political information.

“Let’s face it. Markets do not move totally at random. They move because somebody decides to do something. People move markets. And powerful people move them powerfully. When stocks shoot down or up, it is usually because of actions taken in Washington, or Tokyo, or Bonn. . . . One of our contacts runs one of the biggest investment portfolios in London. Another is a former president of the Rothschild Bank in Zurich. Another is a former president of one of the world’s largest oil companies.”

Concerning his partner, Davidson boasts that “Lord William Rees-Mogg . . . is the former editor-in-chief of the *Times* of London, vice chairman of the BBC, and confidant of powerful British figures like Margaret Thatcher and Lord Rothschild. He is also a director of London’s Private Bank and financial adviser to some of the world’s wealthiest families.”

One of the most interesting questions that has been raised is whether NTU’s opposition to all forms of fission and fusion energy has to do with oil and gas investments by Chairman Davidson? In *The Plague of the Black Debt*, Davidson tells readers that a great investment would be Lakehead Pipeline LP, a limited partnership traded on the New York Stock Exchange. Lakehead “owns the 1,100-mile-long U.S. portion of the oil and gas pipeline which runs 2,300 miles

from western Canada to eastern Canada. . . . *This is the only pipeline that transports crude oil from western to eastern Canada*” (emphasis in original). The next sentence is especially revealing: “Come inflation or depression, the folks in eastern Canada will still need oil. It’s a sure bet.” “This one is so safe,” adds Davidson, “I bought it for my mother.”

NTU’s connections to the Reason Foundation may be another reason for its pro-gas and oil stance. Reason Foundation President Robert Poole is on the advisory board of NTU. There are at least three other connections between NTU and the Reason Foundation. In turn, a major contributor to the Reason Foundation has been Shell Oil Co., the U.S. arm of the Anglo-Dutch international apparatus known as Royal Dutch Shell. According to private accounts from within the industry, the Royal Dutch Shell apparatus possesses the most sophisticated strategic planning capability in the world, owing to the historically close ties between the British Shell Transport and Trading on the one hand, and the British Foreign Office, British intelligence, and the Chatham House apparatus on the other. There have also historically been close ties between Shell and the Bank of England.

Of special note, given the NTU’s recent joint venture with the Friends of the Earth: The present chairman of Shell Transport and Trading, Sir Peter Fenwick Holmes, serves as a trustee of Prince Philip’s World Wide Fund for Nature (formerly the World Wildlife Fund). The late John H. Loudoun, chairman of Shell during the oil hoaxes of the 1970s, was a co-founder of the 1001 Club—the primary funding mechanism for the WWF—and also served as president of the World Wildlife Fund.

Other notables connected with the National Taxpayers Union or the National Taxpayers Union Foundation include:

- Jerry L. Jordan of the NTUF Advisory Board, and president of Federal Reserve Bank of Cleveland; advisory board of the pro-drug legalization Reason Foundation; and Cato Institute adjunct scholar.
- Prof. Allan H. Meltzer, NTUF Advisory Board, and a trustee of the Sarah Scaife Foundation, a major funding conduit for the Conservative Revolution apparatus; member of the Ann Arbor, Michigan-based Philadelphia Society, the American affiliate of the Mont Pelerin Society; and co-chair of the Shadow Open Market Committee.
- Robert W. Poole Jr., NTUF Advisory Board, and president and trustee of the Reason Foundation.
- Dr. Anna J. Schwartz, NTUF Advisory Board, of the National Bureau for Economic Research, and co-author with Milton Friedman of *A Monetary History of the United States*.
- Prof. Gordon Tullock, of George Mason University, NTUF Advisory Board, member of the Mont Pelerin Society, and adjunct scholar to the Heritage Foundation.
- James M. Buchanan, director of the National Taxpayers Union, and president of the Mont Pelerin Society from 1984 to 1986.

# Infrastructure hit by greens in Russia

by Konstantin Chermnykh

On June 16, when horror-struck Russians were waiting for new information on the fate of civilians taken hostage by a Chechen force in the southern town of Budyonnovsk, the State Duma (national Parliament) was busy adopting a new law, forbidding . . . torturing animals.

Ecological issues, thanks to the United Nations and the British monarchy's royal consort Prince Philip personally, have become a sort of sacred cow that is regarded with almost religious respect. Each political party puts wildlife projects in the center of its political program.

Recently the weekly *Za Rossiyu (For Russia)*, published by the People's Labor Union, a 60-year-old post-White Guard anti-Communist organization, which used to be utilized by the CIA and British intelligence for espionage against the U.S.S.R. and which backed Gen. Andrei Vlasov's Russian Liberation Army, which was allied with the Hitlerites during World War II, published a new program containing an emotional ecological chapter. It features "sustainable development." The Communist Party of the Russian Federation (CPRF), for which the People's Labor Union is an absolute antipode, dedicated even more words to the same "sustainable development" in its new party program.

## Infiltrated into Russia

The notion of "sustainable development," promoted in United Nations circles as a cover-name for what is more accurately called "technological apartheid" (i.e., the denial of more advanced technologies) against less developed countries, has been infiltrated into Russian parlance in a tricky way. At some point, a Russian translation for the phrase was selected: *ustoychivoye razvitiye*, which means not "sustainable," but rather the even more innocuous-sounding "stable development."

The "green religion" is spreading with the speed of an epidemic. Its march through Russia is increased by impoverished scientists, who have no other way of earning money except research work in the ecological field. Other fields of science are not a priority for investments from western institutions.

The growing interest of investors in ecological research is marked by areas of special curiosity, prompting suspicions that it is just a pretext for gaining cheaper access to Russian

technologies. NEFCO, a Scandinavian ecological company, is now conducting research in the industry of Arkhangelsk and Murmansk regions and Karelia, apparently eager to get to the center of atomic shipbuilding at Severodvinsk.

Five years ago, a Greenpeace vessel was stopped not far from the Novaya Zemlya archipelago, site of Soviet nuclear tests. The Greenpeaceniks were furious. The newspaper *Komsomolskaya Pravda*, one of the locomotives of Mikhail Gorbachov's *perestroika* policy in the 1980s and now home for various Gorbachovists, expressed dissatisfaction with the fact that the military would not let the Greenpeace "eco-revolutionaries" into the nuclear test zone.

## Losses incalculable

Since 1991, Greenpeace has had an official organization in Moscow, which is busy keeping tabs on the military and launching protest campaigns against infrastructure projects. In 1993, the Greens sponsored by Greenpeace managed to get the project of the Ust Luga port in Leningrad Province (around St. Petersburg) frozen for an undetermined time.

According to the weekly *Ekonomika i zhizn (Economy and Life)*, the Ust Luga port project attracted interest from the Naval Ministry of Germany as well as the administrations of Rostock, Lübeck, Kiel, and Hamburg. Germany was going to use the port for trading with Japan, South Korea, and China. For Russia, the project is of crucial interest after the separation of the Baltic states, where the ports of Klaipeda, Riga, Ventspils, Tallinn, and Paldisky are located.

The losses brought by the Greenpeace activity are incalculable.

## High-speed railway targeted

The eco-radicals have also tried to undermine the project for a Moscow to St. Petersburg high-speed railway. The same *Komsomolskaya Pravda* (it is interesting, how many of the Russian Greenpeaceniks are former Komsomol, Communist Youth League, leaders) started a campaign of protection for the Valday National Park and its fauna, which would be disturbed by the noise of the road. But the greatest "tragedy" was seen in the protective wall along the roadbed, which would prevent small animals from crossing the railway.

In mid-June, the ecological expert analysis of the high-speed railroad project was finally completed. Scientists and high officials did their best, curtsying before the eco-dictatorship. Billions of rubles will be spent for making a curve around the Valday National Park, as well as for construction of special tunnels for *frogs* (this was reported officially, and with a serious air, on the radio in St. Petersburg).

No doubt this money could rather be invested into the productive economy, or used for relief for the refugees from Chechnya, Abkhazia, and so forth. Too bad for them, those women and children were not born frogs.

## Why most Nobel Prize economists are quacks

by Lyndon H. LaRouche, Jr.

*This Economic Advisory was released on July 14.*

Today, every nation on this planet is under the domination of a single, worldwide, monetary and financial system: the so-called International Monetary Fund (IMF) system. That system is about to go out of existence. The worst financial collapse of the Twentieth Century could erupt within as soon as weeks, or, in the unlikely case, the disintegration of the system could be postponed until as late as early 1997.

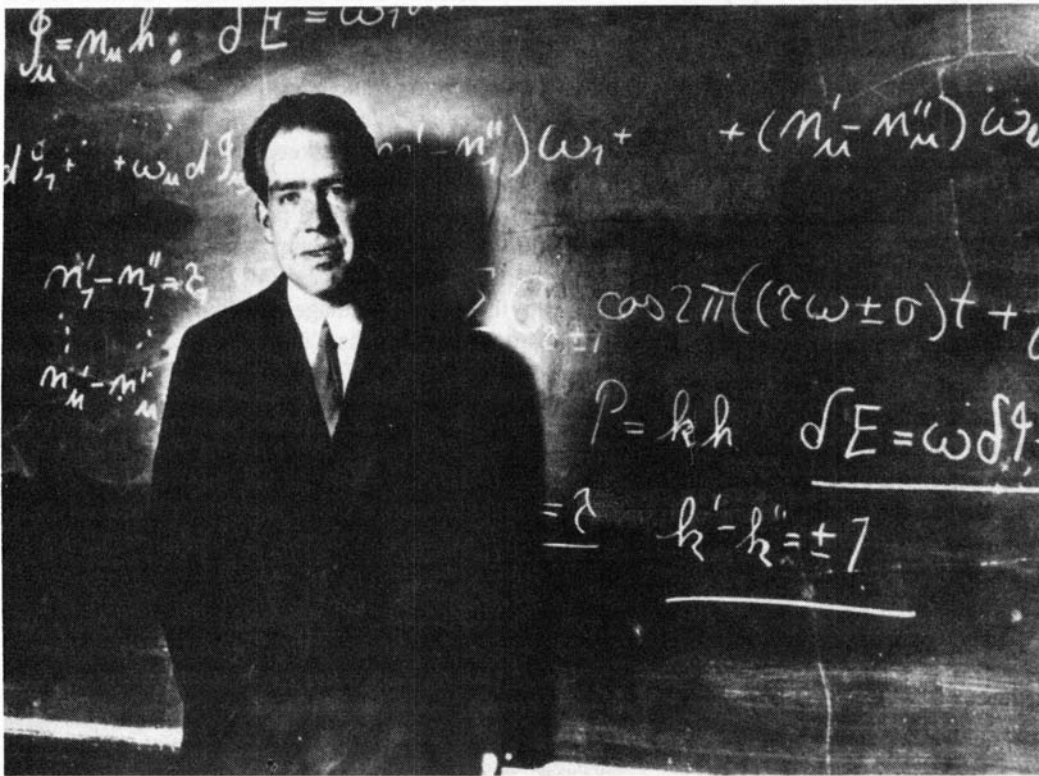
Nothing can save the present monetary and financial system. It could be gobbled up in an orderly bankruptcy reorganization conducted by governments, or, if governments are, as Hamlet said, too “pigeon-livered” to do this, it will reach the point that the system simply disintegrates within as short a span as 24 to 72 hours. That is to say, it would vanish as if in a cloud of smoke: in an implosion of what is called “reversed financial leverage.”<sup>1</sup>

That information should come as no surprise; any competently trained economist would agree immediately with what has just been written here. They, and all honest mass news-media, would have been warning governments of this danger over years, even decades. To illustrate that point: The present writer has forecast just this danger—repeatedly, consistently, and accurately—during the past 30 years; during the mid-1970s, he found concurrence with his own forecast, on the general nature of the danger, in his personal meetings with such notable figures as the former economic adviser to President Charles de Gaulle, the distinguished Jacques Rueff. During the recent several years, another of the rare species of competent economist, France’s Nobel Prize-winning economist, Maurice Allais,<sup>2</sup>

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1. A collapse best described by the same sets of equations used to describe a chemical or nuclear explosion.

2. See Maurice Allais, *Le Figaro*: April 26, May 9, June 1, and Nov. 15-16, 1994. Allais also has the special distinction, of being the only sane person yet to receive the Nobel Prize for Economics.



*The bankruptcy of "classroom mathematics": Radical positivist Niels Bohr, father of the Copenhagen School in physics, followed in the footsteps of the occultist Isaac Newton. This tradition has produced as many quacks in economic science as it has in physics and mathematics.*

has been warning publicly, and repeatedly of this imminent danger.

Yet, until a few months ago, most generally recognized economists, worldwide, showed themselves not competently trained. Until the aftermath of both the Orange County, California and Mexico outbreaks, they consistently derided such warnings—although, at that time, the symptoms of an on-rushing, early general financial chain-reaction collapse, echoing the famous, Weimar Germany Reichsmark collapse of 1922-23, were already the dominant features of world markets.

Now, over the course of the period since the Orange County bankruptcy and the Mexico crisis, a significant and increasing number of prominent economists and bankers nod sadly, and agree: The system is coming down. One might respond to that: Better late than never; should we not respond, instead: that the economics profession and the bankers have failed miserably over the past 25 years, or longer? Must we not say, that they should have foreseen this coming decades ago, and warned governments and the public of the consequence of continuing the mistaken policies already under way back then?

To recognize why otherwise educated and intelligent people, when confronted with generally accepted economics dogma, so often behave like credulous spectators at a carnival side-show, we must make clear certain deep-rooted false, empiricist, assumptions about science. These are the prevalent, mistaken assumptions which have shaped popular opin-

ion on the subject of social theory in general and economics in particular. First, consider the subject-matter whose mention terrifies popular economic opinion today.

The facts just referenced pose three crucial questions of policymaking to the U.S.A.'s and other governments. 1) Why did virtually all of the most respected professional economists and bankers of the world fail so contemptibly, over a period of 30 years? 2) Why did we tolerate, over a period of 25 years, economic, monetary, and financial policies whose foreseeably inevitable consequence was a collapse of the physical economy of the planet, and also, inevitably, the worst monetary and financial collapse in European history since the mid-Fourteenth Century, when England set off the chain-reaction collapse of the Lombard debt-bubble of that time?<sup>3</sup> 3) Why

3. See Barbara Tuchman, **A Distant Mirror: The Calamitous Fourteenth Century** (New York: Alfred A. Knopf, 1978); also, Miriam Beard, **A History of The Business Man** (New York: MacMillan, 1938). Over the hundred years preceding that collapse of the "Lombard" debt-bubble, since the A.D. 1250 death of the Holy Roman Emperor Frederick II, Europe had been gripped by the rise of a Venice-controlled "Black Guelph" faction, and the effects of the invasion of Venice's ally, Genghis Khan's Mongols, from the east. By the time of the death of the anti-"Black Guelph" political leader, Dante Alighieri, all western Europe lay prostrate under the heel of Venice's "Black Guelph" agents, notably the ultra-usurious Lombard bankers—the, so to speak, Paul A. Volckers of their time. Miss Beard properly highlights the case of two of these swindlers, known by their French cognomens, "Biche" and "Mouche." Among the more disgusting cases of belated resistance to Venetian usury was England, which had been virtually a "suburban development project" of Venice's bankers since the relevant capitulations of comprador-kings Edward II and Edward III. Then, mid-century, came

do most governments of the world, and also most “popular opinion,” support the policies of such transparently lunatic economic dogmas as those of former British Prime Minister Margaret Thatcher, Harvard’s Prof. Jeffrey Sachs, Sen. Phil Gramm, and U.S. House Speaker Newt(n) Gingrich?

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## 1. The present economic crisis

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Before attempting to answer the series of questions we have just posed, consider the relevant most crucial facts about the presently skyrocketing, global, financial and economic crisis. The data upon which the following summary is premised are the standard statistics publicly available to every government and leading economist in the world.

To those statistics apply the following procedures, for the purpose of comparing U.S. per-capita income and output during the interval 1956-94. Reduce the publicly available data used, to the form of values expressed as quantities per capita,<sup>4</sup> per family household, and per square kilometer of relevant land-use.

Define input as consumption by persons, by households, by agriculture, by mining, by basic economic infrastructure, by manufacturing, by construction, and by allowable ratios of employment for sales and administrative functions of both government and the private sector. Use U.S. data for 1956 as the standard of comparison for “allowable ratios of employment for sales and administration of both government and the private sector.” This yields “market baskets of consumption” for persons, households, infrastructure, production, and sales and administration: all, of course, per capita, per family household, and per square kilometer of relevant land-use. (See **Table 1** for 1967 figures.)

Define output as the production of the items contained in the market-baskets of consumption.

The content of these market-baskets is limited to useful physical goods, measured in physical (not monetary) units, plus three elements of infrastructure indispensable for maintaining and improving the demographic characteristics of the family household, and for maintaining and improving the productive powers of labor: education, health-care delivery, and science and technology as such.<sup>5</sup>

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the time that the King of England, like the voters of Orange County, California more recently, repudiated England’s debts to the Lombard House of Bardi, Biche’s and Mouche’s employer, and the entire banking system of Europe went promptly belly-up, in a chain-reaction of Fourteenth-Century “reversed financial leverage.”

4. I.e., per capita of total available labor-force.

5. For example, to maintain the net rate of growth of physical productivity (per capita of total available labor-force, per family household, and per square kilometer of relevant land-area) at circa 1963 levels, approximately 5% of the total labor-force must be employed in functions of physical science and engineering. This references the comparison of three bench-mark, developed economies (the U.S.A., Germany, and Japan) for the interval 1967-70. If the level of employment for technological progress, and in related machine-tool sector categories, drops below that ration, the economy will suffer an entropic physical-economic net decline.

The assessment of these market-basket requirements is implicit. The relevant question is, what would be the actuarial impact upon demographic characteristics of family households and productivity (ratio of output to input of these market-basket contents), were the contents of some among the total spectrum of market-baskets to be increased, or decreased? Define “implicit economic equilibrium” as a secular trend corresponding to a rate of physical economic growth, measured in terms of demographics and output-to-input ratios, of about 5% (physical-economic) growth per annum.

Employ the suggestive imageries of the undergraduate science classroom; identify that “implicit equilibrium” level as representing the “energy of the system” of the physical-economic process at that interval of the continuing process. Thus, continuing to employ the same symbolism: The ratio of output to input, implicitly defines a ratio of “free energy” to “energy of the system.”<sup>6</sup> This symbolism requires us to state that the healthy, non-degenerative (“sustainable”) phases of an economic process, are *characteristically* “not-entropic.”<sup>7</sup>

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6. Do not overlook a crucial point implied here. What does society do with the “free energy” margin? A sane society reinvests most of it not only for expanding the economy in scale, but also in increasing the relative content of the energy-of-the-system, per capita, per household, and per square kilometer. Thus, the capital-intensity and power-density requirements of a “sustainable” economic process are continually increased. To maintain a “constant” minimum ratio of “free energy” to “energy of the system” over successive epochs of the process, requires a corresponding increase in the physical margin of output available for investment. This latter constraint is satisfiable by no other means than advances in productive and related technologies. The same challenge is presented by the apparent relative finiteness of what an existing level of technology regards as required natural resources; this constraint can be overcome solely through the same means: advances in productive and related technologies.

7. The system is actually “not-entropic,” not merely in the symbolic, but the strictly physical sense. “Not-entropy” is employed here in a sense distinct from Prof. Norbert Wiener’s silly derivation of his term “negentropy” from Ludwig Boltzmann’s H-theorem (Norbert Wiener, *Cybernetics* [New York: John Wiley & Sons, 1948]; see Morris Levitt, “Linearity and Entropy: Ludwig Boltzmann and the Second Law of Thermodynamics,” *Fusion Energy Newsletter*, September 1976, pp. 3-18). The measure of the not-entropy of a system is implicitly supplied by the mathematician Georg Cantor (n.b., *Beiträge zur Begründung der Mannigfaltigkeitslehre*, in *Georg Cantor: Gesammelte Abhandlungen mathematischen und philosophischen Inhalts* [Berlin-Heidelberg: Springer-Verlag, 1990], pp. 282-356). The mathematical representation of the relative not-entropy of a physical process is effected through a comparative study of a increase in the relative cardinalities of two crucially distinct successive states of a system: e.g., the implicit increase of the density of implicitly enumerable mathematical discontinuities per arbitrarily chosen interval of action of the process. The cause for a “sustainable” increase in the productive powers of labor, in a physical economy, is the realized increase in those forms of knowledge (i.e., cumulative discoveries of valid principle) which produce *the effect* of technological progress. This function for “not-entropy” was discovered by the present writer during the course of a project (1948-52), prompted by a determination to expose the fraud of Wiener’s fraudulent claim to represent human knowledge by the mechanical means of statistical “information theory.” The present writer employed Cantor’s work to illuminate certain deeper implications of Bernhard Riemann’s 1854 habilitation dissertation, “On The Hypotheses Which Underlie Geometry,” (*Über die Hypothesen, welche der Geometrie zu Grunde liegen*, in *Bernhard Riemann’s Gesammelte*



TABLE 1

**The decline of the U.S. market basket**

	1960	1963	1966	1970	1980	1990
<b>Capital goods</b>						
Fertilizer	2.00	1.75	1.39	1.29	1.36	1.26
Construction machinery	1.00	0.93	0.83	0.97	1.19	1.84
Mining machinery	1.46	1.72	1.48	1.53	2.18	3.00
Oilfield machinery	1.28	1.25	1.17	1.03	1.27	1.61
Industrial construction	1.38	1.38	0.86	1.31	1.41	2.65
Ocean-going shipping	0.30	0.24	0.99	0.07	0.06	1.05
<b>Household goods</b>						
Textiles	0.89	0.88	0.92	1.25	2.26	2.90
Shoes, leather	0.86	0.90	0.95	1.17	1.97	3.26
Passenger cars produced	1.14	1.05	0.97	1.30	1.51	1.74
Residential construction	1.16	0.90	1.16	0.96	1.03	1.14
School construction	1.12	1.17	0.98	1.28	2.69	2.00
Hospital construction	1.67	0.97	1.09	0.91	1.38	1.20
<b>Intermediate goods</b>						
Copper	26.03	28.54	22.85	19.81	29.06	22.17
Nickel	0.94	1.09	0.99	0.87	1.25	52.89
Bauxite	4.75	6.98	13.01	11.63	17.71	65.26
Hydraulic cement	3.87	3.97	3.77	3.89	4.29	3.68
Crude steel	1.76	1.93	1.62	1.71	2.24	1.74
Natural sulfur	3.57	4.05	3.52	3.63	4.54	8.44

This table shows the relationship to a 1967 standard, of a selection of capital goods, household goods, and intermediate goods which are part of the market basket of consumption of the U.S. economy. The numbers are calculated based upon the greater of consumption or production, then indexed to 1967. The number in the table, represents the number by which the consumption in that year should be multiplied, to meet the 1967 market basket standard. Figures over 1.00 show a shortfall, while figures under 1.00 show a surplus.

For example, for fertilizer consumption in 1990 to have met the 1967 standard, consumption would need to have been 1.26 times actual consumption.

Source: EIR market basket studies

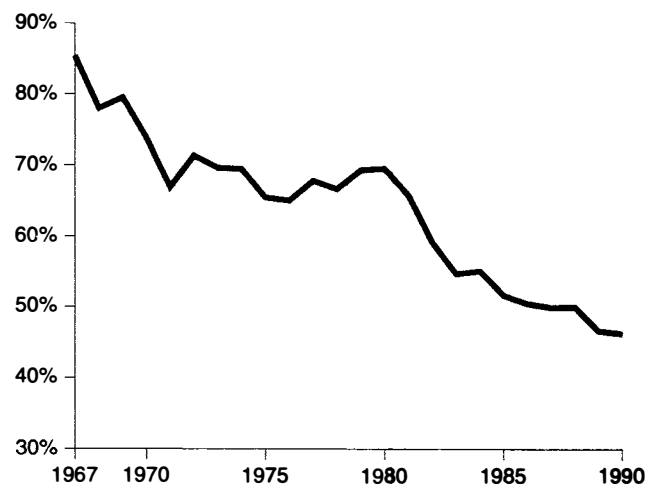
By that standard, using nothing other than the official statistics which are generally available to all professionals and relevant governmental and private institutions: The U.S. economy has been in a continuing state of physical-economic decline over the entire period, from 1967-70 to 1992-95.<sup>8</sup> (See **Figures 1-3**.) Overall, the relevant available statistics are sufficient to show, that the same trend is characteristic of the world-economy taken as a whole. The same array of statistics shows, that although there were tendencies in this disastrous direction in the U.S.A. prior to 1963, it was a package of radical policy-changes set into motion during the 1964-72 interval, which has been responsible for the persisting net decline of the entire world's physical economy since 1972.

During the 1972-95 period to date, the percentile of the total labor-force employed in producing what we have identified, above, as "energy of the system," has been successively shrunken (see **Figure 4**), while the physical productivity of the labor still employed in these categories has also been suc-

**Mathematische Werke**, Heinrich Weber, editor [New York: Dover Publications, Inc., 1953], pp. 272-287). Hence, the application of Riemann's work to solve the problem of adequate representation of the function earlier defined by this writer, became known by the seemingly anomalous, but descriptively accurate "LaRouche-Riemann Method."

8. See Christopher White, "NAM's 'Renaissance' of U.S. Industry: It Never Happened," **EIR**, April 14, 1995.

FIGURE 1

**Employment of operatives as percentage of actual requirement**

cessively shrunken over this same interval (see **Figure 2**).<sup>9</sup> This has been true in the U.S.A.; it is also, if even more em-

9. *Ibid.* See, also, Christopher White, "LaRouche's Ninth Economic Forecast—One Year Later," **EIR**, July 7, 1995.

FIGURE 2

**Percent of actual workforce required to produce 1967-style market basket**

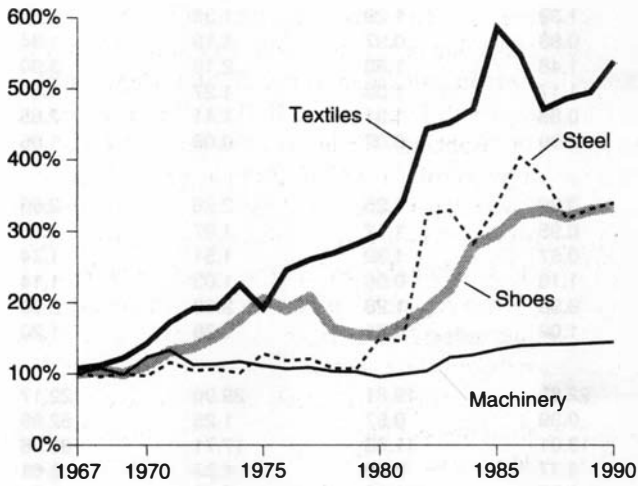
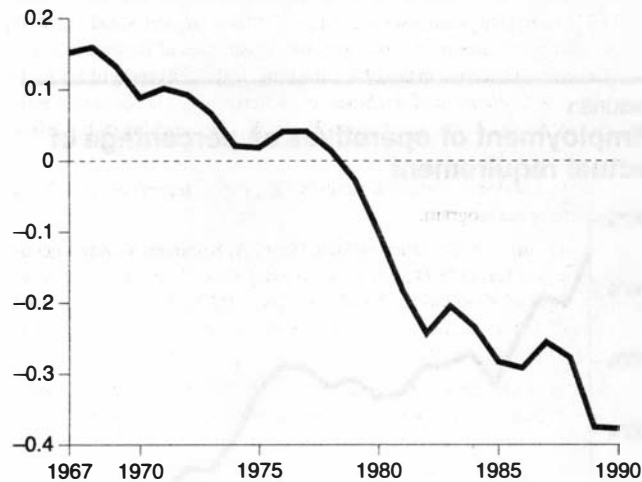


FIGURE 3

**Financial profit ratio of the U.S. economy**  
(for unit value, see text)



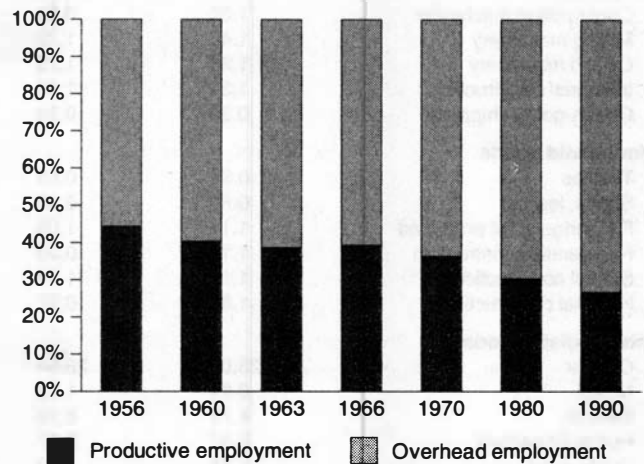
phatically, the case for the planet taken as a whole.

Next, compare the physical-economic developments and trends with the corresponding arrays of monetary and financial data. Begin with the simplest comparison: shifting patterns in the ratio of foreign trade to foreign-exchange turnover. After that, turn to the internal mechanisms of finance itself.

In 1976, the import-export trade of the U.S.A. accounted for a reported 23% of the total daily U.S. foreign-exchange turnover. Following the disastrous initial impact of the lunatic

FIGURE 4

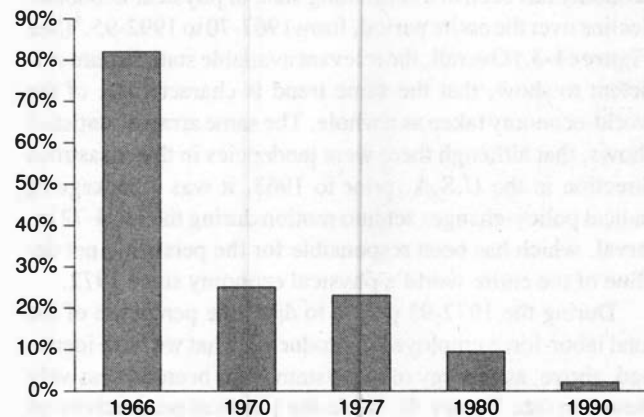
**U.S. workforce—ratio of workers in overhead vs. productive employment, 1956-90**  
(percent of total labor force)



Sources: *Historical Statistics of the United States*, Bureau of the Census, 1975; Department of Labor, Occupational Employment Division, and Bureau of Labor Statistics, *Monthly Labor Review*; Department of Education, National Library of Education; Department of Health and Human Services, Bureau of Health Professions; American Nurses Association.

