

# EIR

Executive Intelligence Review

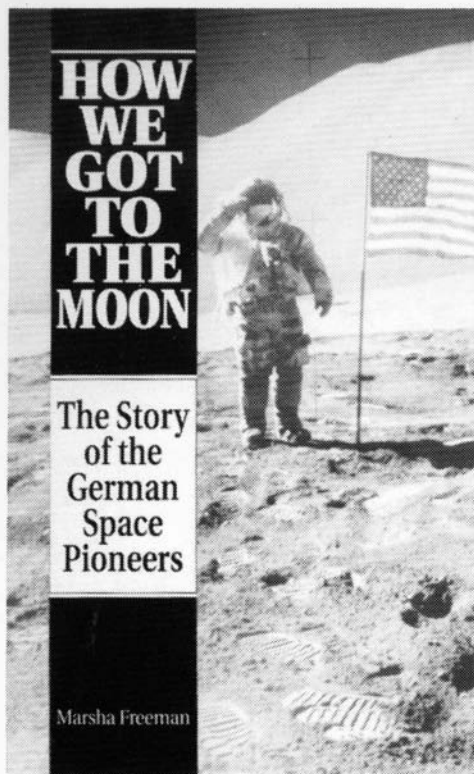
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Expose Bush-drug cartel pact against Noriega

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## From the Associate Editor

If you want to know why the international financial system is heading for a crash, and why wars are breaking out all over the world, take a look at the chart on page 14. Of the "priority projects" being submitted to the Amman summit on Mideast and North African development, \$1,041 million will go for tourism, but a mere \$240 million for energy, and \$705 million for water. As Muriel Mirak-Weissbach writes in her report from a recent visit to Jordan, the scale of development efforts now being discussed is about *one-tenth* what it was just one year ago, at the Casablanca summit. "We went to Casablanca with a vision, with projects for a 10- to 15-year span," one official told her. "It was too much."

Thus, while tourists come to Aqaba to watch the belly-dancers and play the roulette wheels, the pressing problems of the infrastructure of the region remain unsolved, and the general population sinks deeper into poverty and hopelessness: the breeding ground for war.

Why has this suicidal policy been adopted by the nations of the region? The answer is obvious: The International Monetary Fund, and the London-based political forces behind it, refuse to allow funding for development of the physical economy. Under the banner of "free trade," they are driving nations to the brink of catastrophe. The same thing can be seen in industrialized countries such as Japan and the United States, as discussed in the lead articles to our *Economics* and *National* sections.

The alternative is Lyndon LaRouche's program for infrastructure development by a community of sovereign nations. From the Productive Triangle in the heart of Europe, to a Eurasian "landbridge" extending from eastern Europe to India and China, the program requires governments to use the methods of national banking, to finance investments which are not "profitable" in the short term, but without which no economic growth can occur. It is in the most vital interests of the United States to support such a program.

That is where this week's cover *Feature* comes in. Sir Henry Kissinger, knighted by the Queen of England, has worked for a lifetime to keep nations—notably the United States—on a British leash. It's high time that world leaders stop listening to him.

*Susan Welsh*

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## Feature



Sir Henry Kissinger (left) rides to the Ascot races on June 20 with Queen Elizabeth II and Prince Philip. Earlier in the day, the Queen had awarded him the title of Honorary Knight Commander of the Order of St. Michael and St. George.

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**Correction:** In our Sept. 8 issue, pp. 36-37, we misidentified Nedzib Sacirbey, who is the official representative of Bosnian President Alija Izetbegovic in the United States. The photo of him with Lyndon LaRouche was taken in 1994, not 1993.

## Bank of Japan tries a 'backdoor bailout'

by William Engdahl

On Sept. 7, the Bank of Japan dropped its Official Discount Rate (ODR), its key lending rate to the banking system, to 0.5%. The ODR stood at 6% in 1990, when the collapse of Japan's spectacular financial bubble began. At that time, a new governor of the Bank of Japan, Yasushi Mieno, implemented a series of rate rises in an effort to "let the air out of the bubble" which had built up on the Nikkei Dow stock market and in Japanese real estate speculation, following the 1985 Plaza Hotel Accord of the Group of Seven countries to force the dollar lower.

After 1985, as the yen soared against the dollar, the paper profits of Japanese banks exploded. Banks awash with liquidity made huge speculative gambles in California real estate, buildings like Rockefeller Center, and stocks and real estate throughout Japan. By December 1989, as the Nikkei Dow index reached a record Y 39,000, a consensus was reached that the speculation had gone out of control, and the brakes were applied by the Bank of Japan, via higher interest rates.

But today, more than five years later, Japanese companies are in the most severe depression they have experienced since the 1920s, and Japanese banks, instead of stabilizing, have become more exposed to bad loans, as banking regulators allowed them to lend new funds to bankrupt creditors, mostly housing and construction firms, so those companies could continue to be shown on the books of Japan's banks as "performing" loans, rather than the defunct loans they were. It was throwing good money after bad. The Bank of Japan had gambled, and lost, on an expected recovery in Japanese real estate and stock levels, a recovery which did not happen.

By April of this year, alarm bells began to go off, and the government began to take drastic steps to try to control what threatened to become a banking system meltdown. In May, the Bank of Japan started to inject liquidity into the financial

system at a rate "not seen in 15 years," according to one analyst. As well, the Japanese government moved to improve overall relations with Washington, which had become badly strained in recent years, by compromising on important issues relating to the large deficit in U.S.-Japan auto parts trade. Securing U.S. cooperation to bring the inflated yen down from its record high level was obviously part of the background to Japan's trade compromise. That cooperation has been very visible since the end of July.

The latest interest rate move, portrayed in the media as an effort to "jump start" Japan's failing economy, in reality is part of a frantic series of moves designed to bail out Japan's banking system, a "backdoor bailout."

Its aim is to prevent a systemic bank crisis from occurring. Because the latest measure of cutting the discount rate does not take on the issue of direct bailout by the government through public funds, as was done in 1989 under the U.S. Resolution Trust Corp. taxpayer bailout of the savings and loan institutions, but rather hopes for bank revival through use of the almost cost-free Bank of Japan funds, it has been called the "backdoor bailout." Whether the strategy will work is far from clear at present.

### The main features of the policy

The cut in the Japanese central bank's ODR to 0.5%, followed an earlier cut in April to 1%. In April, the yen had reached its postwar high of 79 to the dollar, and the Nikkei Dow stock index had fallen to the Y 14,000 range. Many informed Japanese financial analysts had predicted that the entire edifice of the complex Japanese financial system would collapse domino-style had the Nikkei Dow continued to fall below Y 14,000. The April ODR cut was designed to stimulate the stock market, as well as to lessen the attraction of the

yen for foreign speculators. But it did not work on either count. The yen fell only slightly, and the Nikkei rose only slightly, but the banking situation worsened.

The latest rate cut followed on the heels of an unprecedented series of failures of Japanese financial institutions over the past two months, including the first failure in the postwar period of a Japanese commercial bank, Hyogo Bank. According to Japanese banking sources, these failures of medium-size financial institutions are but the beginning of what is expected to be a major wave of such failures, unless the government takes resolute action to deal with the crisis-ridden banking system.

While the Ministry of Finance and the Bank of Japan recently took the bold step of admitting a far larger sum, approximately \$500 billion, of bad loans held by Japanese banks, private estimates put the actual sum of worthless loans held by the country's banks as high as \$1.2 trillion or more. Japan's accounting rules and its official bank disclosure requirements are among the world's most lax. Few details of the real state of affairs are usually made public. All agree the problem is staggering in size.

### **'Cost-free' money**

The essence of current Bank of Japan strategy is to allow private banks to borrow funds from the Bank of Japan at the nearly cost-free rate of 0.5%. Then, the banks are expected to invest the funds in risk-free assets, rather than engage in traditional bank lending. That, in order to allow the banks to make huge paper profits over the coming period. A similar strategy was pursued by the U.S. Federal Reserve when a domino-style bank collapse threatened banks as large as Citicorp, Chemical, and others in the early 1990s. But even Alan Greenspan's Fed never put its Fed funds rate below 3%. And that created one of the most dangerous speculative financial bubbles in U.S. history.

With borrowed funds at 0.5%, Japanese banks are now expected to go into Japanese government bonds and similar "safe" securities. That is, they will try to invest in "risk-free" assets, rather than lend further to private companies or individuals. Investing in Japanese government bonds and short-term government paper, will immediately allow Japanese banks to increase average profits by almost 600%, because they can make interest income alone of 2.1% or higher on domestic government debt holdings.

But the Ministry of Finance has added a second element in their byzantine "backdoor bailout" attempt. In August, the ministry announced a series of measures which have liberalized restraints on investment abroad by Japanese financial institutions. This was announced in the context of repeated Bank of Japan interventions to sell yen and buy dollars.

The more liberal investment rules have encouraged Japanese funds to flow out of the yen into the dollar, where U.S. Treasury securities yield a current average near 6%. For Japanese banks, able to borrow new funds at 0.5%, the gains are

enormous. But the funds did not begin to flow into the dollar and out of the yen before the latest rate cut, as investors feared the yen's fall was only temporary. Were the dollar to fall, they faced loss of all their gains from higher U.S. interest yields.

Now, the last weeks of aggressive intervention, new investment rules, and the strong public support of the ODR rate cut by U.S. Treasury Secretary Robert Rubin, have combined to convince Japanese banks and other investors that at least a share of their funds can secure bigger gains in the U.S. bond markets, without fear of a new dollar collapse.

### **Bad loans are the issue**

This last point underscores that Japan's crisis is not for want of paper money. The issue is how the government deals with the awesome \$1.2 trillion in bad loans of the banking system. By encouraging an increase of Japanese investment into U.S. Treasury securities, the government calculates this will, de facto, push the yen even lower, and with it, help Japan's depressed industrial companies to export more. Already since the high of April 19, the yen has fallen 21%. By early September, indications were that this is only the beginning, as funds started to flow out of Japan into the dollar. The falling yen, in turn, is also fuelling new investment into the depressed Nikkei Dow stocks, as investors reckon Japanese export profits will now improve.

But Japanese banks' assets, unlike those of any other major industrial country, are uniquely tied to their holdings of stocks in major Japanese industrial and trading companies. When the prices of those stocks rise, the value of Japanese bank core assets, vital for meeting international bank capital adequacy ratios, will rise with it. At the same time, the banks will gain major risk-free profits on U.S. Treasury paper. That, anyway, is the hope.

Whether it will work, and work fast enough to stop a meltdown, is far from clear. On Sept. 5, Ryutaro Hashimoto, trade minister and the man slated to be the next head of the Liberal Democratic Party, declared, "We should take every possible step to change the current economic situation. . . . Japan's current industrial output figures are so bad that the word 'weakening' does not describe them sufficiently." That same day, the Japanese government revealed data showing an all-time record influx of deposits into the State-owned Japanese Postal Savings Bank, the largest bank in the world. Some \$7.5 billion came out of private banks into the Postal Savings system in August, in the wake of the recent bank failures and growing anxiety over the financial system's health. On Sept. 11, Soichiro Toyoda, head of the Japanese industrial association Keidanren, stated that the economy had entered a "state of emergency."

The question is whether the Bank of Japan and the government have done too little, too late. The next weeks will be tense ones, not only in Japan, but also for the entire global credit system, as a Japanese bank collapse would detonate a global financial crisis on a scale never before seen.

# Italy's Cuccia pulls off a coup

by Claudio Celani

In the first ten days of September, two events demonstrated that real power in Italy is less than ever in constitutional bodies such as government or Parliament, but in restricted oligarchical centers which are represented by one man and his institution: Enrico Cuccia and Mediobanca.

On Sept. 1, it was announced that the second largest Italian private industrial group was born, through the merging of the former Ferruzzi agro-industrial business with the chemical corporation belonging to the Agnelli family, under Gemina, a holding company controlled by an alliance formed by FIAT owner Gianni Agnelli, Bergamo financier Giam-piero Pesenti, and Mediobanca chairman Enrico Cuccia. The new conglomerate has a turnover of \$25 billion (\$30 billion, if the insurance sector is added) and has a monopoly over the Italian chemical sector. It is Italy's second largest industrial group, with activities ranging from the agro-industrial (Eridania) to cement (Calcestruzzi), from chemical (Montedison) to insurance (Fondiarria). It also controls two major newspapers: *Corriere della Sera* and *Il Messaggero*.

One week later, on Sept. 7, internationally known financier Carlo De Benedetti, a friend of the mega-speculator George Soros, announced that, due to losses for four years in a row, he would push through a "reorganization" of his group (including computer-maker Olivetti and holding companies CIR and Cofide) under the direction of . . . Enrico Cuccia. After the announcement, Olivetti, CIR, and Cofide shares lost more than 8% on the Milan stock exchange. Ironically, De Benedetti has been, through his media such as the weekly *L'Espresso* and the daily *La Repubblica*, leading the campaign for privatizations, with the argument that State-owned companies were mismanaged and only produced debt.

The two events are symptomatic in more than one respect. First of all, in both cases they represent the bailout of two major corporations bankrupted (or nearly so) by a combination of the international economic collapse and losses on operations in the derivatives market. For both companies, the "reorganization" means a loss of jobs: 5,000 announced for Olivetti, and an unknown number for the Gemina conglomerate.

But the most interesting aspect is that contrary to the usual situation for bailouts of such dimensions (Ferruzzi employed 40,000 workers, Olivetti 33,000), government

authority has played no role whatsoever. No plan has been presented which reflects either an industrial policy or national interest, not to mention new jobs for the laid-off workers. Rather, Cuccia's Mediobanca has moved in total independence, emerging as the "real government" and the owner of Italian finance. Whereas De Benedetti has always been a Cuccia boy (he was placed by Cuccia into Olivetti in the first place, back at the end of the 1970s), the Gemina operation is a typical example of what could be called "a Cuccia coup."

## The food cartels against Ferruzzi

The agro-industrial group Ferruzzi went bankrupt in 1993, after creditor banks refused to refinance its huge debt. The banks, of course, turned to Enrico Cuccia for a solution, which came two years later.

Troubles for Ferruzzi had started when, in the 1980s, Ferruzzi's manager Raul Gardini had tried to build a semi-public Italian chemical monopoly, first by buying the chemical giant Montedison and then, through the fusion of Montedison with the chemical division of ENI, the state hydrocarbons firm created by the late Enrico Mattei. The private-public company was to be called Enimont, but it never got off the ground, due to political opposition. Then, in 1987 Gardini tried to corner the Chicago soybean market with future contracts. When it was clear that Gardini was succeeding, the Chicago Board of Trade, under pressures from the grain cartels, nullified his contracts. Recent revelations show that pressures had come from Cargill and Archer Daniels Midland chairman Dwayne Andreas who, in order to amass evidence against Gardini, had infiltrated two FBI agents into the Chicago Board of Trade.

Ferruzzi never recovered from that loss of more than \$100 million, also because Gardini was forced out and the Ferruzzi family appointed a new, less competent management.

In 1993, as part of the "Clean Hands" investigation into political corruption, Milan prosecutors started a trial for alleged bribes around the failed Enimont project. Gardini, no longer the head of Ferruzzi but still planning a comeback, was found dead, allegedly having committed suicide, on the same day that the press announced that he was going to receive judicial notice that he was under investigation. In the meantime, creditor banks (led by Mediobanca's ally Banca Commerciale) pulled off the Ferruzzi bankruptcy. One year after Gardini's death, his widow Idina Ferruzzi declared in an interview that she believes her husband was killed.

## Who is Cuccia?

For many years the only merchant bank in the country, thanks to a peculiar legislation inherited from Fascism, Mediobanca has always enjoyed a special power.

At the end of the war, Enrico Cuccia was chosen from



among the members of the small Action Party (a tool of the British establishment for their Italian "anti-fascist" friends, with an ideology which idolized the British-backed terrorist of the 19th century, Giuseppe Mazzini) as representative of the financial power of the Anglo-French "Entente Cordiale," under the auspices of Cuccia's friend André Meyer, the head of Lazard Frères investment house. Through Cuccia's Mediobanca, those circles have more or less controlled Italy's big private corporations, owned by dynasties whose dedication to industry never survived the first generation.

Thanks to that backing, Cuccia was able to use Mediobanca, formally a State-owned bank, to consolidate his position at the center of an intricate web of holdings and *fondi* which own each other, including corporations such as Fiat, Pirelli, Pesenti, Orlando, De Benedetti, Assicurazioni Generali, and RAS—the big corporations which dominate the Italian automotive, tire, cement, office machinery, and other industrial sectors, as well as the huge insurance business centered in Venice.

Since Cuccia's friends abroad launched the "Italian conservative revolution" in 1993, establishing the dictatorship of financial markets and starting large-scale privatizations, Cuccia has vastly enlarged his power by buying two of Italy's State-owned banks: Banca Commerciale Italiana (Comit) and Credito Italiano. That is, he has organized friends who have bought them for him.

Through the Gemina operation, Cuccia has now put together a 40 trillion lira (about \$25 billion at the current exchange rate) conglomerate by absorbing the former Ferruzzi empire and by tightening the already close connections with FIAT chairman Agnelli and other allies.

Through the Olivetti reorganization, of which the details are not known, Cuccia will for sure pull off a similar operation: Cuccia protégé De Benedetti will avoid immediate bankruptcy, in exchange for releasing control of his company to Cuccia's friends and allies.

### Preparing for the storm

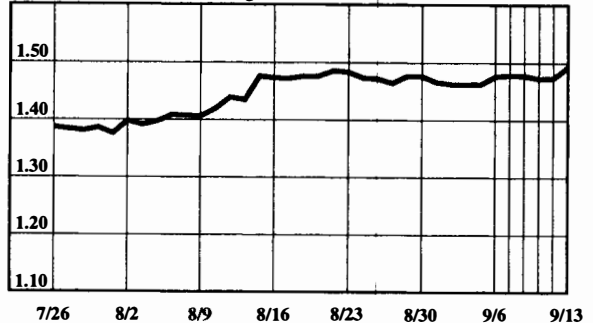
Whereas most commentators have focused on secondary aspects such as the emergence of a national chemical monopoly under Gemina, Prof. Marcello De Cecco, a well-known economic historian, has commented to *EIR* that Cuccia's Gemina "can be useful to open the umbrella in a general sense." Or, to shift metaphors, Cuccia is preparing to face the oncoming financial storms—the international financial crash—by putting all of his friends in the same boat. His plans are to buy up State companies ENI (energy), STET (communications), and ENEL (electricity) by using the usual methods. He hopes he can do that before he dies (he is 90 years old) and then leave the command of the system to Giuseppe Romiti, now manager of FIAT and his chosen successor at Mediobanca.

But, too bad for him: The big crash may very well come before Cuccia can do that.