FIGURE 5

**Falling value of U.S. merchandise trade as a percent of U.S. foreign exchange transactions, 1966-90**



Sources: Bank for International Settlements surveys (1986, 1989, 1992); U.S. Federal Reserve surveys (1977, 1980, 1983); GATT.

October 1979 policy changes introduced by Federal Reserve Chairman Paul A. Volcker, by 1981, the trade factor in foreign exchange turnover had dropped to about 5% (see Figure 5). By 1992, under President George Bush, the figure had

dropped to less than 2%; for mad Margaret Thatcher's Britain, the figure had dropped to about half of 1%, and the world average had declined to about 2%. Today, taking into account "off-balance-sheet" derivatives transactions, it is safe to say, without fear of exaggerating the case, that total world trade accounts for less than 1% of daily world financial turnover.

In sum: The world's monetary and financial systems have been "de-coupled" from the real economy. Officially reported "economic growth" is a hoax, for two very obvious principal reasons. First, Gross National Product/Gross Domestic Product estimates, the figures used to report putative economic growth, are based on estimates of *monetary* Value Added; therefore, since the monetary-financial system has been de-coupled from the real economy, GNP and GDP estimates, even if they were honestly compiled, have a corresponding degree of irrelevance to any discussion of national economic health. Second, of course, governments and related agencies lie—with greater abandon, each passing year—in every statistical analysis of this sort.<sup>10</sup>

That de-coupling of money and finance from real economy is built into the changes in policy-shaping trends of the past 30 years: since the so-called "cultural paradigm-shift," which began as an orchestrated mass sociological phenomenon during 1964. The anti-science (anti-rationalist), "post-industrial," and "neo-Malthusian" trends introduced into the fevered, sex-crazed, and pot-soaked brains of (admittedly only) a majority among campus-based anti-war protesters during the 1964-72 interval, are exemplary of this part of the problem.<sup>11</sup> From about 1966, the London Tavistock Insti-

tute's influence succeeded in forcing initial major cutbacks in the U.S. science-driver (space) program, arguing that the success of space projects had inspired too many Americans with a deplorable liking for not only science, but also rationality in general.<sup>12</sup> The same year, the first neo-Malthusian proposal for making population control an issue of U.S. foreign policy was introduced into the U.S. State Department.<sup>13</sup> During that period, Rep. George Bush (R-Tex.) earned the nickname of "Rubbers" for his zealous prosecution of the cause of birth control.<sup>14</sup> By 1967, Zbigniew Brzezinski contributed his own "New Age" epiphany: his conversion from Christianity to the "Third Wave,"<sup>15</sup> to Norbert Wiener's, Robert Theobald's, Alvin Toffler's, and looney Lord William Rees-Mogg's neo-paganist<sup>16</sup> cult of "information theory."<sup>17</sup>

These and related mass-brainwashing efforts prepared the way for the crucial event of the 1964-72 transition to a "New Age": the Aug. 15-16 decisions of the U.S. Nixon administration, de-coupling the U.S. dollar from the Bretton Woods gold-reserve standard. That decision established, preemptively, a worldwide "floating exchange-rate" monetary order, to replace the pro-industrial monetary system con-

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latter included prominent associates of MK-Ultra's Gregory Bateson, and his sometime-wife, Dame Margaret Mead. See **Dope, Inc.** (Washington, D.C.: Executive Intelligence Review, 1992) for the links among MK-Ultra, et al., and the circles which organized the mid-1960s mass-distribution of LSD-25 to university campuses around the U.S.A. Margaret Mead and MK-Ultra's Gregory Bateson, for example, were associates of Bertrand Russell and Robert M. Hutchins, in the 1938 launching, at the University of Pennsylvania, of the Unification of the Sciences project, one of the principal anti-science feeder conduits into the post-World War II launching of the "New Age" counterculture.

12. See the London Tavistock Institute's "Rappaport report" on the effects of the U.S. space program.

13. Anticipating U.S. Secretary of State Henry A. Kissinger's overtly genocidal policy-outline of 1974, **National Security Study Memorandum-200: Implications of Worldwide Population Growth for U.S. Security and Overseas Interests**, Dec. 10, 1974 (unpublished: available in the National Archives, Washington, D.C.).

14. See "Rubbers Goes to Congress," pp. 186-213 of Webster G. Tarpley and Anton Chaitkin, **George Bush: The Unauthorized Biography** (Washington, D.C.: Executive Intelligence Review, 1992).

15. Cf. Zbigniew Brzezinski, **Between Two Ages: America's Role in the Technetronic Era**, Prepared Under the Auspices of the Research Institute on Communist Affairs, Columbia University (New York: Viking Press, 1970).

16. See Lord William Rees-Mogg, "Dogmatic Without Dogma: Many of the New Forms of Religion Are Breaking Away from Hierarchies in the Search for Authenticity," **London Times**, July 13, 1995. Rees-Mogg is a devotee of Alvin Toffler's "Third Wave," and a leading backer of U.S. House of Representatives Speaker Newt(ton) Gingrich. He is also a vilely hateful enemy, together with Conrad Black's **London Telegraph**, and the **American Spectator**, of U.S. President Bill Clinton.

17. Lord Rees-Mogg has proposed that 95% of the population should receive no education at all. He has proposed that the educated 5%, creating Alvin Toffler's "information" in isolated places, such as perhaps the islands of the English Channel, will supply the future world all the needed wealth of a global "Third Wave" utopia.

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10. On massive fraud in official economic-growth reports and quarterly forecasts by the Federal Reserve System and U.S. Department of Labor, see Lyndon H. LaRouche, Jr.'s Democratic presidential-nomination campaign TV address of Feb. 4, 1984: "Stopping the Worldwide Economic Collapse," published by The LaRouche Democratic Campaign in *A Program For America*, 1985.

11. The two most exemplary of influential events of 1964, are the publishing of Robert Theobald's **The Triple Revolution** and the staging of the imported "Beatles" on CBS's "Ed Sullivan Show." That book was, together with Rachel Carson's fraudulent **Silent Spring** (New York: Houghton Mifflin, 1962), the opening salvo in the effort to launch a mass-based anti-technology movement under the rubric of "post-industrial society." (As Environmental Protection Agency head William Ruckelshaus admitted, in ordering the virtual banning of DDT, his decision to capitulate to Rachel Carson's dupes on this issue, was a political decision, in defiant disregard of the scientific evidence supplied to his committee.) **The Triple Revolution** was a Ford Foundation-lubricated product of Bertrand Russell crony Robert M. Hutchins's Center for the Study of Democratic Institutions. What is recognized as the "rock" cult-fad spread since that 1964 appearance of the Beatles, was a joint creation of satan-cultist Aleister Crowley's followers and the "wise guy" financier interests of the recording and concert mafia. Even a decade and a half earlier than 1964, through his fight against the irrationalist cult-dogma of "information theory," this writer was already familiar with the establishment circles who played a key role in steering the anti-civilization cultural-paradigm shift of the 1960s and 1970s. In Boston, this featured Air Force- and RAND-funded projects at MIT's RLE; in the New York City Metropolitan area, this circle of plotters was typified by a series of seminars convened under the sponsorship of the Josiah Macy, Jr. Foundation. The

tracted at Bretton Woods.

The original Bretton Woods agreements were formally broken at the Azores monetary conference of 1972. The 1973-74 "oil-price shock," conducted by Britain's London petroleum-marketing cartel, with assistance from U.S. Secretary of State (and British agent of influence) (Sir) Henry A. Kissinger,<sup>18</sup> either wrecked or severely damaged the industrial economies of the world, including that of the U.S.A. The effects of the London "oil-price shock" caper, led to the Rambouillet monetary conference of 1975, at which the looting of economies through "floating exchange-rate" speculation was apotheosized as an immortal god of IMF Olympus.

The next decisive development leading into the presently onrushing collapse, occurred in 1979. In spring of that year, while campaigning<sup>19</sup> for nomination as the new U.S. Federal Reserve chairman, Paul A. Volcker announced that he considered "controlled disintegration of the [world] economy" an acceptable policy for an incoming Fed chairman. Those words, and Volcker's later practice as Fed chairman, echoed the proposals detailed by Fred Hirsch in the New York Council on Foreign Relations 1975-76 *Project 1980s* outline of policies being specified for the incoming administration of President Jimmy Carter; Carter appointees Cyrus Vance and Zbigniew Brzezinski had been key project coordinators for that CFR policy-planning. Beginning October 1979, Fed Chairman Volcker applied Hirsch's "controlled disintegration of the economy" with full and sudden force: zooming prime interest-rates into the stratosphere of usury, way above the rate of profit available in any known honest form of business enterprise. Since the ruinous effects of the 1979-83 implementation of Volcker's measures, there has been an increasing rate of net flow of financial and real (physical) capital, out of the productive sector, into the realm of pure financier speculation.

The Volcker measures, together with two disastrous, ad-

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18. There is a continuing, hysterically lying effort from high-level mass news-media and other circles, to deny the conclusive evidence, that former U.S. Secretary of State Henry Kissinger has been, officially, an agent of influence of the British foreign-intelligence service during more than 50 years to date, since early days in Wilton Park training, at Harvard. See Henry A. Kissinger, "Reflections on a Partnership: British and American Attitudes to Postwar Foreign Policy," official transcript of his keynote address delivered on the occasion of the 200th anniversary of the founding of the British foreign service by Jeremy Bentham, delivered at Chatham House (Royal Institute for International Affairs), May 10, 1982 (Washington, D.C.: Center for Strategic and International Studies, 1982): "In my White House incarnation then [1969-77], I kept the British Foreign Office better informed and more closely engaged than I did the American State Department. . . ." The Harvard Wilton Park unit under British agent of influence William Yandell Elliot, Kissinger's trainer, is a subsidiary of British foreign intelligence's Chatham House. For an elaboration of the treasonous mindset which Kissinger acquired at Harvard's Wilton Park unit, see Henry A. Kissinger, *A World Restored: Metternich, Castlereagh and the Problems of Peace 1812-1822* (Boston: Houghton Mifflin, 1957).

19. In Britain, naturally.

ditional pieces of legislative lunacy, the St Germain-Garn and Gramm-Rudman bills, sent the U.S. economy on a reeling, "junk bond" orgy of financial looting and speculation, through 1982-87. The October 1987 stock-market collapse signalled the coming end of the "junk bond" phase, and inaugurated that "financial derivatives" bubble which has made the early doom of the existing monetary system inevitable.

To complete the sketch, showing why the early collapse of the system, during the coming months, is now inevitable, examine the ironies of the derivatives bubble itself.

At the core, what is called, euphemistically, "investment" in the financial-derivatives form of "futures," is somewhat less reputable than gambling at the tables of a Monte Carlo or Las Vegas casino. It has been fairly described, repeatedly, by Maurice Allais as a casino economy.<sup>20</sup> On at least two public occasions, prominent Japanese officials have described "derivatives" as "financial AIDS" in the world monetary and financial system.<sup>21</sup> I have often referenced the fact that "derivatives" in the financial-economic realm is analogous to the model of cancer presented in one of my old textbooks, that of the mathematical biophysicist Nicholas Rashevsky.<sup>22</sup>

Typical is the case of the gamble which tumbled the famous Lord Shelburne's Barings bank into bankruptcy earlier this year. It happened at Barings branch office in Singapore, currently one of the world's leading centers of financial prostitution. Their man there placed multibillion-dollar bets—not investments, but out-and-out crap-shoot-style side-bets—on the short-term outcome of shifts in both the Tokyo stock and bond markets. It was an enterprise steeped in the fiscal prudence of a New York City numbers-racket runner. Barings lost the bet on the numbers, and tumbled into bankruptcy as a result of that, plus other gambling losses. Derivatives speculation is gambling, on a thin margin, often risking large amounts of other people's financial assets. The Seventeenth Century's John-Law-style South Sea and Mississippi bubbles were paragons of fiscal conservatism, by contrast.

For purposes of practice, the most notable difference between today's wild-eyed Singapore, City of London, or Wall Street Yuppie, hedging derivatives bets, and the Seven-

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20. Cf. Maurice Allais, loc. cit.

21. In 1990, former Japan Finance Minister Ryutaro Hashimoto (currently trade minister) described as "financial AIDS" the policies which President Bush and Mrs. Thatcher were urging, not only for Japan, but for all Asian countries. On June 19, 1995, a Japan source informed Executive Intelligence Review News Service, Inc., that "seeking a cure for 'financial AIDS' was on the agenda in June 18-19 talks between Japan Prime Minister Tomiichi Murayama and his cabinet, and President Jacques Chirac and European Union officials."

22. Nicholas Rashevsky, *Mathematical Biophysics* (Chicago: University of Chicago, 1938). The featuring of this usage of "financial cancer" by my friend Jacques Cheminade, in his 1995 campaign for election as President of France, caused an epoch-making outburst of lunacy from leading Paris media.



*The Frankfurt money exchange. The main difference between today's Yuppie brokers and derivatives traders, and the Seventeenth-Century financial bubblers, is that the latter did not have personal computers and high-speed, round-the-world, round-the-clock communications links.*

teenth Century financial bubblers, is that John Law's acquaintances did not have modern personal computers and high-speed, round-the-world, round-the-clock communications links. The application of a blend of John Von Neumann's Theory of Games<sup>23</sup> and Chaos Theory<sup>24</sup> to these modes of calculation and communication, permits a rate of speculative chain-reactions, subsuming impulses momentarily approaching near-light-speeds. This not only permits, but fosters rates of speculative inflation never before even imagined.

There are three most essential "mechanisms" of the resulting, worldwide financial bubble: 1) The numerically largest factor involved is the magnitude of the "notional" (fictitious) capital values, which are treated as the equivalent of money-capital for the purposes of the derivatives form of futures speculation; 2) the second largest factor is the flow of monetary stimulus into the maelstrom of financial speculation, in derivatives and related categories; 3) the speculative bubble's root-dependency upon an income-stream of real

wealth taken out of real consumption and the production cycle. To determine why and how a bubble will pop, and to estimate when it will probably pop, one must focus upon the function of these combined, interacting three mechanisms.

Since the typical layman has no notion of the meaning or functional significance of the term, "fictitious capital," two clarifying illustrations are supplied here: first, the treatment of a simplified representation of what occurs as speculative appreciations (nominal "capital gains") in secondary stock-transactions, and, second, a similar case in speculation in New York slum-rental real estate during the 1960s. To understand how "derivatives" speculation balloons, and then, inevitably, collapses in a sudden, "nuclear-like" implosion, it is sufficient to carry the ordinary image of purely parasitical speculation, as seen in secondary stock-markets and slum rental real-estate properties, into that domain of which is the "derivatives" form of numbers-racketeering.

The first example: A man has 100 shares of common stock in Widgets, Inc., which he has purchased from that company's representative for \$10 a share: \$1,000. At that time, the stock's expected annual dividend-income is \$5 per share. Meanwhile, a subsequent fluctuation in the prevailing interest increases the relative financial advantage in a financial speculator's holding of that \$5 yield per share. As a result, traders are willing to pay \$102 a share, instead of \$100, for a share of Widget common. The \$2 gain in price is purely fictitious, purely speculative, rather than the result of some action related to investment within the production cycle as such. The speculative gain of \$2 a share is, as such, a purely financial phenomenon, not an economic one.

Continuing the same example, go to the next step in the

23. John Von Neumann and Oskar Morgenstern, **The Theory of Games and Economic Behavior**, 3rd edition (Princeton, N.J.: Princeton University Press, 1953).

24. So-called "chaos theory" is a fanciful piece of pseudoscience-fiction derived from a misunderstanding of the flawed work on infinite series by Newton, Newton-devotees Leonhard Euler, Augustin Cauchy, et al. Starting from adoption of Newton's famous Latin motto, "*et Hypotheses non fingo*," the remarkable assumption is made, that the mathematical discontinuity axiomatically inhering in the inconsistency among mutually-exclusive mathematical-physical theorem-lattices can be bridged "at infinity." Thus, did Cauchy set out to circumscribe Leibniz's calculus, and, in his blundering enthusiasm, castrated it, instead.

hierarchy of speculation. Let a trading company be incorporated whose sole source of income is fictitious capital gains of the type represented by the indicated \$2 gain in Widget common stock. Let this company issue stock. Paid-in capital put to one side, the remaining assets which secure the value of that latter stock are already purely fictitious, rather than real-economic assets. Let the price of a share of that stock be \$100, and let the expected dividend be \$5 per year. Fluctuations in the value of that stock now represent fictitious values based upon appreciations, or depreciations of what are already purely fictitious values.

The second example, the case of the Manhattan slum-rental property, affords a more intimate view of the essential morbidity of fictitious gains in general. During the relevant period cited, the rule-of-thumb market valuation of a Manhattan rental property was calculated as a multiple of the expected annual rental income. Thus, a landlord, by using various devices to increase the rental rate per square foot, could increase the nominal market value of a savagely deteriorating property. This was characteristic of slum rental properties in New York City during that time.<sup>25</sup>

The intrinsic value of the building used as an investment in slum rental property was almost an irrelevance, except as the physical structure provided a means for parking a relatively large number of rent-paying families on a city lot no larger than the standard plot allowed, during the 1920s or 1930s, for an urban single or two-family occupancy in a typical "working-class residential district" in a city such as Lynn, Massachusetts. Under the indicated slum-rental investment arrangements for Manhattan, the greater part of the paid-in rental income represented nothing other than "feudal" ground-rent, the latter a purely fictitious sort of economic value. Thus, the physical purchasing-power of the capitalized value of the slum could be zooming skyward, while the physical value of the building itself were falling rapidly toward zilch. The fluctuations in the financial value of the investment in the rental property had been "de-coupled" from the economic value of building and its use.

Thus, companies which speculated in fictitious gains from such investments could capitalize their fictitious earnings (capital gains) from the turnover in a number of such slum-investments, creating what we shall label Exhibit A. Let the profit of operations involving Exhibit A be labelled Exhibit B. This poses the question: What would a financial speculator pay to own the right to collect the expected annual dividend labelled Exhibit B? Suppose that prospective buyer expects a 10% financial return annually; in that case, the ownership of the right to collect Exhibit B annually would be approximately ten times the price of Exhibit B: creating Exhibit C.

These two examples introduce the principled features of the kind of process upon which all financial speculation in

general is based. Financial derivatives represent the shifting of this sort of speculation from investment to pure betting, sometimes called "hedging." The point of these two, admittedly much simplified illustrations, is to identify the role of unreal, i.e., fictitious values, in feeding a bubble: as Exhibit A feeds Exhibit B, which feeds Exhibit C. What gives the financial bubble its specific quality is that without the growth of successive tiers of pure speculation (fictitious appreciation), the growth of the bubble comes to a standstill.

At the point of standstill, investors are in a scramble to sell out from under the collapse of the bubble as a whole; the scramble becomes a panic. Consider a panic operating globally, at computer speeds, along pathways of contemporary cable and satellite communications: The panic zooms, hyperbolically, into a "reversed-leverage" analog of a thermonuclear explosion: an implosion which causes the disintegration of virtually every financial and central-banking monetary institution of the planet, within a lapsed time of hours, 48 to 72 hours at most.

The maintenance of the growth of financial speculation requires an inflow of primary monetary aggregates (e.g., Federal Reserve issues of U.S. dollars) into the network of financial speculation. The multiplier-effect embedded within the tiered structure of the speculative bubble demands such money in quantities which are only a fraction of the rate at which new fictitious aggregates are being generated within the bubble, but the inflow of that currency-issue is crucial for the continued existence of the bubble-process as a whole. That leverage is the second of the principal mechanisms to be considered.

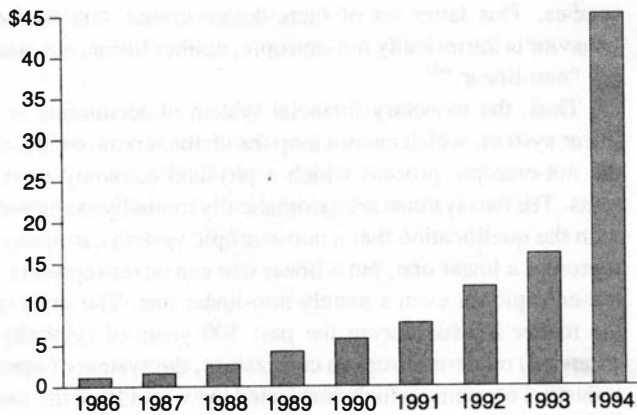
The inflow of currency into the bubble generates a tax upon the real economy. In part, this is literally a "tax," expressed in the form of government debt-service payments against the growing mass of debt used by the central banks to generate the flow of money into the bubble. Since the bubble is leveraged against outflows of real value from the productive cycle, among other sources, and since the mechanism of the bubble is leveraged borrowing, the growth of the bubble is reflected in accumulated financial charges embedded in every pore of the society's economic life. This is the third of the principal mechanisms to be considered.

In summary, the functional interrelationship among the three mechanisms, is this. The increase of the size of the bubble increases the rate of growth of fictitious accumulations required to prevent the bubble from shifting into a reversed-leverage phase. The increase of the rate of growth of fictitious accumulations required, obliges the central banking systems to feed increased money-flows into the bubble's speculative base, otherwise, the fictitious accumulations are slowed, and the bubble as a whole then shifts into a reversed-leverage phase. The increase of the accumulated debt-capitalization used to fund the inflows of currency into the bubble's speculative base, causes an increased tax (of various sorts) upon the economy which the central banking system is looting to support the speculative base of the bubble.

25. See Paul Gallagher, "How New York's Slumlords Created a Financial Bubble," *New Federalist*, Feb. 13, 1995.

**FIGURE 6**  
**Growth of financial derivatives worldwide, 1986-94**

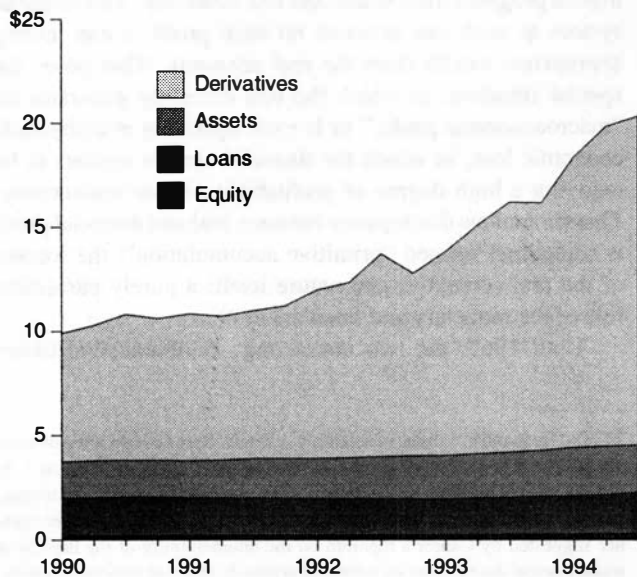
(notional principal amount outstanding at year end, trillions \$)



Source: Bank for International Settlements.

**FIGURE 7**  
**U.S. banks are addicted to derivatives**

(trillions \$)



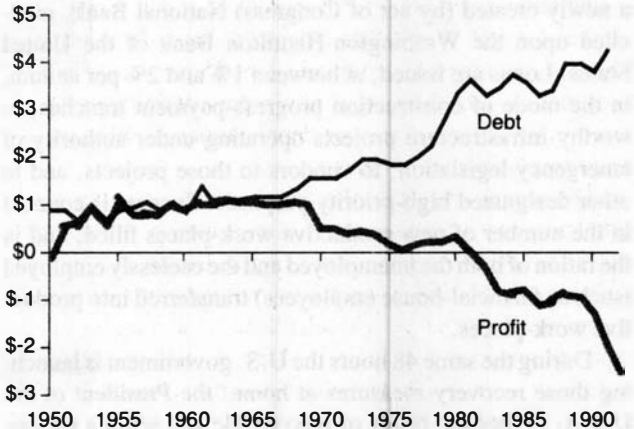
Source: Federal Deposit Insurance Corp.

Consider the charts and graphs reflecting the statistical studies of Christopher White, John Hoefle, Anthony Wikrent, et al. in that light (Figures 6-8).

1) Over the interval from the base reference period of 1967-70, until 1990-95, the physical-economic consumption and output of the U.S. economy, per capita, have nearly

**FIGURE 8**  
**The better it grows . . . the more surely it's doomed**

indexed to 1967 = \$1.00



Sources: Federal Reserve Flow of Funds, Commerce Dept. Survey of Current Business

halved. At present, the decline is accelerating significantly.

2) Over the interval 1976-92, the percentile of U.S. foreign-exchange turnover represented by import-export trade had fallen from 23% to about 2%. Today, taking into account both reported and estimated rates of off-balance-sheet derivatives speculation, the figure is fairly estimated to have fallen to the vicinity of 1% or less.

3) Meanwhile, especially since 1987, the rate of daily financial turnover on markets has zoomed; since 1991, the ratio of the curve of rising volume of financial aggregates to rates of per-capita physical-economic output and input, has been indisputably hyperbolically upward.

Those three combined conditions define a rapid convergence upon an absolute functional discontinuity: not merely a financial collapse, but also a potential, literal disintegration of most of the world's monetary and financial institutions.

The only alternative to these calamities would be that governments, particularly the government of the U.S.A., act to put the entire bubbling system into government-supervised financial-bankruptcy reorganization: writing off the claims by fictitious capital, while assuring those continued flows of pensions, withdrawals from modest personal savings, and so on, needed for social, political, and physical-economic stability. Those emergency measures would not be sufficient by themselves, but they are no less indispensable; bankruptcy, "Chapter 11"-style, is the precondition for success of those governmental measures needed to organize an immediate economic recovery.

Under the U.S. Federal Constitution of 1787-89, the means for launching economic recovery are elementary. Within the same 48-hour interval, the President of the U.S.A. declares the Federal Reserve System as a whole to be bankrupt, and places it under the equivalent of "Chapter 11" fi-

financial reorganization. On the same day, the Fed is ordered to cease all new issues of Federal Reserve notes; the same day, an emergency bill is sent to Congress, under provisions of Article I, creating several trillions of dollars of U.S. Treasury currency-notes for lending. The loans are issued through a newly created (by act of Congress) National Bank, modelled upon the Washington-Hamilton Bank of the United States. Loans are issued, at between 1% and 2% per annum, in the mode of construction progress-payment tranches, to worthy infrastructure projects operating under authority of emergency legislation, to vendors to those projects, and to other designated high-priority purposes. Success is counted in the number of new productive work-places filled, and in the ration of both the unemployed and the uselessly employed (such as financial-house employees) transferred into productive work-places.

During the same 48 hours the U.S. government is launching those recovery measures at home, the President of the U.S.A. invites the heads of responsible and willing nation-states to appear in Washington, D.C. for emergency sessions establishing both 1) a new international monetary order, replacing the IMF, and 2) guidelines for a new set of bilateral and multilateral tariff and trade agreements; a set of protectionist financial, monetary, and economic agreements reflecting the common vital interests of sovereign nation-states engaged in a general recovery-effort.

One concluding observation is to be added here, before turning to address directly the three questions posed at the outset.

The key to understanding the causes for the imminent disintegration of the present global monetary and financial system—the IMF system—is to recognize the crucial difference between a financial system and a real economy upon which a financial system is superimposed. For that reason, the solution to the problems of economic analysis, which we are next to consider here, depends upon recognizing several considerations which are axiomatic preconditions for competence in economic science. Several among those axiomatic matters are treated in their appropriate place, below; one must be considered at this juncture.

The systems of money, financial accounting, and John Von Neumann's "systems analysis"<sup>26</sup> are each and all *linear* systems. They can represent only those kinds of relations which are themselves approximately of a linear form. Using the language of the undergraduate thermodynamics classroom, they can represent only systems which are either actually entropic, or virtually so.

Contrast, the rise of the human population from the several millions maximum possible for a variety of higher ape: to several hundred millions by the mid-Fourteenth Century, and to more than 5 billions presently. This is the result of willful

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26. Von Neumann, op. cit. More descriptive than "systems analysis," is the term which Von Neumann himself employed in introducing his economics, during the late 1930s: *systems of simultaneous linear inequalities*.

forms of cultural changes, improvements in demographic characteristics of households and productivity per capita, changes brought about through the discovery of new scientific and related types of principles, a kind of creative-mental behavior which exists only in the member of the human species. This latter set of facts demonstrates, that human behavior is intrinsically not-entropic, neither linear, nor simply "non-linear."<sup>27</sup>

Thus, the monetary-financial system of accounting is a linear system, which cannot map the characteristic events of the not-entropic process which a physical economy represents. The two systems are axiomatically mutually exclusive, with the qualification that a non-entropic system can always represent a linear one, but a linear one can never represent a not-entropic, or even a merely non-linear one. The irony of the matter is, that during the past 500 years of (globally-extended) modern European civilization, the system of agro-industrial economy which dominated the world from the early Eighteenth Century, through the time of President John F. Kennedy's assassination, has been a system based upon the mutual interaction of two axiomatically distinct processes, the financial system and the economic process.

For economic analysis, this difference signifies that all of the real profit (sometimes termed the "macroeconomic profit") of the real economy, the physical economy, is generated through creative (not-entropic) impulses such as technological progress from within the real economy. The financial system as such can generate no such profit; it can merely appropriate wealth from the real economy. This poses the special situation, in which the real economy generates no "macroeconomic profit," or is even operating at a physical-economic loss, in which the financial system appears to be enjoying a high degree of profitability, if but temporarily. This anomalous discrepancy between real and financial profit is sometimes termed "primitive accumulation": the looting of the real economy, and nature itself: a purely parasitical role of the monetary and financial system.