## Currency Rates

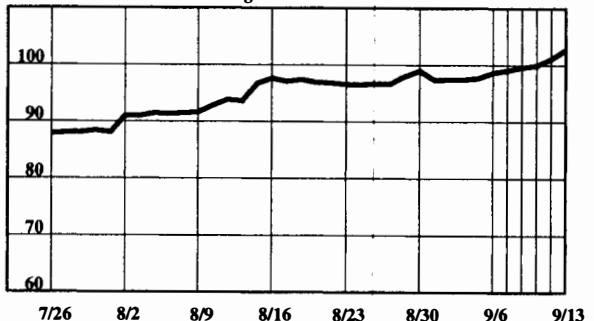
### The dollar in deutschmarks

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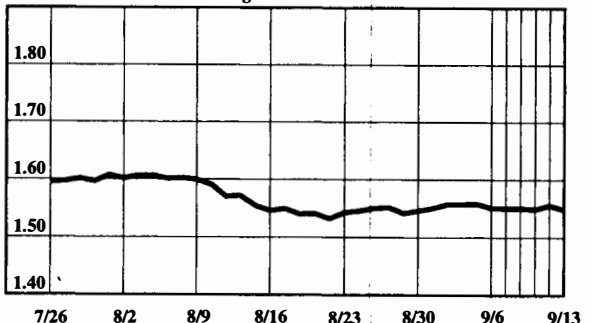
### The dollar in yen

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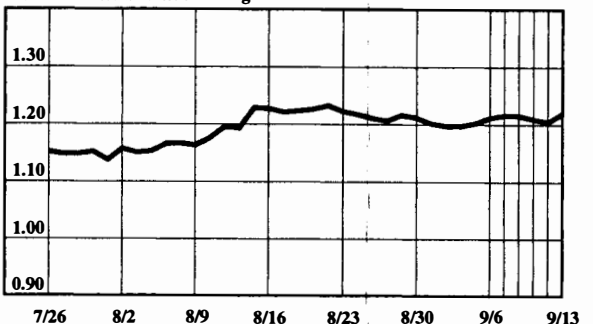
### The British pound in dollars

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### The dollar in Swiss francs

New York late afternoon fixing



# Quacks can't solve economic crisis

by Goeran Haglund

A Nobel Prize scandal, speculative financial losses, and a diplomatic clash with France were some of the chief ingredients in the political mix leading up to Sweden's Sept. 17 election of 22 delegates to the European Parliament in Strasbourg, France. While a myriad of some 30 parties spent their energies quarrelling over whether or not it were more politically correct to say "yes," or "no," to the European Union and its parliament and to the upcoming 1999 European Monetary Union plotted in the Maastricht Treaty, the European Labor Party (EAP) mobilized for mass leafletting and pamphlet distribution overturning the very basis of conventional economic wisdom: the mechanistic, Newtonian notion of the universe as an entropic system doomed to run down and die.

Challenging the charlatans responsible for the dire straits of the world economy, the EAP campaign puts forward the kind of monetary and financial bankruptcy reorganization necessary to launch a revival of the real, physical economy, as outlined in the main campaign leaflet and a pamphlet, "Why Most Nobel Prize Economists Are Quacks," written by Lyndon H. LaRouche, Jr. (see *EIR*, July 28, 1995).

Within days of the large-scale leaflet distribution, a scandal broke in the mass media: "Company 'Bought' Nobel Prize," read the front-page banner headline of Sweden's largest daily, *Dagens Nyheter*, on Sept. 3. In particular, the revelations focussed on the awarding of the 1986 Nobel Prize for medicine to a medical researcher employed by Fidia, an Italian pharmaceutical company, after that company had granted generous financial support for a number of Swedish professors of medicine. Accompanying background interviews, comments and related information, however, corroborated the EAP's charges that scientific competence is not necessarily the most important merit for winning a Nobel Prize.

Indicating the degree to which established economic wisdom is losing credibility, at least three regional dailies, spanning the political and geographical spectrum, have run the EAP's leaflet as a guest commentary.

### 'Place your bets, ladies and gentlemen'

Amid news of bankruptcies and losses on the financial markets, including a 2.6 billion kroner speculative loss by the old Wallenberg family bank, S-E-Banken, one form of economic activity, lawfully, is booming in Sweden: gam-

bling. Lest anyone should entertain any doubts about the EAP's thesis concerning the nature of the speculative bubble that is suffocating the productive economy, the lead article of the Sept. 12 *Dagens Nyheter* blared, "Stock Market Lottery May Become New Form of Gambling."

The article reports on advanced plans by "influential stock market interests" to conduit more "risk capital" to the Stockholm stock exchange, by soaking up vast amounts of gambling funds now flowing into more conventional lotteries. Such "stock lottery tickets" would be sold in food and tobacco shops. "We have listened to the proposal and find it interesting," *Dagens Nyheter* quotes Lars Bredin, deputy head of the Stockholm stock exchange.

At the expense of the real economy and, in some cases, drastically increased food prices, a severe austerity policy implemented by the Social Democratic government has pushed some of the financial indicators in the direction required for entry into the European Monetary Union. While going out of their way to conform to the financial dictates of the EMU, the Swedish Social Democrats played a leading role in the political hate and terror campaign against French President Jacques Chirac, about the alleged hazards of France's nuclear tests.

Swedish Culture Minister Margot Wallstroem marched hand-in-hand with Tahiti separatist leaders, and Premier Ingvar Carlsson, whose domestic popularity has risen conspicuously since he announced his resignation, backed the phony campaign, earning himself a disinvitation from his scheduled visit to France.

Since the hazards of the nuclear tests are a chimera, the conclusion could be made that it is France's strategic realignment away from ex-President François Mitterrand's *Entente Cordiale* with Britain, toward close coordination with U.S. President Bill Clinton, that is the real cause of Carlsson's great discomfiture.

Indeed, the long overdue bombardment of the genocidal Bosnian Serbs by NATO forces, made possible only by this U.S.-French rapprochement, has been a severe setback to the British balance-of-power game on the Balkans. In the spirit that, "if you can't beat them, join them," Sweden is leading an effort to tilt political control over the reconstruction work foreseen in the U.S. peace plan for Bosnia, toward British notions of "democracy."

Bragging that nobody else is as advanced as Sweden in preparing Bosnia's reconstruction, Swedish Foreign Aid Minister Pierre Schori emphasized on Sept. 13 that the important thing is not so much "rebuilding houses, roads, and communications," but to "channel money into democratic political parties and peace groups," under the supervision of the European Union, the United Nations, and the World Bank. Given the record of those supranational institutions in the Balkans war, or the ruined state of the world economy, it is an unprecedented act of self-complacent arrogance to try to teach Bosnia how to order its political or economic life.

## Running out of ideas

*The European Alpbach Forum reveals the conceptual deficiencies of the European elites.*

The annual conference of the European Alpbach Forum, which borrows its name from the Tyrolean village where it is usually convened at the end of August, held its 51st such event there this year. Walking in the terminological footsteps of its spiritual father, the late Sir Karl Popper, the theme this year was "The Whole and Its Parts." The stated objective was to examine the main tendencies of developments in Europe, five years after the Iron Curtain came down.

The main conclusion that can be drawn from this event is that the future Europe that was portrayed there is one of economic ruin, if the elites, who have run out of ideas and worship destruction, prevail.

The pedigrees of the attendees raised the expectations of some that they would learn more about the way Europe's elites think about the future. The list included Alexandre Lamfalussy, the Hungarian-born former member of the board of the Belgian Banque Bruxelles Lambert, former chairman of the Bank for International Settlements in 1985-93, and chairman of the European Monetary Institute in Frankfurt; analysts such as Alain Touraine and François Heisbourg (both from France); a number of Austrian cabinet ministers; members of eastern European governments; and representatives of the European Commission.

The impression was that the elites of Europe, east and west, do not know how to bring this continent safely into the next century. This impression is nothing new, to the informed observer, but it was strikingly corroborated

in Alpbach.

For example, Lamfalussy, in trying to give an overview of where Europe stands in terms of the envisioned monetary union, presented a "success story" of the European Union's (EU) monetary and fiscal austerity initiatives in 1974-94.

The fact that he praised the "radical shift" of 1983 in France as a model of what Europe as a whole should do to "bring the domestic aspects of inflation to a halt," showed that the elites which Lamfalussy represents have not learned the lesson of the May 1995 vote of the French electorate, which was a mandate for presidential candidate Jacques Chirac to put an end to the ruinous post-1983 era of President François Mitterrand. The ouster of Finance Minister Alain Madelin, because of his monetarist orientation, which caused massive protests from the labor unions, came only a few days before Lamfalussy's presentation. Neither Lamfalussy nor the other speakers even mentioned the most recent bank collapses.

Running on a monetarist "autopilot" from the 1980s, Lamfalussy tried to create the impression that the discredited ideas of the past would last into the 21st century. He even admitted that, besides the seeming monetary and fiscal "successes" of the past years, there was also an "economic aspect"—which he felt incapable of speaking about, because it was outside of his competence to do so. What more is needed, to illustrate the extent to which monetary policies have been decoupled from the real economy? It came as no surprise, therefore, that

neither Lamfalussy's presentation, nor any other given at Alpbach, referenced the "White Book" of former EU Commission President Jacques Delors, for the creation of new jobs by the development of the transport and telecommunications infrastructure of Europe.

Munich-based investment expert Andre Kostolany, a widely known critic of present-day monetary and banking practices, told this author that he found that the level of discussion and the quality of speakers in Alpbach has degenerated continuously over the past 20 years—paralleling the degeneracy of economic thinking in general. Kostolany said that it was virtually useless to talk about economics with the "studied economists" who dominate the scene, because they prefer to live in a world of fiction, rather than to understand the real world.

This phenomenon also appeared in presentations given in defense of radical free market ideology, by representatives of eastern Europe's establishment, such as Czech Prime Minister Vaclav Klaus, or Slovenian Prime Minister Janez Drvnosek.

The most shocking example of the degeneracy, however, was the presentation by Franz Fischler, Austria's member of the EU commission that is in charge of agricultural policies. He presented the dramatic drop in EU beef reserves, from 100 million tons in 1993 to only 30,000 tons now, as a big success for EU set-aside policies. He reported that in eastern Europe, the same policy, because of a much more radical approach since 1989, has "atomized" the farm sector to the level of subsistence-level farming in many areas. Eastern beef production, he reported, has been cut to such an extent in the last five years, that it "needs several decades to again reach the level that it was at before" the process of transformation which began after 1989.

# Business Briefs

## Economic Policy

### Nigerian government sets up 'health bank'

The government of Nigeria has set up a bank to provide low-interest loans to medical care providers, Nigerian head of state Gen. Sani Abacha announced on Sept. 6, according to wire services reports.

"In view of the poor state of our health sector, I hereby approve the immediate establishment of a health care bank," Abacha said, at a national conference on health in Abuja, the national capital.

"The project is being funded with a take-off grant of 25 million naira [\$3.12 million] for the effective development of our health system," he said. "The essence of the bank is to make funds easily accessible at moderately low interest rate to all health practitioners, including doctors, pharmacists, laboratory scientists, and nurses all over the country."

## Debt

### Mexico's debt 'unpayable' says former Fed official

Mexico's debt is "simply unpayable," Walker Todd, a former official of the U.S. Federal Reserve, told the Mexican paper *Proceso* in an interview published on Sept. 6. Todd questioned the evaluation made in U.S. Senate hearings that Mexico was making "strong financial progress," and asserted that if the government has to constantly increase indebtedness, this is not a sign of economic health.

Todd quoted a Salomon Brothers report which estimates that Mexico's debt will reach \$167 billion by the end of 1995, and said that another \$11.9 billion in commercial debt should be added to that figure. By 1996, Salomon calculates a \$166.3 billion foreign debt, plus another \$12.1 billion in commercial debt.

Todd argued that Mexico will have increased its foreign debt by \$43 billion in only one year, since the debt figure for the end of 1994 was \$124 billion. "Do you believe that? And of course, there are estimates that go higher, up to \$180 billion, but I would place the

Mexican debt at \$175 billion." If this is the case, he added, then Mexico will need \$12 billion to pay interest on older debt, \$3 billion for new credits, and \$5 billion to liquidate Eurobonds which come due next year." If it needs a total of \$20 billion to cover this, Todd continued, and \$10 billion maximum can be deducted for the trade surplus, "they will still need another \$10 billion. Where will that come from? Obviously from new credits."

"I think we have to . . . understand that Mexico's real economy is not improving," he concluded.

## Germany

### Workers, managers demand space projects

Workers and managers of the German aerospace sector called for increased funding for space projects, during celebrations of the 20th anniversary of the European Space Agency (ESA) in early September. They called on the government to put an end to cost-cutting approaches to space technology development.

Spokesmen of Bremen-based companies called space technology "key to the survival" of German production, because of its catalytic role in the development of new technologies in general. The current budget-cutting attitude of the management of the German Aerospace Group, a conglomerate of the biggest industrial firms in the aerospace sector, has come under attack, particularly from labor unions.

Among politicians, Bavarian Gov. Edmund Stoiber has become a key spokesman for the interests of the aerospace sector, which is heavily concentrated in his state. Stoiber has scheduled a high-level crisis meeting of the aerospace industry, politicians, and scientists in Munich on Sept. 25.

This meeting will also discuss initiatives for the ESA meeting on Oct. 18-20 in Toulouse, France, which has on its agenda a number of priority projects, such as the joint European space satellite program and a shuttle, that need extra funding by ESA member governments. At present, the ESA budget has been cut back to DM 4 billion (\$2.5 billion), although already at least DM 6 billion is required just for the projects that have been given a green light by the 14 member governments.

## Labor

### Zimbabwe trade unions declare war on the IMF

Zimbabwe's labor movement urged the government of Robert Mugabe on Sept. 3 to resist International Monetary Fund (IMF) conditions for economic reforms, according to wire service reports. Morgan Tsvangirai, secretary general of the Zimbabwe Congress of Trade Unions (ZCTU), said IMF and World Bank demands that the government should have little role to play in a free market had marginalized the black majority from the economy.

Tsvangirai, who left for Zambia after the trade union conference, said that the ZCTU would forge stronger links with institutions opposed to IMF and World Bank-prescribed economic structural adjustment programs. "I think that everyone has realized that [the program] . . . is not going to work," he said.

He said the ZCTU felt that, contrary to the World Bank and the IMF, governments in developing countries such as Zimbabwe should have a bigger role to play in economic reforms to ensure that fledgling industries are protected from unfair competition from multinationals.

"We have to help the Zimbabwean government to resist pressure from the IMF and the World Bank to take measures which affect the country adversely," he said, adding that the ZCTU would also lobby parliamentarians and the ruling ZANU-PF party.

## Finance

### Fears of a 'crash of the century' grow

There is fear of a "crash of the century," the German weekly *Wirtschaftswoche* wrote in a five-page special report on the volatile situation on the markets today, in an early September issue. The story, "Selling in a Panic," started out with a warning by Roland Leuschel, of Banque Bruxelles Lambert, that "there will be a crash at the stock exchange," like the one he forecast in October 1987.

Speculator George Soros was quoted that

## Briefly

"at present, the market is in a boom phase, but exactly because of that, it has the potential for a crash," although "something special has to happen, to trigger a collapse."

James Stowers, of Twentieth Century Investors, Inc. of Kansas City, warned of nervous reactions among investors who might sell stocks in a panic, and thereby trigger the feared downward spiral reaction. Because fund shares have been bought at a record-high level, this will lead to massive losses. The main problem is the tiny cash base of the overblown funds, he said.

The possibility of such a development is not even envisioned by the Group of Seven, which has not prepared any emergency session yet, Soros remarked. Wall Street analyst Robert Prechter said that he does not rule out a drop of the Dow Jones to 1,000 points.

### Science

#### Thunderstorms pump chlorine into atmosphere

Thunderstorms play a major role in pumping sea salt and chlorine into the atmosphere, according to the June/July issue of *Environment Betrayed*. The finding means that one of the major pillars of the ozone-depletion theory, that there are only man-made sources of ozone-depletion, is a fraud.

The newsletter cited several scientific studies that demonstrate that a large percentage of thunderstorms routinely penetrate the stratosphere and pump in enormous amounts of water vapor and other chemicals. According to promoters of the ozone-depletion theory, only chlorine from chlorofluorocarbons (CFCs) reaches the stratosphere and it's this chlorine that is supposedly depleting the ozone layer.

Ed Krug, editor and publisher of the newsletter, pointed out that the numbers are quite large. There are over 16 million thunderstorms per year, or 45,000 per day, and according to one study he cited, 25% of the storms measured penetrate the stratosphere. According to Krug, this evidence, and further studies of the role of thunderstorms in the stratosphere, have been suppressed since 1985. Krug calls thunderstorms "volcanoes

of the atmosphere," referring to the fact that volcanic eruptions deposit chlorine into the stratosphere.

Krug headed the North American Acid Precipitation Assessment Project (NAPAP) in the 1980s. It was the largest environmental study in history, involving over 3,000 scientists over a span of 10 years to determine the danger of acid rain. After NAPAP published its conclusions, that there was no acid rain problem, Krug was fired and the \$500 million study quickly buried.

### Agriculture

#### Former Soviet states face critical situation

The critical situation in the agriculture sector of the members of the Community of Independent States (CIS) is clearly demonstrated in the balance-sheet for the first half of 1995, the weekly *Agra-Europe* reported on Sept. 4. If the situation doesn't change, "the republics will face great problems concerning the supply of food in 1996."

The situation in milk and meat production is "extremely bad," it said. The number of farm animals and production of meat and milk products dropped drastically. For the first time, cattle herds were reduced in all categories of farms. Until now, the big, reorganized collective farms have been slaughtering cattle, while the private farms expanded the number of cattle. Now, they too, are reducing their herds. The number of cows last year compared to 1993 dropped between 10% (Russia, Ukraine, Kyrgyzstan) and 28% (Belarus). The number of hogs between 11% (Belarus) and 62% (Tajikistan).

The other sector of grave concern is potatoes. Already last year, the potato harvest dropped by 19.2% compared to 1993, to 60.3 million tons. This year, potato planting was further reduced. The potato harvest is critical for the CIS, because "potatoes became one of the rare basic foods, that the majority of the population still can afford, that together with bread, makes up around 70% of the consumers' food ratio in many regions of Russia," the weekly wrote.

● **MEXICO** needs over \$100 billion in the next 15 years in order to rebuild highways, ports, airports, railroads, sewerage, fresh water, and all kinds of basic infrastructure, Jorge Arganis Díaz, head of the College of Civil Engineers, stated, the weekly *Epoca* reported on Sept. 4.

● **THE CANADIAN** government announced on Sept. 6 that it will reduce its shares in Petro-Canada from 70% to 20%, and the sale of the shares later in September will be the largest stock offering in Canadian history, the *Toronto Globe and Mail* reported. The privatization deal is valued at about \$1.61 billion.

● **BEAR STEARNS** has lost seven members of its board of directors in the past two months, the Sept. 5 *Wall Street Journal* reported. One analyst expects the collapse of the mortgage derivatives market, which blew out in March 1994, to wipe out over one-third of Bear Stearns' profits.

● **THE CLEARING** organizations of 19 U.S. financial exchanges have established the Unified Clearing Group, to facilitate the sharing of information about major positions taken by brokers on the various exchanges, the Sept. 6 *Wall Street Journal* reported.

● **A 'DEEP CRISIS'** in world derivatives trade has existed since the collapse of Barings Bank, according to an assessment unveiled in the annual international conference on derivatives in Bürgenstock, Switzerland in early September. Investors have "derivophobia," a marked fear of using derivatives contracts in any way, one analyst said.

● **THE LATIN AMERICAN** Bishops Conference issued a document in which they propose "to see if we can achieve, through joint efforts, a total or partial forgiveness through legal means, of the [region's] unjust foreign debt, which today exceeds \$500 billion," the Mexican daily *Excelsior* reported on Sept. 6.

## Jordan prepares for summit on Middle East development

by Muriel Mirak-Weissbach

In the closing days of October, the capital city of Jordan will play host to the Middle East/North Africa Economic Summit. The gathering will be held under the patronage of His Majesty King Hussein Bin Talal, and will be chaired by Crown Prince Al Hassan Bin Talal. With the co-sponsorship of U.S. President William Clinton and Russian President Boris Yeltsin, and the support and endorsement of Canada, the European Union, and Japan, the gathering is expected to bring about 1,200 guests together, from industry, banking, the political world, and the media. Some 600 on the guest list drawn up by the World Economic Forum, which is organizing the meeting, are to come from the private sector, and a large number of banks will be represented. If, as is hoped, several dozen heads of State come, flanked by prime ministers and other government officials, the meeting will live up to the appellation of a summit, with the authority to see through deals to be negotiated on the personal level.

The fact that the conference comes as the follow-up to a similar forum held in Casablanca, Morocco exactly one year earlier, does not mean that this will be simply a "Casablanca II," as it has been dubbed. In fact, there are serious efforts being launched to make sure it is not a carbon copy of the gala event in the Moroccan capital. As Dr. Mohammad Smadi, secretary general of the Jordan Ministry of Industry and Trade, told *EIR*, "Casablanca was more of a political opening for the peace process. I would rather call it 'Amman I' than 'Casablanca II,' because we want to focus on economic matters." Jordan's elites are nurturing great expectations that this time, concrete economic projects will not only be put on the table, but discussed in detail, until binding contracts are drafted, signed, and sealed.

Virtually all those involved in preparations for the upcoming conference who met with *EIR* in early July, had

something to criticize in the way Casablanca was handled. The main charge was that, for all its pomp and circumstance, little of substance emerged. The Israelis, invited to such a forum for the first time together with Arabs, were accused of "overkill," according to one leading Palestinian banker, because they brought over a dozen government ministers and hundreds of businessmen. Personal contacts were made for the first time, in many cases, and thousands of visiting cards were exchanged. But beyond that, no agreements were struck which were to change the face of the regional economic landscape.

Unfortunately, the conclusion drawn by most Jordanians involved, is that the participants had been "overambitious" in their expectations and demands, "obsessed," as one person said, "with mega-projects and dreams." As engineer Boulos Kefaya, director of the Water, Environment, and Tourism Department in the Ministry of Planning, put it, "We went to Casablanca with a vision, with projects for a 10- to 15-year span. It was too much. We came back and scaled it down by half. But, it's still too big."

### **A fraction of the original program**

As a result, Jordan, as a participant in the conference, will present only 27 projects, for a total cost of \$3.7 billion, as compared to a comprehensive project worth ten times that much which it had taken to Casablanca. The differences are not merely quantitative, but substantial. In the earlier proposal, ten sectors of the economy were treated: agriculture, energy, environment, health, human resources, industry, transport, telecommunications, tourism, and water (see *EIR*, Jan. 20, 1995). The centerpiece of the big infrastructure projects was a plan for the Red Sea-Dead Sea Canal, with a price tag of \$3 billion. Other large water projects presented in the Min-

istry of Planning's report, "Jordan: Tomorrow Has Arrived— Investing in People," included a water conveyance system from Turkey, and another, from the Euphrates to Jordan; they would have cost \$3 billion and \$1.5 billion, respectively.

Even this approach was criticized by *EIR*, for the simple fact that the crucial question of nuclear energy was omitted, not only from Jordan's plan, but from those of the Israelis, the Palestinians, and so forth. Yet, it has been demonstrated, without nuclear energy harnessed to provide the power source for desalination plants throughout the region, there is simply no way that the critical water shortage can be addressed.

Now, in the preparations for the Amman summit, the entire program has been whittled down to a fraction of the original. There are seven sectors of the economy considered, but the leading one is tourism. Whereas projects for mining, transportation, and infrastructure (roads, railroads, and electricity) are presented for a projected cost of a couple of hundred million dollars, the tourist sector development would cost over \$1 billion (see table).

What has occurred is obvious. The funds required for great infrastructure projects have not been made available, and leading political and economic operators have concluded that they are therefore not feasible. Furthermore, largely due to the lack of development funds, in the form of development loans or grants, Jordanians have pinned their hopes all the more on the private sector. Yet, no matter how eagerly the private sector in Europe, the United States, and Japan may respond to the call for investments and joint projects, there is no way that private initiative alone can complete the tasks which regional development defines objectively.

Unless the conceptual flaws in the approach now taken are corrected, there is a danger that the Amman summit, no matter how successful it may be in bringing foreign capital and business to work in the region, will fail to address the economic challenge embodied in the peace process.

### **Private enterprise, public needs**

Jordan has mounted a gigantic effort to organize the Amman summit. The Ministry for Planning and the Ministry for Industry and Trade are coordinating on the government side, working closely with the private sector, which has its own organization for the conference.

As Dr. Shabib Ammari, who is rapporteur for the private sector, explained to *EIR*, "There is a higher committee under the prime minister, and a preparatory committee under the minister of industry and trade, which formed a committee to represent the various segments of the private sector. The preparatory committee already has three members from the private sector: the chairman of the Amman Chamber of Industry, the chairman of the Union of Chambers of Commerce, and the chairman of the Jordan Businessmen's Association." This preparatory committee in turn formed the executive committee with a consultative function. The ten-member private-sector committee, will coordinate the activi-

ties of especially organizations representing the private sector in Jordan preparing for and participating in the summit. About 100 private-sector participants from Jordan are expected. "We want to activate the private sector," Dr. Ammari stressed, "because one of the aims of the summit is the rehabilitation of the private sector."

The committee has formed ten sectoral committees, which are expected to a) identify development potential of the sector and highlight the comparative advantage of the sector compared to similar sectors of the region; b) develop and suggest appropriate policies and strategies to realize that potential; c) identify constraints, whether legislative, procedural, technical, financial, or other, and give specific recommendations to relax these constraints; d) prepare lists of projects, with a brief description of each, the need for it, etc. The parameters (profile) of the project must be consistent with the set of criteria set by the executive committee and discussed with the chairpersons.

The criteria established for screening projects for the summit are specific. Projects requiring foreign equity, rather than credit, are preferred, because of Jordan's foreign debt. Technology transfer is desirable, and/or the opening of new markets; for example, a regional company for marketing the agricultural produce of the region to the world. Projects which entail cooperation with an existing firm are preferable to those still in the idea stage. "The executive committee," Dr. Ammari explained, "will not play the role of matchmaker, but will encourage private sector companies to make contacts before the conference." Other important questions relate to the benefits derived from the projects to the Jordanian economy, the amount of added value obtained, job creation, environmental impact, export potential. In addition to these criteria for Jordan, the committee is examining projects from the standpoint of criteria for enhancing regional development. These include the total investment required, and the time required to set it up and operate. All the projects are being screened according to these criteria, after which they will be put into one document, which is an establishment profile or directory.

There will be profiles of the companies, with the founder, owner, legal status, contact person, volume of sales, paid capital, cooperation needed, etc. This will give the potential investor an idea of the sector and the company. "The committee," Dr. Ammari concluded, "will get 10 lists from 10 sectors, and, with the aid of CIDA [the Canadian International Development Agency] and Jordanian consulting firms, will draw up a document, to be submitted to the participants." Dr. Ammari expressed the hope that the cooperation between private and public sector consolidated at the conference would become institutionalized in a kind of "Team Jordan" which will continue after the conference.

As for the public sector, the Industry and Trade Ministry and the Planning Ministry are responsible for preparing the projects which Jordan, as a participating country in the con-

## Amman summit priority list of projects

June 18, 1995

Sector	Number	Projects	Estimated cost (U.S. millions of dollars)	Class (National/Regional)	Finance (Private/Government)
Energy	1	Power system interconnection	240	R	G
<b>Total Energy</b>	<b>1</b>		<b>240</b>		
Environment	1	Hazardous waste management	16	N/R	G and P
<b>Total environment</b>	<b>1</b>		<b>16</b>		
Minerals and Industry	1	industrial workshops	4	N	P
	2	potassium sulphate and dicalcium phosphate plant	79	N	P
	3	magnesium oxide plant	130	N	P
	4	phosphoric acid complex	350	N	P
	5	industrial minerals	N/A	N	P
	6	copper exploration	N/A	N	P
	7	granite quarrying	N/A	N	P
	8	oil and gas exploration	N/A	N	P
	9	bromine and derivatives	142	N	P
<b>Total minerals and industry</b>	<b>9</b>		<b>705</b>		
Transport					
A. Roads and bridges		Jordan River bridges and access roads			
		King Hussein bridge and access road	14	R	G or P
		King Abdullah bridge and access road	14	R	G or P
		Jordan Valley crossing bridge and access road	9	R	G or P
		Prince Mohammed bridge and access road	11	R	G or P
		Western border highways			
		Irbid-North Shuna highway	19	R	G
		Aqaba coastal highway	27	R	G
		Kufurhooda-Damia Junction highway	31	R	G
		South Shuna-North Shuna highway	106	R	G
<b>Total A:</b>	<b>2</b>		<b>231</b>		
B. Railways	1	Aqaba-Wadi Il railway and Eshidiya link (super structure)	31	N	P
<b>Total B:</b>	<b>1</b>		<b>31</b>		
C. Sea ports	1	Multi-purpose jetty (Aqaba Ports Authority)	25	R	P
	2	Passenger berth	10	R	P
<b>Total C:</b>	<b>2</b>		<b>35</b>		
D. Airports	1	Aqaba International Airport	36	R	G
<b>Total D:</b>	<b>1</b>		<b>36</b>		
<b>Total transport</b>	<b>6</b>		<b>333</b>		
Telecommunications	1	Frequency management and licensing	4	N/R	G
	2	Digital telecommunication infrastructure	532	N	G
	3	National informatics infrastructure	20	N	G and P
	4	Private sector opportunities projects	N/A	N	P
<b>Total telecommunications</b>	<b>4</b>		<b>556</b>		
Tourism	1	Aqaba tourism development	500	R	P
	2	Infrastructure for Aqaba tourism project	14	N	G
	3	Dead Sea tourism project	500	R	P
	4	Infrastructure for Dead Sea tourism project	27	N	G
<b>Total tourism</b>	<b>4</b>		<b>1,041</b>		

(Continued)



## Amman summit priority list of projects *(Continued)*

Sector	Number	Projects	Estimated cost (U.S. millions of dollars)	Class (National/Regional)	Finance (Private/Government)
Water	1	Integrated development of southern Ghors	300	N	G
	2	Water conveyance from Disi to Amman	405	N	G and P
<b>Total water</b>	<b>2</b>		<b>705</b>		
<b>Total</b>	<b>27</b>		<b>3,596</b>		
Energy	1		240		
Environment	1		16		
Minerals and industry	8		705		
Transportation	12		333		
Telecommunications	4		556		
Tourism	4		1,041		
Water	2		705		

*Private financing has become dominant in discussions for regional projects which Jordan will present at the Amman economic summit. The most ambitious and costly infrastructure projects are those which have been conceived as preconditions for tourism "development" projects in Aqaba and the Dead Sea. The Aqaba airport is part of a joint Aqaba-Eilat project with Israel, which has "emerged as the highest transportation priority to meet the anticipated increase in demand caused by additional tourism," according to a document issued by a three-day seminar in June on the Jordan Rift Valley development, in Amman.*

*N/A = not applicable*

ference, will present. Dr. Boulos Kefaya of the Ministry of Planning told *EIR*, that the ministry looks at project proposals "in a neutral fashion." "We need proper financial studies beforehand," he added, and stressed, "Thus, there is no prejudice against low-technology projects or for mega-projects. We say, here is a project, which will benefit us, with an impact, with a private sector flavor. The conference is oriented to this." In this spirit, the preparatory committee is sorting out projects, according to whether they are private, regional, or infrastructural. "Some," he agreed, "could be put on the fast track, to show the population the benefits of peace." Through this cooperative effort involving the government, private sector, and others, Dr. Kefaya foresees that there will be "a lot of work, on the bilateral, and trilateral basis. Some of the projects will be transnational, others national or binational, others will be four-party projects, involving Egypt, Israel, Jordan, and the PNA [Palestinian National Authority]." As an example, he cited the possibility that Jordan would build a stretch of road or rail up to the Israeli border crossing, whence the Israelis would continue the route.

### Major role for the private sector

The preliminary outline of government projects issued for the conference includes in fact several such road projects. Significantly, the financing foreseen is private. Even for projected rail lines, the idea is to draw the private sector in. Dr. Michel Marto, deputy governor of the Central Bank of Jordan, gave his view to *EIR*: "Any project can be done by

the private sector. For example, roads: If you establish tolls, you get the capital, and the returns will come. Even in industry, there are returns," he said. Although Dr. Marto agreed that "government must provide for health, education, and transportation," he recommended that some transportation projects be handled by the private sector. "For example," he said, "there is a city of 700,000, Zarqa, which has thousands of people who commute to work in Amman, a city of over 1 million, on a daily basis. Right now, they travel by car or bus. If there were a rail line, this would simplify matters and economize. The private sector can do it. They say, the private sector can't do it, but that's not true. Just give them a chance."

The project Dr. Marto cited, is prominent in the list of projects proposed by the government for the Amman summit. As Issa Ayyoub, of the Transportation Ministry, explained to *EIR*, the Austrians have been working on the project, which would include a light rail line for urban transit inside the capital, but could also be extended outward to other cities, like Irbid, and even beyond, to Syria. During one of the many workshops held in preparation for the Amman summit, this one dedicated to rail development, Minister of Transport Samir Kawar announced that Jordan was in fact working together with French and Austrian companies on a design for a regional rail grid. This network would link up Jordan's Red Sea port city of Aqaba with Syria, Iraq, and Saudi Arabia, thus contributing to increasing the flow of goods and persons between Europe and Asia.

## Government role needed

Such an infrastructure network spanning several nations, is precisely what the region needs. It would enhance the rates of productivity in the whole region, by greatly reducing the actual economic cost of transportation of goods and people. Such projects are the proper concern of governments, whose responsibility it is to provide the preconditions for economic growth. The history of successful industrialization, whether in Europe, America, or Japan, is a history of dirigistic policies, pursued by governments to provide basic infrastructure. In every documented case of industrial development, governments have created the financial institutions, like Alexander Hamilton's National Bank, to issue the credit needed to finance such projects. The reason why governments have historically assumed the responsibility for supplying basic infrastructure, lies in the fact that transportation, water management systems, and energy are not "profitable" investments in the short-sighted, monetarist sense of the term. The profit created by infrastructure is realized in the form of increased rates of productivity in the labor force as a whole, not in immediate monetary gain. Thus, it is only governments which have the ability to effect such massive outlays of capital, through classic national banking methods, to finance investments which are *not* "profitable," but without which, no economic growth can occur.

Why, given these facts of economic history, is the debate in Jordan so doggedly committed to private financing for activities which are properly in the public realm? Why would Crown Prince Hassan, in a major speech he delivered in May in Tokyo, say, "The need for regional structural investments has been reckoned at \$45 billion by the year 2000. Our region must tap *global private investment* if reconstruction is to succeed in the investment market" (emphasis added)? Why would Israeli Foreign Minister Shimon Peres push the same concept? Speaking to the press in April at an Amman conference on Jordanian-Israeli joint development of the Jordan Rift Valley, he said, "I think an early estimate [of the cost] was \$25 billion. We feel that banks, insurance companies, corporations, will make consortiums to invest. The idea is that the private companies will invest and the respective governments will guarantee." During the workshop on railways held in June in Amman, Transport Minister Kawar made it very clear: The funds required for the ambitious regional rail grid are simply beyond the reach of the Jordanian government. Indeed, even the relatively modest sums estimated for domestic infrastructure projects, like the relatively limited Zarqa-Amman rail link, are considered to be beyond the budgetary possibilities of the government. Thus, the estimated \$1.2 billion for the plan, is expected to come from private hands.

## Debt and credit

Why, one is prompted to ask, does Jordan not follow the precedents of national banking systems, to issue credit for

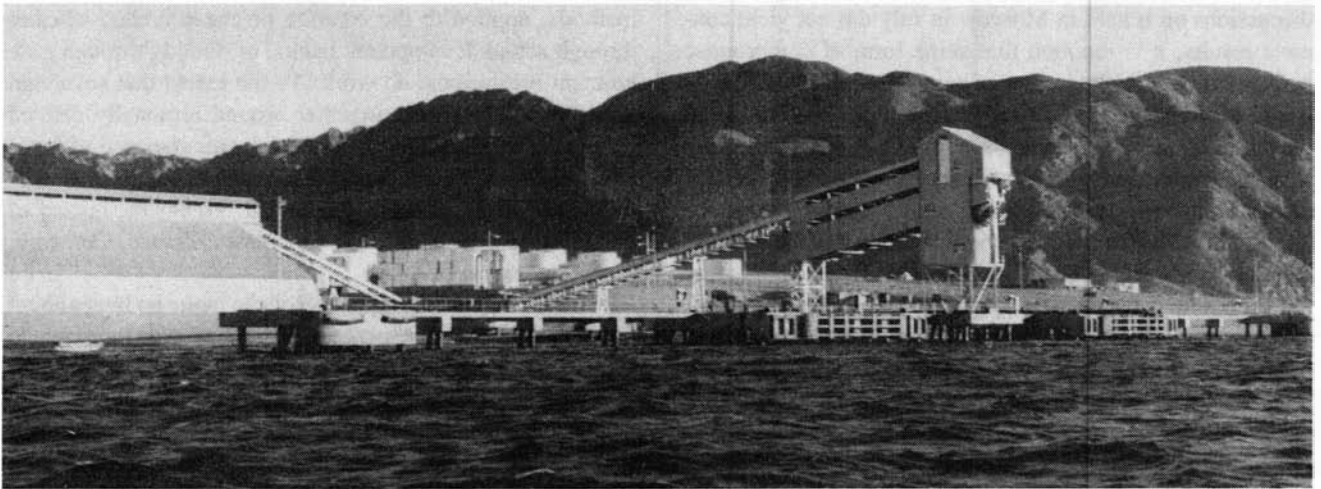
infrastructure development? The answer, put bluntly, is that the institutions currently dominating the existing monetary system, will not allow it. To be specific, the International Monetary Fund (IMF) and World Bank, which have succeeded in hijacking the peace process, feel that they should dictate to sovereign governments what credit and monetary policies they may adopt.

In the case of heavily indebted Jordan, the IMF's role is no secret. Dr. Fahed Fanek, a leading economic commentator, told *EIR* outright that the IMF had defined how much the central bank must have in foreign exchange reserves, how low the deficit must be held, and thus how internally generated credit must be held to a minimum (see interview, p. 23). Dr. Umayya S. Toukan, director general of the Amman Financial Market and rapporteur of the Preparatory Committee for the Amman Summit, put it bluntly: "We have to follow the rules; we have ceilings on the amount of credit that can be issued. It should not exceed 5% of GDP, and inflation should be kept at 5%, that makes 10%." Yet, he added, Jordan "is at 16%." The fact is, he concluded, "Egypt, Tunisia, Morocco, Jordan have all been following the structural adjustment programs, restricting credit, in the belief—mistaken or not—that it is the main cause of our problems."

Central Bank Deputy Governor Marto described to *EIR* Jordan's relationship to the IMF in the following terms: "We have an agreement for economic adjustment with the IMF, which extended us a fund facility. We have been implementing structural adjustment for six years, and have succeeded in stabilizing the economy, with a 6% annual growth and 4% annual inflation rate." Dr. Marto proudly stated that Jordan's foreign debt was "under control." This, he explained, had been achieved "through management and through some debt forgiveness—for example, from Germany. Our foreign exchange reserves and our budget deficit are in better shape," he concluded.

In point of fact, Jordan has succeeded in convincing not only Germany, but also France, the U.K., the Paris Club, and the United States to grant debt relief or forgiveness. Before adjourning for its summer recess, the U.S. Congress voted to write off the \$488 million which remained of Jordan's debt to the United States. The U.K. signed an agreement in July to reschedule \$267 million of Jordan's debt, over 20 years, with a five-year grace period. In June 1994, the Paris Club had rescheduled \$1.21 billion. Despite this substantial reduction, Jordan still carries, *officially*, a foreign debt of \$5.75 billion, which includes \$1.8 billion to Japan, \$700 million to France, and \$475 million to Germany. Thus, efforts to further reduce the debt continue.

When *EIR* asked Dr. Smadi what he would like to see the U.S. administration do to help Jordan develop economically, he had no hesitations. "The U.S. administration has been giving us a lot of support and we appreciate it, particularly on the debt issue. The debt forgiveness relieves us of a big burden, but the effects of the peace process on the average



Jordan increased shipping traffic in the port of Aqaba twelvefold in the seven years leading up to 1959, including the conveyor belt installation which could load phosphate on ships at the rate of 500 tons an hour. Now, the emphasis is on tourism.

person are still not being felt. We want support from the U.S. for what we are doing. We would like to see more investment coming in to help us overcome the problems of the last five years. . . . President Clinton visited and spoke to Parliament, he spoke of a \$75 million pledge for a \$250 million fund for investment in the region. We are still looking for U.S. support with other partners for further debt relief. Unless Jordan is relieved of debt, there is always a shadow cast on the capability of the country to absorb investments."