Until 1963, the two interacting, axiomatically-distinct

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27. Too frequently, a streak of scientific illiteracy found even among ostensibly educated professionals, confuses "not-entropic" with "non-linear." As noted earlier here, those physical processes, including physical economies, which are not-entropic, can be represented mathematically only in the manner suggested by Cantor's theorem on the enumerability of the density of mathematical discontinuities within an arbitrarily selected interval of action. The advances in technology, as in culture generally, which render one culture superior to another, reflect cumulative, valid discoveries (e.g., mathematical discontinuities in previously established theorem-lattices)—in physical science and in Classical forms of culture—which constitute increases in the number of historically accumulated discontinuities transmitted to an interval of thought-directed practice of today's member of society. Those who blunder into using "non-linear" to signify "not-entropic," thus show themselves illiterate respecting the dominant, continuing issue of scientific method throughout the present century: the conflict between Leopold Kronecker, James Clerk Maxwell, and Rayleigh, on the one side, and Carl F. Gauss, Wilhelm Weber, Bernhard Riemann, Karl Weierstrass, and Georg Cantor, on the other.



processes interacted in a kind of symbiosis: Within the industrialized nations, finance, usually, contented itself to taking no more than a share of the “macroeconomic” profit generated by the agro-industrial economic process as a whole. The introduction of the cult of “post-industrial society,” together with the degeneration of Bretton Woods into a parasitical form of “floating exchange-rate” monetary system, broke the symbiosis: Finance was transformed from a relatively benign, to a malignant form of financial “cancer.”

## 2. Adam Smith, sociology, and Newton

During the 1940s and 1950s, since the popularization of the pseudo-science cults of “operations research,” “information theory,” “econometrics,” and “systems analysis,” the economics profession has been dominated by charlatans whose abracadabra is expressed in densely-packed mathematical and quasi-mathematical symbols, such as Sigmas, Integral signs, and so on, at the classroom blackboard, or upon the printed page. Some of this twaddle has limited, practical engineering uses; it is like a police-detective’s snitch: The detective might use one, with approbation from his superiors; but he should be fired from the force, if he married it. Similarly, the limited, circumscribed usefulness of some of the engineering knick-knacks acknowledged, the prevailing fact of the matter is, that to pretend that that sort of mathematics proves anything of principled importance for economic science, is spewing buncombe.

Why have almost all the economics professionals failed, during the past 30 years, to recognize that current policy-trends were generating a general collapse of the existing monetary and financial systems? Why did all those supposed experts on economic haberdashery fail to recognize, that the Emperor’s new suit of clothes left him stark naked? A very large part of the answer to that question, is that, like today’s credulous layman, most professionals, too, are devotees of the delusion, that science equals statistics, the delusion that “generally accepted university-classroom” sorts of mathematics are the standard of proof for science.

There are other reasons for this prevailing ignorance of both the professionals and most ordinary citizens; but, as we shall now proceed to demonstrate, those other reasons reflect the same incompetent assumptions which permeate professional ignorance of the problems of generally accepted classroom mathematics. Let the case of Isaac Newton serve as the starting-point for this line of investigation.

The incompetence of Isaac Newton’s variety of mathematical physics was exposed as incompetent by the greatest scientific mind of the past three and a half centuries, Gottfried Leibniz.<sup>28</sup> It was seen as an object for contempt by the largest

28. The most widely known among Leibniz’s descriptions of the crucial incompetencies within the work of Isaac Newton are from the so-called Leibniz-Clarke correspondence. A convenient reference on this is found in

concentration of the world’s leaders in science and technology at the beginning of the Nineteenth Century, Gaspard Monge’s 1794-1814 Ecole Polytechnique.<sup>29</sup> Newton’s method was exposed as scientifically illiterate by the second most brilliant scientific mind of the Nineteenth Century (second to his patron, Carl F. Gauss), Bernhard Riemann.<sup>30</sup> Newton’s notions of cause-effect were implicitly destroyed by the greatest discovery of scientific principle which has occurred during the Twentieth Century, Max Planck’s development of

Leory E. Loemker, **Gottfried Wilhelm Leibniz: Philosophical Papers and Letters**, Vol. II (Chicago: University of Chicago Press, 1956), pp. 1095-1169.

29. In the aftermath of Leonardo da Vinci’s 1506 flight from Italy, to the patronage of France’s Charles d’Amboise on the Loire, France emerged quickly as the European nation-state which, by the early Seventeenth Century, was most advanced in science and technology. France continued to enjoy that superiority over other nations until the post-1814 Bourbon Restoration. The figures of Gaspard Desargues, Pierre Fermat, and Blaise Pascal, and the great *Académie des Sciences* founded and patronized by France’s Minister Jean-Baptiste Colbert, typified this during the lifetime of Leibniz. The 1794-1814 version of the Ecole Polytechnique, under the leadership of Gaspard Monge and Adrien M. Legendre, is a high point in this scientific heritage. From 1815 onward, under the pro-Newtonian leadership of the Marquis de Laplace and Augustin Cauchy, the Ecole Polytechnique and French national academy of science degenerated, with a few exceptions, into what became, predominantly, a swamp of positivism. By approximately 1827, with the establishment of Crelle’s *Journal (Journal für reine und angewandte Mathematik)*, the Germany of Carl F. Gauss, Alexander von Humboldt, Lejeune Dirichlet, and, later, Bernhard Riemann, assumed a position of world leadership in science, which Germany maintained until the aftermath of World War I. Ridicule of the silly René Descartes and of the sillier Isaac Newton, was standard fare among those world leaders in science occupying the foremost positions, as followers of Gottfried Leibniz, within the Ecole Polytechnique.

30. See the concluding section from Riemann’s **Fragmente philosophischen Inhalts**, in **Bernhard Riemann’s Gesammelte Mathematische Werke** (New York: Dover Publications, Inc., 1953), pp. 524-525. Note the following excerpts from page 525:

“Das Wort Hypothese hat jetzt eine etwas andere Bedeutung als bei Newton. Man pflegt jetzt unter Hypothese Alles zu den Erscheinungen Hinzugedachte zu verstehen.

“Newton war weit entfernt von dem ungereimten Gedanken, als könne die Erklärung der Erscheinungen durch Abstraction gewonnen werden.

“Newton: *Et haec de deo; de quo utique ex phaenomenis disserere ad philosophiam experimentalem pertinet. Rationem vero harum Gravitatis proprietatum ex phaenomenis nondum potui deducere, et Hypothesen non fingo. Quicquid enim ex Phaenomenis non deducitur, Hypothesis vocanda est.*

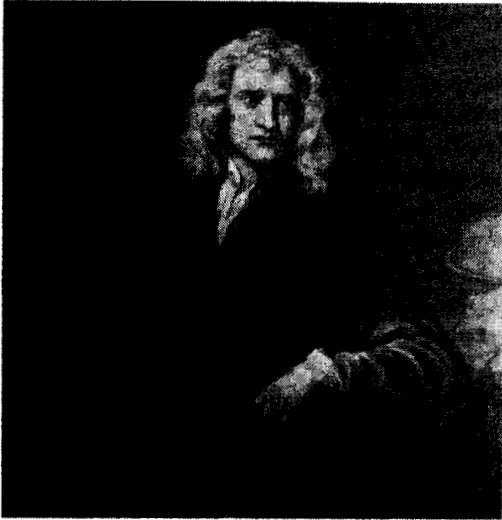
“Arago, *Oeuvres complètes* T.3. 505:

“Une fois, une seule fois Laplace s’élança dans la région des conjectures. Sa conception ne fut alors rien moins qu’une cosmogonie.

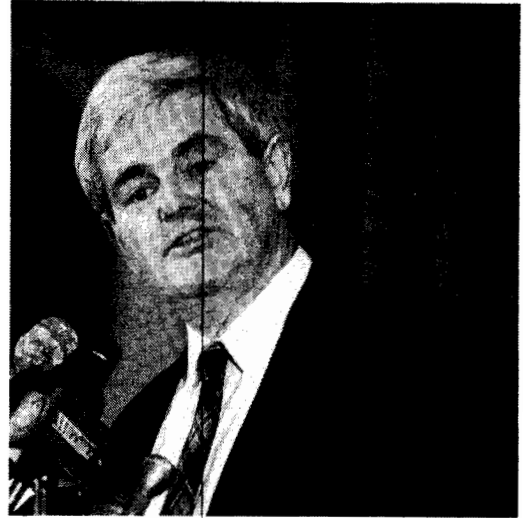
“Laplace auf Napoleon’s Frage, weshalb in seiner *Méc[anique]* c[elle] der Name Gottes nicht vorkomme: *Sire, je n’avais pas besoin de cette hypothèse.*”

In the same location, Riemann launches his attack against the arbitrariness of the assumption that gravitation must be mathematically equivalent to inertia:

“Die Unterscheidung, welche Newton zwischen Bewegungsgesetzen oder Axiomen und Hypothesen macht, scheint mir nicht haltbar. Das Trägheitsgesetz ist die Hypothese: Wenn ein materieller Punkt allein in der Welt vorhanden wäre und sich im Raum mit einer bestimmten Geschwindigkeit bewege, so würde er diese Geschwindigkeit beständig behalten.”



*Newts of a feather: Isaac Newton (left) and Speaker of the U.S. House of Representatives Newt Gingrich. The fact that Gingrich's backers are utterly ignorant about Newton's views on mathematics, does not let them off the hook for supporting the ideological garbage of "free trade."*



the quantum of action.<sup>31</sup> Otherwise, a minority among notable professionals has staked its reputations upon exposing one or more among the additional incompetencies in the Newtonian scheme.<sup>32</sup> Perhaps, the event which the Newtonians found the most embarrassing of all, occurred when the economist John Maynard Keynes was entrusted with examining the contents of the chest of Newton's private papers; Keynes showed that Newton's work had been chiefly kookery in the field of black magic, with virtually nothing of redeemably scientific interest among all of those papers.<sup>33</sup>

Those fallacies in Newton's mathematics which were attacked by Leibniz, by the circles of the Ecole Polytechnique's Gaspard Monge, and by Riemann, are also the key to what makes today's generally accepted classroom "mathematical economics" worse than worthless as a way of representing the way in which economies actually do, or should function.

At this point, we imagine we can see someone in our readership audience raising a finger to interrupt this line of argument. Let us hear his objection. What he has to say might be expressed as the following quotable argument:

I think I see where you are going with this. Assume, for sake of argument, that your criticisms of Newton and the mathematical economists are correct. How do you answer the objection, that most people who sup-

port "free trade" today, have no formal education in mathematics, and would not recognize the differences between Leibniz and Newton? In other words, how does your argument about mathematics apply to the vast majority among those science-illiterates who voted for Newt Gingrich's "Contract with America" in the 1994 elections?

To go directly to the point of the question: The spread of ignorance and superstition is not confined to graduates of today's institutions of higher education. Consider a real-life anecdote, one which should suggest to virtually any reader some relevant evidence already at his or her disposal, addressing the referenced objection.

During 1992, the writer was acquainted with a number of persons who were engaged in studying how to make a living, using modest investable resources, for speculating in futures. That was at a time that "financial derivatives" had begun to capture relatively widespread popular attention, at about the time this speculative frenzy began to assume the sociological characteristics of the Seventeenth-Century tulip bubble. "You see: you can't lose," was the remark that first drew the writer's attention to the kind of impact the derivatives bubble was making within one stratum of the people in his immediate surroundings: very ordinary people, of the specific sort one would classify as "typical small businessmen."

"You can't lose"? The relevant reaction to that, is the time-worn U.S. popular proverb which runs: "Famous last words." The stratum referenced were not uneducated, but were, nonetheless, laymen in the sense implied by the conjectured query we are addressing here. Readers can recognize other expressions of the same social phenomenon in persons much more poorly educated than the subjects of the anecdote just referenced.

In the United States, as elsewhere, it is difficult to convince most members of Wall Street Yuppie generations, that

31. For an historical account of Planck's discovery and the attack upon Planck by the followers of Ernst Mach, Bertrand Russell, et al., see Caroline Hartman, "A Tragedy of Science: The Life of Max Planck," *21st Century Science & Technology*, Summer 1995.

32. Alfred O'Rahilly, **Electromagnetic Theory, A Critical Examination of Fundamentals** (New York: Dover Publications, Inc., 1938). Originally published as *Electromagnetics*, 1938.

33. See John M. Keynes, "Newton the Man," **Newton Tercentenary Celebration** (Cambridge, U.K.: Cambridge University Press, 1947), pp. 27-24. Keynes describes Isaac Newton as, "the last of the magicians, the last of the Babylonians and Sumerians . . . wholly devoid of scientific value."

the mere act of obtaining the combination to a neighbor's safe, does not earn one the right to possess the contents of that safe: "I did the work; it's mine!" The real-life persons of the referenced anecdote were not concerned with whether the betting-scheme they were studying contributed anything useful to the economy, or served any other morally significant purpose, excepting the wishful prospect of their own enrichment. Even the notion that their gain would be someone else's loss, was refused by most of those students of this scheme; most believed that "Don't you see: No one loses." "No one loses": the remembered voice of every dupe gulled into joining a "chain-letter" scheme.<sup>34</sup>

Examine the "No one loses" delusion through the eyes of a modern Socrates, and the appropriate response to the objector's proposition emerges. What are the axiomatic qualities of assumption which underlie the controlling delusion of the participant in a "chain-letter" scheme such as the "financial derivatives" racket?<sup>35</sup>

The most conspicuous of the axiomatic assumptions underlying the referenced type of social phenomenon are two: first, the nominalist's metaphysical delusion, that money, by virtue of having the apparent power to command wealth, is wealth; the second, a delusion which Mrs. Joan Robinson has identified as characteristic of all of the professional output of Prof. Milton Friedman, *post hoc ergo propter hoc*.<sup>36</sup> Although Friedman's doctrine is tailored for the opinions of people of whom it is often said, that "their I.Q. is lower than

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34. Typical cases of this "No one loses" sort of mass-hysteria, in addition to the Seventeenth-Century tulip bubble in the Netherlands, include the Eighteenth-Century "South Sea Island" and "Mississippi" bubbles of John Law's time, and, during the recent half-century, the "Pyramid Club" mass-hysteria of 1949, and compulsive speculator Anthony DeAngelis's 1963-64 "salad-oil bubble." See Norman C. Miller, *The Great Salad Oil Swindle* (Baltimore, Md.: Penguin Books, Inc., 1966).

35. A subsidiary question might be added: Why are present generations of young adults, for example, more susceptible to such delusions than their parents' or grandparents' generations?

36. See Joan Robinson, *Economic Heresies* (New York: Basic Books, Inc., 1971), pp. 86-87; e.g., "... the modern Chicagoans, led by Milton Friedman. A great part of their work consists in historical investigations of the relationship between changes in the supply of money and national income in the United States. The correlations to be explained could be set out in quantity theory terms if the equation were read right-handed. . . . But the tradition of Chicago consists in reading the equation from left to right. Then the observed relations are interpreted without any hypothesis at all except *post hoc ergo propter hoc*. There is an unearthly, mystical element in Friedman's thought. The mere existence of a stock of money somehow promotes expenditure. . . ." See, also: Lyndon H. LaRouche, Jr. and David P. Goldman, *The Ugly Truth About Milton Friedman* (New York: New Benjamin Franklin House, 1980). The "dust jacket" of the latter text quotes economist Arthur Laffer: "You want to prove that Milton Friedman is a fascist? It's easy. Quote him." Following Laffer's advice, the publisher cites Friedman's *Studies in the Quantity Theory of Money* (Chicago: University of Chicago Press, 1956): "The object of such controls (on wages, prices, and credit) is the restriction of spending on the part of individuals. . . . Such a policy, if rigorously enforced, should restrain a rise in the price level. This policy appeared to have been successful in Nazi Germany."

their body-temperature," for just that reason, its advantage for our purposes here, is that it has, correspondingly, few surface features which might distract our attention from the bare axiomatic assumptions which underlie it.

At this point, our response to the objection being considered, assumes the form: Professionals and science illiterates alike accept the putative authority of generally accepted academic economics dogmas. They do so, not because they have learned the academic litanies involved; the dogmas are popular because they were designed to appeal to the kind of ignorant assumptions which are embedded in the present form of popular culture. The widespread acceptance of the two axiomatic assumptions identified immediately above, shows how deep-rooted features of generally accepted popular belief, generate the kinds of suggestibility upon which the economist snakes play, to hypnotize the populist chickens.

It will save time, if we let the completion of our answer to the considered objection flow from continuing the historical account on which we were embarked at the point of that interruption.

The crucial historical fact is, that the popular assumptions on economics matters are identical to the false axiomatic assumptions employed, from the beginning of the Seventeenth Century, to found what became today's generally accepted university-classroom mathematics. All those forms of relatively popular, contemporary university social doctrine which are termed variously empiricist, positivist, or behaviorist, are derived directly from the same axiomatically flawed ideas of mathematics met in the work of Isaac Newton and his followers. All of the trends in public and higher education popularized in the U.S. during the Twentieth Century, all Twentieth-Century innovations in trends in art and mass entertainment, all new trends in notions of mental health, all new trends in teaching and practice of religion, and all generally accepted practice of so-called "news reporting" in mass media, are products of currents in social theory shaped by what English-language tradition usually identifies as "Newtonian" approaches to mathematical physics.

Newton's degenerated parodies of earlier discoveries in mathematics,<sup>37</sup> and forms of social theory cohering with them, were designed in conformity with blind faith in illiterate assumptions respecting the nature of man, nature, and cause-effect. Those assumptions were already somewhat commonplace then, and are venerated in most universities of the world today.

Modern empiricist economics dogma is rooted in an apol-

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37. Take, for example, the fraudulent teaching, that Isaac Newton discovered "universal gravitation." It is readily shown (see, Lyndon H. LaRouche, Jr., *The Science of Christian Economy* [Washington, D.C.: Schiller Institute, 1991]; see Chapter VII, Note 8, pp. 471-473), that Newton's formulation for gravitation is derived algebraically from the same famous Third Law of astrophysics discovered by Johannes Kepler, and employed by Kepler to define the measurement of that notion of universal gravitation which had been originally and famously discovered by Kepler.

ogy for rule of society by a feudal land-owning aristocracy: the so-called Physiocrat dogma of Dr. François Quesnay.<sup>38</sup> Quesnay's central dogma against state interference in feudal aristocrats' whims, *laissez-faire*, was translated into English by the British East India Company lackey, Adam Smith, as "free trade." The only significant difference was, that Smith's doctrine shifted the rule over society from a feudal aristocracy, to the Venetian species of feudalist financier nobility, as typified by the owners of the British East India Company, Barings Bank, and the Bank of England.<sup>39</sup> Lord Palmerston's asset, Karl Marx,<sup>40</sup> defended Adam Smith and "free trade" against the United States of America, but otherwise shifted the future rulership over society from the London financier nobility to a future world-government, a "dictatorship of the proletariat." Once one knows the rudiments of Quesnay, Smith, Marx, and the Lausanne school's Leon Walras, every essential feature of today's generally accepted university classroom economics, can be attained with no more than a smidgen of linear mathematics.<sup>41</sup>

On the other so-called "social sciences." What is known as "political science" in today's university curriculum, was invented, like sociology, by the Bourbon Restoration followers of Isaac Newton: notably, the positivists Saint-Simon and Auguste Comte. Emile Durkheim established "sociology" as a certified "discipline" of universities.<sup>42</sup> Ethnology, known in

38. François Quesnay, *Tableau Economique* (1758). Court physician, agent of the Venice intelligence service's powerful Abbot Antonio Conti, and founder of the central doctrines common to all empiricist and positivist economic dogma, that of Karl Marx and John Von Neumann included.

39. Smith was a lackey of the most powerful figure of mid- to late-Eighteenth-Century London, perhaps the most powerful Englishman of the entire century, William Fitzmaurice Petty, otherwise commonly identified as Lord Shelburne, or the Marquess of Lansdowne. Shelburne, who served as prime minister himself during parts of 1782 and 1783, negotiated the 1783 Treaty of Paris with both the U.S.A. and French representatives. During that same period, Shelburne created the British Foreign Service (in 1782), putting his lackey, Jeremy Bentham, at the head. Later, he bought, on behalf of Barings Bank, the relevant number of members of the Parliament, to ensure the ascension and long tenure of Prime Minister William Pitt the Younger. He was the key oligarch associated with the British East India Company and Barings Bank. From no later than 1763, Shelburne employed Adam Smith, of later *Wealth of Nations* notoriety, as his lackey, assigning Smith to work on a project for destroying the economy of France, and the autonomy and technological progress of the English colonies in North America. Under Shelburne's patronage, lackey Adam Smith visited France and Switzerland, patching together a theory from appropriate scraps of the work of the Physiocrats.

40. See Webster G. Tarpley, et al., "Lord Palmerston's Multicultural Human Zoo," *EIR*, April 15, 1994.

41. Leon Walras (1834-1910), the putative founder of the so-called "Lausanne School" in positivist economics, was the notable predecessor of John Von Neumann in applying systems of simultaneous linear (Newtonian) expressions to the attempted modelling of economic processes. Those functions are assumed to determine the implicit prices and quantities to be assigned to the factors listed under assumed conditions of equilibrium.

42. Emile Durkheim, *Rules of the Sociological Method* (1895).

English as Anthropology, had the same Nineteenth-Century French-positivist patronage. Behaviorist psychology, in its several original varieties, was also a Nineteenth-Century concoction of British empiricists and continental positivists. The method of history practiced academically and professionally today, is a creation of the same array of empiricist and positivist ideologues. Even modern legal doctrine and practice, is derived chiefly from irrationalist currents of empiricist and positivist sociology.<sup>43</sup>

And, so on, for the arts and other matters of broad relevance for "mass culture" today.

### The 'begats' of empiricism<sup>44</sup>

Modern empiricism, and its appended, generally accepted forms of university-classroom mathematics and social theory, originate with the mathematician, and powerful monk, Paolo Sarpi. This was the Sarpi whose faction seized control of Venice's power in 1582, and used that power to launch the process of the Venetian oligarchy's takeover of England and the Netherlands. Sarpi launched the efforts which led to the establishment of the British monarchy in 1714, and the later foundations of the British Empire, from 1763 onward.

The array of the creatures whom Sarpi employed for this takeover of England's influential institutions, featured such relevant figures as the mathematician Galileo Galilei, Francis Bacon, and the English monarchy of James I.<sup>45</sup> Galileo had a mathematics student, Thomas Hobbes, better known as an intimate of Francis Bacon. Out of these origins, came the relevant, celebrated figures of René Descartes, John Locke, Isaac Newton, David Hume, Charles Montesquieu, and such Eighteenth-Century devotees of Newton (and haters of Leibniz) as Voltaire, Pierre-Louis Maupertuis, Giannaria Ortes,

43. The two leading irrationalist currents within modern philosophy of law are those similar, but distinct varieties, stemming from British empiricist John Locke (1632-1704) and the German neo-Kantian positivist Friedrich Savigny (1779-1861). Contrary to rumor, the U.S. Federal Constitution was referenced to Gottfried Leibniz (life, liberty, and pursuit of happiness), in rejection of Locke's "life, liberty, and property." Locke did shape the Seventeenth-Century colonial law of the Carolinas, and his influence was resurrected by the preamble and body of the insurrectionary constitution of the American Confederacy. Savigny, popularly identified as the putative father of the Romantic school in law, and a key influence in establishing Kantian irrationalism (separation of *Geisteswissenschaft* from *Naturwissenschaft*) in the domain of fine arts, was infamous on two additional counts. During his lifetime, he was notorious as a confederate of the Metternich agent G.W.F. Hegel, in efforts to ruin the attempts of Alexander von Humboldt to establish modern mathematics and modern physical science at Berlin University. During the 1930s, his influence contributed a key part to establishing the foundations of the Nazi law otherwise associated with Carl Schmitt. A strictly Lockean practice of law would establish a form of fascist tyranny more radical than that Germany suffered under the Hitler regime.

44. The content of the following sections overlaps material covered earlier in several published locations, notably: Lyndon H. LaRouche, Jr., "Structures of Sin' Still Rule the Nations," *EIR*, April 28, 1995, pp. 46-56.

45. Cf. Webster G. Tarpley, "Venice's War Against Western Civilization," *Fidelio*, Summer 1995.

Francesco Algarotti, Leonhard Euler, Joseph Lagrange, the Marquis Laplace, and so on.

Modern science itself had been founded circa A.D. 1440, by Nicolaus of Cusa's *De Docta Ignorantia*, the book which shaped the work of such self-proclaimed followers of Cusa as Luca Pacioli and Leonardo da Vinci. At the beginning of the Seventeenth Century, the most famous acknowledged follower of Cusa, Pacioli, and Leonardo da Vinci, was Johannes Kepler, the founder of the first modern, comprehensive mathematical physics. Followers of Kepler included such famous French mathematicians as Gaspard Desargues, Pierre Fermat, and Blaise Pascal; other followers of the work of Cusa, Leonardo da Vinci, and Kepler included such associates of France's Colbertist *Académie des Sciences* as the Dutchman Christian Huyghens and the German Gottfried Leibniz. The followers of Cusa based the development of modern science upon the pre-established foundations of the Classical Greek work of Plato's Athens Academy and Archimedes.

Cusa's launching of modern science had been complemented by the use of the Classical Greek tradition for launching deep-going revolutions in the fine arts of poetry, music, tragedy, painting, and architecture, and in related advances in city-building and colonization. This combined scientific and artistic ascent of Fifteenth-Century Europe out of the Fourteenth-Century "New Dark Age," is the *Renaissance*.

The opponents of Cusa's, Leonardo's, Kepler's, and Leibniz's current of modern science, based themselves upon the deductive and metaphysical methods of Plato's adversary Aristotle. Venice's (and Padua's) Aristotelean efforts to eradicate modern science, were superseded by Paolo Sarpi's rise to the leading position of power in Venice's foreign policy. Sarpi's neo-Aristotelean method, which harked back in part to nominalists such as William of Ockham, became known variously as *empiricism*, or the *Enlightenment*.

It is useful and fair to say, that all of the past five centuries of the internal history of extended European civilization, has been a continuing war of the Venice-launched *Enlightenment* against the *Renaissance*. The two represent mutually exclusive conceptions of the nature of man, and of the universe; consequently, these axiomatic differences subsume mutually exclusive notions of the nature of cause-effect relations within society, and in man's practical (e.g., physical-economic) interaction with the universe. That conflict, between the ideas of the Renaissance and the contrary, empiricist ideas of the reactionary Enlightenment, has shaped the internal and global history of extended modern European civilization throughout the past five centuries.

This conflict in ideas has an easily recognized practical basis.

Prior to the Fifteenth-Century Renaissance in western Europe, in all cultures, throughout all prior existence, over 95% of humanity had lived in the depressed condition of virtual human cattle, as serfs, slaves, or worse. The typical structure of ancient and medieval society, throughout the

planet, had been the picture of society offered by the first part of Aeschylus' famous tragedy, *Prometheus*:<sup>46</sup> at the top of society, a collection of "quasi-immortal" oligarchical families, the real-life guise of the Greek gods of Olympus; immediately below them, their lackeys, who administered the affairs of mankind on orders from Olympus; below that, the 95% subject to the capricious whims of the oligarchs.

The influence of the A.D. 1439-40 sessions of the Council of Florence, and the echoing effects of Louis XI's accession to the throne of France in A.D. 1461, changed the human condition radically. With the transformation of a reconstructed France into the first modern nation-state, under Louis XI, the order of human affairs was revolutionized, with the effects of that revolution radiating throughout this planet to the present day. The policy of fostering a humanist form of secondary education for orphans and for boys from families of the poor, broke the barrier which had earlier confined more than 90% of humanity permanently to a cattle-like status under oligarchical domination. The building of the modern form of sovereign nation-state republic, sometimes called a "commonwealth," on this new social basis, was, and is the modern nation-state.

That new institution, the modern nation-state, has revolutionized the rate of growth of potential population-density, of productive powers of labor, and demographic characteristics of family households.<sup>47</sup> Taking into account all of the just complaints to be placed at the door of the nations of modern Europe and North America, any elimination of the institution of the sovereign nation-state would unleash a global genocide beyond any criminality earlier wreaked upon humanity in known history up to this point.

These new, Renaissance institutions, the policies of the Council of Florence and the modern nation-state, came immediately into mortal conflict with two oligarchical forces: the landed feudal aristocracy, and the financial oligarchy led by, and typified by, the Venice nobility. The powerful new forces sent into motion by the Renaissance came near to crushing Venice at the beginning of the Sixteenth Century; Venice's successful use of corruption to set its powerful enemies against one another's throats, breaking up the anti-Venice League of Cambrai, enabled Venice to survive, and recover much of its strength, through continuing such "balance of power" diplomacy.<sup>48</sup> Nonetheless, during the following three centuries, all feudalist efforts to destroy the modern nation-state failed. The Holy Alliance, the last major expres-

46. *Prometheus Bound*, in *Aeschylus*, Herbert Weir Smyth, trans., Vol. II (Cambridge, Mass.: [Loeb Classical Library] Harvard University Press, 1922); pp. 211-315.

47. See Lyndon H. LaRouche, Jr., "What Is God, that Man Is in His Image?" *Fidelio*, Spring 1995: graphs and chart on population and demographics, pp. 25-26.

48. Tarpley, "Venice's War," op. cit., passim.

sion of feudal-aristocratic imperial power, disintegrated in 1848-49, and its relics were virtually obliterated<sup>49</sup> during the course of World War I. The financier oligarchy has been a more durable proposition; Sarpi is key to understanding why.

The root of the nation-states' inevitable defeat of the feudal aristocracy's imperial institutions, is found in effects of the nation-state's tendencies toward universal humanist education for the youth from families of the poor. The tendencies toward future universal education, combined with emphasis upon technological improvements in the productive powers of labor, revolutionized economy and warfare. Among similar effects, this educational tendency prompted a qualitative increase in the society's potential, per capita, for generating and assimilating the benefits of scientific and technological progress. The fostering of advances in technology and productive powers of labor, translate into increase in the firepower and mobility of military forces. Against determined modern nation-states, the imperial obsessions of the old feudal land-owning aristocracies were doomed to ultimate defeat.

Sarpi and his faction committed themselves to establishing a global maritime and financier power within the Protestant regions of northern Europe, selecting the Netherlands and England as the new centers of global maritime power, in which to build up such clones of the Venice oligarchical system. Instead of seeking to destroy the nation-state, they sought to dominate it from within, by a combination of control over the finances of the nation-state, and through balance-of-power games pitting one nation-state against the other. In this way, the modern nation-state became, predominantly, a form of "mixed economy" which combined the nation-state's original and organic impulse for agro-industrial investment in technological progress, with the superimposition of a financier oligarchy, controlling the financial and monetary institutions of the nation-state, on top.