After having overseen Jordan's progressive indebtedness over the years, and limited its internal credit-creation ability, the IMF has exercised its extraordinary prerogatives to "recommend" changes in legislation, to "attract foreign capital." As Dr. Marto put it, "We need to 1) upgrade and update our investment law, this is important. We need transparency, to encourage local and foreign investment. 2) We need a modern, new income tax law, 3) tariff reforms, and 4) upgraded company law." During a special, three-month session, Parliament introduced far-reaching legal changes responding to the IMF's demands for liberalization, and lifted the boycott against Israel. Jordan's trade agreement with Israel bears the stamp of the same free-market ideology, with the introduction of a free-trade regime. For the World Bank, all this is still not enough; its latest report calls for special legislation to deal with privatization and even the creation of a ministry to supervise selling off what remains of state enterprises.

In late August, the Central Bank introduced sweeping changes to allow Jordanian commercial banks to invest foreign exchange holdings in international capital markets, to buy foreign bonds, and high-yield debt instruments. Banks will be allowed to lend and invest in foreign currencies, and non-residents will be able to move funds in and out freely. Such liberalization measures open the banking sector up to large-scale speculation, even money-laundering.

The IMF has succeeded in ramming through policy in

Jordan, but it has not succeeded in convincing Jordan's elite of the wisdom of its choices. More than one government source told *EIR* off the record, that indeed the main cause of Jordan's economic woes over the last years has been the IMF.

### The Middle East Development Bank

In this context, it is no wonder that the proposal for a new financial mechanism, floated in Casablanca, endorsed by the Group of Seven summit in Halifax, Canada, in July, and high on the agenda for Amman, should have kicked up so much dust. The Middle East Development Bank (MEDB), promoted by the United States and the four regional parties (Israel, Jordan, Egypt, and the PNA), as conceptualized thus far, is simply not the instrument required. As presented, it should be a bank, financed by Saudi and other Gulf capital, which would lend at international market rates. Opponents of this conception, mainly in European circles, have pointed out that another institution lending at commercial rates, will not break the financial bottleneck. Rather, they propose an institution which would identify and coordinate projects and policies regionally, and seek funds elsewhere, preferably in the form of development grants.

The problem with the latter approach, is that it looks to institutions like the IMF and World Bank, to control actual credit issuance. The reason why Israel, for one, objects to this approach, is that its per capita income is too high for it to be eligible for World Bank loans. But, to appreciate the real reason why World Bank control would spell disaster, one need only review the history to date of that institution's effective blocking of funds for development for Gaza. Funds have been allocated on paper, but virtually nothing of major infrastructural impact has been implemented through the World Bank.

The MEDB has become a *cause célèbre* in the organizing process for the Amman summit. Although the most recent

discussions on it held in Moscow in July did not yield concrete results, it is reported that some form of compromise between the two conceptions is being sought. Ali Abvu El Ragheb, minister of industry and trade, stated on Aug. 5 that the birth of the bank, or of a compromise "intermediary financial lending institution," might be announced at the Amman summit.

The MEDB issue has become something of a red herring. Yet, it embodies the fundamental conceptual flaw permeating the economic discussion of the Middle East peace process. The most straightforward manifestation of the flaw appeared in a speech which Joan Spero, U.S. undersecretary of state for business, economic, and agricultural affairs, delivered via satellite, to business leaders convened in Tel Aviv, Jerusalem, and Casablanca on July 20.

Spero's basic concept was that the Amman summit could be "an impetus for economic change" if the public sector created the preconditions for effective private sector intervention. So far, so good. Yet, what Spero defined as the preconditions are nothing but the IMF prescriptions which have destroyed economies in every documented case where they have been applied. She said, "The public sector must improve the economic environment for liberalizing trade policies, reducing regulation, privatizing industry, and improving the investment climate." Speaking as "a former executive myself from the private sector," she said, "the primary concern of business people is to make sound and profitable investments." Following this reasoning, she outlined what she said were the goals of the Amman summit organizers, which included creation of regional institutions, "encouraging regional states to liberalize their economies and to develop a free-market approach to development."

### **Emphasis on tourism**

Significantly, Spero focused on tourism as the driving force for "economic development." She also strongly supported the MEDB idea, saying that the role of government in the institution, would be to "act, if you will, as an investment banker, mobilizing private and public sector funds." Yet, she specified, public funds would not be forthcoming: "It is unrealistic to expect that we are going to be able to persuade our legislatures, our congresses, and our people, to use public funds for development in the Middle East and North Africa. We will continue to try to find ways to leverage our funds; but . . . we have needs at home, and there is not a feeling that we should or can provide massive new flows." Spero supported her position with what she claimed were the lessons of history: "All the history shows us, all the economic analysis shows us, that large government projects funded by large government institutions and foreign aid, are not what create development."

Whether Spero is well meaning or not, is irrelevant. The point is, her remarks fly in the face of history, denying what has been demonstrated time and again: national banking

methods, applied to the creation of cheap credit, whether through actual development banks, or directly through government institutions, do work. To the extent that sovereign governments, working together around regionally defined infrastructure projects, exert control over issuance of long-term, cheap credits earmarked for infrastructure, real economic growth is virtually guaranteed. This is the history of the industrialization of the United States, France, Germany, Japan, and so forth.

U.S. economist Lyndon LaRouche made no bones about the conceptual issue involved, when asked in an interview to comment on the MEDB, as it is currently shaped. LaRouche stressed that if the projects are to be financed through "private banking arrangements," then, "it's not going to happen." This would be "a token in the direction of what's needed, but not substance" (see interview, p. 20).

### **Facing the facts**

If the Amman summit does not want to repeat the errors of Casablanca, certain facts must be faced. First and foremost is the fact that the entire IMF system, its monetary and financial structures, is in the process of disintegration. The body which pretends to call the shots for the region, is about to decompose. This is a fact which leading financial operatives have indicated their full awareness of recently, by bolting out of paper titles and buying up hard commodities—metals as well as food—in anticipation of the crash. Yet, to mention this fact in Amman, among those circles involved in preparing the conference, produces the same embarrassment which would ensue, were one to belch rather loudly at dinner at the royal court. It simply "is not done." For the sake of a smooth-running conference, no facts relating to this particular reality are to be permitted.

The second fact is that the causes of the ongoing financial and monetary disintegration process are precisely those policies and policymaking parameters which the IMF and World Bank have defined as the economic framework to the Middle East peace process: liberal, free-market ideology.

The third fact, which flows from the first two, is that no economic perspective anywhere on the face of the earth can have a chance of success unless it is premised on the creation of new structures and new economic policy thinking, to replace the rotting old system.

In this light, the Amman summit could become an important inflection point in the process, which defines a new direction overall. Here is an international gathering of economic and political protagonists, from North America, the European Union, Japan, and many countries of the developing sector, including the Arabian Gulf. If the original vision of peace, through vast infrastructure projects spanning sovereign nations, can be revived for practice and a plan put forward to create new monetary and financial structures independent of and different from the IMF system, then the summit could mark a step toward peace after all.

# Jordanians, LaRouche comment on Middle East Development Bank

*The following interviews with Jordanians were conducted by Muriel Mirak-Weissbach in Amman, Jordan during the first week in July. Mr. LaRouche was interviewed on the weekly radio program "EIR Talks" on Aug. 11.*

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## Interview: Umayya S. Toukan

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*Mr. Toukan is director general of the Amman Financial Market and rapporteur of the Preparatory Committee for the Amman Summit.*

**EIR:** Can you tell me about the Middle East Development Bank?

**Toukan:** It's a regional development bank, operating on a commercial basis, at market rates of interest. The initial capital should be \$5 billion. The question has been asked, why have such a bank? The European Union [EU] has presented a counterproposal. They say, you don't need financing, but more project identification and coordination. So a task force has been founded, composed of representatives of the countries involved, whose members are on the steering committee, for the bank. The most active members are the U.S., the EU, Israel, Jordan, the Palestinians, and Egypt. They have had many meetings, the last one in June in Paris, which was very good, in that they arrived at a compromise solution. They proposed then to have the bank evolve in two phases, first with policy coordination and project identification, then with funds provided from international capital markets. The next meeting was in Moscow on July 21-22. The Saudis are still opposed to the bank, because they feel they would have to finance the capital. The minister of finance of the United Arab Emirates feels strongly about the MEDB.

**EIR:** Who would have decision-making power in the bank?

**Toukan:** The secretariat would research projects and deal with technical questions. Small and medium-size industrial projects would be preferred, because they attract private capital more. The bank would be geared exclusively to private sector investment, because governments cannot borrow on a

commercial basis. There is a concessional window, but on a voluntary basis; for example, Germany could put up \$5 billion on a concessionary basis.

We will concentrate on the private sector, we are not counting on government funds. Private sector savings should finance economic activity, including infrastructure. Concepts such as BOT [build, operate, transfer] and BOO [build, operate, own] have been designed to give incentive to the private sector. If government funds are available, great, that would be a bonus. Social projects, development projects, don't lend themselves to the private sector, but we have no choice.

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## Interview: Dr. Nabil Ammari

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*Dr. Ammari is in Jordan's Planning Ministry, responsible for negotiating the MEDB for the Jordanian government.*

**EIR:** What can you tell us about the MEDB?

**Dr. Ammari:** There are two proposals on the table. The Americans' proposal, supported by the four regional countries, Egypt, Israel, Jordan, and the Palestinians, calls for a full-fledged bank which would lend out at international market rates. The other proposal, of the Europeans, presented by the French, is that it *not* be a bank, but a Middle East and North Africa Financial Intermediary Organization, or Menafo. They think that the shortage of capital is not the problem. They think that the financial resources are there, but what is lacking is 1) the projects to be financed; they see this as a problem of identifying and preparing projects. The Europeans want to do this, to do the training, the feasibility studies, and so forth. Then, 2) the policies are lacking. They see this Menafo as a vehicle to coordinate policies, and attract foreign investment. The Europeans' idea is to present policies and projects to other financial institutions and let them finance them.

**EIR:** What is Jordan's view?

**Dr. Ammari:** We disagree with the latter view. We feel that

there is a shortage of resources and that such a bank can play a role in addressing the area. It would be located in the area, would be conducive to attracting more capital and attractive to foreign investors. It would help mobilize new resources, attracting even flight capital out of Jordan, Egypt, and Syria.

**EIR:** I understand the proposal is that the MEDB lend at international market rates.

**Dr. Ammari:** Yes. These market rates would be lower than what is now available to Jordan, Egypt, and Syria. Jordan's creditworthiness has improved, but it is still not able to borrow except at higher market rates. We agreed also on the voluntary fund, which would give subsidies to regional projects without financial viability. This is especially important for the three members. In the case of Israel, with its high per capita income, there is no problem of viability, but we are hit by the problem of affordability. Thus, the voluntary fund in the bank is important. The Menafo would provide grants. We have agreed to have a phased arrangement, whereby we move from 1) to 2), from Menafo, a body to identify projects and harmonize policies regionally, to a body for financing. Our idea is to put both in one body. Thus far, there has been no agreement. The next meeting will be in Moscow on July 22-23, where we will try to put the two together.

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## Interview: Dr. Michel Marto

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*Dr. Marto is deputy governor of the Central Bank of Jordan.*

**EIR:** How do you view the MEDB?

**Dr. Marto:** The MEDB has been in discussion for years, long before the Casablanca conference. Because of the unfortunate experience of some banks [African and European development banks], some people are skeptical. The Europeans and the U.S. disagree on this.

What we want is a development bank. The further integration of the region cannot take place if policies are not harmonized, as they are, for example in the European Community. Here, with the different regimes in taxation, subsidies, and customs, we cannot develop the region.

The Europeans want to supply financial mediation, they want an institution that will make feasibility studies, then get in touch with international financial institutions—okay, wonderful. But we feel that the bank should have its own muscle, its own resources, because it could do what the Europeans want, and more. It could implement these ideas.

It could be the nucleus of the bank—establish the bank with funding, make it a full-fledged bank, with capital. We need to agree from the beginning on what it should do. There are other institutions, but there is nothing similar to the Euro-

pean Bank for Reconstruction and Development. None of them deals with private sector investment, such as the Abu Dhabi Fund; the Iraq Fund, which is non-operational; the Saudi funds. The Arab Fund operates, but only for government, public sector projects.

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## Interview: Lyndon LaRouche

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*Mr. LaRouche is a well-known physical economist, and the author of the Oasis Plan for Mideast Development and the International Development Bank proposal.*

**EIR:** Jordan's minister of industry and trade announced that the \$5 billion Middle East Development Bank will probably come into being at the upcoming Amman summit. . . . How do you see this proposal and the developments around the MEDB from the standpoint of the Middle East peace process?

**LaRouche:** First of all, the problem here is that there's a tendency to go, particularly on the Jordan side, toward private banking. And even though the projects, the titles for the names of the projects, which they are considering boosting are valuable, under private banking arrangements, it's not going to happen. You get a token in the direction of what's needed, but not substance.

So the fact that they adopt the policies and agree to finance them is good, but the means . . . which is private banking, is not going to meet the problem. It's not going to maintain peace in the Middle East, even though the people who are pushing it say they are working for Middle East peace. It's like saying, "I'm going to build a bridge," but then you build one-quarter of the bridge over this chasm, and then you drive over it. That's not a very good idea. You should build a whole bridge first, and that's the problem here.

So they say they're for Middle East peace—but they're actually *not* for Middle East peace—but they're not willing to build a complete bridge. And they should, Jordan should remedy its recent negotiations, to correct that fault; and others in the Middle East also.

The problem is, that they're very much under British pressure, under London pressure, which means they're under pressure from the people behind the World Bank, and it's the World Bank, in large degree, which has led in creating this worldwide water shortage, which they're now complaining about.

So the problem comes back to the same thing: People have to face up to reality; and doing little token things, which may be in the right direction, in title, is not enough. If you're going to cross a river and have people drive across the river or the chasm, you've got to build the complete bridge, not the quarter bridge.

# Prominent Jordanians see economic development as key to peace process

*The following interviews were conducted by Muriel Mirak-Weissbach in Amman, Jordan during the first week in July.*

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## Interview: Dr. Michel Marto

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### We must convince people that peace will work

*Dr. Marto is deputy governor of the Central Bank of Jordan.*

**EIR:** What are the most important aspects of the peace process, in your view, in improving relations?

**Dr. Marto:** We have to see how we can open up the economy. To make the peace process work, we have to overcome certain things, like the century of mistrust that has reigned. It has been almost a century since the 1917 Balfour Declaration. People have to be convinced that peace will work. It's the same as in Europe after the Second World War. In the 1960s, the Dutch were still anti-German, but now things are opening up and there is trade. You can't force people to buy products of trade, however. Many people in Europe would not buy a VW for a long time, because it was German. We have to give people freedom of choice.

We also have democratization in Jordan. The representatives of the people are elected with different ideas. So bills have to go through Parliament. We are going through all these changes, updating laws. People expect a brighter future, but it takes time. We need foreign aid, which is concessional. We need access to international capital markets at decent rates. There are funds deposited abroad; we can get people to invest these funds if there is peace. Since 1989, we have had a heavy foreign debt, but we are lessening the burden now. We have a 6% annual growth in Jordan, but that's not enough. In the 1980s, income actually went down. The \$1,500 per capita annual average income is less than the \$1,700-1,800 it was years ago. We need a growth rate of 8-10%.

**EIR:** What is your view of proposals for introducing casino gambling in the region, as part of the tourism push?

**Dr. Marto:** This is not the answer. Casinos never made progress. They may have made a few people very rich, but that has nothing to do with economic development. Nor can you turn a whole country into a financial center. It has been tried, in Bahrain, etc. There are always idiots running around with these ideas, but the more they talk, the less they know.

When you have development, you need infrastructure, raw materials, the people, inventiveness, and entrepreneurship—what people can do. Take the example of the Egyptian-Israeli peace treaty. Egypt has received billions of dollars annually, but what has happened economically? Look at the exports for an indicator. Today Egypt's exports are the same as Jordan's, though it is a much bigger economy and country. The entrepreneurship is not there. Maybe the influence of socialism has been the cause. In Jordan, the role of the private sector has always been very big. In the 1980s there was a large inflow of funds, infrastructure projects were there. The private sector saw itself only as traders or middlemen. Then after the mid-1980s, these people went back to investing and exporting.

We have to improve our reforms and let the private sector grow. There's an aversion to heavy borrowing in Jordan by the state; we would like to have only 50-60% of our GDP be represented by borrowing. It used to be at 200%, now it is at 100%. Let the private sector do it.

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## Interview: Dr. Mohammad Smadi

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### Our stress is on the economic side

*Dr. Smadi is secretary general of Jordan's Ministry of Industry and Trade.*

**EIR:** How do you define the importance of the Amman summit?

**Dr. Smadi:** In the peace process, our stress is on the economic side. There should be participation of 1,200 persons, including governments at the highest level, Presidents, prime



*The economic policy debate in the Middle East can be symbolized by the choice between casino gambling or basic infrastructure for water, transportation, and energy. (Shown: an irrigation pipe being laid in Israel). In mid-August, the Israeli press announced progress toward legalizing casinos, an initiative launched by Tourism Minister Uzi Baram. A casino in Eilat is to compete with one in Taba, and one proposed in Aqaba.*



ministers, ministers, but the majority will be from the private sector. We take a thematic approach along four main tracks or areas: infrastructure, industry and trade, finance, and investment. Workshops between now and the conference will discuss the main issues. For example, a workshop on water, then one on tourism, then on land transportation and airports, and one on the overall investment environment in the region—also on the industrial development of the region.

Jordan is both the host country and a participant. As a participant, it has prepared a list of projects. We will, together with the Davos World Economic Forum, ask countries to help name the private sector groups which should help. We want to make sure that the private sector groups are big enough to participate.

**EIR:** How would you characterize Japan's contribution?

**Dr. Smadi:** Japan is a core country in the peace process. The Crown Prince was in Japan for a "Jordanian Week," which was very successful. Japan has been supporting us since 1992; as we are pursuing a restructuring process, they want to support us not only for Jordan, but for the peace process.

**EIR:** There was an Iranian trade delegation here recently as well. What can you tell us about Jordan's trade with this very important country?

**Dr. Smadi:** We have had trade agreements with Iran since the 1970s. We have 15 joint commissions with other countries

with whom we already had agreements. Now with the peace process, there is increasing interest in Jordan. I will be holding 10-13 more [commissions] before the end of August. Down the road, I hope the peace process will include other countries of the region, like Turkey, Iran, Iraq, and the Gulf states.

**EIR:** Iraq is, of course, particularly crucial, given its unique infrastructural and industrial capacity in the region.

**Dr. Smadi:** Trade with Iraq has been very low because of the sanctions. It is no secret that the Jordanian economy has been linked to the Iraqi economy for 10-15 years. I hope the sanctions will be lifted as soon as possible, because it affects us tremendously.

We're advocating more openness, not only for Jordan, but for the region. Internal Arab trade has been only 8% in past years. I hope it will spread, also with Egypt.

**EIR:** How do you view the debate on customs regulations and free trade?

**Dr. Smadi:** We need a more open trading system. We are talking about joining the WTO [World Trade Organization]. Also there's a possibility that this will be a Free Trade Area within 10-12 years, with fewer tariffs. As for the trade relations between Jordan and the PNA [Palestinian National Authority], the situation is specific and difficult because the agreements are subjected to restrictions, to agreements between Israel and the PLO in Paris. We hope the restrictions will be lifted as soon as possible.



## Jordan, Israel expand commercial ties

*Dr. Fanek is an economist, syndicated commentator, and a member of the Arab Thought Forum.*

**EIR:** How are relations developing on the bilateral plane between Israel and Jordan, as far as economic cooperation is concerned?

**Dr. Fanek:** In the negotiations for the Jordanian-Israeli commercial agreement, there was a difference of interpretation regarding the Free Trade Zones. Israel takes this to mean that there will be no restrictions, no customs in trade relations between the two countries overall. They would like to see such a free trade regime implemented within 3-12 years. Jordan, on the other hand, thinks the treaty talks about specific Free Trade Zones, i.e., limited geographical areas where factories might be located. We already have FTZs in Aqaba, in Zarqa, and with Syria, for instance. In a political meeting of the trade ministers in the last week of June, Jordan agreed to accept the Israeli interpretation, provided there is no timetable set. There are hopes that the agreement will be signed before the end of July. [It was—ed.]