Sarpi's "new Venetians" of Paris, London, and the Netherlands, put three conditions upon their willingness to tolerate the institutions of the modern sovereign nation-state. The first condition: The Venetian-style, London-centered financier oligarchy must dominate the world's financial markets and the central banking institutions of the nations. The second condition: The nation-state itself would be tolerated, but not the "Renaissance" quality of intellect and spirit which had brought the new form of European society into being at the Council of Florence and under France's Louis XI. The third condition: The relations among nation-states must be regulated by the same "divide and rule" ("balance of power") practices which Venice itself had employed to set its enemies within the League of Cambrai at one another's throats.

Our topic here, is the second of those three conditions: the methods which these Venetians and their neo-Venetian

49. Or, assimilated, with or without their aristocratic titles, into the ranks of the Anglo-Dutch international financier nobility, as the English and Scottish feudal aristocracy had been earlier.

British clones employed, to adopt the babies, the nation-states as such, after sterilizing both those babies and their parents, ridding the population of the intellectually and morally fertile influences of the Renaissance. The topic here is those methods of cultural warfare, psychological and philosophical warfare, which empiricism has used to enslave the minds of those over whom it rules. Once the Sarpi-Galileo-Hobbes-Descartes-Newton development of a perverted form of mathematics is understood, and the way in which today's generally accepted university-classroom social theory was derived from that empiricist mathematics, the mechanisms which control the minds of most U.S.A. citizens today, are immediately recognizable. That is the key to the persistence of the presently ongoing economic debacle.

That said, turn to consider the manner in which the Europe-wide salons created by Sarpi's most important successor, Abbot Antonio Conti,<sup>50</sup> controlled the destiny of every nation of Europe over the course of the Eighteenth Century. From approximately 1582 through the death of Conti in 1749, Venice's agents Sarpi and Conti are the two most significant figures of the European Enlightenment, the two cabalists who virtually created the mythical nation of Britain from mud. We touch only the most relevant highlights of the Conti salon's "begats" here.<sup>51</sup>

Members of Conti's Newton cult included such notables as Charles Montesquieu (**Spirit of the Law**, 1750) and Voltaire. Also an agent of Conti's salon, was the Dr. François Quesnay who produced the dogma of "free trade" (*laissez-*

50. Antonio Conti, pen-name "Schinella," the most important oligarchical figure of Eighteenth-Century Europe, but today among the least known to history students. Born as a member of the Venice nobility, in Padua, 1677, a descendant of the Nani clan, on his mother's side, and of Sperone Speroni, himself an influential student of the founder of the Padua school of Aristotle, Pietro Pompanazzi. In 1699, young Conti entered the Venice religious order *Oratorio pardi della Fava*, and was ordained as a priest, but abandoned those vows in 1708. He became a specialist in French culture, including the study of modern science of that time from the standpoint of René Descartes, remaining a secular priest with the title of "abbot." During this time-frame, Conti assumed a leading role in the formation of a network of Europe-wide Venice intelligence-service salons, *conversazione filosofica e felice*. (See Piero de Negro, **Giammaria Ortes: un "filosofico" veneziano del Settecento** Cini Foundation study of 1990 [Florence, Italy: L.S. Olschki, 1993], pp. 125-182.) The principal target of his work was organizing a continent-wide effort, creating the cult of Isaac Newton as a vehicle for seeking to eliminate the name and influence of Gottfried Leibniz. He was personally deployed to Hanover for this purpose, following up efforts by his agent Ludovico Antonio Muratori. His letters from London and notebooks of that same period identify his close association with Isaac Newton, Edmond Halley, Samuel Clarke (of the Leibniz-Clarke Correspondence), Willem-Jacob Gravesande, Abraham deMoivre, and James Stirling. (See Antonio Conti, **Scritti filosofici** [Naples: F. Rossi, 1972] and Mauro di Lisa, "*Chi mi sa dir s'io fungo, Newtonianismo è scetticismo in Giammaria Ortes,*" **Giornale critico della filosofia italiana**, LXVII [1988], pp. 221-233.) In London, Conti established himself as a Kensington Whig, the political party of the followers of William of Orange, Marlborough, et al.

51. For more background, see Lyndon H. LaRouche, Jr., "How Bertrand Russell Became an Evil Man," **Fidelio**, Fall 1994, and Webster G. Tarpley, "Venice's War," op. cit.

# Weekend FT

Headhunting can be seen as good ecology. But even for a cannibal it isn't easy, says anthropologist Lyall Watson

Some of my best friends are cannibals. They live on the Amazonian rain forest, the lush area of rain forest in the mountains of the Amazon basin. A place of water, heat and humidity. As the sun beats down on the forest floor, the air is thick with humidity. The forest is a place of life and death. It is a place of beauty and horror. It is a place of wonder and awe. It is a place of mystery and magic. It is a place of...   
The forest has a long history of cannibalism. It is a place where people have been eating each other for centuries. It is a place where people have been...   
The forest is a place of life and death. It is a place of beauty and horror. It is a place of wonder and awe. It is a place of mystery and magic. It is a place of...   
The forest has a long history of cannibalism. It is a place where people have been eating each other for centuries. It is a place where people have been...



The Asmat have turned population dynamics into an intricate and strangely beautiful game: they eat each other, happily.

## The case for cannibalism

The article discusses the Asmat people's cannibalism as a survival strategy. It mentions that they eat their enemies to absorb their strength and skills. The text is partially obscured by the image and other text.

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**Fashion:** The women who go to the office for their health insurance

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*The British oligarchical mind at work, in the London Financial Times of July 15-16, 1995: "Some of my best friends are cannibals. . . ."*

faire). The most important figures of the salon, after Conti himself, were, first, the Venetian Camaldolesian monk Giammaria Ortes, and second, the Camaldolesian abbot, and teacher of Ortes and Francesco Algarotti, Pisa's Guido Grandi. One of the key European figures controlled by the Conti Salon was Prussia's Frederick II, the so-called "Frederick the Great." A nest of Conti's Leibniz-hating Newton-cult figures controlled Frederick II's Berlin Academy of Science: the hoaxter Pierre-Louis Maupertuis, his accomplice in the hoax, Leonhard Euler, "pretty boy" Francesco Algarotti, who set the pace for the degenerate aesthetical dogmas of Immanuel Kant's 1790 **Critique of Judgment**, and Pierre-Louis Lagrange.<sup>52</sup> Throughout all Europe, there was no center of scientific thought in which Isaac Newton enjoyed a favorable reputation, which was not controlled by the agents of Conti's Venetian networks of salons.

The same network of Venetian salons also deployed, against the French monarchy, the "sting agents" Giacomo Casanova and, later, Alessandro Cagliostro.

The key figure to study, to expose the manner in which these Venetians around Sarpi and Conti's salon pasted together their perverted brand of mathematics and their social theory, is Giammaria Ortes (1713-90): the "father of Malthusianism,"<sup>53</sup> and also the principal coordinator of the Europe-

wide efforts leading to the syncretic concoction known as the British East India Company's Haileybury school of economics: Adam Smith, Jeremy Bentham, Thomas Malthus, David Ricardo, James Mill, John Stuart Mill, et al.

The social dogma which Ortes et al. concoct, to form the basis for what became Adam Smith's "free trade" hokum, is traced directly from Galileo's mathematics pupil Thomas Hobbes, by way of John Locke, et al. The clearest insight into the British empiricist's understanding of this dogma, is a 1725 book by a Dutch-born rascal, of the name of Bernard Mandeville, **The Fable of the Bees: Private Vices, Public Benefits**. Mandeville gives the show away, by pointing out that the British empiricist's notion of "freedom" rests on the remarkable presumption, that it is immoral, even outrightly evil deeds by individual persons, which produce all of society's ultimate good.

A recent weekend (July 15-16, 1995) edition of the London **Financial Times**, illustrates the point, employing author Lyall Watson's stomach-wrenching efforts at making the point with attempts at typically Oxbridge "British understatement." The article, featured on page 1 of the weekend section, is entitled "The Case for Cannibalism," a slug which leers out from under a six-column photograph image of a primitive Asmat cannibal tribesman. The caption reads: "The Asmat have turned population dynamics into an intricate and strangely beautiful game: they eat each other, happily." A few passages from that piece are quotable, to assure the

52. Some German patriots sneaked Ephraim Lessing, the friend of Moses Mendelssohn, into the Academy, behind Frederick's back, so to speak; Frederick acted to ensure that Moses Mendelssohn was not appointed, too.

53. Giammaria Ortes, **Reflessioni sulla popolazione delle nazioni per rapporto all'economia nazionale** (Venice: 1790). This book, published soon after in an English edition, was the basis which Jeremy Bentham's Rev. Thomas Malthus plagiarized in producing his **An Essay on Population** (1790) (New York: E.P. Dutton and Co., 1960). The notion of "carrying

capacity," which the Club of Rome inserted into the population-policy discussions of the 1980s, is taken directly from Ortes's **Reflessioni**, not Malthus. For more on Ortes, see Lyndon H. LaRouche, Jr., "How Bertrand Russell Became an Evil Man," loc. cit., passim.

reader that Watson (and the **Financial Times**) are quite serious about this promotion of cannibalism, and that we might prepare the reader for an insight into the minds of not only the perverse Mandeville, but Hobbes, Locke, and Ortes, too.

Watson begins: "Some of my best friends are cannibals. They live on the Casuarina Coast, the delta area of Irian in Indonesian New Guinea. . . . There are about 20,000 of them and they call themselves the Asmat, which means 'the human beings.' All outsiders are known very simply as Manowe—'the edible ones.'" Near the close of the article, on the jump page, Watson waxes British-philosophical as he gets down to empiricist business: "The fact that humans are, on occasion, both aggressive and violent presents the Asmat with no problem and requires no heart-searching or remorse. They have stereotyped and ritualised such tendencies, allowing them full and satisfying play in headhunting, *while at the same time resolving a pressing environmental problem* [emphasis added]. . . . There is hope in this, but only if we follow the Asmat example and learn how to bend in favour of that which best allows equilibrium to be established."

That is exactly what Mandeville means by "private vices, public benefits," and what Adam Smith defines as individual morality in his 1759 **The Theory of the Moral Sentiments**. That is the same construction which François Quesnay employs in arguing that society must benefit from non-interference with the capricious whims of feudal aristocratic serf-owners—*laissez-faire*—and the argument which Adam Smith copies from Quesnay in presenting his case for "free trade" in the 1776 **Wealth of Nations**. That is way in which Thomas Hobbes argues in his **Leviathan**; that is the morality of John Locke, and Jean-Jacques Rousseau. That is, as the item from the **Financial Times** merely reflects this, the typical, present-day British-empiricist mind-set; that is the mind-set expressed by the attitude of British diplomats and U.N.O. officials in explaining why Bosnians must submit to Chetnik conquest by means of rape and genocide, for the greater good of a reunited Yugoslavia under control of London's and Milosevic's Chetnik assets.

To understand Hobbes's, Locke's, Mandeville's, Adam Smith's, and Lyall Watson's curious advocacy of individual evil, examine the empiricist axiom we have just described here from the standpoint of the relevant mathematical physics.

Think of the mechanistic model of a Cambridge University gas system, as fancied by Lords Kelvin or Rayleigh, for example: a Newtonian gas system. Construct the image. See the millions of tiny balls roving about in what is otherwise a confined vacuum. Remember that beach-side concession, where, for a brief, but idyllic moment, one might rent the use of an electric-powered "bump-'em" car, ramming other such "bump-'em" cars, and being rammed in turn? So, the tiny gas-particles interact percussively, and, in a more sophisticated version, by radiating upon one another.

Now imagine that each of these tiny balls is motivated by either an assortment of the Seven Deadly Sins, or, perhaps,

some motives of a nastier type. In addition to percussive interactions so generated, they also radiate sinful and even evil impulses upon one another. Now, imagine that a net social good comes out of all of this percussive and radiant wickedness. Imagine that this occurs in the fashion Rayleigh's gas would acquire the general attribute of pressure and temperature, through some mechanism analogous to the kind of kinematic equilibrium popular with Galileo, Hobbes, Newton, et al. There you have the intellectual model which forms the axiomatic basis in method for all of the principal theses on social theory in general, and economics in particular, by Hobbes, Locke, Mandeville, Giammaria Ortes, Adam Smith, Jeremy Bentham, John Stuart Mill, and John Von Neumann.

The hey-day for constructing such social-theory concoctions was the Enlightenment's Eighteenth Century. The central figure in this enterprise was the Conti salon's Ortes; this was understood by Ortes to be the effort to show that all social processes could be reduced to the terms of a mechanistic model, using Newton's algebraic designs as a model. After Ortes's recipe had been assimilated by the British and the continental Newtonians, the empiricists and continental positivists have been virtually mass-producing new departments of social theory, from the second half of the Eighteenth Century, to the present day. It is all essentially gobbledygook, but the suckers call it "science," or simply "professionalism," nonetheless.

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### 3. How the control works

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Mother opens the kitchen door, exclaiming, "Junior! You have your hand in the cookie-jar again!"

The boy recovers quickly, and retorts with what might pass for injured innocence: "What cookie-jar?"

Not all charlatans choose to be conscious of the fact that they are practicing fraud.

The poet, dramatist, and historian Friedrich Schiller named one of the important categories of such charlatans. In German, the term is *Brotgelehrten*: In English, it translates as the professional who passed his time in higher education studying to learn how to get a better-paying job after graduation. It is the end-product produced by the student who challenges the teacher: "Teacher, is this going to come up on the examination?" meaning that the student considers it immoral for the teacher to raise any topic for which the pupil is not going to be financially rewarded, sooner or later. In the present writer's long experience, most U.S. professionals—among others—are *Brotgelehrten*, whether or not they speak German.

Any honest scientist works much harder, and with greater rigor than any member of the tribes of the *Brotgelehrten*; he is motivated by the sheer joy of scientific discovery, just as any really good professional musician is similarly driven. He or she is motivated by the consideration, that when doing



genuinely creative, rigorous work, his or her mind is in a more ennobled state, a more joyful one, than would be possible were he or she not so engaged for a large portion of each day, each week. Put aside all the silly litany about “desire for gain, and fear of losses” in the cant of the empiricist economists and sociologists. The essential motive for doing good, is that it is fun: much more fun to be that kind of person, than any other.

The importance of having fun, in that way, is better cognized if one reflects on the brevity of that historical instant we know as the expected life-span of the mortal individual person. Once one grasps that one’s foremost self-interest lies in acquisition of those things which one may, assuredly, carry into the grave, the things which are not objects of sensory pleasure or pain, then fun is living in the way which cheats death, the things which leave the world a better place after one has left it, than one found it, a mere historical instant earlier.

Once one has learned the joy of having fun, there are certain questions which come frequently to one’s mind, questions which any of the dismal *Brotgelehrten* would probably never think to ask. The *Brotgelehrten* locate self-interest in that which they imagine themselves to get out of the mere historical instant of their mortal existence; people who have fun, worry about what they are putting into that instant. The *Brotgelehrten* are therefore much less intelligent, and also less happy, than the people who have fun.

The sobersided pragmatist, with his eye fixed on what he considers his main chance, will argue in defense of Newton, and so on, “Buddy, this is the way the world is, and if you wish to get ahead, learn to accept the way things work, the way the world is.” That miserable sobersides would never think to ask, what kind of mathematics exists outside Newtonianism? He would never think about those facts from the known span of human existence which show us that all empiricist sociology, and economic dogma is flatly absurd from the start.

Thus, the facts we are about to reference will probably appeal only to either those who simply enjoy having fun, or who prefer not to have the world plunged into the kind of New Dark Age in which the population of this planet collapses, very rapidly, through famine, epidemic disease, and perhaps cannibalistic qualities of homicide, from over 5 billions persons today, to less than half a billion 20 to 40 years from now.

That *Brotgelehrten* type, whether he or she has graduated from institutions of higher learning, or is an illiterate, is the bearer of that quality which the empiricist tradition values most highly in its victims. This is what the empiricist tradition has worked to ensure remains the standard of popular culture.

For the citizen who prefers fun, there are two questions which ought to be considered of the utmost importance.

The first involves the factual evidence showing the true nature of the human individual: that, as Moses’ first chapter of *Genesis* insists, the created universe is *good*, and the indi-

vidual person is born not only intrinsically good, but the noblest creature of creation. As this writer has spent most of his adult life insisting that, were man merely an animal, subject to the rules of animal ecology, the human species could never have exceeded a living population of several millions individuals at any time past, under the late Cenozoic conditions prevailing on this planet during the recent 2 millions years. Man, unlike any beast, has the creative-mental capacity to effect valid discoveries of scientific principle, through which to transform man’s relations with the universe, and thus to increase the potential population-density of the human species, while improving the demographic characteristics of the family household.

The second, is the question: Since human existence depends upon an unending succession of revolutionary discoveries of principle in natural science, and otherwise, what is the nature of human knowledge? Since mathematical formalism represents knowledge in terms of the kinds of deductive consistency we associate with deductive theorem-lattices, how can we represent the *progress (change)* of knowledge which overturns an existing such theorem-lattice? The fun-loving person who embarks on a rigorous and sustained study of that question, will end up as a follower of Plato, of Nicolaus of Cusa, Leonardo da Vinci, Kepler, Leibniz, Gauss, and Riemann.

There are two conceptions to be mastered. First, the notion of *ideas*, as defined by Plato, which this writer addressed in the Spring 1995 edition of *Fidelio*.<sup>54</sup> Second, the understanding that mathematics remains a useful tool only as long as we introduce the principles of physical science to mathematics from the outside, principles which occur to us in the form of scientific *ideas*, as Plato understood the notion of ideas, and as Aristotle, Pietro Pomponazzi, Paolo Sarpi, and Isaac Newton did not: as this writer has repeatedly addressed that issue.<sup>55</sup> Once those conceptions are grasped, and implications of those ideas are understood, that person is freed from victimization by that corruption recognized as “popular culture,” and will therefore be free from the confidence-game called empiricism.

The crucial thing to be understood, is that the prevailing popular culture is not a “natural” phenomenon, but a synthetic culture, created and shaped by those powerful, presently London-centered international oligarchical forces which have long sought to contain and control the institution of the modern nation-state, and are now committed to seeking to destroy it. Once it is also recognized, what is the significance of the demonstrable frauds permeating Newton’s work, and the related frauds permeating taught economics-teaching and social-theory dogma generally; the citizen is no longer gripped by the compulsion to believe that “the cookie jar to which mother refers does not exist.”

54. Loc. cit.

55. See Lyndon H. LaRouche, Jr., “The Fraud of Algebraic Causality,” *Fidelio*, Winter 1994.

## U.S. credibility at stake in Bosnia, says LaRouche

by Edward Spannaus

As officials from the United States and allied nations, including Russia, headed into the July 21 emergency meetings on Bosnia in London, U.S. statesmen Lyndon LaRouche warned that the credibility of the United States would be finished unless the United States and NATO carried out massive air strikes against the Serbs.

"What has to be done," LaRouche said, is that in this immediate period, NATO "is going to have to take out all the relevant targets of opportunity, logistical heavy weapons, through largely air-strike methods . . . to bring about the defeat of a bunch of war criminals who won't stop committing war crimes and crimes against humanity, as in the case of Srebrenica.

"If that does not happen," he continued, "then the credibility of the United States, the United States government in particular, but the United States as a whole, is *gone*."

"If we do not act," LaRouche warned, "the United States government, which would mean the Clinton administration in this particular case but the whole government, the U.S. military, and the entire United States, *has lost strategic credibility*, and our attempts to project *any* policy, any foreign policy whatsoever, will be generally treated with disgust and contempt by nations around the world. And therefore the time has come in which we have to act."

### A turning point

After months and years of being deterred from such action by the United Nations and by the British, the United States, acting through the Clinton administration, headed into the London meetings with an aggressive proposal for what were being called "massive and disproportionate" air strikes against the Serbs.

Of particular importance was the reported French agreement with the U.S. proposal, which followed a telephone

conversation between Presidents William Clinton and Jacques Chirac on July 20. It was also notable that the British, apparently fearing the loss of their ability to control and manipulate the Balkans situation, were said to be giving grudging support to Clinton's plan, in order to salvage the U.N. presence in Bosnia.

The stated, official position of the Clinton administration going into the London meeting was that the U.N. mission in Bosnia must be strengthened and reinvigorated. This appeared to stand in sharp contrast to the declaration of representatives of Bosnia and Hercegovina that the U.N. mission in their country is finished and should be terminated.

Likewise, the Clinton administration loudly declared its opposition to a unilateral lifting of the arms embargo against Bosnia, as is being advocated by Sen. Robert Dole (R-Kan.) and an apparent majority in the United States Senate, not to mention the Bosnians themselves.

However, on both questions—the future of the U.N. mission, and the lifting of the arms embargo—the difference between the Clinton administration's official view, and the contrary course it appears to be opposing, is not as great as it appears on the surface. And indeed, no matter what the outcome of the London meeting, events are moving toward a long-overdue and rapid termination of the U.N.'s criminal operation in Bosnia, combined with a lifting of the arms embargo which has denied to the Bosnians their inherent right to self-defense.

One indication of this was the willingness of Senate leaders to accede to President Clinton's request that they delay the vote on S. 21, the bill to lift the arms embargo, until after the London conference. Another was the repeated declarations by administration spokesmen of their determination that the U.N. mission would be ended if, after one last chance, it could not be revitalized, and their insistence that the United

States and NATO would no longer tolerate the “insane” dual-key arrangement whereby U.N. officials have a veto over NATO air strikes.

In the likely event that the Unprofor forces in Bosnia are to be evacuated, this will require the same sort of massive use of air power which the United States is proposing at London. Senate leaders such as Dole are insisting that if U.S. troops are used to assist a U.N. evacuation from Bosnia, that this should only be done under NATO command, with the U.N. kept out of it, and with the United States having the right of massive retaliation against the Serbs, including taking out SAM missile sites and other strategic targets. Administration spokesmen have indicated their agreement with the need for such rules of engagement.

### **The Sacirbey declaration**

Of singular importance was the statement made by Bosnian Foreign Minister Muhamed Sacirbey in Washington on July 17, in which Sacirbey announced that the U.N. mission in Bosnia and Hercegovina “is at an end,” and that “the U.N. framework is no longer an acceptable basis for the presence of international troops within Bosnia and Hercegovina.” Bosnia will henceforth deal with friendly countries on a bilateral basis or some framework other than the United Nations. Sacirbey also strongly indicated that his nation was finished with the so-called Contact Group, saying that “the current dance with Mr. [Serbian President Slobodan] Milosevic undertaken by Mr. [Swedish U.N. mediator Carl] Bildt and in the past through Mr. Frasure and the Contact Group has shown itself to be at an end,” and has become a means for continued aggression rather than peace.

Sacirbey castigated the attitude of some countries which want the Bosnians to fight alongside their troops, but still deny the Bosnian Army the weapons needed to carry on the fight—in what appeared to be a criticism of the French proposals to inject additional ground forces while maintaining the arms embargo. “I find this position incomprehensible and morally flawed,” the ambassador stated. Sacirbey singled out British Prime Minister John Major for using the London meeting as a delaying tactic “which is intended to allow [the U.N. safe haven] Zepa to die.” While covered as a front-page story in some daily newspapers, Sacirbey’s declaration was completely blacked out by the *New York Times* and the *Washington Post*. (Substantial portions of Ambassador Sacirbey’s statement will be found on p. 42 in this issue.)

### **British perfidy**

While other statesmen were beating around the bush and speaking in diplomatic terms, the most accurate and blunt assessment of the British role in the Balkans was as usual provided by LaRouche in his radio interview with “EIR Talks” on July 19, from which the quotes at the opening of this article are taken.

LaRouche said that, contrary to what often appears to be the case, it is not that the Serbs are being protected by the

British, but that actually, the Serbs are the *agents* of the British. “Despite what Margaret Thatcher is saying at present,” LaRouche noted, “it was under her government, and with the connivance of President George Bush, that this operation by the Milosevic Serbs against Croatia, briefly against Slovenia too, and against Bosnia was launched. This was done for British geopolitical reasons, initiated, launched, by the government of Prime Minister Margaret Thatcher.”

LaRouche said that this operation has been run for some time, with the U.N. “policing the warfare *to make sure that the Bosnians and Croats should never actually defeat the Serbs and should be forced to submit to Serb victories.*”

As a result, LaRouche declared, “high officials of the British government, high U.N. officials, including Boutros Boutros-Ghali, the secretary general of the United Nations, have been guilty of complicity in war crimes.”

LaRouche noted that the United States has been opposed to this and has, under President Clinton, desired to have this matter resolved. But, he added: “We have been deterred from acting by the United Nations, and by British influence, and, formerly, British and French influence, under a revived Entente Cordiale, and [by] a British determination to use the Balkans as a lever to try to create a revival of the Triple Entente, nominally against Germany, but actually also against the United States.”

Analyzing the military situation on the ground in Bosnia, LaRouche noted that the Croatian and Bosnian infantry is a far superior fighting force to the Serb Chetnik forces under Radovan Karadzic, but that the margin of advantage of the Chetniks is the heavy weapons capability which they have obtained from Serbia. This advantage can be eliminated very rapidly through the use of U.S. aerospace capabilities, operating under NATO with French-American sponsorship. And this would mean that President Clinton would have to give the U.S. military the latitude to get the job done, without limitations.

We have now come to the point, LaRouche emphasized, that we have to push ahead very quickly, to get agreement among France, the United States, and other forces “to implement what Dole is calling for, lifting of the embargo, and go in there and act expeditiously using full military capabilities, both to assist in the protection of the Unprofor troops who are there, but also to take out this Serb atrocity, *which must be removed* if there’s going to be peace, and a solution to the issues of war crimes in Bosnia.”

“If the United States acts expeditiously—shall we say ‘with pungency and force and expedition’—this whole mess will be under control within a matter of days,” LaRouche concluded. “We may have a problem with the U.N., we may have a problem with our so-called British ally, but *it’s time to have it out*. We cannot mull around with so-called sensitivity or therapy group types of negotiations, in which the cost of continuing the therapy group chats with the mentally ill from London, is that tens of thousands of people in Bosnia are butchered. That’s not acceptable.”

# Bosnia's Sacirbey: U.N. role is finished

*Speaking at the National Press Club in Washington, D.C. on July 17, Bosnian Foreign Minister Muhamed Sacirbey said that the United Nations is finished in Bosnia, that any nation that wants to help Bosnia should do it bilaterally. Here is Sacirbey's statement, and excerpts from his responses to questions. The transcript is by Federal News Service.*

First of all, the U.N. mission in Bosnia and Hercegovina is at an end. The U.N. framework is no longer an acceptable basis for the presence of international troops within Bosnia and Hercegovina.

Second, the arms embargo must be lifted, and it has been left as the only option through which the Bosnians can defend themselves.

Three, while others argue about where the line should be drawn in reasserting international credibility in Bosnia, we believe there's only one line right now, and that is at Zepa. Those who, in fact, wish to draw the line somewhere else are trying to find an easy way to reassert their own credibility by effectively using the capacity of the Bosnian forces to actually do the job for themselves.

In my recent visit to France, in several meetings at the highest level, I was asked, "Are the Bosnians willing to fight for Gorazde?" I said, "We're willing to fight for Zepa and Gorazde." The next question was, "Well, are the British, in fact, willing to join the French in fighting with the Bosnians to save Gorazde?" That's, of course, a question for the British to answer. "Are the Americans willing to provide lift support and equipment to the French and the British to defend Gorazde?" That is a question for the Americans.

Interestingly, though, while everyone focuses on whether or not the Bosnians are willing to fight to save Gorazde or Srebrenica or Sarajevo, no one asks, "What is it going to take for the Bosnians to be able to execute this themselves, to be able to, in fact, fight alongside these allies?" It seems that some want us to fight alongside of them and still continue to deny us the weapons to be able to carry the fight most effectively. I find this position incomprehensible and morally flawed.

If, in fact, you do want someone to fight alongside of you to defend their territory and defend your honor, then they're entitled to the means to defend themselves. And, by the way, the story of Srebrenica is by no means over. Thousands of people are missing—civilians, mainly. The men and young boys who have been taken away to uncertain futures must be accounted for. The women, raped and others taken off to once again a most horrible future, need to be accounted for

and brought to safety. And finally, we know that there are many Bosnian refugees, columns, now trying to find their way back to government-controlled territory as they have become separated from the main body of refugees within Srebrenica itself.

[Question regarding the presence of United Nations peacekeeping forces in Bosnia.]

The U.N. mission will either voluntarily withdraw, or at the latest by November, we will, in fact, look for it to be terminated. I must emphasize that the uncertainty in our timing only has to do with the practical consequences and [inaudible] the situation to bring about the least risk to both the U.N. and the civilian population. That can, to some extent, be still impacted by an Unprofor withdrawal. But the U.N. framework for the current mission, as far as we're concerned, must end as soon as possible. And that really means even before November. . . .

First of all, if, in fact, all U.N. troops are to withdraw, we're ready to live with that contingency. Second, to those who, in fact, believe they can accomplish some good in Bosnia, whether on behalf of the Bosnians or on behalf of the international community, we certainly are willing to work with them on a bilateral basis or through a different framework to allow them to continue to do their good work.

As an example, we know that some troops within central Bosnia engaged in a more traditional peacekeeping mission are being productive in that mission. But you do not need 30,000 U.N. troops within Bosnia and Hercegovina to, in fact, do the job of no more than 3,000 to 5,000. The other troops are in excess both from an economic and political perspective. They, in fact, have become a hindrance, a clumsy reminder of the U.N.'s failures. And needless to say, I think it is never an interest to either find a new mission for these forces or to pull them out. But the U.N. framework has shown itself to be flawed and extremely inadequate. . . .

Clearly I think that some within the U.N. structure are more inclined to see a dead Bosnia than a live Bosnia which fights back. Explicitly, I'm not sure that anyone is willing to admit that. But the response of the United Nations and many in Europe to Bosnia's struggle for life has been one of describing it as an inconvenient factor to the building of a new Europe. . . .