Israel will give us a list of exempted goods, which can be exported to Israel and a list of goods to be taxed at 50%. European and American goods are already exempted, i.e., there is not a tax on their import into Israel. The most important thing is to get Israel to give us access to the West Bank market. We want to sell cement, iron bars, and fuel [from Iraq].

**EIR:** There has been discussion of setting up automobile manufacturing plants here. Would these be actual production units?

**Dr. Fanek:** There are several groups working on this, among them Citroën and Hyundai. It does not involve production facilities, but assembly plants. Right now, imported automobiles are subject to a tax of 200%; spare parts, of 60%. If cars assembled here were sold here, the government would lose this tax revenue.

**EIR:** What changes are being proposed in legislation, related to the commercial deals born of the peace process?

**Dr. Fanek:** The sales tax would be increased from 7% to 10%, but income and customs taxes would be reduced. Industries would pay 15% instead of 35% on profits plus 10% of

dividends, for a total of 19%. On banks' profits, the reduction would be from 50% currently to 30%, plus 10% on dividends. The tax on dividends is important because here, most profits are made abroad, and therefore are not subject to taxation. Other companies would pay 22.5% plus 10% on dividends, instead of the current 40%.

This will be a cost of 40 million Jordanian dinars to the treasury, or one-third its proceeds. If you factor in the reduction in customs revenue, the cost goes up to 80 million dinars. Here is where the increase in the sales tax will make a difference. There are currently three sales tax rates, 0%, 7%, and 20%. The 7% rate will be increased to 10%. Scholastic materials, paper, and books will be exempted.

**EIR:** What is the International Monetary Fund demanding that Jordan do?

**Dr. Fanek:** The IMF says the Central Bank should increase its reserves by \$150 million. The Bank of Jordan says it can do \$100 million. The IMF has predicted that the deficit will increase. It wants to hold the deficit at 4% of GDP, not 4.5%. The subsidies in the budget now account for 30 million dinars. If the consumption of rice and wheat increase, then the subsidies will go up to 100 million dinars. Therefore, we have to raise prices on these goods. They have been raised for barley, wheat, and water for irrigation.

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## British agent Kissinger sets up U.S.-China conflict

by Jeffrey Steinberg

On July 26, Katherine Graham's *Washington Post* turned over two-thirds of its op-ed page to Henry A. Kissinger. The recently knighted Sir Henry spun out one of his typical pieces of amoral geopolitical drivel, on U.S. policy in Asia, particularly U.S.-Chinese relations, titled "Heading for a Collision in Asia."

Kissinger's piece was a carefully worded attack against the Clinton administration—one of a string of recent public and private assaults on the Clinton Presidency to come out of Dr. Kissinger's mouth. From beginning to end, the Kissinger piece was consumer fraud. He began by lying that "the United States and China are on a collision course. Twenty-five years of U.S. bipartisan policy pursued by six administrations is coming unglued. Chinese leaders fear that America, afraid of growing Chinese economic power, is embracing a two-China policy as part of a strategy designed to contain China. . . . Sino-American relations are becoming vulnerable to accidents beyond the control of either side."

Ever since March 29 of this year, when Kissinger appeared as a keynote speaker at the London Chatham House, headquarters of the Royal Institute for International Affairs (RIIA), the former U.S. secretary of state has been a leading spokesman for the House of Windsor/Club of the Isles drive to break up China and plunge all of the Asia-Pacific Rim into chaos. This is at the heart of British policy in the Far East—not American policy.

Six days after Kissinger's article appeared, on Aug. 1, the *Washington Post* published an abbreviated rebuttal to the Kissinger piece titled "China: What Kissinger Leaves Out." The author was Harvey J. Feldman, who was the State Department country director for Taiwan from 1977-78. Reportedly, Feldman's piece was drafted in consultation with current State Department officials, and was intended to be a put-down. The mere fact that the *Post* published a reply to the high-flying Dr. Kissinger by a lowly ex-State Department functionary must have sent Sir K into orbit.

It is a healthy sign that the Clinton administration is apparently making even a



*Henry Kissinger (left) and David Rockefeller in Washington, D.C., April 1992. Now that President Clinton is defying British policy in crucial areas, Sir Henry is shuttling around the world to try to undermine White House initiatives.*

veiled effort at showing its disdain for Kissinger. This is a measure of Kissinger's diminished influence over American policymaking; but it is insufficient. In many world capitals, among powerful but poorly informed officials, Kissinger's name is still synonymous with American foreign policy, with the Republican Party legacy of Richard M. Nixon—in short, with a segment of the American policymaking establishment. When Kissinger showed up recently in Beijing to confer with the Chinese leadership, his confident forecast that the Republican Party would sweep into the White House in November 1996, and his sober pronouncement that President Clinton is already a “lame duck,” was reportedly taken as the well-informed word of a legitimate American political insider.

But nothing could be further from the truth! Kissinger is, after all, a publicly confessed British agent. On May 10, 1982, speaking at Chatham House, Kissinger confessed his lifelong loyalty to the British Crown and to the British Foreign Office, whose 200th anniversary he had come to London to commemorate. Years earlier, this news magazine had published extensive evidence that Kissinger was a British agent throughout his career in U.S. government service. But, as of May 10, 1982, that evidence was corroborated by Kissinger—in his own written and spoken words. Kissinger is no different than confessed Soviet spy Aldrich Ames, or confessed Israeli double agent Jonathan Pollard—a traitor to all things genuinely American.

Between the death of President John F. Kennedy in November 1963, and the inauguration of William Clinton in

January 1993, no American President has dared to defy the City of London and the British Crown on any significant policy matter. Before the Kennedy assassination, the last American President to systematically challenge London was Franklin Roosevelt, despite Dwight Eisenhower's brief challenge to London during the Suez crisis of 1956. British agent Henry Kissinger's emergence as a powerful force within American policymaking in the period 1969-92 was the clearest evidence of London's domination over Washington since the Kennedy murder.

Now, for the first time since JFK, the Clinton White House, with the backing of some until-recently slumbering American institutions, is defying British authority on a range of fronts. The Anglo-American conflict is most evident in the Balkans and in Northern Ireland.

But, in Asia as well, American and British policies are as different as night and day. American policy is to attempt to encourage stability and to ensure that British efforts to break up China into a string of petty warring principalities are blocked. The American policy may be severely limited in scope and flawed in its execution, but it nevertheless stands in sharp contrast to that of the British Crown.

The repeated failure of many important world policymakers, as well as the overwhelming majority of too-often-British-controlled American news media, to treat Kissinger as the pathetic British pawn that he is, has made it necessary for this news service to once again expose the sordid career of one of London's most significant propaganda assets.

## Henry Kissinger on the move

*This has been a busy year for British agent Henry Kissinger. Never one to let the queen down, Henry has been globe-hopping on behalf of the Windsor/Club of the Isles apparatus, spreading the poison of British disinformation wherever he goes. Here are a few pages from Dr. K's itinerary this year:*

**Jan. 17:** In Beijing for meetings with Chinese President Jiang Zemin. The tab for Kissinger's trip is picked up by Kissinger Associates client GTE Corp.

**Feb. 2:** Back in Washington, Kissinger delivers a lecture to the Senate Armed Services Committee on "the foundations of American national security strategy."

**Feb. 9:** It's off to Boston for a brief visit at the State House with Gov. William Weld, whom Dr. K cites as "one of the ablest leaders in our country. I am very impressed with his leadership in this state."

**March 2-3:** In Washington to address a conference of the Richard Nixon Center for Peace and Freedom, Kissinger introduces Speaker of the House Newt Gingrich, who fawns all over him.

**March 21:** In Bombay, India to deliver a lecture, Kissinger drives a wedge between India and China, warning that China is about to emerge as "an extraordinary superpower" with aggressive impulses toward its neighbors. India's best course of action, says Kissinger: Follow the guidelines laid down by the International Monetary Fund.

**March 29:** In London to speak at a Chatham House conference at the Queen Elizabeth II Conference Center. The event, co-sponsored by the British Crown and Royal Institute for International Affairs, is on the theme of "Britain in the World."

**April 1:** In São Paulo, Brazil to deliver a lecture before the Brazilian chapter of the Council of Latin American Businessmen (CEAL). According to participants, Kissinger delivered an attack against the Clinton administration, and made a "confident" prediction that Clinton was already a lame duck.

**April 2-6:** Kissinger is in Buenos Aires to speak before a local front of the Mont Pelerin Society, the Institute for Contemporary Studies.

Kissinger's arrival coincides with the 13th anniversary of Argentina's re-seizing of the Malvinas Islands from the British. Kissinger arrives in the Argentine capital arm in arm with former President George Bush. Both men

meet with President Carlos Menem, and Kissinger also meets with a large number of Argentine industrialists and bankers.

**April 21-24:** In Copenhagen, Denmark to attend a meeting of the Trilateral Commission.

**April 26:** In Munich, Kissinger gives an interview to Bavaria-3 TV, in which he assails the Clinton administration and warns that any effort to follow through on the U.S.-German "strategic partnership" will have disastrous consequences for Germany. Kissinger's trip to Germany was prepared by Otto von Hapsburg, who, on April 1, penned an article in the Austrian newspaper *Vorarlberger Nachrichten* titled "The Hour of Kissinger," demanding that the Clinton administration place Sir Henry in charge of foreign policy. "It is the great tragedy of the U.S.A. that this man remains more an observer on the sidelines, and is not listened to by below-average people in the administration," lamented the former claimant to the Hapsburg throne.

**May 9:** In Mexico City, Kissinger holds a two-hour meeting with President Zedillo, calling for expansion of the North American Free Trade Agreement.

**June 8-11:** In Burgenstock, Switzerland, Kissinger participates in the annual meeting of the once-important Bilderberg Society. Kissinger is a steering committee member of the group, now headed by his former business partner Lord Peter Carrington.

**June 12:** In Hanover, Germany speaking before the Norddeutsche Landesbank (NLB), at an event commemorating the bank's 20th anniversary, Kissinger says that Bosnia is "a construct without its own language" and assails the U.S. and German governments for granting Bosnia recognition as a nation.

**June 20:** Back home in London, Kissinger is awarded the title of Honorary Knight Commander of the order of St. Michael and St. George, personally, by Queen Elizabeth II. This order is generally only given to members of the British foreign service. Kissinger attends the Royal Ascot Races with Prince Philip and the queen. That night, Kissinger dines with former British Foreign Secretary Douglas "Hitler" Hurd.

**July 5:** Back in Beijing, Kissinger meets with China's Prime Minister Li Peng. Kissinger is in China (his 25th visit) as part of a delegation sponsored by the U.S.-China Association. Other participants are Alexander Haig and Carla Hills.

**July 13:** In Washington, D.C., testifying before the Senate Foreign Relations Committee, Kissinger pronounces U.S.-China relations "on a collision course." His solution: America must adopt his balance-of-power formulas.

## A British agent since his youth

by Scott Thompson

In 1976, Lyndon LaRouche commissioned a special report, published by *Campaigner* magazine, entitled “Expel Britain’s Kissinger for Treason.” It created a furor, because it unearthed axiomatic features of the Kissinger profile that had been all but totally ignored by even the most ardent Kissinger-haters among American patriotic circles and foreign nationalists. Prior to this exposé, the opponents of Kissinger had been duped by the late CIA Counterintelligence director, James Jesus Angleton—himself a British “mole”—into viewing Kissinger simplistically as a KGB agent, probably compromised at the close of World War II. While many of Kissinger’s secret diplomatic efforts “objectively” benefitted Soviet interests at the expense of the United States, LaRouche understood from the outset that there was something much more fundamental to the Kissinger case than Soviet control.

LaRouche upped the ante by likening Kissinger to H.A.R. “Kim” Philby, the British triple agent, who had similarly been mis-read as a genuine KGB “defector,” but who remained an asset of the British Crown until his death in Moscow several years ago.

Kissinger didn’t miss the significance of the LaRouche-commissioned exposé of his British agency. He launched a personal vendetta against LaRouche that, at times, became a point of obsession, as when, in 1982, he told a press conference in Paris that LaRouche had duped the family of slain former Italian Premier Aldo Moro into publicly accusing Kissinger of being behind Moro’s 1978 kidnapping-assassination. Ironically, according to several recent biographies of Angleton, toward the end of his life, the ex-CIA man entered into collaboration with Kissinger against LaRouche.

### LaRouche was right

In a May 10, 1982 speech at the Royal Institute of International Affairs (Chatham House) in commemoration of the bicentenary of the Office of Foreign Secretary, titled “Reflections on a Partnership: British and American Attitudes to Postwar Foreign Policy,” Kissinger came out of the Queen’s closet and admitted that LaRouche was right all along. Groveling before an audience of English lords, Kissinger boasted of at least three decades of treason on behalf of the British. He stated: “In my White House incarnation then, I kept the British Foreign Office better informed and more closely en-

gaged than I did the American State Department.” Moreover, Kissinger admitted that almost every major policy decision he helped implement in the United States had been “Made in Britain”:

“In my period in office, the British played a seminal part in certain American bilateral negotiations with the Soviet Union—indeed, they helped draft the key document. . . . In my negotiations over Rhodesia I worked from a British draft, with British spelling, even when I did not fully grasp the distinction between a working paper and a Cabinet-approved document.”

Among those policies that bear the “Made in Britain” label which Kissinger enacted during his “White House incarnation,” and later also as secretary of state, are the following:

- The 1972 SALT-ABM Treaty, which locked the United States into the doctrine of Mutually Assured Destruction (MAD), while shutting down work parallel to that ongoing in the U.S.S.R. to develop technologies for ballistic-missile defense;
- The 1973 Yom Kippur War and ensuing “shuttle diplomacy,” which not only kept the Middle East at dagger point, but effectively partitioned Lebanon between Israel and Syria;
- National Security Study Memorandum 200, which made global population reduction a national security priority.

Moreover, Kissinger planted British moles throughout the U.S. State Department, and many, like Luigi Einaudi, are still active there to this day.

Asked by *EIR* after the Chatham House speech whether Kissinger were truly a British agent, Lord Home of the Hirsell, the former foreign secretary of Great Britain, responded: “I worked with him for many years in my official capacity, and only on minor tactical details did we ever disagree. . . . Surely by instruction and experience he finds himself on the same side as us, yes.”

### The early years: Fritz Kraemer

Heinz Alfred Kissinger was born in 1923 in Furth, Germany. Having escaped Nazi Germany with the help of his mother’s relatives in the Oppenheim family, both in Germany and Britain, Kissinger ended up in Manhattan where he worked in a pig bristle factory in the morning and attended high school at night. He planned to attend City College of New York, and had the intention of becoming a certified public accountant. Certainly, the world would have been better off had this occurred.

In 1943, Kissinger’s plans to become an accountant were interrupted by the draft, and he was assigned, due to his German-language skills, to the Army Specialized Training Program that was designed to create a core of military personnel for occupied Germany. Eventually, the program was disbanded, and he was transferred to the 84th Infantry Division at Camp Claiborne, Louisiana, where he met the first of several mentors: Fritz Kraemer.

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*Kissinger's disgusting personality is not exactly a well-kept secret. Here, he drew the attention of a photographer from a Brazilian newspaper in 1992, creating an international scandal when Henry threatened to sue. (Jornal do Brasil's photographers recently caught him in the act again, and the proof appears in the paper's Sept. 6, 1995 issue.)*

Kraemer was in the Counterintelligence Corps (CIC) at Camp Claiborne, and although of low rank, he was actually in an important position to recruit future intelligence operatives. He could get Kissinger safe jobs, all the while lecturing him in history, particularly that of the Holy Alliance. Kraemer himself had studied at the London School of Economics, and, upon his return to Germany, he had joined the same German National Party out of which came Hjalmar Schacht, Hitler's economics minister, the man who designed the concentration camps as a slave labor system. Kraemer referred to Henry affectionately as "my little Jew."

By outlook and training, Kraemer was an Anglophile to the core. Thus was Kissinger drawn into the orbit of British

intelligence, via Kraemer, before the end of World War II.

When the demobilization came, Kissinger received a lucrative post running a town for the occupation forces. Next, he became a civilian instructor, working under Kraemer, at the European Command Intelligence School at Oberammergau, teaching German history. The Oberammergau school was set up as an offshoot of the British Wilton Park "re-education" project, out of which the British recruited a host of agents who were put in leading positions in postwar Germany. After a stint at EUCOM G-2, Kissinger returned to the United States with the admonition from Kraemer that "a gentleman doesn't go to City," a reference to Kissinger's earlier plans to attend New York's City College.

On Kraemer's insistence, Kissinger applied to Harvard and was accepted. There he met his second mentor, William Yandell Elliott, the head of Harvard's Government Department and a deep-dyed British agent. Elliott tutored him, Pierre Trudeau, and McGeorge Bundy as "adopted sons." For Kissinger, Elliott set up the International Summer Seminars to which aspiring leaders from around the world were brought for recruitment and training.

## **William Yandell Elliott and the Round Table**

Elliott was born in Murfreesboro, Tennessee on May 13, 1896, the son of William Yandell and Annie Mary Bullock Elliott. He got his B.A. and M.A. from Vanderbilt University in 1917 and 1919, respectively, while getting a certificate from the Sorbonne in Paris. He was briefly one of the first directors of the Federal Reserve Bank of San Francisco, whose policies reflected the efforts of the Morgan-Warburg British interests to undermine the American financial and monetary system.

In 1923, Elliott received a Rhodes scholarship to attend Balliol College, Oxford, which was then the central recruiting ground for the British Round Table, as documented by Carroll Quigley in his book *Tragedy and Hope: A History of the World in Our Time*. At Balliol, Elliott was recruited to the Round Table, and became one of its leading organizers in American academia.

The Round Table was founded by Cecil Rhodes and Lord Alfred Milner in 1910. The idea behind it, as expressed in Rhodes's will, was to forge an "English-speaking Commonwealth," which would draw the United States back into the British Empire. While Rhodes was linked to the British royal family's retainers, the Rothschilds, in South African mining ventures for gold and diamonds, Lord Milner was managing director of the raw materials bonanza Rio Tinto Zinc, in which both the British royal family and the Rothschilds held large stakes. It was Lord Milner who headed the Round Table's so-called "Kindergarten" for future leaders of the empire. The "Kindergartners" were almost all trained by T.H. Green or John Ruskin, also of Balliol College. The Round Table members set up Institutes of International Affairs in most British Commonwealth countries; this was the

origin of the Royal Institute of International Affairs in London and the Council on Foreign Relations in New York.

At Balliol, Elliott's tutor was A.D. Lindsay, the protégé of and heir to T.H. Green as master of Balliol College. Green, Lindsay, and especially John Ruskin were seminal influences in the development of the Round Table conspiracy. Quigley notes that Ruskin "hit Oxford like an earthquake," giving anti-Renaissance lectures that launched the Pre-Raphaelite Brotherhood. Quigley writes that Ruskin "talked also about the empire and England's downtrodden masses, and above all because he talked about all three of these things as moral issues. . . . His inaugural lecture was copied out in longhand by one undergraduate, Cecil Rhodes, who kept it with him for 30 years." Rhodes used Ruskin's lectures to form the kernel of the Round Table conspiracy.

As for T.H. Green, he was the founder of what is sometimes called the Idealist Movement in England. The son of an evangelical preacher, Green polemicized against the complacency of the City of London aristocracy and its allied gentry. He called for the creation of a movement to develop "a high moral purpose": defending the British Empire. This elite would have to create a long-range social policy and social institutions through which the masses could be manipulated into accepting monetarist looting and colonial subjugation—always under the guise of high-sounding ethical objectives.

Green, along with Arnold Toynbee, who was one of Ruskin's protégés, created the Settlement House Movement in London's East End, and the Christian Social Movement within the British labor movement. It was these agencies that set up the Russell Sage Foundation in the United States, to spearhead the Settlement House and similar "charities," as centers of Round Table subversion.

### **Elliott promotes the British System**

On his return to the United States, Elliott became a lecturer and tutor in the Harvard Government Department in 1925, and became its chairman by 1934. While at Harvard, Elliott wrote unabashed British Round Table propaganda, including *The New British Empire* and *The Public Service in Great Britain*. He maintained that a civil service, a permanent bureaucracy, should weigh the most difficult decisions. In the introduction to the latter book, John Buchan (Lord Tweedsmuir) extolled the British civil service as a paradigm of self-sacrifice for the entire world. Elliott himself praises "the superiority of the British Service as an instrument of State."