Time is of the essence. I'm not sure that we have any other alternatives, though. If, in fact, the international community wishes to act to prevent the types of tragedies that you're speaking of, then they do have forces on the ground and they can use those forces to act outside the U.N. framework. It's up to them to decide to do that or not. Clearly the withdrawal of the U.N. forces from Bosnia-Hercegovina will require, according to some, a NATO presence in Bosnia. No such NATO presence has been approved.

So to the extent that we're talking about some forces coming in to help bail out Unprofor, I think we should also speak of some potential force that could come in or could

stay in to help the Bosnians. But I emphasize, we are prepared to live without any forces. And as a consequence, we think that even under those difficult circumstances, the Bosnians are better off with that future than the status quo. Effectively, as a whole, not in every instance but as a whole, the U.N. presence in Bosnia has become an impediment for greater, more effective action to help the Bosnians defend themselves or even to administer humanitarian assistance to our civilian population. . . .

[Question on the possibility of international brigades coming to fight with the Bosnians.]

As far as I know, in this country alone, there appear to be 5,000 people who are willing to go into Bosnia, non-Muslims, as I understand it, to fight on behalf of Bosnia. Certainly Bosnia is much more, bigger than an Islamic crusade. In fact, it is an international crusade. If I may paraphrase President Havel of the Czech Republic when he recently convened the opening of the Human Rights Building in Strasbourg in France. He said the war in Bosnia is between the Serbs and the others, and he said the others are us. So there are plenty of us, in America, in Africa, in Asia, and in Europe.

We are not waiting for anyone anymore. The only thing that I wish to do is be cautious so that I give the maximum opportunity for those who are effectively trapped by the U.N. framework to survive over the next few weeks, in particular the people of Zepa and the people of Gorazde. But frankly, it seems that even their future has very little to do with the U.N., and frankly has everything to do with our own capacity to defend ourselves.

I note one point that you made, and that is that under the conditions which Senator Dole has established for U.S. participation in a NATO withdrawal of Unprofor, it is explicitly stated that the U.S. in fact will not rescue weapons but only Unprofor personnel. . . .

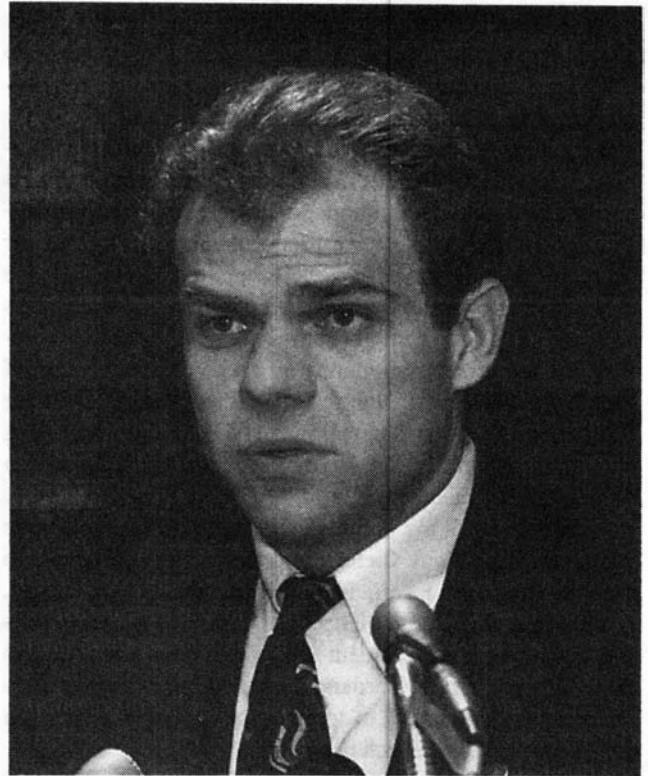
[Question about the French and British approach.]

Clearly the French and, I emphasize, British approach has not worked. Therefore, we're already to the next stage. What happens between Greece and Turkey is not so much a factor of what is done in Bosnia, but in fact what has not been done in Bosnia. The failure to take constructive measures to bring this war to an end has created a new set of potential confrontation lines. Those confrontation lines cannot be eliminated by covering up Bosnia. In fact, they seem to be only heightened. I emphasize once again that we are not asking for foreign troops to come to Bosnia. I emphasize once again that we are only prepared to count on ourselves and no one else. But at the same time, those who believe they have a constructive role to play in Bosnia, we're prepared to receive them, to cooperate with them in the context of a bilateral relationship or something else.

But the U.N. framework has in fact failed.

[Question about the role of Serbian leader Slobodan Milosevic.]

Mr. Milosevic's role in the latest assault has been evident



*Bosnian Foreign Minister Muhamed Sacirbey: "I think that some within the U.N. structure are more inclined to see a dead Bosnia than a live Bosnia which fights back."*

by the following: I have good information that while Mr. Carl Bildt [the former Swedish prime minister] met with Milosevic this last weekend and the weekend before the assault on Srebrenica, that General Mladic was with him. Neither Mr. Milosevic nor Mr. Bildt were able to dissuade Mr. Milosevic [sic] from undertaking his assault on Srebrenica. I think this has been long described, by at least me, as a story of Frankenstein and his monster, and the monster sometimes is under the control of Mr. Milosevic and sometimes he acts like he's out of control. But I can assure you at all times, it is Frankenstein who in fact has the influence.

It is sometimes more convenient to acknowledge it, sometimes less convenient, and to make it seem like the monster is out of control.

Therefore I would like to announce one, I think, important change in our policy, and that is that we have come to the conclusion that the current dance with Mr. Milosevic undertaken by Mr. Bildt and in the past through Mr. [Robert] Frasure and the Contact Group, has shown itself to be at an end, and in fact to have been converted into, effectively, a tune of continued aggression in Bosnia, rather than harmony for peace.

We think that we need to find once again, a new framework by which Mr. Milosevic is convinced for peace.

[Question about the Jewish community.]

I'm glad you brought the point up. In the past under maybe less urgent circumstances, I've had the opportunity to fully acknowledge the role of the American-Jewish community in helping the Bosnian people, politically and practically in addressing this aggression, this genocide. I think the Bosnian people, Muslims, Serbs, Croats, Jews, and others, as well as the Jews of the international community, in particular, the United States, have found common ground in the words of "Never again." While others tend to look at the Holocaust as a hurdle by which all other acts of war crimes and genocide are to be judged, the American Jewish community and the Jewish community as a whole have recognized that that is not a hurdle but in fact it is a commitment of the Jewish community to stand up against all genocides including those that, in numbers at least, may seem small in comparison to what happened during World War II.

I have made it my policy to recognize the Jewish people for their tremendous friendship and their commitment, to state it whenever I can, including in Muslim gatherings, including to skeptical audiences. And over the next few weeks I will direct our government policy to extend friendship to any Jewish community around the world, including the Jewish community in Israel, to continue the cooperation between our people and the Jewish people.

In this context, I think it is also important to note that Bosnia is not just a beneficiary of help. Bosnia, given the opportunity to succeed and persevere as a multi-cultural society, as a society whose survival is dependent on Jew, Christian, and Muslim alike, would in fact be once again reestablished as the bridge between religions, between cultures, between countries, between, effectively, East and West.

[Question about whether the Bosnian government has been in consultation with the U.N. Security Council.]

I have been in consultation with the U.S. administration on this point today and over the last several days. As you know, on June 28th I wrote a letter to the United Nations Security Council indicating that we are reviewing our consent. I think that letter says it all until such time that I am prepared to send the final letter, which says that our consent no longer exists. I have not sent that letter yet, but it may be forthcoming very, very soon. . . .

[Question concerning where Bosnia could get heavy weapons.]

There are numerous sources of weapons, including, of course, the United States. The U.S. Congress has contemplated providing us with defensive weapons, and we would certainly welcome that. Under all circumstances we would not be looking for, quote-unquote, "advisers" to come to our country and to help us use those weapons. We think that there are weapons out there that we are more than familiar with and could be most effective.

What someone keeps telling us is, "You have basically right now not much more than simple mortars and rifles. Do you know how to use F-16s?" And the answer is, we just

need something that's going to allow us to match up against the Serbian forces, just have a little bit more, just have ammunition. So I think those who keep asking us if we need F-16s are either badly misinformed as to what the war in Bosnia is all about, what's the sophistication of the weaponry, or in fact they are trying to undermine our legitimate call for discussion about what weapons could be useful in Bosnia and Hercegovina.

I think estimates of \$500 million to \$5 billion worth of weapons being needed for the Bosnian Army are not legitimate. I think they're inflated to scare off congressional decision-makers about the support that the Bosnians need. We need no more than a few hundred million dollars worth of weapons—much less, certainly, than what in fact Unprofor's costing the United States and the international community right now.

And when I say what Unprofor's costing, I'm talking about financial terms there. I'm not talking about terms of credibility and effectively the slow destruction of the United Nations system itself.

[Question about Sen. Robert Dole and his call to lift the arms embargo, saying that the lifting of the arms embargo unilaterally by the United States could foreclose the possibility of a beefed-up force to defend or protect the remaining safe havens, and asking if he is willing to foreclose that option by getting the arms embargo lifted.]

It's a tough question, of course. And the question really is, to what extent is that option real?

It appears it's not very real on the basis of what's happened in London, and I have pointed out in the United Kingdom that the call by Prime Minister Major for a meeting of foreign ministers and defense ministers in London on Friday was a delaying tactic trying to avoid the very steps needed to defend the safe areas.

It certainly is a measure that is intended to allow Zepa to die. On this basis, I question Prime Minister Major's integrity on this point, or at least I question his judgment as being reckless.

Now, taking those matters into consideration, I think that the only conclusion that we can come back with is that it is us who have to do the job. It is we who have to do the job, and on that basis, let's not expect anyone to come, as once Foreign Secretary Hurd put it, for the cavalry to come around the hill. We're going to have to be our own cavalry and our own defenders, and it's best right now that we in fact address our future in that context. I don't think, frankly, that we are foreclosing any options and, as I made clear in the discussion between the French and ourselves, [we] assumed that in fact the Bosnians would carry the bulk of the obligation to defend Gorazde anyway. So what I'm really asking is to what extent is it inconsistent to arm the Bosnians to help defend Gorazde, with the British and French or without the British and French; or effectively, are we in fact going to be the ones left to defend the British and Ukrainians there anyway? . . .

# Rabbis call for Israeli mutiny

by Joseph Brewda

A group of U.S.-based rabbis meeting in Israel has demanded that Israeli soldiers disobey any potential orders to withdraw from the occupied territories. The meeting took place at the home of the former chief rabbi of Israel, Avraham Shapira, the spiritual leader of the expansionist "settlers' movement" in the occupied territories. According to their July 12 ruling, "The Torah forbids evacuating army camps and transferring them to gentiles, because it nullifies a commandment." The group, the Union of Rabbis for Eretz Yisrael (biblical Land of Israel), claims that the Torah (the first five books of Moses) enjoins Jews to seize and keep that land, which according to them stretches all the way from the Nile river in Egypt to the Euphrates River in Iraq.

Israeli Prime Minister Yitzhak Rabin immediately denounced the ruling on state radio. "It is inconceivable that we will turn the State of Israel into a banana republic," he said. "It's unbelievable that in Israel, a very small number of rabbis will take it upon themselves the right to act against the law. To call on a soldier to refuse legitimate orders means anarchy." In earlier remarks to the *Davar* newspaper prior to the ruling, Rabin termed the rabbis "ayatollahs." President Ezer Weizman, a former defense minister, described the ruling as "extremely grave," and said it could lead to "civil war."

Israel and the Palestine Liberation Organization have set a July 25 target date for signing a new agreement which would lead to an Israeli army withdrawal from part of the West Bank, as part of a process which will supposedly lead to a total evacuation and eventual creation of a Palestinian state.

Last year, the U.S. rabbis convened hundreds of their Israeli counterparts in a meeting in the West Bank town of Kiryat Arba to rule that assisting the evacuation of Jewish settlements would be as sinful as eating pork.

## Next stop, Guatemala?

Prime Minister Rabin's warning of the danger of Israel becoming a "banana republic," is no exaggeration. For all its fierce claims to sovereignty, Israel was created as a British puppet-state to serve British geopolitical aims, most especially to keep the region in continuous turmoil and near-war. Many of the Arab states in the region have had the same role and status. The 1993 Israeli-PLO peace accords orchestrated by the Clinton administration—so clearly in the true interests

of Israel as well as the Arab states—promise to overturn British games, and to give actual sovereignty to the nations of the region. In response, Britain, and its assets in the U.S. establishment, have been fully committed to drown the peace accords in blood.

Rabbi Avraham Shapira, the chief ayatollah of the group, is typical of the operatives who are acting to create a blood-bath. To understand Shapira requires understanding his mentor, Rabbi Zvi Yehuda Kook, who created the settlers movement following the 1967 war, when Israel seized the territories. He was also the figure who ruled that Jews had the religious duty to destroy the Dome on the Rock and Al Aqsa mosque in occupied East Jerusalem, in order to rebuild Solomon's Temple at the site.

Kook's other followers, notably the late Rabbi Meir Kahane, the founder of the Jewish Defense League, and Rabbi Moshe Levinger, founder of the like-minded Gush Emunim, have repeatedly tried to destroy the Islamic holy sites. A paid informant of the FBI and the Brooklyn office of the Anti-Defamation League of B'nai B'rith, Kahane formed the JDL in 1968 in Brooklyn in the aftermath of the war. He subsequently emigrated to Israel with several of his followers, to assist Kook provocations.

This cultist ideology is not Jewish, as *EIR* has repeatedly exposed. Kook was an operative of the Quatuor Coronati research lodge of the United Grand Lodge of England, as was his father, Avraham, the first chief rabbi of Israel. The masons, who claim to have built Solomon's temple, see in the mosque's destruction an easy way to ensure generations of Jewish-Muslim war. The settlers' movement is their asset. Hollinger Corporation, the owner of the London *Daily Telegraph* and the *Jerusalem Post*, helps run their political operations. The group is pushing former Defense Minister Ariel Sharon as a would-be dictator over Israel.

## Possible killing sprees

Although it is not expected that many soldiers will heed the rabbis' call, the West Bank is full of JDL, Gush Emunim, and other armed groups, easily called on to engage in killing sprees against Arabs.

Kiryat Arba was an appropriate site for last year's meeting of the rabbis. Shortly after their meeting, Kiryat Arba official Baruch Goldstein, a JDLer originally from Brooklyn, entered a mosque in nearby Hebron in February 1994 and killed some 50 Muslim worshippers. Following that incident—which members of Shapiro's group praised—Rabin denounced Goldstein and the JDL as an "errant weed" transplanted to Israel from "across the ocean" (that is, the United States). The Israeli government soon outlawed the JDL and its affiliates. Later that year, the Clinton administration banned JDL fundraising in the United States and formally classified the group as "terrorist." Britain and France continue to refuse Israeli requests to ban JDL fundraising in their own countries.

# The British are orchestrating the destabilization of Jordan

by Our Special Correspondent

Although Jordan is routinely portrayed in the press as a model of stability and a cooperative partner in the peace process, a closer look at the situation in the Hashemite Kingdom reveals quite a different picture. Internal tensions have escalated to such a degree over the past two months, that a descent into violence, reminiscent of the 1970 Black September crisis, is not to be ruled out. Now, as then, when government troops killed thousands of Palestinians, the domestic crisis is being artfully manipulated by external forces.

Superficially, the Jordanian crisis appears as the result of the peace treaty with Israel, signed in October 1994. Opposition to the peace plan, particularly among Palestinians who make up 60% of the Jordanian population, and among hardliners ideologically opposed to dealing with Israel, has been strong from the outset. It was temporarily dampened by the great expectations raised, that the treaty would bring with it economic cooperation and, consequently, more jobs and a higher standard of living in the kingdom. Then, when it became clear that the international financial support required for vast infrastructure projects envisioned in the treaty was not forthcoming, the hopes pinned on the peace dividend collapsed. Jordanians have seen no improvement in their living standard, and the general climate of uncertainty regarding government intentions on the legislative plane has paralyzed part of the economy.

The approach of the government and of King Hussein has been to push all the harder to speed up the normalization process with Israel. Ironically, the more "successful" this has been, the graver the crisis has become. Not only has opposition broadened; for the first time, the king himself has been subject to open criticism, and his authority questioned. Furthermore, the confrontation has led to political upheavals and obscure deaths.

The criticism levelled against the government and monarchy concerns the mode in which relations with Israel are being normalized and the manner in which the government is dealing with its internal opposition. On May 29, a meeting of opposition groups which had been scheduled, was abruptly cancelled by the government. Thereafter, Minister of State for Prime Ministry Affairs Ibrahim Izzedrine resigned, in what was considered a protest against the government's

ban. Shortly thereafter, in the first week of June, a man from a leading East Jordanian family was reportedly killed by security forces in his home.

The man, Mahmoud Al Awamleh, had voiced his criticism of the normalization process, from the standpoint of the Koran, and had sent his considerations to the king and to Prime Minister Sherif Zaid Ben Shaker. The correspondent of the German daily *Frankfurter Allgemeine Zeitung* in Cairo, Wolfgang Köhler, broke the story on July 9, which, he said, had stunned the nation. Köhler underlined the importance of the fact that the man who had criticized the government, belonged to a prominent family of East Jordanians, who are traditionally the pillars of support for the king. Most Jordanians, Köhler wrote, viewed the death as "an execution without trial." The three-day funeral assumed the stature of a political statement, as mourners, dressed in white, celebrated the dead man as a martyr.

## Shubeilat seeks a formal inquiry

Among the prominent Jordanians present at the funeral was Laith Shubeilat, a former independent Islamist parliamentarian, who has been outspoken in his criticism of the manner in which relations with Israel have been handled. Shubeilat called for a formal inquiry into the circumstances of Awamleh's death, about which the government has issued no official statements. Shubeilat's demands were answered indirectly by a broadside against him, authored by the cultural minister, which appeared prominently in all major press. A response penned by Shubeilat and sent to all major newspapers, has not been published. Furthermore, the king singled Shubeilat out for criticism (though not by name) in the course of a speech the king delivered to a group of editors-in-chief in late June.

Other pressures against Shubeilat have become so great that the former parliamentarian stated in an interview with *Al Qods* that he thought he had to reckon with the possibility that he could be assassinated. Shubeilat was the victim in 1992 of a juridical frame-up, orchestrated by the political machine of George Bush through corrupt elements in the Jordanian security apparatus. The prime minister at the time was Sherif Zaid Ben Shaker, the same who, having returned



to that post, is being credited with organizing the wave of repression in the country today.

Another person emerging, curiously, as a rallying point for opposition is Ahmad Obeidat, a former prime minister and former chief of intelligence for many years. Obeidat had lost his Senate seat following his vocal opposition to the treaty with Israel, and in early July, was quoted in the Texas-based *Arab Times* attacking Crown Prince Hassan. Reports of his comments in Jordan prompted him to deny having made any such statements.

### **Elections draw protests**

The straw which broke the camel's back was the way the municipal elections on July 11 were handled. Candidates from the opposition Islamic Action Front (IAF) were expected to pull up to 50%. Instead, they were credited with 3.02%, amid charges of widespread rigging. The government had sent troops into the city of Zarqa, where the Islamists are particularly strong, just prior to the poll. Even government press had acknowledged that the Islamists were poised to win hands down in Zarqa, the second largest city in the land, where they control universities, hospitals, and social and charitable organizations.

In protest, the Islamists withdrew from the election, while the government trumpeted the results as a clear mandate "for the normalization process." Formal protests are being lodged in court by the IAF, which says it has witnesses and documentary proof of election fraud, beginning with discriminatory actions toward pro-Islamists in voter registration procedures. A radical response, including demonstrations and riots reminiscent of social unrest in 1989, has not been ruled out.

### **Comprehensive peace sought**

As for the substance of the issue of normalization, the main target of critics is a series of legislative initiatives pushed by Prime Minister Zaid Ben Shaker. On June 28, the opposition failed to block a government bill to repeal the boycott against Israel, which Jordan, like other Arab states, has had on the books for decades. Among the demands made by opponents of lifting the ban is that a comprehensive peace agreement be reached, including fulfillment of U.N. Resolutions 242 and 338, regarding the return of occupied land to the Palestinians. The population more broadly is questioning the wisdom of lifting the Israeli boycott, while an international embargo against Iraq remains in place. King Hussein has been repeatedly outspoken in his demand that the sanctions against Iraq be lifted, most recently during a state visit to Paris.

Even more controversial is the government's draft law which would make it legal for Israelis to purchase land in Jordan. IAF parliamentary spokesman Hamzeh Mansour charged that the law would mean "ceding" territory to Israel. Others have charged that the provision would violate the

Constitution, despite Zaid Ben Shaker's assurances that foreign ownership of land would be subject to certain restrictions. The fear uppermost in the minds of Jordanian citizens is that such changes in the law would open the country up for "colonization" by Israel, through land purchases. Further legislation, aimed at making the country more attractive to foreign investors and at satisfying the demands of the International Monetary Fund, includes proposals to lift price controls on some basic commodities, increase the price of water for irrigation, and reorganize tax law.

The arguments put forth by the opposition contain plenty of merit. The normalization process has been rammed through with little concern for the subjective factor, culturally and historically shaped. There is no way to force a population to embrace its former enemy as an ally, without there being any concrete proof that the peace is just, beneficial, and enduring.

### **The question of succession**

Yet, there is more involved in the Jordanian crisis than the issues per se. According to well-informed region specialists, there are factional tensions rippling through the institutions of the Hashemite Kingdom—from the security apparatus to the government and up to the royal family itself—around the question of the succession. It is reported that Prime Minister Zaid Ben Shaker is heading up a faction which wants to overturn current procedures, which would see power pass to the king's brother, Crown Prince Hassan, and have the line of succession run through the king's eldest son. Zaid Ben Shaker, who is a military man, was trained at Sandhurst, and is considered to be very close to the British.

There are two developments cited by analysts to back up this hypothesis. First, there is the case of the recent coup in Qatar, a tiny emirate on the Persian Gulf controlled historically by the British. There, the ruling emir, Sheik Kalifa Ibn Hamad Al Thani, was overthrown by his son Sheik Hamad, while the former was absent from the country. Among the first measures introduced by the new sheik was a formal change in the rules of succession; instead of having power pass to the brother of the ruling emir, it should now on pass down to the eldest son. The peaceful palace coup in Qatar has been widely interpreted as a British-backed move to establish a precedent in the region, among other things. It is known that Hamad, also a Sandhurst graduate, was in London two weeks before he seized power, and that the British Crown and British government were the first to recognize the new leader. The change in succession rules has profound implications for American ally Saudi Arabia, which is already in the throes of a succession crisis. It has been mooted that the Qatar events could be used in Jordan, to justify a similar move.

Second, King Hussein has been spending an inordinate amount of time outside the country, primarily in London,

leading to speculation about his state of health. Just weeks ago, there was the unusual situation, when the king, the crown prince, and the prime minister were all out of the country at the same time. The person given powers in the interim was the king's son. Furthermore, it has been made public that a palatial estate nearing completion after years of construction near Vienna, is the property of King Hussein. Does he plan to withdraw to this residence, perhaps after having handed over power?

The escalating confrontation inside Jordan must be viewed in the context of other dramatic shifts toward confrontationism in the region in the past weeks. First, in order of time, was the assassination attempt against Egyptian President Hosni Mubarak, which catalyzed an anti-Sudan campaign from Cairo. Then, the Algerian government broke off talks with the Islamic Salvation Front (FIS), the opposition Islamist party, and an eighty-five-year-old co-founder of the FIS was murdered in a Paris mosque. Both moves conform to the strategy elaborated by British geopolitical think-tanks, for so-called wars of the "North" against the "South," under the rubric of an assault on "Islamic fundamentalism."

Britain's anti-Islam strategy foresees the outbreak of chaos along the entire Mediterranean, from North Africa into the Middle East, and eastward through the Gulf into the Indian subcontinent. In such a perspective, hopes for a durable settlement to the Arab-Israeli conflict, through mutually beneficial economic cooperation, must be dashed by all means. Chaos is the name of the game, chaos leading to economic and social disintegration, and demographic decline.

One local variant of the British plan for chaos entails civil war breaking out among the Palestinian population in the autonomous areas and the occupied territories. Such internecine warfare, sparked by opposition to the Gaza-Jericho arrangement, would quickly spread into neighboring Jordan, whose population is largely Palestinian. In the eyes of extremist Zionists like Benjamin Netanyahu and Ariel Sharon, this process would be the prelude to wholesale expulsion of the Palestinian population into Jordan, since, in their jargon, "Jordan is Palestine." Neither the West Bank Palestinians, who rightfully demand sovereignty over the land which has been taken from them through force, nor the East Jordanians, who wish to maintain a position of hegemony within Jordan, would accept this.

Jordan has entered a perilous spiral of radicalization, whereby opposition is being met with repression, which in turn, is fueling radical response. To steer the currently unstable situation away from its course toward violence, requires a rare quality of leadership: the ability to rise above domestic intrigues to view ongoing processes from the standpoint of the global, strategic picture, and to act with full sovereignty in the long-term, historic interests of the populations of the region.

## Amnesty Int'l, still trying to save Peru's Shining Path

by Gretchen Small

In its *1995 Report*, released to the world public on July 5, Amnesty International singled out Peru as one of the five or six worst human rights violators worldwide, alleging the practice of "severe and systematic human rights violations" by its government and military, and the unjust jailing of thousands of "political prisoners" by illegitimate courts.

As Peru is, at last, largely at peace, for the first time since Pol Pot's allies in Shining Path launched their terrorist war in 1980, Amnesty's wildly fraudulent allegations against Peru constitute an international scandal. The "prisoners of conscience" who Amnesty demands be "immediately and unconditionally" released, are precisely the Shining Path terrorists defeated by Peru's Armed Forces. Amnesty International, that front for the British Foreign Office which parades as the world's premier human rights "non-governmental organization," is still mobilizing to resuscitate Shining Path, one of the worst gangs of "killers and torturers" known in the 20th century.

### Revealing timing for Amnesty's attack

Amnesty ran cover for Shining Path throughout 14 years of war, but the utter absurdity of its listing Peru, today, in this world, as a human rights crisis, reveals the depth of hysteria which reigns in the British Foreign Office over the collapse of the project, for which Shining Path was the instrument, to rip Peru into pieces.

President Alberto Fujimori, who led the defeat of Shining Path, begins his second term in office with a mandate provided by 65% of the Peruvian electorate. Worse, from the standpoint of London, is that the Clinton administration is now working with the Fujimori government to crush the dope trade's extensive tentacles inside the country, providing Peru with radar, intelligence collaboration, and possibly military equipment. The U.S. cooperation effectively ends the Fujimori government's status as an international pariah state, which Britain's friends in the Bush administration had orchestrated.

Either Amnesty "knows absolutely nothing about Peru's reality, or it has other intentions. To say that [Shining Path

chief] Abimael Guzmán is a prisoner of conscience is completely outside reality,” President Fujimori responded, as Peru’s *El Comercio* reported on July 8. Speaking before the Army’s Military School in Chorrillos two days later, the President noted Amnesty’s designation of terrorists as “political prisoners” has been applied against other countries. “It appears that it is enough for some people that a terrorist says that he has an ideology for him to cease being a vulgar assassin. This is a strange concept which they attempt to apply in generally undeveloped countries.”

“If the Armed Forces had not supported a plan of national emergency and reconstruction, today there would be no democracy in Peru. That is the truth,” the President affirmed. He asked if those, who today denounce the government’s alliance with the Armed Forces as a “civic-military government” or militarization of society, would also call the prior collapse of government and reign of terror “a civic-terrorist government, or terror-ization of society?”

The timing of the renewed Amnesty assault did not go unnoticed. Police Gen. Héctor Jhon Caro (ret.), a former head of the National Anti-Terror Directorate, charged that Amnesty and local NGOs are “orchestrating” the human rights campaign for the opening of President Fujimori’s second term.

Gen. Alfredo Rodríguez Riveros, head of the Political-Military Command in the Huallaga Valley, the heart of drug operations in Peru, reminded *El Comercio* on July 10 that the enormous pressure placed against the government in 1994 by the international human rights lobby had saved Shining Path’s operations in the coca region. The human rights charges of mass deaths in that military campaign—which Amnesty repeats in its *1995 Report*—were wildly exaggerated, General Rodríguez pointed out. They “never were confirmed, nor would we have permitted them. . . . We were not killing them, but capturing them. Our goal was to cut Shining Path’s supply lines.”

That job was not completed at the time, when, under pressure, the government ordered a halt to military operations only days before the entire regional command of Shining Path would have been captured.

Peru’s renewed attack on narcotics operations in the valley now—coordinated with the U.S.-directed assault on the Cali Cartel internationally—has thrown the Shining Path into an “economic emergency,” General Rodríguez reported. Shining Path controls 40-50% of the drug operations in the Huallaga area, and the drug trade is its principal means of economic support. Hitting the drug trade serves as “a strangling operation,” the general explained.

An assault by 12 armed men upon the headquarters of the Air Police in Lima’s Jorge Chávez International Airport on July 9, one half-hour before President Fujimori’s plane was scheduled to land in that area, signals that Amnesty’s international campaign for the narco-terrorist apparatus inside Peru

is only part of a broader offensive against the Fujimori government.

Dissecting Amnesty’s anti-Peru campaign provides a useful lesson for other governments, as it typifies the modus operandi employed by this British Foreign Office hit-squad against developing sector nations generally.

## Justified war saved lives

Start with a brief review of Peruvian reality. From 1980 until April 1992, the Pol Pot-allied Shining Path terrorists conducted what they characterized as “total war” against all civilized life in Peru, increasing in territory controlled, people enslaved, and institutions infiltrated with increasing impunity throughout that period. In the first dozen years, Shining Path killed over 20,000 people; their leaders spoke of inflicting 1 to 2 million deaths, if required, to crush the state.