In 1935, Elliott continued this theme in a vitriolic attack upon President Franklin Delano Roosevelt, titled *The Need for Constitutional Reform*. Apart from putting an end to political appointments to high office, Elliott proposed: 1) eliminating state and local governments with their replacement by Federal Reserve district "commonwealths"; 2) dissolving the House of Representatives for at least one term; and 3) establishing a method for coordination of the administrative

branches of government. Elliott concluded: "The essential point on which these reforms are based is that the United States has now become a world power and the type of government control needed to secure the ends of government already set forth can not be achieved under the rigid machinery of 1787. It is now time to modernize the machinery, not by scrapping it piecemeal, but by a thorough overhauling and rebuilding of constitutional fundamentals." Three years later, Elliott wrote *The Crisis of the American Constitution*.

In 1938, at the urging of John Wheeler-Bennett, who was director of intelligence at Chatham House, Elliott began work on a book to propagandize on behalf of the British war effort, to be titled, *The British Commonwealth at War*. Elliott was hampered in completing the collection of essays, because he had already been brought into the Office of Production Management. Still, in 1943, his defense of the British Empire emerged, and he made perfectly clear who ran it: "The Crown is the keystone of the constitutional structure of the British Commonwealth of Nations—as of that of each of its constituent parts (with the partial exception of Eire), including the Indian Empire and the colonies. Each executive authority, whether the Cabinet in the United Kingdom, or a dominion cabinet, or the executive council in the colony, exercises its power directly or indirectly in the name of the Crown. A cabinet minister anywhere in the Empire is a 'Minister of the Crown.' Executive acts are performed in the name of the King-in-Council, or on behalf of the King by the governor-general-in-council or the colonial governor-in-council. In each part of the Commonwealth the legislative power is more than Parliament; it is the King-in-Parliament. A law is enacted by the King, or his representative, 'by and with the advice and consent' of the Houses of Parliament."

Elliott, who wishes to tear up the U.S. Constitution, has no objections to this system.

From 1953-57, while still a professor at Harvard, Elliott operated on the National Planning Board of the National Security Council. In the 1968 edition of his republished doctoral dissertation, *The Pragmatic Revolt in Politics*, Elliott added a new appendix, which ends with a chapter entitled "A Round Table for the Republic." This section registers Henry Kissinger's recent appointment as presidential national security adviser as something over which the British would gloat:

"In conclusion may I make a special plea for a type of group that I do not think we have today— . . . the Round Table. . . . We must find ways to produce some high purpose groups like a . . . Round Table for the Republic, chosen on a coopted basis, selecting those people who best represent the best principles. . . . We must find funds which our thousands of foundations could amply provide, privately, and ways to supply them with a staff of young men who would themselves be potential members of this highly honored and motivated group. They would be particularly fit for the honor if, after being tried out and given missions to perform, they really succeeded . . . with honor and dignity, with self-effac-

ing service and heroic willingness to undertake missions no matter how dangerous or difficult. This is what the Round Table of the Arthurian legend suggests. . . . I would hope the Round Tables could be spread on an international basis by a parent Round Table for Freedom. . . . We had the makings of something like this on a lower-level model in the well-chosen representation of the Harvard International Summer Seminars set up during the ten years which I ran the Summer School, and with Henry Kissinger as the prime guide for it through most of his life.”

### **Rockefellers fund the Round Tables**

Among those who financed the Round Tables for Freedom, which gave a central involvement to Kissinger, were Nelson and David Rockefeller. Kissinger’s first major job for then-New York Gov. Nelson Rockefeller was to take a partial leave from Harvard to advise the governor on foreign policy, during Rockefeller’s campaign for the Republican presidential nomination in 1968. Henry had first met Nelson Rockefeller at an arms control conference at the Quantico

## **LaRouche on Kissinger and Bertrand Russell**

*Lyndon LaRouche, during his 1984 campaign for the Democratic Party presidential nomination, delivered a nationally televised broadcast on March 26, titled “Henry A. Kissinger, Soviet Agent of Influence.” Here is an excerpt:*

For nearly 40 years, from late 1946 until March 23, 1983, the strategic and foreign policies of the United States were steered by the influence of the most evil man of the 20th century, the late Bertrand Russell. This may seem unbelievable to those many of you who think of Russell as a leading pacifist. I am not exaggerating in the slightest degree. . . .

Russell’s proposal of a scheme of world-government and his back-channel “New Yalta” agreements with Moscow were, for Russell, H. G. Wells, and their co-thinkers of the Liberal Establishment, a way of bringing Russell’s design for a feudalist Anglo-Saxon world-empire into being. Russell found among the hardened racials within the ruling caste of the Soviet dictatorship a partner who had similar, if conflicting, goals to match Russell’s own. Russell, and avowed feudalists such as Henry Kissinger, allied with the Soviet dictatorship not because they like Russia, but because they hate what the United States represents.

Marine Base near Washington in 1955, for which Kissinger was selected as a panelist, on the recommendation of Elliott and Gen. Theodore Parker, White House aide to President Eisenhower. The inspiration for the conference had come from Nelson Rockefeller, who was then President Eisenhower’s special assistant for international affairs. Nelson Rockefeller said of his meeting with Kissinger: “I was tremendously impressed. He had the capacity to mobilize all the facts and arguments and to give both sides. And he was a conceptual thinker—he thought in broad terms.”

Kissinger was thus singled out as a member of the “brain trust” around Nelson and David Rockefeller. When, in 1956, Nelson decided to set up a special studies project, established under the Rockefeller Brothers Fund, to make projections as to the nation’s major domestic and international problems over the next decade, Nelson asked Kissinger to be the director of the project. This overlapped a Round Table at the New York Council on Foreign Relations, of which David Rockefeller was president, called “Nuclear Weapons and Foreign Policy,” for which Henry Kissinger was the rapporteur (see below).

John D. Rockefeller II also has a British pedigree, having been trained at the London School of Economics. He established the General Education Board, which bankrolled the invasion of the American educational system by British Fabianism and pragmatism.

These deep ties between Kissinger and Nelson and David Rockefeller have been lifelong ones. When Nelson Rockefeller lost the 1968 race for the Presidency, it was at his home that Kissinger got the call from President Nixon, asking him to become presidential assistant for national security affairs, and Nelson gave his blessings. When David Rockefeller founded the Trilateral Commission, acting as North American chairman, he frequently sought advice from Kissinger, who became a member of the steering committee upon leaving office.

### **The MAD doctrine**

According to MIT professor Bruce Mazlish in his biography *Kissinger: The European Mind in American Policy*, sometime between 1952 and 1955, Henry Kissinger took part in group therapy sessions at the Tavistock Institute in London. It was apparently under the influence of these brainwashing sessions that Kissinger began to avow the doctrine of “credible irrationality” or *Shrecklichkeit*. This was the foundation of the military doctrine of Mutually Assured Destruction, which originated with British psychological warfare studies conducted by Tavistock Institute psychiatrist H. V. Dicks, for the Supreme Headquarters Allied Expeditionary Forces. Another leading proponent of the MADness doctrine was the evil Lord Bertrand Russell, whose Pugwash Conference was frequently attended by Kissinger in the 1950s and 1960s, laying the foundations for the Cold War assault on the nation-state and the notion of scientific and



technological progress.

In 1955, McGeorge Bundy, with support from William Yandell Elliott, had Kissinger brought in to the Council on Foreign Relations' "Nuclear Weapons and Foreign Policy" study group as rapporteur. The group undermined traditional military doctrine by propounding MAD, theater limited nuclear warfare, and an array of other cabinet warfare scenarios that depended upon the "credible irrationality" doctrine to seek to terrify the Soviet Union into accepting Bertrand Russell's rules of the game. But despite Kissinger's claims to the contrary, the Soviets never did accept this arrangement; their military doctrine remained one of total war, which included seeking the means, through technological attrition, for a surprise attack. Nonetheless, the publication of *Nuclear Weapons and Foreign Policy* catapulted Kissinger's career.

### **Anti-republicanism: 'A World Restored'**

The nearly simultaneous publication of Kissinger's doctoral thesis, *A World Restored: Metternich, Castlereagh and the Problems of Peace 1812-1822*, although it was a vicious attack, from a British standpoint, upon the American System, added to Kissinger's "aura of power."

Examples of Kissinger's anti-republican world view can be found on virtually every page of this nearly unreadable diatribe. Consider the following quotes from *A World Restored*:

"It was clear [from the time of the American Revolution] that there were new forces loose in the world clamoring for popular attention and participation in government. But it seemed equally evident that these forces had been responsible for a quarter-century of turmoil. The French Revolution had dealt a perhaps mortal blow to the divine right of kings; yet representatives of this very doctrine were called upon to end the generation of bloodshed. . . . It may not have fulfilled all the hopes of an idealistic generation, but it gave this generation something perhaps more precious: a period of stability which permitted their hopes to be realized without a major war or a permanent revolution. . . . That Europe rescued stability from seeming chaos was primarily the result of the work of two great men: of Castlereagh, the British Foreign Secretary, who negotiated the international settlement, and of Austria's minister, Metternich, who legitimized it. . . . Because Britain was threatened only if Europe fell under the domination of a single power, Castlereagh was primarily concerned with constructing a balance of forces. Because the balance of power only limits the scope of aggression but does not prevent it, Metternich sought to buttress the equilibrium by developing a doctrine of legitimacy and establishing himself as its custodian."

Of course, Kissinger makes no mention of the fact that the Jacobins of the French Revolution were a British Crown and British East India Company deployment, whose first victims for the guillotine were the republican collaborators closest to America's Founding Fathers, who also happened

to be France's leading scientists. The British pulled off the Jacobin tragedy through sub-agents such as the Duke of Orléans (Philippe Egalité).

Or again, from *A World Restored*:

"It was therefore not mere deviousness which accounted for Metternich's measures—although he dearly loved finesse—but a deliberate choice of weapons. The more intricate the maneuvers, the more surely the contest would be shifted from the plane of patriotic fervor to that of cabinet diplomacy."

And elsewhere:

"In its altered form the Holy Alliance substituted a patriarchal association of monarchs for the community of peoples, and its preamble . . . read: 'The Allied Sovereigns have become convinced that the course which the relations of powers had assumed, must be replaced by an order of things founded on the exalted truths of eternal religion.' . . . Its new version could rather be read, and more logically, as an attack on the transformations wrought by Revolution, as a promise to return to order. . . ."

### **Lord Carrington and Kissinger Associates**

In 1982, the same year that he delivered his Chatham House "confession" of his British agency, Kissinger launched his own private intelligence agency, Kissinger Associates, Inc. Founded with loans from the investment banks S.G. Warburg, Pincus, and Goldman Sachs, Kissinger Associates, Inc. has developed into a "miniature State Department," charging clients fees that start at \$150,000 a year for "consulting." Actually, there is a question about precisely what Kissinger Associates does to earn such fees, and it has been alleged that the main attraction of the firm is not its geopolitical briefings, so much as the doors that it opens for its clients.

Lord Peter Rupert Carrington was a founding board member of Kissinger Associates, Inc. Lord Carrington had just left the post of British secretary of state for foreign and Commonwealth affairs, and became the chairman of British General Electric, which was a major funding conduit to the Tories in Prime Minister Margaret Thatcher's camp. Earlier, Lord Carrington had been on the board of Hambros Bank, whose chairman, Jocelyn Hambro, had served as head of the British Special Operations Executive in Switzerland during World War II. Lord Carrington joined Hambros in 1967, just after he finished a watch as First Lord of the Admiralty. He left Hambros in 1970, not out of disagreement with its involvement in a "strategy of tension" against NATO members such as Italy, but to become British secretary of state for defense and one of the chief advisers to Prime Minister Edward Heath.

Although Lord Carrington was only on the board of Kissinger Associates for three years, he had considerable influence over Kissinger, both before and after Lord Carrington went on to become NATO secretary general in 1984.

Another founding board member of Kissinger Associates,



One of Kissinger's controllers is Britain's Lord Carrington, a founding board member of Kissinger Associates, Inc. Carrington has served as British foreign secretary and NATO secretary general, as well as in various corporate posts.

Inc. was Lord Roll of Ipsden (Baron Eric Roll, created Life Peer in 1977), who had worked with William Yandell Elliott to produce *The British Commonwealth at War*, writing a section on "Britain's Overseas Trade." Lord Roll had been the chairman of S.G. Warburg since 1973, and he has also been the past chairman of Mercury Securities. Lord Roll was elevated to the peerage for having been director of the Bank of England from 1968 to 1977. The S.G. Warburg investment bank put up the loan money to launch Kissinger Associates.

In 1989, Kissinger Associates Vice Chairman Brent Scowcroft and President Lawrence Eagleburger were brought into the Bush administration, becoming national security adviser and secretary of state, respectively. Although Kissinger had had to sit on the sidelines throughout much of the Reagan administration—except for his chairmanship of the Bipartisan Presidential Commission on Central America—he had enormous influence in the Bush administration, including being on the President's Foreign Intelligence Advisory Board until he was forced to resign for conflict of interest with his position in Kissinger Associates. Kissinger had two birds in the Bush administration, and Eagleburger was in an especially important position. For example, together with Lord Carrington, Lord David Owen, and other members of the British oligarchy, Eagleburger directly helped ignite the Balkan tinderbox, in an example of Kissinger's dictum that "morality has no place in foreign policy."

### The 'dump Clinton' operation

Lord Carrington, KG, GCMG, who had been secretary general of NATO from 1984 to 1988, showed up again with Kissinger as one of two senior advisers on the International

Advisory Board of the Hollinger, Inc. press conglomerate. The head of the board (honorary senior international adviser) is Baroness Thatcher of Kesteven, who was created a Life Peer after leaving the post of prime minister of Great Britain in which she served during 1979-91.

Hollinger, Inc. was founded by Conrad Black out of the Argus Corp. in Toronto, Canada, and was part of a British Special Operations Executive postwar network established with Edward Plunkett Taylor heading Argus. Hollinger, Inc. has been in the forefront of British propaganda efforts to topple President Bill Clinton through the Whitewater scandal and every other kind of sleaze.

Hollinger's main subsidiary is The Telegraph PLC, particularly the *Sunday Telegraph* of London. Lord Carrington, who until recently chaired Christie's International PLC, has also been on the board of The Telegraph PLC, of which Hollinger owns 68%. He holds that position with Henry N.L. Keswick, who is chairman of Matheson & Co. Ltd. and Jardine Matheson Holdings Ltd.; the latter is one of the biggest "Dope, Inc." banks driving the Golden Triangle opium/heroin trade.

In addition, major Hollinger, Inc. holdings include 99% of Jerusalem Post Publications Ltd. and 90% of American Publishing Company. The latter, which owns 240 papers led by the *Chicago Sun-Times*, had 10% purchased by Dwayne Andreas's Archer Daniels Midland grain cartel. Andreas has been on the International Advisory Board for years, while ADM board member Robert Strauss, who had just completed a stint as Bush's ambassador to Russia, is on the main board of Hollinger, Inc. Combined in effect, Hollinger, Inc. has been beating the drums for President Clinton to be shot, jailed, or thrown out of office after one term, because, as its journalists like Ambrose Evans-Pritchard have unabashedly said, Clinton broke the "special relationship" between the United Kingdom and the United States.

Some others on the Hollinger International Advisory Board, with Kissinger and Carrington, include: Dr. Giovanni Agnelli, chairman, Fiat SpA in Italy; William F. Buckley, Jr., editor-at-large, *National Review*, a British Fabian Conservative; and Sir James Goldsmith, cousin of the Rothschilds, environmentalist, and junk bond buyout specialist; Lord Jacob Rothschild, chairman, J. Rothschild Holdings PLC.

### The Queen's queen

On June 20, 1995, Queen Elizabeth II dubbed Henry Kissinger Honorary Knight Commander in the Most Distinguished Order of St. Michael and St. George. A week before Kissinger was beknighted, the Foreign and Commonwealth Office in London put out a press release, under the title, "Dr. Henry Kissinger Honored by H.M. Queen Elizabeth II." The release read:

"Spokesmen announced that The Queen had been pleased to approve a recommendation by the Secretary of State for

Foreign and Commonwealth Affairs [Douglas Hurd] that Dr. Henry Kissinger should be appointed an Honorary Knight Commander in the Most Distinguished Order of Saint Michael and Saint George (KCMG). This honor was in recognition of Dr. Kissinger's contribution towards Anglo-American relations."

Although this was the official formulation, a spokesman at Buckingham Palace told *EIR* that the appointment had been made by H.M. Queen Elizabeth II herself. Moreover, it is very rare for an "American" to be invested into the Order of Saint Michael and Saint George. Most have been given Honorary Knighthood in the Order of the British Empire, which is lower in the pecking order.

On the evening before he received his knighthood, Henry Kissinger had dinner with Foreign Secretary Hurd. On the same day that he received his knighthood, Kissinger, dressed in top hat and tails, had the singular honor of riding to the Ascot races in the carriage with H.M. Queen Elizabeth II and H.R.H. Prince Philip, Duke of Edinburgh. Wags noted that Kissinger was the Queen's foremost queen.

## Confessions of a British agent

by Scott Thompson

Henry Kissinger has not only openly boasted that he has been a loyal agent of the British Crown, working against vital American interests throughout his career. Over the years, he has demonstrated a world-outlook that is pure British geopolitics, as shown in the following excerpts from his speeches and writings.

### Chatham House, 1982

*"Reflections on a Partnership: British and American Attitudes to Postwar Foreign Policy. Address in Commemoration of the Bicentenary of the Office of Foreign Secretary," May 10, 1982, Royal Institute of International Affairs (Chatham House), London. In this speech, Kissinger endorses British Prime Minister Winston Churchill's campaign against President Franklin Roosevelt.*

All accounts of the Anglo-American alliance during the Second World War and in the early postwar period draw attention to the significant differences in philosophy between Franklin Roosevelt and Winston Churchill reflecting our different national histories. America, which had never experienced a foreign threat to its survival, considered wars an historical aberration caused by evil men or institutions; we were pre-occupied with victory defined as the unconditional surrender of the Axis. Britain had seen aggression take too

many forms to risk so personal a view of history; she had her eyes on the postwar world and sought to gear wartime strategy toward forestalling Soviet domination of Central Europe. Many American leaders condemned Churchill as needlessly obsessed with power politics, too rigidly anti-Soviet, too colonialist in his attitude to what is now called the Third World, and too little interested in building the fundamentally new international order towards which American idealism has always tended. The British undoubtedly saw the Americans as naive, moralistic, and evading responsibility for helping secure the global equilibrium. The dispute was resolved according to American preferences—in my view, to the detriment of postwar security. . . .

The disputes between Britain and America during the Second World War and after were, of course, not an accident. British policy drew upon two centuries of experience with the European balance of power, America on two centuries of rejecting it.

Where America had always imagined itself isolated from world affairs, Britain for centuries was keenly alert to the potential danger that any country's domination of the European continent—whatever its domestic structure or method of dominance—placed British survival at risk. . . . Britain rarely proclaimed moral absolutes or rested her faith in the ultimate efficacy of technology, despite her achievements in this field. Philosophically she remains Hobbesian: She expects the worst and is rarely disappointed. In moral matters Britain has traditionally practiced a convenient form of ethical egoism, believing that what was good for Britain was best for the rest. . . . In the nineteenth century, British policy was a—perhaps *the*—principal factor in a European system that kept the peace for 99 years without a major war. . . .

Franklin Roosevelt, on his return from the Crimean Conference in 1945, told the Congress of his hope that the postwar era would "spell the end of the system of unilateral action, the exclusive alliances, the spheres of influence, the balances of power, and all the other expedients that have been tried for centuries—and have failed." . . . Roosevelt toyed with the idea of nonalignment between a balance-of-power oriented colonialist Britain and an ideologically obstreperous Soviet Union. Even Truman took care not to meet with Churchill in advance of the Potsdam Conference. . . .