Militants, mainly youth, were forced to “cross the river of blood,” that is, participate in ritual killings, as the centerpiece of their training; entire communities were forced to participate with Shining Path in torturing and killing any natural leader condemned in a “people’s trial.” By 1992, Shining Path’s military arm was only one part of an extensive network penetrating most institutions and associations in the country. Cities were regularly shut down by so-called armed strikes; the national electrical grid had been destroyed through repeated bombings; schools had become recruiting centers, as Shining Path dominated the SUTEP teachers union and teaching staffs at public universities across the country. With terrorists threatening to kill any judge who sentenced them, and the State manifesting an inability to protect them, terrorized judges systematically released those charged with terrorism for “lack of evidence.” By 1992, nearly 8,500 terrorists had been absolved by the judiciary. Likewise, when the Fujimori government sought to pass tougher anti-terror legislation, the terrorized and infiltrated Congress refused.

On April 5, 1992, President Alberto Fujimori decreed a national state of emergency, dissolved Congress, ordered the judiciary purged and reorganized, decreed drastic anti-terrorist legislation, and permitted the Armed Forces to wage war against the terrorists. A centerpiece of the Fujimori program was the establishment of summary tribunals, with judges’ identities kept secret, where captured terrorists were tried, imposition of harsh sentences (including life in prison for top leaders), protection for those who surrendered, and reductions of sentences for those who cooperated with authorities (the Repentance Law). Schools, lawyers, the media were no longer protected zones where terrorists could act with impunity.

Within 18 months of those actions, the Peruvian Armed Forces *had stopped the mass killing and torture*, crushing Shining Path with remarkably few resources, and with a minimum of bloodshed. The back of the insurgency had been

broken, with over 85% of Shining Path's leadership jailed or killed—most of them were jailed. There was no “scorched earth” policy, no razing of villages, but an all-out military campaign which crushed the terrorist apparatus as a whole.

### **Amnesty's unbroken record**

The Foreign Office's Amnesty International, joined by George Soros's Human Rights Watch/Americas, had spent years working to prevent the terrorists' defeat. They were never “neutral observers” of the war, but rather partisans in the conflict—on the side of Shining Path. From Day One, their propaganda carried the Goebbels-like Big Lie that the government and military of Peru were primarily responsible for the deaths occurring in the country, and sought to restrict any military or police action to stop the terrorists. They demanded an end to the emergency zones (major areas of terrorist activity placed under military rule), and listed in their catalogue of “human rights violations” the measures adopted in those zones, such as the maintenance of roadblocks and identity checks, restrictions on free movement and assembly, and military searches of homes without prior court order—all internationally recognized standard conduct under conditions of war. Arrests of Shining Path militants operating in trade unions—Amnesty launched a whole mobilization on behalf of SUTEP leaders—were denounced as *ipso facto* violations of civil liberties.

Amnesty deployed to cut off international assistance, military and financial, to the Peruvian government, by pressuring foreign governments. With Shining Path maintaining an “Embassy” in London, and the Bush administration joining the attack on the Peruvian government, Amnesty's campaign to cut aid succeeded.

Often, Amnesty's campaigns were timed to coincide with Shining Path military offensives. A striking example of this occurred in the period from July to November 1991, when Amnesty and Americas Watch launched a coordinated, worldwide, anti-aid offensive which succeeded in getting the U.S. Congress to freeze all aid to Peru, including economic and humanitarian, precisely as Shining Path began a new military campaign featuring a wave of assassinations of foreign priests.

As the Fujimori government attempted to get Peru's Congress to pass needed anti-terror legislation, Amnesty escalated, placing a full-page ad in the *New York Times* on Nov. 18, 1991, which was rerun in Peru's three major newspapers, denouncing the government as the world's greatest violator of human rights! Amnesty spokesmen announced that national organizations in 150 nations around the world would campaign for Peru to turn against its Army as the enemy of human rights.

In 1989, an Amnesty report had demanded the government turn over to “human rights investigators” the names and identities of all military men engaged in any counterinsurgency patrols, forbid them from wearing camouflage or masks

when operating in terrorist territory, and suspend from active service any officer against whom any *allegations* of “abuses” had been made. Any such list would have been nothing but a hit-list for Amnesty's terrorist allies. The “human rights investigators” with whom Amnesty worked were open advocates of Shining Path's “right” to wage war. Amnesty reports cited as its “respectable” sources the likes of United Left Congressmen Javier Díez Canseco and Rolando Ames. Díez Canseco insisted that because Shining Path carried “national weight,” they should be included in any “political solution,” because, as he told *Caretas* magazine in 1983, they used “guerrilla action and . . . mass actions . . . demonstrating that the political phenomenon which we have at hand is a frontal rejection of government policy.” Amnesty's collaborator, Ames, told *El Nacional* in 1986 that he considered it “urgent to fight against the risk of satanizing” Shining Path, and “one of the gravest errors would be to treat Shining Path as terrorist criminals.”

### **A ‘right’ to practice terrorism?**

As the 1995 *Report* shows, Amnesty still refuses to consider Shining Path as “terrorist criminals.” Now the Peruvian government is to be attacked for eliminating the “right” of the terrorists to practice terrorism.

The cutting edge of Amnesty's attack today is aimed at the special anti-terror courts and legislation which ensured captured terrorists remained behind bars. If Amnesty's prescriptions were carried out, every last terrorist, from Abimael Guzmán on down, could be free tomorrow. Amnesty declares the secrecy of the special war-time civilian and military courts, *ipso facto* grounds for dismissal of *all* convictions of terrorists.

The report raves that “at least 4,000 political prisoners awaited trial or were tried under judicial procedures which continued to fall far short of international standards,” and protests that “thousands of political prisoners charged with terrorism-related offenses were brought before secret civilian and military courts.” The British hit-squad denounces the Repentance Law, charging that any evidence obtained from other terrorists collaborating with the government under its terms, is “uncorroborated evidence . . . used by the courts to secure the conviction of political prisoners.”

Amnesty reiterates that it “appealed to the authorities on numerous occasions to release all prisoners of conscience immediately and unconditionally.” It protests that the government “did not accede to a renewed appeal by the leadership of the Peruvian Communist Party (PCP) [Amnesty uses the name by which Shining Path prefers to call itself—ed.] to reach a ‘peace accord,’ ” and continues to maintain emergency zones in some areas of the country despite “fewer armed attacks” by terrorists. They protest that Army officers have not been subjected to mass trials for the conduct of the war.

In short, they want the outcome of the war reversed.

# Chirac restarts nuclear tests to protect the 'higher interests' of France

by Christine Bierre

Barely over a month after being elected President of the Republic, Jacques Chirac announced solemnly, during a press conference on June 13, his sovereign decision to bring to an end the moratorium on French nuclear tests enacted by former President François Mitterrand in April 1992, and to restart a series on nuclear tests in the Pacific.

The President announced that the new series of tests would be limited to eight. They will start in September of this year and be concluded by May 1996, just in time to sign the new international treaty banning all nuclear tests, which France remains committed to signing. The tests are necessary to guarantee "the sureness, the security, and the viability of the deterrence upon which our defense and our independence is based," and for France to be able "to move toward the phase of laboratory simulation," he stated in justifying his decision. Chirac stated that his decision was "irrevocable" and taken after "much reflection and extensive consultations." "It is necessary" for the "higher interests of the nation," he said.

The announcement of his decision immediately provoked a massive uproar internationally, as could be expected. All the green and pacifist movements, headed up by Greenpeace, are mobilized in an attempt to force France to reverse its decision. The demonstrations in front of French consulates and embassies around the globe, the petition campaigns, and other such types of actions are, at this point, countless, according to press reports. The deployment of Greenpeace's ship *Rainbow Warrior* to the Mururoa Atoll in the Pacific where the tests are to take place, and its subsequent detaining by the French Navy, have catalyzed the support of a powerful international "pacifist" movement.

On the official level, similar to when President Charles de Gaulle said in July 1958 that France would carry out its first atomic tests in early 1960, the majority of France's allies have lined up against her. The United States characterized the French decision as "unfortunate," while Italy, Spain, the Benelux countries, Norway, Finland, and others have expressed their reprobation. In Germany, even though the initial position of the government was that this was "France's sovereign decision," pressure from the opposition parties has been so intense that Secretary of State for Foreign Affairs Helmut Schaefer condemned the decision publicly, while Chancellor Helmut Kohl transmitted a message of regret to

President Chirac during their last Strasbourg summit. As could be expected, the British colonies in the Pacific, Australia and New Zealand, have declared a crusade against the French tests.

## Anglo-American inspired 'peaceniks'

What is really behind this uproar? Who are these peaceniks so deployed against the French tests? Just as when de Gaulle confirmed France's decision to develop its own independent nuclear deterrent, the so-called "pacifist" movements have been deployed internationally under orders of the Anglo-American "arms control lobby," not for the sake of "peace," but in order to maintain an Anglo-American monopoly over nuclear weapons and to stop any other country from possessing the bomb.

One look at the friends of Greenpeace confirms this analysis. Greenpeace's president in Great Britain is Peter Melchett, the grandson of Lord Melchett, founder of Imperial Chemical Industries. How is Greenpeace financed? The functioning credits for its fleet were raised at an art exhibit organized by the aristocratic Sotheby's in Zurich, Switzerland last January, under the heading of "Art for Our Planet."

To understand fully what the aims of the arms control lobby are, one must go back to Bertrand Russell and certain Anglo-American elites' justification for the bomb, as the ultimate weapon, to be in the possession of a "one-world government" dictatorship, capable of terrorizing the entire world into submission. It was to fight against such one-world dictatorship, operating at that time in an Anglo-American condominium with the Russians, that de Gaulle decided to build an independent nuclear force. This was at that time, and remains today, the very condition for France, or for any other nation in the world, to assert national sovereignty.

It is interesting to note to what extent Chirac's decision has provoked an uproar similar to that which met de Gaulle's, even though France today is already a nuclear power and Chirac's decision is only a continuation of what has been traditional French policy for more than 30 years.

## Why the tests are necessary

Why are those tests really necessary today? The argument of many opponents that, because of the fall of communism, it is no longer necessary to continue the modernization of



*French President Jacques Chirac is showing signs of independence from the "arms control lobby" and the anti-nuclear crowd.*

nuclear forces, is ridiculous. The present massive economic crisis is the kind of context which has always led to war. Add to that the fact that Russia, the second world nuclear superpower, has suffered a humiliating political and economic setback under so-called shock therapy, and we have the ingredients for a new world conflict.

Are those tests necessary for the modernization of the French nuclear forces? The French government has indicated that it will not be testing new weapons, but only dealing with problems connected to the aging of the present systems which need replacement, and gathering data that will be used for a computer simulation model of tests. The French claim that they are far behind the United States in this latter respect and have to catch up. Some claim that once the simulation models are elaborated, there will be no need for further nuclear tests.

There is some speculation, however, over whether these are the only aims of the new series of tests. Can computer simulation replace actual testing? This seems unlikely. Even "peaceniks" such as the American Richard Garwin declared, according to the July 14 *Libération*, that "it would be irresponsible to put into place a sophisticated weapon without having tested it." The paper quoted engineer Laurent Barthélemy, assistant director of the Delegation of Strategic Affairs at the Defense Ministry, saying that "it is false to suggest that simulation could replace the tests," and that instead of

"simulation" one should rather talk about "modernization."

More important than these two official reasons for restarting the tests, is the necessary continuous evolution of weapons systems, as long as we remain in the nuclear age. Barthélemy addressed another crucial problem in this respect: "France and perhaps the Chinese are in a different position relative to other nuclear states. . . . France is currently developing the M 5 missile [which will replace all the submarine missiles] and had not yet chosen what its power will be. The United States and the United Kingdom have the Trident II; the Russians, the SSN 24, [and] therefore do not need a new weapon." In this context, scientists and military officials are also pressing the state to develop a miniaturized bomb in order to threaten weaker powers that nonetheless have nuclear weapons. These air-land, long-range missiles would allow for surgical strikes from several thousand kilometers.

These are the reasons why continued testing is necessary, and some expect that at the upcoming negotiations in 1996 to define the treaty that will ban all tests, the French will plead in favor of the continuation of miniaturization tests of less than 100 tons yield each. Already the eight tests which will be conducted in the Pacific are less than 150 kilotons. Tests under 100 tons do not even show up in a seismograph.

### **Politically important**

The real importance of Chirac's decision to restart the tests, is political. The question is whether the French President will be able to renew a Gaullist policy of national independence vis-à-vis the financial elite which is presently ruling the world for the worse. Will Chirac break with the rules of the international game, run by a corrupted financial elite?

Regardless of all the limitations of the new President, there is definitely a potential that he will renew some of the better aspects of that Gaullist tradition. His statements against International Monetary Fund policies in the Third World; against financial speculation, for being the AIDS of the present monetary system; his fight to win the Presidency in favor of a renewed policy of social Gaullism, against the most aristocratic rule of his main contender Edouard Balladur, are signs that Chirac might just come out from under the control of those international circles defining the rules of the game. It is in this context that his decision to counter the international community on the question of the nuclear tests, to go against the international consensus defined by the arms control lobby, is extremely significant. If the President of France "bucks the system" in that respect, could he not also buck it in the Balkans and regarding matters of international financial policy?

Many have said that they would rather see more courage in the Balkans against Serbian genocide, than in the Pacific. Still, the courage in the Pacific could be crucial to developing the same kind of independence on issues which are perhaps more at the heart of the present crisis, such as the war in the Balkans.

# Bankers threaten Haiti, Dominican Rep.

by Carlos Wesley

The Dominican Republic will be given the Haiti treatment—i.e., invaded—unless President Joaquín Balaguer abides by the terms of the so-called Pact for Democracy and leaves office next year, threatened Michael Skol, U.S. Assistant Secretary of State for Inter-American Affairs, in a July 10 interview on CNN Spanish-language news service. The United States is fully behind the pact and Dominicans should reflect on what happened to Haiti, said Skol. “What the international community, particularly the inter-American community, did against the Haitian generals and colonels, should be a lesson for everyone.”

The pact forced the Dominican Republic, which shares the island of Hispaniola with Haiti, to amend its Constitution overnight. It halved the term for which Balaguer was elected, from four years to two, barred him from running again, and forced the holding of new elections on May 16 of next year. Skol helped to ram the accord down the throats of the Dominicans last year, claiming that the defeat in the Presidential elections of José Francisco Peña Gómez was due to fraud.

The plan is for Peña Gómez, a member of the pro-drug-legalization bankers’ think-tank the Inter-American Dialogue (IAD), to win this time. Once in power, Peña Gómez, who is also a vice president of the Socialist International and an ally of the São Paulo Forum, the Cuban-spawned narco-terrorist umbrella grouping, is expected to implement the IAD agenda of British free trade economics, destruction of the armed forces, and drug legalization in the Dominican Republic, just as is happening on the other side of the island, in Haiti, under the defrocked priest Jean-Bertrand Aristide.

## Haiti: Aristide makes power grab

The overwhelming victory claimed by Aristide’s Lavalas party in the parliamentary and municipal elections held on June 25, was seen by Haitians and Dominicans alike as the first step by Aristide to remain in power past next year, when his term expires. Nearly every political party in Haiti has called for annulling the elections, charging fraud, and even Jimmy Carter’s Carter Center representative, Robert Pastor, asked the Clinton administration to withhold its approval because of the widespread irregularities. Most of Haiti’s top political leaders have announced that they will not participate

in supplemental elections nor in a second electoral round that is scheduled for Aug. 13.

Those joining the boycott include the Haitian Nationalist Progressive Revolutionary Party (Panpra), whose leader Duly Brutus, former speaker of Haiti’s Chamber of Deputies, was jailed after the June 25 elections by the Aristide regime and charged with torching an electoral office. The National Front for Change and Democracy also joined the boycott; its leader Evans Paul had been seen as Washington’s preferred successor to Aristide, but lost the mayoralty of the capital, Port-au-Prince, to pop singer Charlemagne Peralte.

Reports that Suzie Castol—the wife of Lavalas’s chief and campaign manager, hard-line communist Gerard Pierre Charles—is in line to be the next prime minister, and moves by Aristide’s supporters to extend his mandate three more years, to make up for the time he spent in exile following his overthrow by Haiti’s now-dissolved Armed Forces, are also contributing to the Dominicans’ reluctance to carry out the Pact for Democracy.

Dominicans historically have feared domination by Haiti, the country from which they gained their independence. Aristide is seen as particularly threatening, and with good reason. He engaged in hostile behavior toward their country before his overthrow, and his mental stability is questionable. After all, this is the man who in his autobiography declared himself an admirer of Robespierre and the other leaders of the Reign of Terror during the French Revolution.

Dominicans particularly fear that if Peña Gómez comes to power in their country while Haiti is under Aristide (also a member of the São Paulo Forum, whose restoration to power last year was championed by the IAD), it will lead to the fusion of the two countries, a plot hatched in Great Britain, as President Balaguer charged in his inaugural speech last year.

A high-level Dominican source said recently, “The only reason Balaguer would scuttle the Pact for Democracy is if Aristide remains in office. In that case, Balaguer will not leave power.”

What is happening in Haiti ought to cause the Clinton administration to stop permitting the IAD to set U.S. policy for the Dominican Republic, before both sides of the island are plunged into civil wars. Also at stake are Bill Clinton’s reelection chances. As the *Financial Times* of London noted, not without glee, on July 17, “Mr. Clinton would be politically embarrassed if Mr. Aristide were to stay on now.”

When the Clinton administration has removed the IAD from the driver’s seat in the past, there have been marked benefits to the best interests of the United States. Such is the case with Peru, where the United States has been collaborating in the war on drugs with President Alberto Fujimori (see p. 48), despite the IAD’s protestations about his “authoritarian” rule. Also in Colombia, where pragmatic collaboration has won some significant victories against the Cali cocaine cartel this year.

## 'Genius of women' must be issue in Beijing

In a papal letter released on July 10 at the Vatican and addressed "directly to every woman," John Paul II sets straight what the issues at the United Nations-sponsored Fourth World Conference on Women in Beijing should be, according to the Catholic Church. While world media have focused on the pontiff's condemnation of "aggressive male behavior," other key aspects have been disregarded by the press. The pope rejects the feminist irrationalist conception of women and resituates woman's liberation in the context of *imago Dei* (the image of God) and reason, which are the common gifts of men and women.

The Beijing conference "provides an auspicious occasion for heightening awareness of the many contributions made by women to the life of whole societies and nations. This contribution is primarily spiritual and cultural in nature, but socio-political and economic as well. The various sectors of society, states, national cultures and, the progress of the all humanity, are certainly deeply indebted to the contribution of women!"

Later on, the pope writes: "You can see, then, dear sisters, that the Church has many reasons for hoping that the forthcoming U.N. conference in Beijing will bring out the full truth about women. Necessary emphasis should be placed on the 'genius of women,' not only by considering great and famous women of the past or present, but also those ordinary women who reveal the gift of their womanhood by placing themselves at the service of others in their everyday lives."

"I think," the pope writes in the third chapter of his letter, "particularly of those women who have loved culture and art, and devoted their lives to them in spite of the fact that they were frequently at a disadvantage from the start, excluded from equal educational opportunities, underestimated, ignored and not given credit for their intellectual contributions. . . . To this great, immense 'feminine' tradition, humanity owes a debt which can never be repaid."

Declaring that both "justice" and "necessity" require the removal of all obstacles which prevent the full integration of women into social, political, and economic life, the head of the Catholic Church underlines, "We need only think of how the gift of motherhood is often penalized rather than rewarded, even though humanity owes its very survival to this gift."

The pope then praises the fight for women's liberation

which, "not without its share of mistakes," is judged "substantially a positive one." The "journey must go on!" he proclaims, "through an effective and intelligent campaign for the promotion of women" starting with a "universal recognition of the dignity of women. Our ability to recognize this dignity, in spite of historical conditioning, comes from the use of reason itself, which is able to understand the law of God written in the heart of every human being. More than anything else, the Word of God enables us to grasp clearly the ultimate anthropological basis of the dignity of women, making it evident as part of God's plan for humanity."

### Mandate of Genesis to both sexes

"The Book of Genesis," the pope writes in the sixth chapter, "speaks of Creation in summary fashion, in language which is poetic and symbolic, yet profoundly true: 'God created man in His own image, in the image of God He created him: male and female He created them' (Gn 1:27). The creative act of God takes place according to a precise plan. First of all, we are told that the human being is created 'in the image and likeness of God' (cf. Gn 1:26). This expression immediately makes clear what is distinct about the human being with regard to the rest of creation."

The letter implicitly refutes efforts led by Britain's Prince Philip to reshape Christianity and other major religions as Mother Earth-worship. In chapter 8, the pope writes: "After creating man male and female, God says to both: 'Fill the earth and subdue it' (Gn 1:28). Not only does he give them the power to procreate as a means of perpetuating the human species through time, but He also gives them the earth, charging them with the responsible use of its resources. As a rational and free being, man is called to transform the face of the earth. In this task, which is essentially that of culture, woman and man alike share equal responsibility from the start."

The "genius of women" is God's plan, writes the pope in chapter 10. "It is thus my hope, dear sisters, that you will reflect carefully on what it means to speak of the 'genius of women,' not only in order to be able to see in this phrase a specific part of God's plan which needs to be accepted and appreciated, but also in order to let this genius be more fully expressed in the life of society as a whole as well as in the life of the church." He pointed to Christ's mother as "the highest expression of the 'feminine genius'" and "a source of constant inspiration"; the pope explains that the Virgin Mary is invoked as "queen of heaven and earth" by "many nations and peoples" because "for her, 'to reign' is to serve" and "her service is 'to reign.'"

"This is the way," he writes, "in which authority needs to be understood both in the family and in society and in the church. Each person's fundamental vocation is revealed in this 'reigning,' for each person has been created in the 'image' of the one who is Lord of the Heaven and earth."



## Trapped by British geopolitics

*A "web of lies is at work on a global scale," and Germany is failing to act against genocide in the Balkans.*

**M**r. Major is talking of the *warring parties*. But who are they? The Bosnians, who have been disarmed? Terms are being used here that are pure lies. A web of lies is at work on a global scale." These comments were by Christian Schwarz-Schilling of the Christian Democratic party, in an interview on July 13 with the daily *Berliner Zeitung*. It is one of the harshest statements that has come from the political establishment in Germany in the recent period.

Schwarz-Schilling, a former postal affairs minister who quit Chancellor Helmut Kohl's cabinet over government inaction against the Serbian genocide against Bosnia, has repeatedly over the past two years attacked the British role as crucial in the sabotage of any viable solution to the war.

What he proposed in the interview, is diametrically opposed to the official government view: "First, the United Nations should withdraw without delay. The Bosnian troops have to be supplied with arms. They must be enabled to defend themselves. Second, the U.N. must end the fiction of non-partisanship. We should not run after the criminals in Pale [headquarters of the Bosnian Serbs] with appeasement, nor after Mr. [Serbian President Slobodan] Milosevic."

"The Germans should finally make a statement of will, instead of only following what has been stated by other western allies," he said.

The view in Bonn is that it is not "opportune" to attack the British publicly in any way, that it is opportune to side with the French or the Americans only if it does not incur any risks. This view is shared by the government's

foreign policy advisers at the Institute of the Foundation of Science and Policy (IWP) in Ebenhausen. Its staff is working on the basis of anglophile geopolitics, as its director, Michael Stürmer, has made clear in interviews, statements, and essays.

The IWP is interwoven with the U.N. machinery. For example, in January 1995, one of its staffers, Marie-Janine Calic, was appointed to the advisory staff of U.N. Special Envoy Yasushi Akashi. Asked about the "rapid reaction force" that had just been proposed by the French and the British to "restructure" the U.N. blue helmet force in Bosnia, Calic told the weekly *Die Woche* on June 9 that it would be much better to define a "new," reduced mandate for the U.N. blue helmets:

"We should say farewell to some objectives that are too far-reaching. The present mandate poses tasks that the U.N. cannot carry out: For example, the concept of the safety zones was not well thought out. Its aim was to protect the civilian population. In reality, however, strategically important objects are situated there, and the [Bosnian] government Army has used them as a staging ground for offensives, again and again. The U.N. should rather concentrate on the *good services*: establishing contacts and negotiations, overseeing of eventual cease-fire agreements, controlling the airport of Sarajevo, escorting humanitarian relief convoys."

This could have been taken from one of the numerous commentaries in the British press about the "bad" Bosnians who allegedly "misuse" the blue helmets as camouflage for their own

"provocations" against the Serbs.

Yes, the main problem is Bosnian Serb leader Radovan Karadzic, naturally, she said, but it is the "obsession" of the Bosnians to reconquer their lands by military force, which will not and cannot work, but will only lead to a long and bloody war. Calic said this at the time when the Geneva "peace talks" group under Lord David Owen tried to coerce Bosnia's leaders to capitulate to the pro-Serbian design for a carved-up Bosnia that only left the six separated enclaves to the Bosnians. It was clear to every sane person, that the diplomats who designed this ill-born concept of "Bosnia" would one future day also sacrifice these enclaves.

The July 13 *Berliner Zeitung* revealed a detail about the diplomatic betrayal of Bosnia. It described how in late June, French Gen. Bernard Janvier and Serbian rebel Gen. Ratko Mladic discussed Serbian "permission" for relief convoys to pass through to the Bosnian enclaves. At this time, British Gen. Rupert Smith, Janvier's superior, already had on his desk a secret memorandum about the coming Serbian attack on Srebrenica.

As the paper noted, Janvier failed to get permission, but another French military officer signed a deal with Mladic that brought a few relief goods to the enclaves shortly before the Serbian attack began. That officer was Gen. André Soubirou, who had just been made commander of the new French "rapid reaction force" (RRF). Soubirou tried to cover up his role in media interviews on July 18, blaming the fall of Srebrenica on the Bosnian "sabotage" of the RRF.

The black propaganda against the Bosnians that one finds in the British and in some French media, can be read daily in German media as well. Geopolitical doctrines dominate the minds of most German journalists.

# International Intelligence

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## ***Nigerian minister warns British oil companies***

Petroleum Minister Dan Etete summoned to his office the heads of British Petroleum and Shell on July 17 and warned them that their operations in Nigeria could be jeopardized, if Britain keeps up its criticism of Nigeria's military rule and "human rights" record. Between them, the two companies lift much of Nigeria's 1.9 million barrels a day in oil production.

He criticized "the unfriendly posture of the British government and its general attitude" toward the government and people of Nigeria. Said Etete: "In as much as our doors are open to foreign investors, we will not be dictated to by anybody nor allow our sovereignty to be subjected to slavery."

According to BBC, Etete singled out for attack Baroness Lynda Chalker, Britain's colonial minister in her capacity as head of the Overseas Development Administration. Chalker and other British officials have threatened that Nigeria could find itself suspended from the Commonwealth.

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## ***Italians interested in U.S. DOJ purges***

A Rome-based news agency, Repubblica, has published a long article on the "rogue apparatus of John Keeney and Mark Richard" suggesting that the political shift in Italy against the "Clean Hands" probe, which has been devastating traditional parties and politicians for the last three years in Italy, may reflect the purges initiated by the Clinton administration against the permanent bureaucracy of the Department of Justice.

Repubblica reflects the views of some intelligence sectors in Italy. The July 7 article cites *EIR* and the Schiller Institute as sources for its analysis. It reports that John C. Keeney, deputy assistant attorney general, "is the character in charge of managing the various Buscettas . . . delivered to prosecutors and special police of our country." Tommaso Buscetta, a mafia boss turned

State's evidence, has been the key figure in accusing many Italian politicians of complicity with organized crime.

Repubblica's article wonders whether the DOJ's Criminal Division is "under the orders of Republican conservatism, as LaRouche states," or, as others believe, "a politically self-sufficient division, a typical loose cannon of the State apparatus." Keeney's associate Mark Richard, reports Repubblica, was responsible for creating the Office of Special Investigations, and ran "the coverup of evidence against George Bush and Oliver North's intelligence networks."

Repubblica describes the Keeney-Richard grouping as "neo-McCarthyite" and "part of the J. Edgar Hoover complex" which was at the center of the coverup of political assassinations from JFK to Martin Luther King, as well as Italian leaders Enrico Mattei and Aldo Moro.

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## ***Cleric's assassination not in Algeria's interest***

Just as the Algerian government was announcing that negotiations with the Islamic Salvation Front (FIS) had failed, Abdelbaki Sahroui, an 80-year-old Imam who was one of the founders of the FIS, was assassinated in Paris on July 11.

The assassination of Imam Sahroui, the intermediary between FIS and the French government, can only make matters worse for the North African country of Algeria, which has been plunged into what amounts to civil war since 1992.

Responsibility for the Imam's death was claimed by the radical Armed Islamic Group (GIA), which had attacked Sahroui by name in its newsletter *El Ansar* on May 12. GIA also included Rabeh Kabir, the FIS representative in Germany, and three other FIS leaders, on its list of people it would like to see eliminated.

The GIA is infiltrated by the Algerian government and some elements of the French intelligence community, hence, Sahroui's murder could have been the result

of a joint operation between the Algerian secret services and the "anti-fundamentalist" French circles close to the military hardliners in Algeria. The use of sophisticated silencers, and the fact that Sahroui was shot inside a mosque, are further clues pointing to a secret service operation.

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## ***Greens, peaceniks sabotage Chirac speech***

Greenpeace and the anti-nuclear lobby's international campaign against the renewed French nuclear tests in the Pacific escalated on July 11 when greenies and other anti-nuclear activists sabotaged Jacques Chirac's speech at the European Parliament in Strasbourg. In addition to trying to end the eight nuclear tests scheduled by the French, the real goal of the anti-nuclear lobby is to bring to an end the Gaullist "exception" (national sovereignty) which still lingers on in the domain of defense.

Greenies and peaceniks organized a nasty reception for Chirac, who had come to make a speech on the accomplishments of the French chairmanship of the European Union. Green deputies and their assistants, as well as Greenpeace activists, distributed a "Strasbourg call" against the nuclear tests, and as Chirac started speaking, amid general booing and noise, many deputies pulled out umbrellas with nuclear mushroom clouds on them. Many of the deputies boycotted a luncheon with Chirac. The only interesting criticism of Chirac in this context were banners which read something like "more courage in Bosnia, not in the Pacific!"

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## ***Mexican paper betrays fear of LaRouche***

The July 10 edition of Mexico's business daily *El Financiero* ran a diatribe against Lyndon LaRouche, and Congressmen Ali Cancino Herrera and Walter León Montoya, who recently toured Europe "in association with the Schiller Institute, the cultural arm of the LaRouche sect." Among other wild

charges, the article, written from Germany, says that LaRouche was involved in the Oklahoma City bombing.