Disillusionment was inevitable. America fluctuated between moral crusading and frustrated isolationism, between overextension and escapism, between extremes of intransigence and conciliation. . . . It was therefore a rude awakening when in the 1960s and '70s the United States became conscious of the limits of even its resources. Now with a little over a fifth of the world's GNP, America was powerful but no longer dominant. Vietnam was the trauma and the catharsis but the recognition was bound to come in any event. . . .

The First World War was a temporary exertion, after which we withdrew into isolationism; during the '20s the U.S. Navy Department still maintained a "Red Plan" to deal

with the contingency of conflict with the British Fleet. It was not until the war with Hitler that the gap closed permanently. In the immediate postwar period we were held together by strategic circumstances which imposed the same necessities, whatever the different philosophical premises. American resources and experience and understanding of the European balance of power, were both needed to resist the sudden threat from the Soviet Union. . . .

American leaders no longer thought of consultations with London as a special favor but as an inherent component of our own decision-making. The wartime habit of intimate, informal collaboration thus became a permanent practice, obviously because it was valuable to both sides. The ease and informality of the Anglo-American partnership has been a source of wonder—and no little resentment—to third countries. Our postwar diplomatic history is littered with Anglo-American “arrangements” and “understandings,” sometimes on crucial issues, never put into formal documents. . . .

The British were so matter-of-factly helpful that they became a participant in internal American deliberations, to a degree probably never before practiced between sovereign nations. In my period in office, the British played a seminal part in certain American bilateral negotiations with the Soviet Union—indeed, they helped draft the key document. *In my White House incarnation then, I kept the British Foreign Office better informed and more closely engaged than I did the American State Department . . . [emphasis added].* In my negotiations over Rhodesia I worked from a British draft with British spelling even when I did not fully grasp the distinction between a working paper and a Cabinet-approved document. The practice of collaboration thrives to our day, with occasional ups and downs but even in the recent Falkland crisis, an inevitable return to the main theme of the relationship.

### **Return to Chatham House, 1995**

*On March 29, 1995, Kissinger returned to Chatham House to deliver a keynote speech at a one-day conference in association with Her Majesty's Government, among whose participants was Prince Charles. The speech was titled “How Do People Outside Britain View Our Role in the World? The View from the United States.”*

I grew up intellectually in the age of the special relationship. I believe it was vital for the creation of the postwar international system. It was not a favor that the United States granted to Britain; it was earned first in the conduct during the war and secondly in the enormous contribution in the construction of the Marshall Plan, the North Atlantic Treaty Organization, and what generally was identified with the Cold War pattern of international relations. The special qualities that Britain brought to that relationship have been discussed by previous speakers, experience in a multipolar world, a global character of mind, an experienced leadership, a commitment to security, overseas ties of not insignificant

proportions, and the English language which you can hear today practiced on American television by those who are genuine and by those who engage in wishful thinking. . . . I would argue that the qualities that made the special relationship work, broadened now to a European/American relationship, may be even more essential than before. . . .

The American perception of its foreign policy has always been as one of almost unlimited choice and above all of the ability to participate or to withdraw at its own discretion. . . . This is why almost all American foreign policy has been presented alternately in psychiatric or theological terms, either as a means by which relations among nations could be conducted like relations among people, or as a crusade to destroy or, even better, to convert antagonists to the American perception of international affairs. . . .

America is now going through what I believe is only the beginning of a national debate. And I really have no right to speak here of an American point of view, because the American point of view is still in the process of being formed. The seminal debates have not taken place. For the first time in its history, America has to conduct a global foreign policy without an ideological enemy, without a clear-cut strategic plan in a world which it can neither dominate nor from which it can withdraw. And therefore the classic maxims of American foreign policy are impossible to apply. . . . What is necessary to understand is that we are living now in a world of six or seven major global players. It is said that the United States is the only superpower left. That is a simplistic description of the problem. We may be the only military superpower left, but the issues susceptible to solution by military action are declining. . . .

In such a world, the United States faces a more or less traditional foreign policy problem, which is that in a world of players of operationally more or less equal strength, there are only two roads to stability. One is hegemony and the other is equilibrium. Hegemony may not be possible and is in any case against the convictions and the public morale of the American people, but equilibrium, or balance of power, is a concept passionately rejected in the American intellectual community as a contribution to endless tensions and is an attitude that Americans have fortunately transcended through much of their history. . . . Nevertheless, the future of the world will have to be based on some notion of equilibrium, some balance between the various regions of the world. . . . It can perhaps be achieved that the major regions of the world are not so dissatisfied that they will seek to overthrow the international system by violence, by terrorism, by economic warfare or some of the other methods so well elaborated in our century.

In conducting such a policy, I would define the American interest both negatively and positively. Negatively it is against the American interest that any major region of the world, any continental region, either Europe or Asia, and surely both of them together, be dominated by a country or a

group of countries that can dominate it and then organize it to pursue inimical objectives. And secondly, it is necessary for the United States to participate in a world community that takes into account the global nature of our societies in economics, communications and technology. Theoretically, the United States could pursue this on a global basis as in the manner in which Britain conducted itself towards Europe through most of the nineteenth century, from a posture of splendid isolation, maintaining good relations with everybody, and throwing its weight to the side that seemed most advantageous at the moment. . . . I do not believe we have the philosophy, the personnel, or the resources to do this on any consistent basis, or even to elaborate it as a philosophy. . . .

Therefore, I conclude that the United States and Europe at this moment, just as at the end of World War II, have the need for a special kind of relationship with each other. It is not in the sense that we have necessarily a common enemy but that we have comparable problems that need to be dealt with by parallel approaches. . . .

I do not agree with those who believe that America should now shift this special relationship to Germany. It is not helpful to Germany and it is not meaningful for the United States, because we should not have a special continental partner and I do not know of any German leader who aspires to such a position. It is not meaningful either, because what is needed is help to America and cooperation with Europe in transition that I have described to the conduct of a global policy without enemies, without a security danger geared to potential threats and geared to global opportunities. . . .

A succession of American leaders of both political parties, many of them not known for excessive sentimentality, which is anyway not a trait which enables one to rise easily to the Presidency, have over a period of more than a generation considered it natural that on major issues Britain and the United States would seek to cooperate. And would have a level of consultation that was never formalized but was central to the formation of policy in both parties in both countries. Now, the challenge is whether this can be done on European/American relations, and this is where Britain's experience can make a seminal contribution. Europe does not need to wrest its identity any longer from the United States—we are back to 1947 in that respect.

### São Paulo

*Just a few days after that Chatham House speech, on April 1, 1995, Kissinger turned up in São Paulo, Brazil, for a private speech before the Council of Latin American Businessmen (CEAL). EIR was able to obtain a copy of his address, which included a more explicit attack against the Clinton Presidency than he normally makes in public forums.*

. . . The [U.S.] government is still divided between a Congress that more or less reflects its tendencies, and an Executive branch which more or less reflects tendencies of

the seventies. And, when you have a President that acts as leader of the opposition, it is very hard for a parliament to come through with a coherent program. Still, with all of this, I believe that this year will be marked as one of a major reversal in American economic policy.

The United States is itself going through an intellectual crisis. And, this administration has not been distinguished by great reflectiveness about where it is going. So, it is not so easy for Brazil to have a discussion, because . . . somebody once said about the former Senator Humphrey that he had more answers than there were questions. And, that is true of some of the younger people in the White House right now.

I am not the best witness on this administration, because President Clinton was my second choice as President. So, I'm not one of his unqualified admirers. But, I did support him on NAFTA, I did support him on the Mexican loan, I did support him on China. And many of us who would certainly work against his reelection would be absolutely delighted if he followed what we are discussing here in Brazil. And, I would point out that what he did at the Latin American Summit in Miami has my full support, and has the full support of a lot of people, and there will be no partisan issue if he actually moves in this direction. The danger is that they will always look for some political benefit, some specific trade issue and make a lot of fuss over that.



## LaRouche Campaign Is On the Internet!

Lyndon LaRouche's Democratic presidential primary campaign has established a World Wide Web site on the Internet. The "home page" brings you recent policy statements by the candidate as well as a brief biographical resumé.

**TO REACH** the LaRouche page on the Internet:

<http://www.clark.net/larouche/welcome.html>

**TO REACH** the campaign by electronic mail:

larouche@clark.net

Paid for by Committee to Reverse the Accelerating Global and Strategic Crisis: A LaRouche Exploratory Committee.

# Genocide in Bosnia leads to alliance of Britain's foes

by Umberto Pascali

After four years of genocide in Croatia and Bosnia, the Britain-based oligarchical gang has managed to create the last thing it wanted: a nascent alliance of the targets of British geopolitics; a combination that includes a large part of the West and the vast majority of the so-called Third World, with the Muslim countries on the front line.

Ironically, the British have managed to bring into being an alliance which spells ruin for their beloved "Clash of Civilizations" scenario—the effort to promote a worldwide confrontation between Islam and the West, between "North" and "South."

It is seen in the highly effective battlefield alliance between Croatia and Bosnia, and between the Muslims and Croats within Bosnia. It is evident in the American-led air campaign which has inflicted enormous damage to Britain's Serbian puppets, and also in the parallel moves by the Islamic Conference to break the arms embargo against Bosnia. These are forces, now working in tandem, which, according to British geopolitical design, should be at each others' throats.

This combination of forces represents potentially a mortal danger for the British oligarchy, a danger that transcends the situation in Bosnia as such and the possible limitations in understanding and commitment of several of the protagonists.

It is no surprise, therefore, that the British ran to their Serbian puppets, Ratko Mladic, Radovan Karadzic, and Slobodan Milosevic, and "suggested" they say yes to the U.S. demands, after two weeks of air strikes and stubborn Serb refusal to any formal assent to break the siege around Sarajevo.

On Sept. 12, a British official announced that Britain was "floating" a cease-fire plan for Sarajevo, based on "additional reassurances to the Bosnian Serbs, in relation to the Bosnian government forces' position and performance."

This is the background of the Sept. 14 encounter of U.S. Assistant Secretary of State Richard Holbrooke with the war criminals in Milosevic's office in Belgrade, and the consequent cease-fire.

The danger for the oligarchs is strategic and historical, and can be analyzed only by leaving aside pragmatic considerations. First, as previously stated, it spells ruin for Samuel Huntington's "Clash of Civilizations" scenario, a scenario which is seen by London and its satellites as the way to prevent any collaboration among their targets, and ultimately to keep control of a world ravaged by wars and famine.

Second, this potential alliance was galvanized by the NATO decision to finally end the appeasement of the Serbs and launch air strikes against Greater Serbian military targets, starting on Aug. 30. It was further stiffened on Sept. 10 by the launching of 13 cruise missiles against the Serbian Chetnik command and communication centers in Banja Luka, and by the announcement of the future use of radar-proof Stealth planes.

Finally, the anti-genocide front was remoralized by the Bosnian-Croatian coordinated ground offensive that liberated, in a few days, close to 1,200 square miles of occupied territory in central and northern Bosnia. As we go to press, the Bosnia and Croatian forces are marching from different directions toward the last crucial position held by the Chetniks in North Bosnia, Banja Luka, while the Chetnik gangs are withdrawing. Banja Luka is the center of the Chetniks' military command.

## **The psy-warriors cover their back**

Of course, British rationalizations abound on why all this is happening. Many theories are being advanced on why Milosevic and company, after having rejected any such ac-

cord with arrogance, signed a piece of paper swearing they would withdraw their heavy weapons 12.5 miles away from Sarajevo, etc. It is stressed by some, that the Chetniks are abandoning only those territories that are assigned to the Bosnians and Croats, but that is not the case; in fact, the Serbian "withdrawal" is assuming the dimension of a Krajina-style rout.

Others say that the air strikes did not hurt the Greater Serbians, because they hit mostly air defense and communications facilities. But in a war waged by the Chetnik gangs, with the infantry capable only of assaulting civilians, the aggressors' superiority consists of armored divisions and the heavy artillery that the Bosnians lack; and for heavy guns, electronic communications are key. So, while it is true that the actual heavy artillery positions have not really been hit in any adequate way—and this mostly thanks to sabotage by the British and their assets—there is no doubt that the Chetniks have been hit badly.

Many sources stress that the Bosnians and Croats are divided by too much hatred to collaborate against their common enemy. The Croats are told that they have to fear the Muslim "threat," while the Bosnian Muslims are told that the Croats have a deal with the Serbs in order to split and finally annihilate them. The "experts" apparently do not feel the need to point out that it was the British intelligence service MI-6 that was caught red-handed in central Bosnia in 1993, while training, arming, and deploying fundamentalist "Croatian" and "Muslims" gangs to be thrown against each other and against the civilian population.

### **British manipulations**

There is no doubt that there are ideological weaknesses which the British psy-warriors can exploit. There are problems of racism, greed, and stupidity verging on insanity, such as that displayed by certain Croatian circles who used to be convinced that they could have a deal with the Greater Serbians, and that they could split Bosnia according to the law of the jungle. But besides being evil, this plan is also suicidal, and as long as the Croatian leadership flirted with it, it led to the almost total destruction of the country by the Serbians. Are the British and the Milosevic gang still offering the poisoned apple? No doubt! But it looks as though they are being less successful than they were before: The alliance between Croatia and Bosnia has been the backbone of the counterattack.

Another persistent story is that the Sept. 8 Geneva accord, signed by the foreign ministers of Bosnia, Croatia, and "Yugoslavia," has established the ethnic division of Bosnia, and that that is what President Clinton has opted for, after having supported in the past—though only theoretically—the need to preserve a multi-ethnic country. Thus, after a certain period, the "Serbian entity" inside Bosnia will join Serbia to form a sort of small Greater Serbia. This idea is apparently confirmed by Article II of the Geneva accord:

"Bosnia and Hercegovina will consist of two entities: the Federation of Bosnia and Hercegovina . . . and the Republika Serbska."

The problem is that the agreement is at the very least ambiguous, and can be interpreted in diametrically opposite ways. Bosnian officials compared the two entities and their respective constitutions to the constitutions of the United States and that of the Commonwealth of Virginia ("which cannot, by definition, be in contradiction with the U.S. Constitution"). But the main point here, is that this is not a technical matter, but a political one. The ambiguity, or compromise, present in the accord, is the result of the clash between two opposite tendencies, and so in reality nothing has been decided; it is still the battlefield that will settle most of the issues.

The ethnic division of Bosnia is so "undecided," that Henry Kissinger had to come out after Geneva with one of his deranged commentaries against the danger of "Muslims and Croats insisting on unifying the countries." Even worse, "many insist on a sovereign Bosnian state within its original borders." But, this British policy spokesman countered shamelessly, "it makes no sense to try to impose a multi-ethnic solution for all of Bosnia-Hercegovina. . . . The only responsible outcome is to define Bosnia as a *state for the Muslim community*." Thus, Bosnia must be partitioned into three ethnic parts.

### **What the Russians are responding to**

Finally, there is the theory that Bosnia cannot exist as a sovereign country, because Russia is threatening to launch a war. Bolstering this line are the screams coming from the Russian State Duma, from Vladimir Zhirinovskiy, and from President Boris Yeltsin himself. The reality is different: Russia would not go to a war for the Serbian "Orthodox brother." In fact, as Lyndon LaRouche explained in a recent interview, the Russian leadership is using the Bosnia issue only symbolically. "The Russians don't believe that NATO is carrying out genocide in the Balkans. That's hogwash," he said. "There is a faction in the Orthodox Church, which is tied to the Serbian Orthodox church and is pro-Milosevic. . . . [But] this crowd is influenced strongly, though not necessarily always directly, by the British. . . . [In reality] what the Russians are reacting to is 1) that the United States doesn't give them any sign of hope on dumping IMF [International Monetary Fund] conditionalities, and 2) that the U.S. has allowed itself to be lugged into this idea of the eastward extension of NATO."

On Sept. 11, Russian Foreign Minister Andrei Kozyrev told the pro-Serbian "screamers": "I think Russia has had enough of confrontations with the rest of the world. I would warn against hysteria. We raised the issue [of stopping NATO air strikes] in the U.N. Security Council and remained in a minority there. Mind you, we were opposed there not by NATO, but mostly by non-NATO countries!"

# Srebrenica, the new 'Katyn Forest'

*Katharine Kanter reports from a conference in Bonn of the Society of Endangered Peoples, which exposed the British-U.N. betrayal of Bosnia.*

The question of the fall of the Bosnian cities of Srebrenica and Zepa to the Chetnik forces of Radovan Karadzic, will be seen by historians as of as great import as the murder by the Red Army of several thousand Polish officers at the Forest of Katyn in 1941. British Foreign Office internal memoranda, released under the 40 years' rule this year, some extracts of which were printed in the London *Times* in July, show that the Foreign Office was not only aware that it was the Red Army, not the Germans, which carried out the murders. British high officials may well have known of the Red Army's plans *in advance*. A memorandum, stating that it is "not in our interests" to let the truth be known as to the authors of the crime, points to that possibility.

It is the question of Srebrenica which dominated the Conference of the Society for Endangered Peoples held in Bonn Aug. 31-Sept. 4, as the Contact Group met in the nearby Petersberg fortress, to discuss the so-called "peace" plan.

It will be recalled that some time before Srebrenica fell, in mid-July, the city's military commander, Naser Oric, "The Tiger," had had to be evacuated due to a severe illness. At that point, strife broke out among the so-called "western powers." The new French President, Jacques Chirac, demanded that armed force be used to repel the Serbian onslaught. The British "went ballistic": They had *decided* that the enclaves would fall to Serbia *in order for the war to go on*. The Americans hesitated. Then, they went for the path of least resistance: Allow the weakly defended Zepa and Srebrenica to fall, while "pondering" the fate of Gorazde.

The British had already carefully prepared the new massacre at Katyn Forest. Their Special Forces are said to have been on the scene. Dutch Unprofor (U.N. Protection Forces) troops were supposed to be guarding Srebrenica. But they were only 400 men. Dutch military men and politicians on the *inside track*, said the city was in no danger, whilst the screams of those on the *outside track*, the Dutchmen inside Srebrenica, were ignored.

The actual log-book, the actual chain of command, of what happened, minute by minute, between Dutchbat, NATO Command, and the U.N. Secretariat, is not yet known. In military terms, these details count. Did Dutchbat commanders ask for air raids, or air support? Did they demand from NATO that the Serbian onslaught be stopped, or merely that Dutchbat be "covered" (provided with air sup-

port) to withdraw?

Real-time satellite information, available to the United States and Great Britain, that the men of Srebrenica were being taken away, was ignored. Hundreds of calls pouring in from the war zone to the NATO governments, were ignored. Because that was the plan.

## 'A few drinks is not a wild party'

A number of people in London are very interested to make sure that that chain of command never becomes known. Thus, for services rendered, they will blithely stab in the back their Dutch allies: The Dutch shall be made to carry the bag for everything that happened. The point is that although commanders or members of Dutchbat, as individuals, may have behaved atrociously, the decision *not* to stop the Serbians with air strikes was *not* made by Holland. On Sept. 2, a press conference was called by the Society for Endangered Peoples. Among those present was Colonel de Joong, a high official of the Dutch Defense Ministry, who remained in the corridors of the conference for the rest of the day. I asked Colonel de Joong whether the accusations made against the Dutch, in particular by the German parliamentarian Maria Luisa Beck, were justified. He replied: "We should not be made to bear the whole responsibility for the policy of the international community. What happened at Srebrenica is their policy, so let them be blamed." I asked him whether it were true, as Miss Beck has claimed, that the Dutch held a wild party with the Serbians the night the city fell. He replied: "A few drinks is not a wild party."

In the month of August, Miss Beck (of the Bundnis 90 party) travelled under the usual appalling conditions to Tuzla. There, she spoke to a great number of people who had fled Srebrenica. On Aug. 21, she wrote a report on what she had heard. She said: "I still cannot fully grasp, how it can be, that Europe . . . has delivered men into the hands of their murderers. The U.N. Base at Potocari was turned into a catwalk, from which [the Serbians] chose whom they wanted." A Bosnian soldier who refused to trust the U.N., and marched in a column of about 15,000 people who tried to break through to Tuzla, told Miss Beck the following:

"The Chetnik [Serbian] offensive began in early July. We learned that they were massing troops. Our mayor informed the U.N. He demanded we be defended, or that our



weapons be given back. We were told by the U.N., 'Don't worry. There will be air strikes.'