The apparent origin of these libels is the desire to discredit the LaRouche political movement when it is playing a key role in the defense of Mexico's institutions, while the operation to wreck the Presidency of Ernesto Zedillo is escalating. Author López writes that the followers of "American fanatic Lyndon LaRouche Jr., are right about one thing: Economics is the occult science." Figures, adds López, can be used by people like Zedillo to lie that the worst is over. They can also be used, as is the case of LaRouche and his followers, to "prove looming catastrophes, which only he—the Great Guru—can save the world from."

The *El Financiero* scribbler attacks the head of the touring delegation, Cancino, for "spreading the story according to which the Chiapas rebellion serves a conspiracy organized by the British Crown. The International Monetary Fund, lord and master of the Mexican treasury, was presented here as part of the evil monster which threatens the Mexico of the ruling PRI." López said that the two congressmen presented "a shameful spectacle in Paris and Bonn . . . where the EZLN is perceived with good faith by those who believe that the Zapatistas are a movement purely for the uplifting of the indigenous people." There is also "a consensus that the PRI government is a corrupt and lying regime."

### **Pope: Serbian atrocities 'a defeat of civilization'**

Pope John Paul II stated on July 16: "The news and images coming from Bosnia witness how much Europe and humanity have sunk into the abyss of abjection." Speaking in Les Combes (Val d'Aosta), where he is vacationing, Wojtyla stressed that "No cause, no project can justify such barbarous actions and methods: They are crimes against humanity. What is occurring is a defeat of civilization. Those crimes will re-

main as one of the saddest chapters of European history."

The homily was widely interpreted as a call to the West to intervene militarily to stop the Serbian atrocities in Bosnia, and a majority of Italian political forces were reported to favor such action, as of July 17. President Oscar Scalfaro, visiting Buenos Aires, read a passage from Dante's *Commedia* to journalists who asked for a comment on Italian Foreign Minister Susanna Agnelli's opposition to direct military intervention. The passage, from Paradise, Canto V, ends by reminding Christians that there is no guarantee that a priest can save their soul. ("Christians, be slower to move: Don't be like a feather in every wind, and don't think every water will wash you.")

### **How about a posthumous knighthood for Hitler?**

Following the honorary knighthood granted to Henry Kissinger on June 20, the latest proposal in the London *Daily Telegraph* (Hollinger Corp.) is that Mick Jagger and the other Rolling Stones be knighted by Her Majesty Queen Elizabeth II. The proposal, printed on July 10, was authored by Boris Johnson, son of Paul Johnson, a "Catholic" proponent of Thatcherite "free trade" policies.

Boris observes that Stones are making their latest mega-tour of Europe, and their average age now is the same average age as that of the members of the British Cabinet. Johnson lauds their contributions to British wealth and fame.

But, overall, it's their "music alone" that merits a knighthood. The Stones have made a major "contribution to postwar global culture." He reports that it was their music, "whose Orphic spell, prompted the rock writer Albert Goldman, in 1969, to compare Mick Jagger to Adolf Hitler." Johnson quotes another "music" critic, from 1971: "The Stones are perverted, outrageous, violent, repulsive, ugly, tasteless, incoherent. A travesty. That's what's good about them."

## Briefly

● **RATS** are proliferating through the British water system, thanks to combined privatization and cost-cutting, reported the July 16 London *Observer*. Graham Jukes, co-author of the June 1995 *National Rodent Survey*, reveals a 39% rise in rat infestation in Britain between 1970 and 1993.

● **MARK THATCHER**, son of the Baroness and former prime minister Maggie, has been hit by a third legal action, a multimillion-dollar lawsuit being filed against him by David G. Wallace, the man once described as Mark's closest friend and business partner, according to the London *Times* of July 14.

● **RUSSIA** "has drawn up an emergency plan to combat population decline," reported an AFP dispatch of July 13 which picked up an item from the Russian Tass news agency. The report said the size of the Russian population has been falling since November 1992, and, in the 1993-94 period, it had fallen by 1.7 million. Meantime, the London *Guardian* reported July 14 from Moscow that life expectancy among Russian males has dropped to an average of 57 years.

● **THE DEATH PENALTY** will be abolished in Poland, if a draft law approved by the government on July 11 goes through, Justice Minister Jerzy Jaskiernia said. According to Reuters, the bill also provides for life imprisonment, replacing the current system under which the maximum jail term is 25 years.

● **JUAN LISCANO**, the most anti-oligarchic of the Venezuelan "Notables" who played a critical role in ousting Carlos Andrés Pérez, was honored on his 80th birthday, July 7, as the "patrimony of Venezuela" by his old friend, President Rafael Caldera. This column reported last week on Liscano's incisive attack on British ideology, which was published on July 7 in Caracas.

# Stench of coverup fills Congress on Waco probe

by Jeffrey Steinberg

Two days into the House of Representatives probe into the 1993 government assault on the Branch Davidian compound in Waco, Texas that left over 80 people dead, Congress appeared well on the way to covering up the crimes of the permanent bureaucracy of the Department of Justice and other federal agencies—just as U.S. statesman Lyndon LaRouche warned might happen in the July 17 issue of the weekly *New Federalist* newspaper.

From the moment that Republicans announced the eight days of hearings by subcommittees of the House Judiciary Committee and the House Government Reform and Oversight Committee, the stench of partisan politics was unmistakable. Rep. Bill Zeff (R-N.H.), chairman one of the subcommittees sponsoring the hearings, predicted on nationwide TV on the eve of the hearings that they might lead to the impeachment of President Clinton! Although the claim was absurd, it provided an insight into the mind-set and motives of at least some of the GOP partisans.

Zeff's opening statement to the hearings on July 19 included gratuitous references to a possible role by the late White House Deputy General Counsel Vincent Foster in the Waco tragedy, further evidence that some Republicans are more interested in scoring points against the Clinton White House than in getting to the bottom of the fiasco at Waco.

On the other side of Capitol Hill, the Senate was at that very moment holding hearings on the so-called Whitewater scandal, focusing on the circumstances of Foster's death in July 1993, which investigators determined was suicide. The Senate hearings, convened by Al D'Amato (R-N.Y.), aim to create the appearance of a White House coverup—either of the circumstances surrounding Foster's death, or the existence of incriminating documents relating to the Whitewater Development Corp. in which then-Gov. Bill Clinton and his wife Hillary were passive investors.

Recent reports in the *Wall Street Journal* and the *Washington Post*, based on leaks from the office of Whitewater special prosecutor Kenneth Starr, suggest that after more than a year of round-the-clock investigation, at a cost of over \$8 million in taxpayers' money, the Starr probe has run aground, turning up no evidence of criminal wrongdoing by the Clintons. A recent outside audit submitted to the Resolution Trust Corp. by a former Bush-appointed U.S. Attorney, Jay Stephens, also concluded that the Clintons did nothing wrong, and in fact lost money on their Whitewater investment—just as they have been saying all along.

All of this translates into one simple fact: that after over two years of massive media black propaganda, directed by the Hollinger Corp. of Canada and Great Britain, promising that the Whitewater scandal would land the President in jail before the end of his first term in office, it turns out that there were apparently no crimes or improprieties by the Clintons. Would-be Clinton-bashers have one last hope: that they can come up with some scent of White House attempt at coverup, and thereby salvage their "Get Clinton" offensive. Hence the fixation on the death of Vincent Foster.

Two-and-a-half days of Senate Whitewater Committee hearings, dominated by testimony by former Deputy Attorney General Webster Hubbell, have so far produced little grist for the GOP and British propaganda mill—or for special prosecutor Starr. U.S. Park Service investigators, who testified on June 20, reiterated their findings that Foster's death was a suicide, and complained that distraught White House officials had failed to seal off Foster's office, as they had requested, in the hours immediately after the announcement that his body had been discovered in Fort Marcy Park in Virginia. But they were convinced that there was no willful coverup, or effort to bury damaging documents. In fact, in an effort to preempt the war of innuendo planned by D'Amato,



*A scene during the standoff in Waco, Texas, April 3, 1993. Anybody who is concerned about "Gestapo tactics" in the Waco affair should investigate the permanent bureaucracy in the Department of Justice, rather than pursuing a partisan agenda against the Clinton administration.*

White House attorneys provided senators and the media with the opportunity to review Foster's Whitewater files several days before the hearings began. The near-unanimous conclusion: There was no "smoking gun."

### **A dog-and-pony show**

Unfortunately, the Republicans on the House panels probing the Waco tragedy do not appear to be alone in their zeal to cover up for the permanent bureaucracy at the Department of Justice and elsewhere. Among the Democrats on the committees, Reps. Charles Schumer (D-N.Y.) and Tom Lantos (D-Calif.), both longstanding assets of the Anti-Defamation League of B'nai B'rith (ADL), one of the complicit parties in the Waco assault, immediately cast themselves in the role of partisan combatants, defending every action by the federal agencies and casting every allegation of government error or wrongdoing as a ploy by either the right-wing militias or the National Rifle Association (NRA) to wreck the federal government's ability to enforce gun control laws. Unfortunately, even President Clinton, in a speech to federal law enforcement directors at Blair House on July 20, lapsed into some of the same rhetoric displayed by Schumer and Lantos; and, a week before the hearings began, Treasury Secretary Robert Rubin issued a media advisory that the hearings threatened to be an ambush by Republican right-wingers out to dismantle the Treasury Department Bureau of Alcohol, Tobacco, and Firearms (ATF).

The stage was further set for this gang-countergang diversion by revelations on the eve of the hearings, that officials of the NRA had been apparently brought into the official congressional probe, and had on at least one occasion falsely passed themselves off as panel staffers in order to gain profiles of potential hearing witnesses.

As *EIR* reported in a June 30 *Special Report*, outside agencies, led by the Cult Awareness Network (CAN) and

the ADL, had foisted the original ATF probe of the Branch Davidians, and had continued to poison the Waco investigation with wild disinformation, passed on through a network of CAN- and ADL-controlled "deprogrammed" former Branch Davidians, right up to the final FBI tear gas assault on the compound on April 19, 1993, which resulted in the fire that killed over 80 sect members.

Throughout the first two days of hearings, Schumer and Lantos's comments were loaded with formulations drawn verbatim from the CAN-ADL disinformation.

There were moments, however, when some elements of reality crept into the proceedings. On July 19, one of the panelists, Stuart Wright, associate professor of sociology at Lamar University in Beaumont, Texas, asked the subcommittees: "How is it possible that a deprogrammer associated with the Cult Awareness Network, Rick Ross (an ex-convict with a psychiatric record), came to be an outside 'expert'? Who in the ATF or FBI decides who is an expert? What kinds of professional criteria or credentials are considered, if any? What role did these anti-cultists play in the holocaust at Mt. Carmel?"

The *EIR Special Report* answered those questions in considerable detail; but, the subcommittees did not even subpoena Ross, CAN President Cynthia Kissler, or any of the myriad of federal and state law enforcement agents who have probed CAN and developed evidence that has led to a string of nationwide kidnapping prosecutions against members of the group, including Ross.

### **It didn't start with Waco**

The key to the coverup lies more in what the panel refused to take up. A total of 93 witnesses will be called, and already some of the witnesses, including Wright and a panel of a half-dozen U.S. Army Special Forces personnel, have provided marginally useful information about the blunders and willfully fraudulent aspects of the government action. Those bits and

pieces of testimony, sadly, are so far destined to be lost in a sea of irrelevant details and partisan bickering.

The real criminals, who ought to be facing serious charges, are an army of permanent government bureaucrats and their outside partners in the ADL and CAN. Their crimes didn't begin with Waco. As *EIR* recently showed, the same DOJ personnel—led by Deputy Assistant Attorneys General Mark Richard and John Keeney, who, between them, have served for more than 72 years in the Department of Justice bureaucracy—who ran Waco, were also behind the rail-roading of Lyndon LaRouche; the “Frühmenschen” (“early man”) DOJ-FBI program to frame up hundreds of Afro-American elected officials; the near frame-up execution of Cleveland retired auto worker John Demjanjuk on manufactured charges that he was Nazi mass murderer “Ivan the Terrible” of the Treblinka concentration camp; and the cold-blooded killings of ex-Green Beret Randy Weaver's wife and teenage son during an August 1992 FBI siege in Ruby Creek, Idaho; as well as dozens of other crimes and atrocities.

To get to the bottom of the corruption, the panel would have had to probe all of these cases—not just the Waco fiasco. It is the effort to avoid that cleanout of the crooks inside the DOJ and the rest of the federal “continuity of government” operation that has bonded the Conservative Revolution Republicans and the ADL-run Democrats in an unholy alliance to block the truth from coming out.

But as the Waco and Whitewater hearings in the Congress were starting up, other events are threatening to block the coverup from being locked into place. On July 14, FBI Director Louis Freeh announced that the number two man in the FBI, Larry Potts, was being demoted and transferred to the Bureau's training academy at Quantico, Virginia, and that a probe was under way of document-shredding and other efforts to cover up the role of senior officials in FBI headquarters in the issuance of illegal and unconstitutional “shoot to kill” rules of engagement in the 1992 Weaver affair. Already, another FBI official has been suspended, and both the Justice Department's Office of Professional Responsibility and the FBI are conducting polygraph examinations of senior officials to get to the bottom of the FBI and Justice Department handling of the Ruby Creek siege and shooting.

The White House, according to news accounts, has ordered Freeh to launch a house-cleaning; and sources close to the Oval Office say that a similar cleanup at the Department of Justice is also high on the President's agenda.

Under these circumstances, the momentum could build quickly for the kind of “war on entrenched corruption” in the DOJ-FBI that Lyndon LaRouche has been advocating for over a decade. And under those circumstances, the best efforts of the congressmen running the bogus Waco hearings, to de facto protect the permanent Justice Department bureaucracy, could blow up in their faces.

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# Bosnian delegation seeks end to arms embargo, withdrawal of U.N. forces

by William Jones

The Schiller Institute hosted the first visit ever in Washington, D.C. of parliamentarians from the embattled nation of Bosnia-Herzegovina on July 17-23. The visit came at a time when the Serb genocide against the Bosnian people, which has shocked the world time and again but has been allowed to proceed with impunity, was again made manifest, with Serb forces attacking the Bosnian enclaves in the eastern part of Bosnia-Herzegovina.

With the fall of Srebrenica and the increased pressure on the town of Zepa, the brazen Serb flaunting of the U.N. "rules of engagement" has made a mockery of the western world. The atrocities reported by survivors of the attacks, in which the Serbs again went on a rampage of slaughter, separating the males for transport to an uncertain fate, and raping women and children, has increased the pressure on the governments of the West, and particularly on the United States, to act to stop the butchery. The public outrage is particularly great as the areas attacked, overrun, and "ethnically cleansed" had been declared "safe havens" by the United Nations. The Serb aggression has made apparent to even the most obstinate skeptics, the total bankruptcy of the United Nations.

Speaking before television cameras at a press conference at the National Press Club on July 19, the two parliamentarians, Mr. Safet Hidic and Mrs. Razema Mehadzic-Cero, called on the United States to lift the arms embargo and allow the Bosnians to defend themselves against the Serb aggressors.

Mehadzic-Cero, a representative from Banja Luka, an area of Bosnia-Herzegovina now under Serb occupation, blasted the role of the U.N. forces. "Three years ago, the U.N. was supposed to protect the Bosnians. And how did they do that? After three years, there is more killing than ever. After three years, our people and children are starving. And after three years, U.N. forces have still to set foot on any Serb territory," she said.

## The story of Bihac

When the U.N. tried to surrender Bihac into Serb hands, the Bosnian Army would not let them do it, she explained. The Bosnians produced their own weapons in the area and they used them to defend themselves. Bihac is today still a safe haven—but no thanks to the U.N. The town of Srebrenica, which previously had been defended by Bosnian forces,

fell when the U.N. Protection Forces (Unprofor) troops had taken over a part of the defense perimeter, and the Serbs could break through, she explained. "And from news I learned just today," Mehadzic-Cero said, "some of these Serbs came in wearing blue helmets which they had gotten from Unprofor troops."

Hidic, who represents a district in the Bihac area, had been the second-in-command of the Bosnian military forces that had defended Bihac. He stressed that the Bosnians didn't want U.S. troops in Bosnia. "We have soldiers. We don't need more help," he said. "They should leave Bosnia-Herzegovina. Until now they have done nothing. Unprofor has become simply a tourist organization with employees pocketing high salaries. . . . Mr. [U.N. Secretary General Boutros] Boutros-Ghali, [U.N. Special Envoy Yasushi] Akashi, [U.N. negotiator Thorvald] Stoltenburg, should all be taken to the Hague to stand trial for war crimes. . . . Now they have created this Rapid Reaction Force. If they were really rapid, they would have come to Srebrenica to defend the people there."

## Disappointment in the United States

The parliamentarians also expressed great bitterness over the failure of the West to act, their disappointment being greatest perhaps with the United States, in which they had placed their greatest hopes. "When the Contact Group proposals were generated [with the proposed territorial division of Bosnia-Herzegovina] they were not to our liking, but we signed the resolutions," Hidic said. "When the resolution on safe havens was produced, we signed that, too." The fall of "safe haven" Srebrenica was the ultimate disappointment over the agreements that they had gone along with, Hidic explained. "Srebrenica is a great wound."

"We have done everything the U.S. has asked of us," Mehadzic-Cero said. "Our faith in the U.S. was unwavering. We now ask the help of the United States."

They also spoke of the atrocities that have been perpetrated again and again with impunity ever since the beginning of the Serb aggression—the "ethnic cleansing," the rapes, the torture, and the murders. "The first day the Serbs came into Srebrenica," Hidic said, "400 people were slaughtered." Hidic described one incident where the Serbs had rounded up little girls 11 to 14 years of age. "They then took the little



*Two parliamentarians from Bosnia-Herzegovina, Mrs. Rasema Mehadzic-Cero (left) and Mr. Safet Hidic (right, at podium) speak in Washington, D.C. following the fall of the U.N. "safe haven" in Srebrenica.*

girls into a room full of bearded, dirty Serb Chetniks. The girls were raped all night while the parents were forced to stand outside the door and listen. The girls came out the next morning and the Chetniks raped the mothers while the children were forced to watch."

Mehadzic-Cero said that there were reports from Tuzla that there were over 500 bodies piled up in Srebrenica after the Serbs were finished, people they had simply butchered.

"We are a civilized, dedicated people," Mehadzic-Cero said. "We are an industrious people, devoted to family life. You can't kill our will to survive. We will survive or we will all perish. There is no middle ground."

### **Air-drops must be resumed**

Hidic urged the United States to resume air-drops in the Bihac area in order to provide food and supplies to the population there. "The air-drops have been virtually suspended," Hidic said. Although the air-drops to Bihac had been part of the agreement constituting it as a "safe haven," the drops have been discontinued for over a year.

Hidic also stressed the urgency for the United States to bomb the Serb artillery positions outside the safe havens. "The embargo against the Serbs must also be strengthened, as well as the borders between Bosnia-Herzegovina and Yugoslavia," he said. Hidic explained how the heavy weapons had been handed over by the Bosnians and the Croats to the care of Unprofor in accordance with the U.N. "ground rules." These same weapons were then taken by force by the Serbs, who had no interest in playing by the "rules."

A message was also sent by a third parliamentarian, Vlado Pandzic, a Bosnian Croat, who because of previous obli-

gations was unable to be a part of the delegation. "Until now the international community was permanently denying the right of the Bosnian and Croatian people to defend themselves against Serbian aggression," the Pandzic message read. "Giving an opportunity for committing crimes against Croatian and Bosnian people at the end of the 20th century is an unforgettable crime against the human race. We are all witnesses of the political failure of the United Nations."

### **Zepa and Gorazde**

The parliamentarians were asked several questions at the press conference. A former U.S. congressman asked about the reaction in Congress to their visit. Another question was raised about the situation in Zepa and Gorazde, two other safe havens now under Serb attack.

"The Serb Chetniks have had the project of retaking these cities on their plate for some time," Hidic said. "Zepa has been under siege for quite some time. The heavy weapons were taken away from the Bosnians and the Croats by Unprofor, and the Serbs took these weapons from Unprofor." Hidic said that "the Serbs are cowards. They only fight from the mountains with their heavy artillery, killing women and children. The U.S. must bomb the artillery placements around Gorazde and Zepa while the arms embargo is being lifted."

In response to a question about the reaction of the religious leadership to the atrocities occurring in Bosnia, Mehadzic-Cero said, "Both the Catholics and the Muslims have condemned the genocide. Only the Serbian Orthodox Church is supporting it. The ecumenical mandate of the Serbian Orthodox should be taken away from them."



# Wage stagnation, economic insecurity sources of voter anger, says Clinton

by William Jones

President William Clinton, speaking at Georgetown University on July 6 on "Responsible Citizenship and the American Community," stressed that wage stagnation and economic insecurity are the sources of voter anger and frustration. While British-spawned propaganda blames President Clinton and the federal government for the discontent of the population, President Clinton pinpointed declining incomes as the real problem. There are "real reasons for ordinary voters to be angry, frustrated, and downright disoriented," but these reasons are rooted in economic insecurity, Clinton said.

The speech marks a significant shift in outlook on the economy. Although prior to the 1994 elections, Clinton was stressing the economic "recovery," in recent months he has increasingly emphasized the decline in real wages and the fact that the "recovery" is not being felt by most working people. In the Georgetown speech, he explicitly cited the 1994 elections as representing a turning point in his thinking.

## A two-decade trend

President Clinton expressed his disappointment with the results of that election. "I kind of felt sorry for myself," he said. "And then I realized, how could they [the voters] possibly feel anything in two years? . . . These income trends are huge, huge trends—sweeping over two decades. Fast international forces behind them. Trillions of dollars of money moving across international borders working to find the lowest labor cost and pressing down [wages]. Untold improvements in automation—so fast that you just can't create enough high-wage jobs to overcome the ones that are being depressed in some sectors of the economy."

While the "aggregate indices" say "that the economy has done well—almost 7 million new jobs, the stock market is over 4,500—the median income, the person in the middle has declined with all the downsizing. More and more people are temporary workers," the President said.

"This is the only advanced country in the world where there's a smaller percentage of people under 65 in the workforce with health insurance today than 10 years ago," Clinton said. "Millions of American people go home at night from their work and sit down to dinner and look at their children

and wonder what they have done wrong. What did they ever do to fail. And they're riddled with worries about it. Millions more who are poor have simply given up on ever being able to work their way into a stable lifestyle."

## 'Failure is not an option'

"I believe we face challenges of truly historic dimensions," the President said, "challenges here at home perhaps greater than any we faced since the beginning of this century we are about to finish and the dawn of the industrial era." In meeting those challenges, "failure is not an option," he said, quoting NASA flight control director Gene Kranz, who used the expression when faced with the task of bringing the damaged Apollo-13 spacecraft back to earth in 1969 (recently popularized in a new box-office hit movie).

President Clinton underlined the need for such a determined attitude in order to solve the problems facing the nation and the world today. "You read the Declaration of Independence and the Constitution," the President said. "This country is an idea. And it is still going now in our 220th year because we all had a sense of possibility. We never thought there was a mountain we couldn't climb, a river we couldn't ford, or a problem we couldn't solve. . . . You have to believe in possibility. And if you're cynical, you can't believe in possibility."

## A more sober economic assessment

The President has adopted a more sober, and realistic view of the economic scene, warning of the many difficulties that lay ahead, which stands in sharp contrast to the disastrous 1994 Democratic congressional campaigns. In 1994, the optimistic references to the "X number of months of continuous economic recovery" characterized all too much the political slogans from the Democratic side. The disastrous results of the 1994 elections served as a wake-up call for the Democratic Party, a warning that it would be the kiss of death in a period of serious financial convulsions like the present, to base an electoral strategy on optimistic figures drawn from the "leading economic indicators." The Federal Reserve's recent lowering of the interest rates, a measure the Clinton administration has been quietly urging

for some time, indicates that there is considerable concern that the "economic upswing," so glibly touted by administration spokesmen, is not something administration policymakers are really counting on.

The coming global financial collapse, not dealt with at the recent Group of Seven summit of leaders of major industrial nations in Halifax, has tended to also color the political rhetoric. If the world financial system unravels during President Clinton's first term, as seems likely, he will have to make the tough choices for emergency measures to meet that crisis, and his reelection will largely be determined by his ability to deal with it. If the financial blowout is delayed until after the 1996 elections (a less likely option), he will have to prepare the population for the mobilization needed to carry out the type of emergency measures outlined repeatedly by physical economist Lyndon LaRouche. President Clinton's attempt to contrast his theme of "responsible government" to the Republican attempt at making "government" a bogeyman, without clutching at the straws of the "leading economic indicators" as proof of administration success, could provide the psychological and political basis for the needed measures to be taken as the financial blowout erupts.

In 1994, many Democrats learned to their bitter disappointment the foolishness of trying to play to the same tunes as their Republican counterparts. This was underlined by Sen. Edward Kennedy (D-Mass.) in a speech on Jan. 11 at the National Press Club, in which he indicated the problems many candidates created for themselves by pretending to be something—Republicans—they weren't. "I reject such qualifiers as 'new' Democrat or 'old' Democrat or 'neo' Democrat," Kennedy said. "I am committed to the enduring principles of the Democratic Party, and I am proud of its great tradition of service to the people who are the heart and strength of this nation: working families and the middle class." If Democrats try to be like Republicans, as many Democratic incumbents tried to do in November, they will always lose, he explained.

Kennedy himself had been behind in the polls initially and was a particular target for elimination by Republican strategists, but succeeded in winning his election on classical Democratic issues by a sizeable margin. "Iran as a Democrat in belief as well as name," he said. "This turned out to be not only right in principle; it was also the best politics. I talked about the issues that mattered to working families and about what I had tried to do to address their needs and concerns. If we be what we traditionally have been, we can win." He urged Democrats "to prove to working families and average citizens that we are on their side fighting hard for them," rather than adapting to the GOP agenda.

### **Real alternatives needed**

In 1991, President Clinton presented his "New Covenant" speech at Georgetown University that became the hall-

mark of his successful 1992 Presidential campaign. On Nov. 8, 1994, he gave the Carroll Quigley lecture, a memorial lecture named after the Irish-American Georgetown history teacher who was a seminal influence in the development of the President's political philosophy. In that lecture, President Clinton extended the olive branch of cooperation to the Republicans, giddy in their euphoria over winning majorities in both houses of Congress. Returning to Georgetown (his alma mater) now, the President presented a similar offer of cooperation, as a means to bring the country together. Although it seems unlikely that Republicans, caught up in election fever, will respond any better to the President's offer than they did in November, the voters, to whom the message is ultimately addressed, may feel differently.

In his recent speech at Georgetown, Clinton attacked his opponents for harping on a populist "anti-big government" line without posing any real alternatives, whipping up hysteria rather than appealing to reason. "Americans don't want 'just say no' politics," Clinton said. "If they can get the truth, they'll make the right decision 99 times out of 100. And we have to offer an alternative. And so do they [the Republicans]. . . . When we differ, we should say what we're for, not just what we're against."

On the surface, his message was one of bipartisanship, calling for "more conversation and less combat," and for finding "common ground" rather than reverting to the "extremism of rhetoric and excessive partisanship." "We can't restore the American Dream unless we can find some way to bring the American people closer together," the President said, evoking the spirit of the "conciliator" in contrast to the "attack dogs" of the Conservative Revolution.

But Clinton also lambasted the "anti-government" rhetoric of his Republican opponents, who "communicate more and more with people" in "30-second ads designed far more to inflame than to inform." While saying that there must be an effort to change government in order to make it more effective, he warned against attempts to "eviscerate" government. "We have tried weak government, nonexistent government, in a complex industrial society where powerful interests that are driven only by short-term considerations call all the shots," President Clinton warned. "We tried it decades and decades ago. It didn't work out very well. It didn't even produce a very good economic policy. It had something to do with the onset of the Depression."

In order to meet these challenges, the President said, "we've got to challenge every American in every sector of our society to do their part. We have to challenge in a positive way and hold accountable people who claim to be not responsible for any consequences of their actions that they did not specifically intend—whether it's in government, business, labor, entertainment, the media, religion, or community organizations. . . . None of us can say we're not accountable for our actions because we did not intend those consequences."

# N.J. law pulls 10,000 babies off safety net

by Marianna Wertz

The model welfare reform law which went into effect in New Jersey 18 months ago has cut approximately 10,000 newborn babies from the social safety net of Aid to Families with Dependent Children (AFDC), according to David Sciarra, attorney for New Jersey Legal Services, who spoke with *EIR* July 17. Under the new law, the first of its kind in the nation and the model for pending federal welfare reform legislation, women in New Jersey no longer receive the roughly \$800 annual additional income for children conceived while they are on welfare.

"My problem with the exclusion is even if you concede that you might prevent some births from occurring, either through abortion or through women deciding not to get pregnant, the problem is you're throwing thousands of kids off the safety net when you do that. And nobody seems to care what happens to those kids. That's the tragedy," Sciarra said.

In addition, Sciarra said, a rise of 3-4% in the rate of voluntary abortions by indigent mothers under state Medicaid funding has occurred since the law went into effect, and the birthrate in New Jersey has declined by 11% overall in that time period.

The New Jersey Legal Defense Fund, together with the National Organization for Women (NOW) Legal Defense Fund, sued the State of New Jersey and the federal government, which had to give clearance to the "experiment," when the law went into effect. While they lost the initial suit, *C.K. et al. vs. Shalala et al.*, when Newark Judge Politan ruled in favor of the law May 4, they filed a notice to appeal in the Third Circuit Court of Appeals before the July 1 filing deadline.

## Virginia 'on the offensive'

That filing prompted the Commonwealth of Virginia to make a public stance in defense of the brutal New Jersey law. Virginia's Republican Governor George Allen, who shares the "Conservative Revolution" outlook of New Jersey's Republican Governor Christine Todd Whitman, pushed a bill similar to New Jersey's through the Virginia State Assembly earlier this year, which went into effect July 1. On July 11, in response to the filing of notice to appeal the case in New Jersey, Virginia Attorney General Jim Gilmore announced that he will "go on the offensive" to protect Virginia's new welfare law against a similar legal challenge.

Gilmore said he will file an *amicus curiae* "friend of the

court" brief in support of the federal government and the State of New Jersey, in the Third Circuit Court of Appeals. "A favorable decision for New Jersey in the Third Circuit will make it much tougher for reform opponents to prevail when they bring suit against Virginia," Gilmore said.

## Issue unites opposition

The clear danger to the welfare of thousands of children under these new laws has served to unite otherwise disparate groups in opposition. The staunchly anti-abortion Roman Catholic Church has joined with such feminist "pro-choice" organizations as NOW, to oppose these anti-child laws.

In 1992, when the New Jersey law was first proposed, Regina Purcell, Associate Director of Social Concerns for the New Jersey Catholic Conference, released a statement in which she denounced the proposed law, because, she said, it "places the family at risk, is punitive and destructive." The Conference argued that, since middle-class or wealthy families receive a tax deduction of \$2,150 for each dependent child, families on welfare are entitled to an *increase* in child support, rather than an elimination of that support. Purcell also argued that taking the additional \$800 per year away, "however meager an amount it is, does mean the difference between being able to take care of a new baby or not."

In Virginia, the state's American Civil Liberties Union director Kent Willis told this news service July 10 that the ACLU is right now deciding on a course of action to oppose the "family cap" policy under the new law—which, like New Jersey's, stipulates that a child born to a woman while she is on welfare will not receive the additional approximately \$700 per year that the AFDC program formerly provided.

While the ACLU has been a leading advocate of a woman's "right to choose"—i.e., abortion on demand—it finds itself defending the right of a woman to bear a child.

## The constitutional question

"We do have a reproductive freedom question here," Willis told *EIR* News Service. "The caps essentially amount to government policy that attempts to set conditions for women in terms of choosing whether or not they will have an abortion. The ACLU does not maintain that welfare itself is a requirement of the Constitution. However, once the government creates a system, such as the welfare system, it must implement it in a fair manner that does not violate constitutional principles. You have to essentially isolate the universe of welfare, and say, now that you're in this universe, obviously the government can require conditions to participate in a program, but it can't remove constitutional rights. A program that attempts to dictate when women will reproduce and not reproduce is a violation of constitutional rights."

The U.S. Congress is currently debating a new welfare law for the nation, which may include the same "family cap" provision. Should this pass, the tragedy of New Jersey will become the tragedy of the entire United States.

# Billington federal habeas filing exposes government violations

The Commonwealth of Virginia, in concert with corrupt federal law enforcement officials, knowingly violated the U.S. Constitution when it prosecuted Michael Billington, a political associate and co-defendant of Lyndon H. LaRouche, Jr., according to papers filed in federal court in Richmond on July 17. The petition for a writ of *habeas corpus* charges that prosecutors, “motivated by unlawful political animus,” conducted a secret campaign to violate Billington’s rights including: withholding exculpatory evidence, suppressing evidence of government misconduct, tampering with witnesses, knowingly presenting false evidence and perjured testimony, conducting illegal searches and seizures, and interfering with Billington’s right to counsel.

Additionally, the petition charges that Billington’s attorney was ineffective and disloyal; the trial judge was politically biased; the jury was wrongly instructed on the law; and the jury was polluted by pre-trial publicity generated by the prosecution and its allies (see *Documentation* for a summary of the evidence contained in the petition).

Billington is asking the federal courts to overturn his state conviction because state authorities violated his constitutional rights in order to obtain that conviction.

Billington, who is currently serving a barbaric 77-year prison sentence in Virginia, was falsely convicted along with LaRouche and five others in a 1988 federal frame-up trial in Alexandria, Virginia. While wrongly incarcerated in federal prison, Billington was prosecuted on virtually the same charges by then-Virginia Attorney General Mary Sue Terry, a partner of the federal prosecution.

Virginia authorities also charged 15 other political associates of LaRouche in their bogus prosecution. Five of those charged, Billington, Anita Gallagher, Paul Gallagher, Donald Phau, and Laurence Hecht, are currently wrongly incarcerated in Virginia prisons serving sentences from 25 to 77 years.

Billington’s petition focuses attention on the need to clean out the Bush-linked corrupt permanent bureaucracy of the U.S. Department of Justice and the FBI typified by Deputy Assistant Attorneys General Mark Richard and John Keeney, both of whom played a role in supervising the fraudulent prosecution of LaRouche and Billington.

Richard and Keeney also supervised the deadly shootouts in Waco, Texas and Ruby Ridge, Idaho. In the weekly *New*

*Federalist* on July 17, LaRouche, in a statement issued by his Presidential campaign, warned that upcoming congressional hearings into the Waco and Weaver cases would be a massive cover-up if congressional Republicans failed to investigate the permanent bureaucracy typified by Richard and Keeney and their private collaborators such as the Anti-Defamation League (ADL) of B’nai B’rith and the Cult Awareness Network. A good place for any serious investigation to begin, is with the pattern of abuses in the LaRouche cases, as documented in the Billington *habeas* petition.

## Avoid a cover-up

To avoid a cover-up, LaRouche said that any competent investigation must investigate the LaRouche cases, and also the case of retired Cleveland autoworker John Demjanjuk, who was falsely accused of war crimes, and the campaign to prosecute black elected officials under the FBI’s racist “Frühmenschen” (“early man”) program (see *EIR Special Report*, June 30, for an exposé of the corrupt Department of Justice bureaucracy).

The more than 100-page petition, filed by Richmond, Virginia attorney Gerald T. Zerkin, is a detailed account of a shocking judicial atrocity perpetrated against Billington. On the eve of his 1989 trial in Roanoke, Virginia, his lawyer, Brian Gettings, a former U.S. Attorney, tried to have Billington declared mentally incompetent for insisting on his constitutional right to a jury trial. What followed was a sham trial in which Gettings was more interested in protecting himself than defending his client, in some instances actually becoming Billington’s adversary. Consequently, Billington received no effective defense.

## Billington falsely charged

A post-trial investigation by Billington’s attorneys uncovered details of a massive conspiracy involving government and private organizations bent on fraudulently convicting Billington at all costs because of his political association with LaRouche. The investigation showed that prosecutors knew that Billington was innocent of the crimes charged, but knowingly presented a false case in order to obtain a conviction. The investigation also showed that prosecutors lied in court to cover up their illegal activities.

The petition documents that prosecutors used coercive



*Political prisoner Michael Billington and his wife Gail. Falsely charged and convicted on bogus "securities fraud" violations, Billington is currently serving a 77-year sentence in a Virginia prison. His habeas filing asks the federal courts to overturn his conviction because state authorities violated his constitutional rights in order to obtain that conviction.*

techniques on financial and political supporters of LaRouche in order to get them to present false testimony against Billington. One witness, former LaRouche associate Chris Curtis, was actually "deprogrammed," i.e., brainwashed, by Cult Awareness Network kidnapper Galen Kelly and former Loudoun County, Virginia Sheriff's Deputy Donald L. Moore. Both Moore and Kelly have served federal prison sentences for a CAN-related kidnapping.

Billington also presents extensive evidence of illegal activities conducted by government officials. According to the petition, Moore illegally entered buildings without a warrant, illegally obtained photographs, and seized computer printouts, including lists of financial supporters and notebooks. Moore also engaged with others in illegal wiretaps, and interfered with the finances and operations of the Constitutional Defense Fund which was assisting in Billington's defense.

Billington was also denied an impartial trial judge. Just months after Billington's conviction, evidence surfaced in the case of his co-defendant Richard Welsh, that Judge Clifford Weckstein, who presided over several of the LaRouche cases, had ties to the ADL. Under pressure from Welsh's attorneys, Weckstein revealed a series of correspondence between himself and ADL National Commissioner Murray Janus, ADL Regional Director Ira Gissen, and Janus law partner and Weckstein family friend John Lichtenstein. The ADL sought to influence Weckstein while offering him

support for a promotion to a higher court. Weckstein's actions during the Billington trial show that Weckstein was in fact prejudiced by the ADL.

Janus is now facing indictment on state bribery charges stemming from a case in which his law partner has already pled guilty to attempting to sodomize a potential client.

### **Prosecutors chastised**

It is this kind of conduct which has already led three different judges to severely chastise prosecutors for their misconduct in various phases of the LaRouche cases. In 1988, Boston federal judge Robert Keeton said federal prosecutors were guilty of "institutional and systemic misconduct," in the Boston federal trial of LaRouche, in which Billington was a co-defendant. In 1989, U.S. Bankruptcy Judge Martin V.B. Bostetter found the government's actions against LaRouche's associates to be in "bad faith" and "fraud on the court." Most recently, in 1995, N.Y. State Supreme Court Judge Stephen G. Crane found an "inference of a conspiracy to lay low these defendants at any cost here and in Virginia."

Former U.S. Attorney General Ramsey Clark told a blue ribbon panel of legal experts that the LaRouche cases, "represented a broader range of deliberate cunning and systematic misconduct over a longer period of time utilizing the power of the federal government than any other prosecution by the U.S. government in my time or to my knowledge."

# Summary of evidence in the Billington case

The Billington federal *habeas* petition seeks to overturn the conviction on 11 separate violations of the U.S. Constitution.

**I.** Billington was denied effective assistance of counsel because his lawyer abandoned his interests and became his adversary.

Billington had retained Brian Gettings, a former U.S. Attorney, to represent him. On the eve of trial, Gettings urged Billington to waive his right to a jury trial. Gettings's advice followed an unrecorded backroom conference between the prosecutor, John Russell, the trial judge, Clifford R. Weckstein, and Gettings, in which Weckstein stated he would not reduce a jury sentence, no matter how outrageous. Weckstein pressured Gettings to, in turn, pressure Billington to give up his right to trial by jury.

After careful consideration, Billington insisted on his constitutional right to a jury trial. On this basis alone, Gettings tried to have Billington declared insane, adopting the prosecution's false portrayal of the LaRouche political movement as a "cult," which he later told the court he did not believe. Gettings knew this "cult" theory was also promulgated by the Anti-Defamation League, which had been actively assisting the prosecution's case. This was particularly damaging because Judge Weckstein had ties to the ADL, something Gettings refused to investigate.

Over Billington's objection, Judge Weckstein ordered Billington to undergo a psychiatric exam, which found Billington competent. Gettings then joined with the prosecutor and asked for a second exam to be undertaken at the FBI-linked Institute for Law, Psychiatry, and Public Policy. Prior to the second exam, Russell sought to put the institute in contact with Mira Lansky Boland of the ADL as an expert on cults, and Gettings falsely told the institute that he had received a "death threat." Billington refused to be examined by the institute.

Gettings's actions led to pre-trial publicity prejudicial to Billington. The Roanoke newspapers quoted the ADL's Mira Lansky Boland as an authority on Billington, LaRouche, and cults. As a result of Gettings's actions, Billington tried to fire Gettings and substitute John Flannery. At a hearing on the issue, Gettings, who appeared disassociated and confused, was represented by his partner Harvey Cohen, who had previously acted as a spokesman for the ADL. Billington had no lawyer at all. Judge Weckstein refused the substitution

request, forcing Billington to stand trial with Gettings, who had abandoned his interests and now became his adversary.

Billington was forced to file written *pro se* objections in an effort to protect his rights.

In the sham trial that followed, Gettings entered into false stipulations with the prosecution without Billington's consent. Gettings refused to properly investigate and cross-examine witnesses, allowing the prosecution to present a false case. Gettings refused to prepare Billington to testify, and threatened to prevent him from testifying if he tried. He refused to call a key defense witness on Billington's behalf. He failed to make crucial objections, which allowed irrelevant and inadmissible evidence to be presented to the jury. In closing arguments, he conceded the government's case.

**II.** Prosecutors improperly interfered with Billington's defense.

After Billington was indicted, Loudoun County, Virginia Sheriff's Deputy Donald Moore, a key prosecution investigator, regularly obtained documents from the dumpsters located on private property next to offices occupied by the Constitutional Defense Fund, which Moore and prosecutors knew to be assisting in Billington's defense. Moore also sought and obtained information from CDF employees and monitored amounts of funds expended on lawyers. He also coordinated with the ADL and private litigants to seize funds from CDF with the intention of hampering Billington's defense.

**III.** Billington was denied his right to a lawyer of his choice by actions of the judge and the prosecutors.

After Billington fired Gettings, he sought to substitute attorney John Flannery, who had previously represented Rochelle Ascher, a co-defendant of Billington. Prosecutor Russell objected, saying he intended to call Ascher as a witness, thus raising a conflict-of-interest issue. Russell had no intention of calling Ascher as a witness, and only raised this to prevent Billington from hiring a lawyer who would defend his interests. Judge Weckstein refused to allow the substitution.

**IV.** Trial judge Clifford R. Weckstein was biased.

Four months after Billington's trial, evidence surfaced in the case of Richard Welsh, a co-defendant of Billington, that Judge Weckstein was a partisan of the ADL, a branch of the prosecution. In response to a motion filed by Welsh's attorneys, Weckstein disclosed a series of correspondence between himself, ADL National Commissioner Murray Janus, ADL Regional Director Ira Gissen, and Janus law partner and Weckstein family friend John Lichtenstein. The correspondence revealed a pattern of corruption of Weckstein by the ADL, including an attempt to bribe Weckstein with the promise of ADL support for Weckstein's appointment to a position on a higher court.

Janus is currently under indictment in Richmond for brib-

ery in a case in which his law partner has already pled guilty to attempted sodomy.

Weckstein knew of the ADL's role in the prosecution and concealed his relationship with the ADL. Nevertheless, he demonstrated his prejudice throughout Billington's trial, including forcing Billington to go to trial with Gettings, allowing Gettings to fill the record with false accusations against his client, and making numerous gratuitous, unwarranted, and inappropriate on-the-record remarks about Gettings's competence, plainly intended to thwart Billington's ability to challenge the conduct of Gettings.

At sentencing, Weckstein refused to reduce the barbaric 77-year sentence imposed by the jury.

#### **V. The prosecutor systematically withheld exculpatory evidence.**

Prosecutors deliberately withheld evidence that their witnesses were brainwashed. According to statements made by Sheriff's Deputy Donald Moore, which were secretly recorded by the FBI, key prosecution insider witness Chris Curtis had been "deprogrammed" by Moore, Cult Awareness Network "deprogrammer" Galen Kelly, and others. Moore and Kelly have each been sentenced to federal prison for their involvement in CAN-linked kidnapping and deprogramming attempts of others. The effect of the "deprogramming" was to make Curtis so hostile to his former associates that his testimony was totally unreliable.

Prosecutors also concealed that Curtis received immunity from California prosecutors and escaped severe civil penalties in New Mexico in exchange for his testimony. Curtis also received a recommendation to law school from Moore and federal prosecutor John Markham.

Additionally, prosecutors withheld evidence that they used coercive techniques on financial and political supporters of the LaRouche movement in order to get them to present false testimony against Billington. Prosecutors concealed statements which contradicted the testimony of those witnesses. Furthermore, prosecutors concealed evidence that the government itself engaged in interference with the finances of the LaRouche political movement, in effect creating the crime for which Billington was prosecuted.

#### **VI. The prosecution suppressed evidence that Billington's double jeopardy rights were violated.**

In pre-trial hearings, government officials gave false testimony in order to conceal the relationship between the federal and state cases. Government documents obtained under the Freedom of Information Act, prove the officials lied under oath at those hearings.

#### **VII. The prosecutors were motivated by unlawful political animus and engaged in a secret campaign to interfere with Billington's rights.**

According to government documents, interviews with

former officials, and secretly recorded FBI tape recordings, Virginia Attorney General Mary Sue Terry, Loudoun County Sheriff John Isom, and his deputy Don Moore engaged in a politically motivated campaign to destroy the political movement of LaRouche.

Isom told a meeting of his top deputies in 1985 that he would do "anything to stop LaRouche." Isom assigned Moore to coordinate anti-LaRouche activities outside of normal Sheriff Department channels. Moore illegally entered buildings without a warrant, obtained photographs, and seized computer printouts, including lists of financial supporters and notebooks. Moore also engaged with others in illegal wiretaps. The activity of Terry and her underlings was so egregious that even the FBI called her "politically motivated" in their memos.

#### **VIII. All the above circumstances combined, deprived Billington of a fair trial.**

#### **IX. The jury was tainted by pre-trial publicity.**

The prosecution participated in a nationwide campaign of defamation and vilification of LaRouche and his political associates for years prior to Billington's trial. Terry and Russell repeatedly made comments to the news media, and Terry made the prosecution of Billington and LaRouche an issue in her reelection campaign. Despite the inundation of the jury pool with this prosecution-generated inflammatory publicity, Judge Weckstein would not allow prospective jurors to be questioned about their exposure to it. A post-trial investigation produced evidence that the jury was polluted by exposure to the government's pre-trial propaganda.

#### **X. The jury was wrongly instructed on the law of the case.**

Billington was charged with knowingly and willfully failing to register as a securities broker. Nevertheless, the jury was not instructed that to find Billington guilty on any count, they had to find beyond a reasonable doubt that he knew the notes at issue were securities.

In fact, Billington could not have known the notes were securities because the State Corporation Commission did not determine these notes to be securities until after Billington was indicted. Elizabeth Lacy, the chairman of the SCC, even said that this issue was a "case of first impression" in Virginia. Eventually, Lacy decided the notes were securities, clearing the way for the criminal prosecutions. Lacy was later appointed to the Virginia Supreme Court.

#### **XI. Billington's rights were denied when Judge Weckstein refused to reduce the barbaric 77-year jury sentence.**

Prior to trial, Judge Weckstein used the threat that he would not reduce the jury sentence to pressure Billington into waiving his right to a jury trial. This threat precipitated Gettings's previously described treacherous actions. After the sham trial, Weckstein imposed the entire 77-year sentence.

# National News

## Orange Co. moratorium enrages Wall Street

The futility of mere financial solutions to the current economic collapse has once more been underscored by the case of Orange County, California. The destruction of its tax base, coupled with the blowout of its investment in the derivatives market, forced the county to declare bankruptcy last year. Now it has predictably been unable to pay off \$800 million in one-year notes due in July and August—a simple fact of life which has driven Wall Street into a frenzy.

Holdings of 99% of \$800 million of one-year Orange County municipal bonds voted on July 7 to accept a one-year delay in payment, in effect granting the county a one-year debt moratorium—in return for a \$10 million premium. Affected were \$600 million in notes due July 3, some \$169 million in notes due July 19, and \$31 million in notes due Aug. 19. The county was reportedly short some \$335 million in repayment funds.

The bondholders' decision drove Wall Street's usurers to foam at the mouth. Standard & Poor's and Moody's credit-rating agencies declared the county in default, despite the rollover approved by the note-holders. Still enraged by the recent refusal of Orange County voters to approve a sales tax increase to pay off the speculators, Wall Street hopes this rough treatment will stop other governments from taking a similar path.

S&P dropped its rating on the \$600 million in notes due July 3 to D (default). "Standard & Poor's believes that the county again will lack the resources to repay the debt on the agreed upon scheduled due date, June 30, 1996. Consequently, the note rating will remain D, barring some unforeseeable event that lends merit to the workout plan," said an S&P spokesman, according to Reuters. Moody's had already assigned a default rating to the bonds and took a similar line.

Were the county actually to default, it would be the third-largest in the history of the municipal bond market, after the \$2.25 billion default of Washington state's Public

Power Supply System in 1983, and the 1975 New York City default—rigged by Wall Street to put the city under financial dictatorship and destroy the bulk of its vital services and infrastructure.

## D.C. aid to the needy denounced as 'criminal'

Washington Mayor Marion Barry and other officials of the nation's capital have been threatened with criminal prosecution, for refusing to slash medical care and welfare assistance for impoverished residents of the District of Columbia. Rep. James Walsh (R-N.Y.), chairman of the House Appropriations subcommittee which oversees the District, has reportedly asked Attorney General Janet Reno to consider instituting charges against the city's leaders for "illegal overspending" during fiscal 1994.

Walsh's threats were issued in response to a report that Mayor Barry had ordered the District's department heads on June 30 to continue needed payments for health care, welfare, and foster child care "without regard to whether the activity exceeds any line item of the 1995 appropriation."

According to the *Washington Times*, Walsh declared on July 12 that "what [Barry] is proposing is a clear violation of the anti-deficiency law, for which he could be held responsible." The *Times* said that the law "requires a minimum penalty of suspension without pay and a maximum of two years in prison . . . for government employees who knowingly overspend their budgets."

At a July 12 hearing before Walsh's subcommittee, acting D.C. Inspector General Thomas E. Brown, Jr., testified that Mayor Barry's directive to the city's Department of Human Services conformed with requirements of federal laws and court orders, as opposed to particular line items in the D.C. budget which might violate those requirements. Congressman Walsh interrupted Brown's testimony by declaring, "That's not the point at all," the *Times* reported. Walsh then claimed that Barry "wants to spend more than \$3.25 billion," and depart-

ment heads "are afraid to."

The U.S. Congress, in a repudiation of its prescribed constitutional responsibilities, recently imposed a financial control board over the District of Columbia, dumping the burden of maintaining its infrastructure and services upon a local government which was never intended to sustain the capital city of the entire nation.

## League of Cities offers fiscal fantasy report

At a Washington press conference on July 10, the National League of Cities reported that municipal finances are generally in better shape than they were two years ago—while conditions of urban life continue to deteriorate. The NLC's latest annual budget survey, covering 417 cities, claims that 60% of municipal finance officers say they are better able to meet their budgets than they were two years ago, when two-thirds of them reported difficulties which frequently amounted to major shortfalls.

It would come as no surprise to most of the nation's urban residents that such fiscal "improvement" has been attained simply by refusing to fund vital services at the levels necessary. Even the president of the NLC, Atlanta City Councilwoman Carolyn Banks, observed, "The survey doesn't answer the question, 'Compared to what?' Being able to balance the city's checkbook is only one part of the process. What may have gone into that—cutting services or neglecting needs—is another.

"And some of those needs—especially infrastructure—cannot go unmet indefinitely without running the risk of greater costs later." Banks also reported that, for the first time, infrastructural requirements have become the most critical factor on the list of fiscal concerns confronting the nation's cities.

These concessions to reality, as well as concern over the effect federal welfare reform will have on city budgets, still did not prevent some NLC officials from indulging in some outright fantasy. NLC Executive Director Donald Borut stated that "the les-



son" of the overall improvement in municipal budget balances "is that cities and towns are at the forefront of finding new ways to serve their taxpayers better, more efficiently, and more economically, as well."

## Brits mull retreat from LaRouche counterattacks

The steady barrage of exposés directed by Lyndon LaRouche on the British campaign against President Clinton has produced some telling results. Various mouthpieces for Britain's ruling circles have recently acknowledged that the Whitewater "scandals" they floated are sinking fast. The July 14 London *Guardian*, in typically prune-faced fashion, pointed to LaRouche as the source of the problem.

In a lengthy feature entitled "Losing the Plot: Whitewater and the Conspiracy Theorists," the *Guardian's* Washington correspondent lashed out at what he called an "American pathology," dating back "to the archetypal conspiracy theory of the JFK assassination and the fabled second gunman on the original grassy knoll."

Yet a prominent box accompanying the feature itemizes the roles of the two most prominent *British* propagandists who have been after Clinton's head: Ambrose Evans-Pritchard and Lord William Rees-Mogg—who also happen to be the media orchestrators most frequently targeted by LaRouche. The box also lists other members of the "Get Clinton" apparatus who have been named by LaRouche: Richard Scaife, Rush Limbaugh, Jerry Falwell, and James Dale Davidson, whose *Strategic Investment* newsletter has routinely babbled the London line against the President.

But here's "the topper," as the British like to say. Within the box, headlined "Who believes what?" there are only two photographs: one of Ambrose Evans-Pritchard of the *Sunday Telegraph* and one of Lyndon LaRouche. The caption under LaRouche's picture reads: "Lyndon LaRouche, former Trotskyite and occasional presidential candidate, who claims Henry Kissinger was a Soviet agent and the queen runs the global

narco-trafficking business, holds that Rees-Mogg and Evans-Pritchard are part of a British Intelligence plot to destabilize the Clinton administration." LaRouche is the only figure presented who defends President Clinton.

The *Guardian* recently merged with the London *Observer*, which recently ran an article referencing LaRouche's role in exposing the British-orchestrated campaign against the President of the United States. The *Observer* included a typical sampling of British slanders of LaRouche.

## House ethics committee stalls on Gingrich case

Recent explanations by House Standards of Official Conduct Committee Chairman Nancy Johnson (R-Conn.) as to why its investigation of Speaker Newt Gingrich (R-Ga.) is still not under way have drawn a skeptical response. David Bonior (D-Mich.) declared on July 11 that Johnson has offered nothing more than the old "a dog-eat-my-homework excuse. . . . After you go six months without calling a single witness or issuing a single subpoena, it's a little late for excuses."

The committee is charged with investigating, among other things, Gingrich's contracting for a \$4.5 million book advance from Rupert Murdoch, who was simultaneously lobbying him for measures advantageous to his media empire. Gingrich had to give back the money—the cash he was counting on to launch a serious bid for the Presidency.

The *Hill*, a Washington weekly, noted on July 12 that when Gingrich complained in 1988 about a \$12,000 book deal made by House Speaker Jim Wright (D-Tex.), the committee heard 72 witnesses within six-and-a-half months, amassed thousands of pages of evidence, and drove Wright out of Congress.

As the clamor mounted, Johnson announced she would call upon Gingrich and Rupert Murdoch to testify. She claims that outside counsel is not needed in this matter, though the committee has yet to hear any evidence of what may be involved.

## Briefly

● **DUKE UNIVERSITY** Economics Professor Emeritus Thomas Naylor issued a call for dissolving the Union in the July 3 *Journal of Commerce*. The nation has become too diversified and "unwieldy," he declared. "The time has come to begin planning the downsizing of America. . . . Alaska, Hawaii, Oregon, and Vermont should be allowed to secede," while "mega-states" such as California, Texas, and New York "may not only be candidates for secession but downsizing as well."

● **NEWT GINGRICH** dangled the idea of drug legalization before the July 14 meeting of the Republican National Committee. The only alternative is the death penalty for international traffickers, he said, declaring that the choice is "either legalize it or get rid of it." He called for a national referendum, even though no legislation may be adopted by that method under the Constitution.

● **RUPERT MURDOCH'S** Fox-TV affiliate in Washington, D.C. ran a news segment on July 11 alleging a "public outcry" over public access television, for providing an outlet for political "fringe" groups. A brief clip followed from "The LaRouche Connection," broadcast on public access stations, with LaRouche commenting that "the world financial system starts to spin toward catastrophe."

● **HEALTH CARE** for 1,500 inmates of the Washington, D.C. jail was placed under federal receivership on July 11. A U.S. District court order cited the city's failure to improve health conditions at the jail during the 24 years since inmates first sued for better care.

● **THE GALILEO PROBE** was launched from its spacecraft on July 12, some 51 million miles from the planet Jupiter. The probe and the mother ship will reach the planet's orbit on Dec. 7, when the probe will descend through Jupiter's atmosphere, transmitting atmospheric and radiation data to the orbiting spacecraft for relay back to Earth.

## Editorial

### *Now is the time for action*

France's President, Jacques Chirac, took the occasion of the July 14 celebration of Bastille Day, to draw a comparison between the Nazi genocide during the Second World War and genocide being committed by the Serbs today. The parallel is well-taken, since, for all the rhetoric on this 50th anniversary of the end of World War II, once again, British support for a fascist government is being allowed to dictate the course of history. Just as the British forced the Czech government to concede to Nazi aggression, so, today, the British are doing everything in their power to force the Bosnians to capitulate.

Unfortunately, despite President Chirac's keen awareness of the need for action against the Serb fascists, there are differences between the French and American governments on how to proceed. These must be settled quickly.

The surest avenue to transforming the situation, is for NATO to deploy its air power in order to destroy the Serbian heavy weapons capability. The Serbians are brazenly committing crimes against humanity; they are war criminals, and in this situation, the United Nations has not only abjectly capitulated to them, but has abetted them by preventing the Bosnians from defending themselves.

The United Nations has destroyed any remaining credibility which it might have had; the question now is whether the United States and France will maintain their credibility, unless they agree to move with effective military force to stop the Serbians. This can be done through NATO air strikes.

There can no longer be any argument over the role of the British. It is not the case that the Serbs are being *protected*; the Serbs are acting as *agents* of the British government. This was a policy initiated by Margaret Thatcher when she was Britain's prime minister, and supported by President George Bush.

Despite Thatcher's efforts to distance herself from the government of John Major, it should be remembered that the first phase of Serbian aggression was Serbian President Slobodan Milosevic's war against Croatia, and briefly also Slovenia. This war was initiat-

ed under the aegis of the Thatcher government because of its perceived geopolitical interests, which were supported by Bush. Essentially the British have tried to revive the pre-World War I Entente Cordiale between Britain and France, along with Russia. Both then and now, the most obvious target has been Germany; but chaos in the Balkans is also a British lever against the United States as well.

The role of the United Nations Organization has been to police the warfare in order to ensure that the Serbs would not be defeated. This means that high officials in the United Nations and in Britain, are guilty of acting as accomplices to war crimes committed by Serbians. That includes U.N. Secretary General Boutros Boutros-Ghali.

The United States has been demanding the use of air power to stop Serbian aggression. Unfortunately, President Clinton has been deterred from acting by the United Nations, thanks to British influence (and, while François Mitterrand was President, French influence as well). French commitment to the use of ground forces is still a problem for the United States; however, if one looks at the profile of the forces on the ground, it is clear that the Croatian and Bosnian infantry can do the job themselves, with sufficient air support from NATO.

The Croatian and Bosnian infantry, as such, is a much superior fighting force to the Serb forces under Karadzic, the so-called Chetniks. The margin of advantage of the Chetnik forces so far, is the lack of armament of the Bosnians, in particular, because of the arms embargo imposed by the U.N. This has not, in practice, stopped the Serbs from getting weapons, but it has effectively disarmed the Bosnians.

The Serbian Chetniks are operating with heavy weapons capability, delivered to them largely from Serbia proper, by the Milosevic government. The Serbian infantry, the Chetnik infantry, is an inferior fighting force, which would collapse rather readily in front of Bosnian and Croat forces, without this heavy weapons capability and this radar support.

The time to act is now; fascism must never again be allowed to triumph!

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