"On July 7, a hail of shells began to rain down. . . . The Chetniks attacked U.N. station Seleniada first. The U.N. pulled back. We took it over. The same at station Lubisavici. The U.N. pulled back. The same at the U.N. stations in the south of the city.

"A Dutch captain told us again, that our people would be defended.

"On July 10, the Chetniks reached the outskirts. On July 11, they entered the city. The people rushed toward the U.N. base near Potocari.

"The U.N. did have heavy weapons there. There were U.N. armored vehicles and tanks.

"Between July 7 and 11, shells rained down. But none hit the U.N. stations.

"As the Chetniks reached U.N. station Potocari, I saw, that they shook the hands of the Unprofor. Unprofor pulled their tanks back and gave up the base.

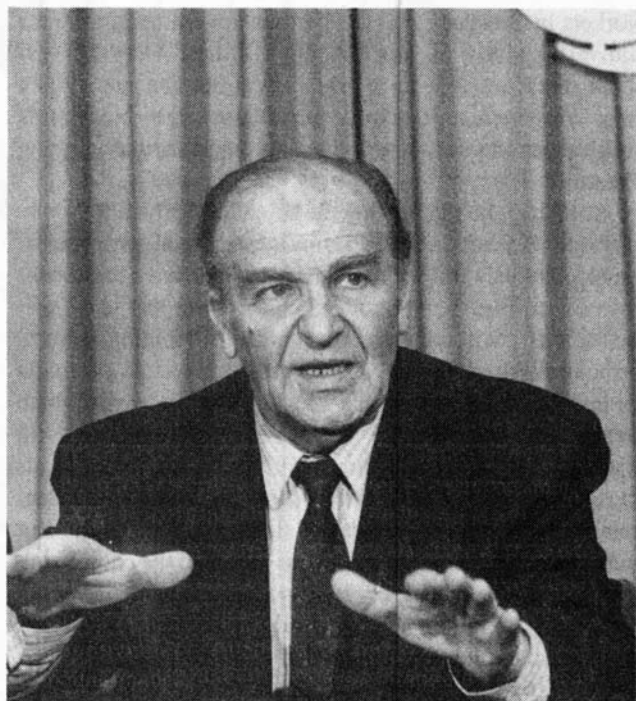
"Three thousand Bosnian men remained on the base. They believed the U.N. would protect them."

These men are those for whom the mass graves are now dug around Bratunac stadium.

Miss Beck was told by someone in the political department of the United Nations High Commission on Refugees (UNHCR), who did not want to be identified, of a wild party on the night the city fell, between the Unprofor and the Chetniks. She was also told by an American officer who had been in Srebrenica, that before the city fell, the U.N. had changed the routing of aid convoys. Previously, they had started from areas controlled by the Bosnian government. Then, they were started from *Belgrade*. The number of convoys dropped from two a week to one. Bosnian sources have told this news agency, that the city of Srebrenica had no salt for three years, and no shoes for adult men ever came in the convoys—so that the soldiers could not fight. The American told Miss Beck, that by the time the city fell, the population was so weakened by privations, that even young men were not strong enough to stand upright.

A special session of the Dutch Parliament was held on Sept. 5, to discuss the fall of Srebrenica. The Dutch foreign minister and defense minister were called. According to the correspondent of the German daily *Die Welt* in the Dutch Parliament, Helmut Hetzel, it came out in the course of the debate, that Dutch Defense Minister Joris Voorhoeve was given false information by his commanders there, who had formed an agreement with Serbian Gen. Ratko Mladic on "cleansing" the city.

It now transpires that the 400 members of Dutchbat were not debriefed upon returning to Holland in August, but were sent on holiday for six weeks! The film and photographic material taken at Srebrenica by Dutchbat, as the Serbians entered the city, was destroyed, "due to carelessness," at the laboratory of the Dutch Ministry of Defense. The Rotterdam



Bosnian President Alija Izetbegovic: "We will never give up Zepa and Srebrenica."

*Courier Handelsblatt* of Aug. 26 reported that Dutch Unprofor men reported seeing dump trucks full of dead bodies, and earthmoving equipment loading bodies onto them. These men had been the defenders of Srebrenica. Only now are the soldiers' eyewitness reports being taken down. They are to be sent as evidence to Special Prosecutor Richard Goldstone at the International Court of Justice at The Hague.

### The liberation of Bosnia

Among the most interesting presentations to the Bonn conference, was that of *Newsweek* journalist Roy Gutman. Gutman, who has a certain knowledge of military things, notably said:

"What would happen if the Bosnian Army were to capture Pale, and . . . the Fifth Corps, with help from Croatia, were to take on Banja Luka? . . . The fall of Knin forces you to think it through. . . .

"Fifth Army Corps forces managed well against high odds under Commander Dudakovic. They developed their own tactics of maneuver, known as elastic defense, which kept the Bosnian and Krajina Serbs off-balance, and all this almost without equipment. Most of the fatal wounds they suffered in fighting were head wounds. Why? They had no helmets. Suppose they had helmets. And bullet proof vests. And fuel for their vehicles. It is safe to say they will, and soon."

According to Gutman, this is how the economy of the Serbian-occupied Krajina was shored up: The Bosnian guest-

workers in Germany, and the German government, gave the equivalent of \$10 million a month to Bihac. *All of this was paid to the Krajina Serbs to get food.* As Gutman puts it: "Not since West Germany bankrolled East Germany by buying free political prisoners at a king's ransom have I heard of anything like this."

Similarly, he reports that the so-called Serbian Republic of Bosnia lives off the loot from the international aid agencies, the blood money which the agencies let them have so the convoys can roll on to the besieged cities. Once that is cut off, the "S.R.B." will collapse. He concludes: "Ending a war in a truce with those responsible for genocide . . . is a formula for instability and another war. Just look at the way in which the inconclusive ending to World War I led straight to World War II. . . . President Clinton will pursue [partition] at his own political peril. He will face a damaging assault in an election year on his most vulnerable flank, foreign policy. But will he instead encourage Bosnia to carry out the course suggested by General Dudakovic? It's a hard decision to expect in one gulp, yet I don't see any real alternative."

A similar message intended for the United States was delivered to the Bonn conference by former U.S. Rep. Frank McCloskey, and by Bosnian Prime Minister Haris Silajdzic. "Western governments," said the prime minister, "have the proof that regular troops of Serbia-Montenegro are in Bosnia even now. They have the proof that Belgrade delivers weapons to the war effort in Bosnia every day, and that she intends to divide Bosnia and annex a part to Serbia. Can anyone seriously state that the ground-to-air missile systems, installed in Bosnia—and they even control the skies over the Adriatic—were not obtained from Serbia? . . . The not-so-distant past of Europe shows that governments can make grave errors of judgment. Actual power, and wisdom in statesmen, do not, unfortunately, always go hand in hand."

### **What the Serbians who defend Bosnia say**

One of the more original presentations, was that of a Serbian, a high official of the Defense Ministry of Bosnia-Herzegovina, Radimir Marinkovic. As he was too ill to travel, his speech was read. War crimes, he said, were carefully planned in advance, by Belgrade. There was a systematic effort, before ever the war began, to recruit convicts and the mentally ill into paramilitary units. These people were already "outsiders" when sent into Bosnia. The Serbian Academy of Sciences and Art, said Marinkovic, has for decades, indeed, since before World War II, promoted a policy of transporting "aliens" in pursuit of an "ethnically pure" Greater Serbia. "The sight of an Academician in handcuffs, will be more useful against the new Nazism than all U.N. Resolutions."

Serbian President Slobodan Milosevic, said Marinkovic, has purposefully destroyed Yugoslavia, to build Greater Serbia, by burning the bridges of the Serbians in Bosnia, "tying them to the Serbian Nazi regime by the chains of crimes they

witnessed. . . . He ordered massacres of non-Serbs to be committed in the presence of the Serbian population. The message was clear: From now on there will be no retreat. . . . Serbian nationalists warned that the World War II practice, where neighbors of different nationalities protected each other, will not be tolerated. . . . That is why so many distinguished Serbs were slaughtered in 1992, others beaten up or fired from their jobs, precisely in those areas where the anti-Nazi and anti-Facist movements [during World War II] were very strong. . . .

"The failure to provoke retaliation [by the Bosnians] against the Serbs in Bosnian cities, was one of the biggest obstacles to a Great Serbia project. Serbian Gen. Milan Gvero spoke in advance about 20,000 Serbians who were to die in Sarajevo. A TV editor in Pale said they were going to repeat what happened at Vukovar and make a cornfield out of Sarajevo. But he could not explain why they wanted to destroy a town where 60,000 Serbs lived."

### **'We will never give up Zepa and Srebrenica'**

The sponsors of the conference, the Society for Endangered Peoples, appear to support just about every insurgency, every remote tribe, on this planet, and its secretary, Tilman Zulch, has gone into print in unfriendly fashion against the activities of *EIR*. For this reason, relations between the Society and *EIR* have always been, shall we say, tense. However, this bizarre group, which for whatever reason, did invite *EIR* to the Bonn event, has done some useful things for Bosnia. Its declaration, issued at the end of the conference, is worth taking note of.

The declaration considers that what has taken, and is now taking place in Bosnia falls within the strict definition of genocide, as per the conventions and treaties now in force in international law. The Permanent Members of the U.N. Security Council, and named individuals such Lord David Owen, Thorvald Stoltenberg, Boutros Boutros-Ghali, Yasushi Akashi, and others, therefore bear, in strict legal terms, criminal responsibility under the Genocide and other conventions. Therefore, the State of Bosnia is justified in bringing criminal proceedings against them at The Hague. Therefore, the "international community" is *legally responsible* to rebuild Bosnia under a Marshall Plan. The declaration also considers the arms embargo to be "illegal, and furthering the purpose of genocide" and, therefore, calls for the embargo to be lifted forthwith.

As the Bonn conference ended on this forceful note, its echo was perhaps heard in Ankara, Turkey. Emerging from meetings with American and other diplomats there, Bosnian President Alija Izetbegovic told the Turkish press that he would not accept partition, nor the schemes put to him on eastern Bosnia by the Contact Group: "We will never give up Zepa and Srebrenica, or accept for the Brcko Corridor to be widened. The only State on the territory of Bosnia-Herzegovina, is and remains Bosnia and Herzegovina."

# When rule by press replaces rule of law

by Katharine Kanter

Some countries have no luck. Bounding out of the frying pan of *El País* (homosexuality, hallucinogenic drugs, polymorphous perversity, liberalism), Spain has dived into the fire of *El Mundo*, the Conservative Revolution, where everything except terrorism will be made illegal.

To make a long story short: Since October 1982, Spain has been ruled by the Socialist Party. Their economists are all classic Anglophile liberals, such as Luis Angel Rojo, governor of the Bank of Spain, and Miguel Boyer, the former finance minister, who slashed infrastructure budgets, closed steelworks and shipyards, played with derivatives, and made Madrid an open city for the big banks. To make things even stickier, these people, notably Boyer, upon coming to power also quickly acquired a taste for expensive women and still more costly villas. Virtually all the major State industries have been sold off. The National Institute of Industry, modelled on Enrico Mattei's IRI in Italy, was closed down this year, its various firms privatized. The result: Something like 25% of the population is now out of work (the official figures are 20%). And, most importantly, virtually no rain has fallen since 1986, save in the northernmost parts. Spain, owing to a zero budget for hydrologic infrastructure, is now undergoing no mere drought, but the worst shortage of water for drinking and irrigation in 2,000 years. Drinking water is being delivered by tanker to Mallorca and other coastal cities in the south. Heretofore one of the world's largest producers and exporters of soft fruits and vegetables, Spain is also about to disappear from the world's agricultural map.

The only thing the Socialists did not do, was to cut back or eliminate public services, such as health care, transportation, and social security. They have simply allowed them to degenerate into chaos. The Spanish population is fed up.

Smelling blood, enter the shark school of Conservative Revolutionaries. The former head of the Conservative Party, Manuel Fraga, once a minister under Francisco Franco, was dumped three years ago by his lot, because he was not committed to ramming through brutal austerity measures. He had also made public statements attacking the International Monetary Fund. Fraga was replaced by the young, manipulable but photogenic Manuel Aznar, of whose real views little is known save Thatcherite slogans in favor of cost-cutting.

Behind Aznar, and this is definitely not a point in his favor, stands Pedro J. Ramírez, formerly director of the newspaper group *Diario 16*, now defunct, presently director of the Madrid daily *El Mundo*, which is about 15% British-owned.

Ramírez's prominence in public life owes to his personal address book, bulging with contacts from the intelligence community. As he did with *Grupo 16*, Ramírez has turned *El Mundo* into a scandal sheet of the first order: What other Spanish journalist can boast of being able to get, straight from sources in military intelligence, printouts of private telephone conversations, taken from taps, of the highest officials in the land, including the king himself?

Ramírez, the darling of the British media, has been set the task of pulling down not only the Spanish government, but the entire Spanish security establishment. Over the last months, *El Mundo* has made it its business to bring out anything, no matter how petty, which might be blown up as a "corruption scandal" against the government.

## The GAL affair

The latest, which reveals the true intent of those behind Ramírez, is the affair of the Anti-Terrorist Liberation Group (GAL). The GAL is not a figment of *El Mundo*'s imagination; it really existed. It was formed by a group of high-ranking police officers some time in the early 1980s, to physically eliminate or otherwise "take over" individual members of the terrorist group ETA. Why did the Spanish government give the green light to the operation? Because, like most heads of State, President Felipe González, particularly while the labile, evil François Mitterrand was President of France and George Bush was President of the U.S.A., did not feel strong enough to pull down single-handedly the octopus of world terrorism, run, at the time, as a kind of British-Soviet consortium. To do that, he would have to have been a great diplomatist, a great statesman, and a master of irregular warfare. This is clearly not the case. Therefore, the GAL.

Of course, killing off a terrorist here and there does not stop terrorism. There are always more where they came from. So, Ramírez had the Achilles' heel of the Spanish government staring him right in the face. In a country where salaries for the police are low, while the risk of terrorism is high, it was not too hard to get statements and documents from a number of security officials, claiming that they had proof that virtually every minister of the present or past Socialist governments, was "in" on the GAL. It became difficult to tell which came first: the indictments by the instructing magistrate, or the "leak" in *El Mundo*, that such and such a document existed, and "therefore" so and so would be indicted. Rafael Vera, former secretary of state for interior, was indicted and jailed. Julian Sancristóbal, former minister of interior, also. José Amedo, a high-level police official in the Basque Provinces, responsible allegedly for "direct action," also.

The head of the Basque Socialist Party, Ricardo Damborena García, who had been a close contact to the Interior Ministry, suddenly quit the Socialist Party a few months back, joined the Conservative Party, walked into a magistrate's office, and "spilled the beans" on his former friends in high places, who, he alleged, were on top of the GAL. Other police officials have done the same. Statements and documents which normally should be seen only by an instructing magistrate, in order that their publication before trial not influence public opinion and therefore the course of justice, suddenly turned up in *El Mundo*, such as papers which allegedly show that the CESID, military intelligence, informed González that the GAL was about to swing into action. These papers had been in the hands of CESID official Juan Alberto Perote. The very day Perote met in chambers with Judge Garzón, *El Mundo* went into print.

The latest object of *El Mundo*'s attention is José Cathala, who had been, in the 1980s, the head of the French anti-terrorism effort in southern France. He was the liaison to Spanish Interior Ministry officials on the Basque separatist ETA, and had led the bust of the "Sokoa" Cooperative, one of the largest arms caches ever found in France, in 1986. On Sept. 11, *El Mundo* claimed to have proof that Cathala had accepted millions in gratuities from the so-called "reserved fund" of the Spanish interior minister, for every successful anti-terror operation carried out in collaboration with the Spanish. On Sept. 12, Cathala told the press that he would sue *El Mundo*.

One should also take into account the fact that ETA, acting in the service of foreign powers, has killed over 1,000 people in the last decade. A great number of the attacks were blind terrorism, car bombs or grenades, in which dozens of passersby have been killed or maimed. The GAL is reported to have killed 28. Herri Batasuna, the electoral front of ETA, is now an extremely dangerous mass-based movement, able to bring 500,000 people out onto the streets in riots. Over the last months, there has been a sharp increase in violent street actions in the Basque Provinces, with gangs of masked youths smashing and looting shops, terrorizing private households, and wrecking State property, in rampages that last for hours.

Some observers have commented, that the Conservatives may well be secretly pushing the Basques' button, to show the electorate that the Socialist government can no longer uphold law and order. The object being, to get general elections set for March 1996. But the more the central government is shown to be impotent, the more centrifugal forces will take over, no matter who is in power.

### **Discrediting the political classes**

Do Spaniards actually read the dozens of pages of scandal Ramírez offers? And what is Ramírez's real aim?

According to his own admission, the object is not only to bring down the Socialist government and ring in the Thatch-

erites. The object is, first, to utterly discredit the political classes of Spain. One should recall, that that is *exactly* the program of the Universal Fascists in Italy in the 1920s, and that is *exactly* how the Nazi Party proceeded against military or political leaders who would not knuckle under, in the 1930s: Press campaigns were run against them, alleging homosexuality or whatever, clearing the political arena for fascism. Second, to play upon the fears of a population which lived under dictatorship throughout the 20th century, by presenting their security forces as a gang of murderers and thieves.

Although the men at the top of the Interior Ministry may well be oily politicians, the same is not true of the Civil Guardsman or policeman on the street in the Basque Provinces. Hundreds of these people, who deserve the title of hero, have been shot in the war against terrorism, often, in the back. One victim was the head of the police in Bilbao, who was shot in the back of the head in April and has not come out of a coma. The attack came after he was recognized in the street by terrorists: Several newspapers had published photographs of him at a press conference, although they had been told not to do so.

But what is this to Pedro J. Ramírez, "Pedro Jota" as he affects to call himself? One of his recent "scoops" was the proof that a poster campaign of the 1980s, calling upon the Basque population to reject ETA, was paid for by "reserved funds" of the Interior Ministry.

In early September, Ramírez, on a trip to London, gave an interview most revealing of his true motives, to Selina Scott of NBC Superchannel. Scott told her credulous flock: "Here is Mr. Ramírez, a man who needs 24-hour-a-day protection, because he has brought to light the corruption of Felipe González. He is the most notable of newspaper directors of his generation."

González, said Ramírez, has, in the political sense, "blood on his hands. . . . Before the end of the month, the Supreme Court will decide whether González shall be tried or not. Spain must urgently turn the page on this phase of history. . . ."

"I was put under pressure in 1987 not to continue the investigation on the GAL, and in particular, I recall a conversation with President González who told me: 'When they stop killing us, we will stop killing them, that's all we have to negotiate with ETA.' Now he denies it, but I will never forget that sentence in my life."

Scott asked him whether he were not very friendly with opposition leader Aznar. Ramírez replied, "I am also very friendly with the head of the Communist Party."

On Aug. 6, *El Mundo* published a full-page article accusing Lyndon LaRouche and associates of being behind the GAL, and of recruiting "professional assassins." At the time of writing, *El Mundo* has not yet published Mr. LaRouche's rectification, in pursuance of his legal right to reply, to slanders which tell more about the slanderer, than his victim.

# French investigators are overlooking Britain's role in terror campaign

by Christine Bierre

With six major terrorist bombings since President Jacques Chirac took office earlier this year, he and the new French government face a situation that could lead to a total destabilization of the country, if not approached with utmost care. To the persistent questions of television interviewer Anne Sinclair on Sept. 10, as to who could be behind the bombings, Chirac responded frankly: We don't know. Indeed, one of the major difficulties facing government investigators, is that no group has credibly claimed the bombings, nor has there been any political demand associated with the bombings.

Initially, all roads were open to investigation, including an "Islamic" track (a spillover from the Algerian civil war), a Serbian track (due to Chirac's support for Bosnia), and a track that led to violent ecologist, "peace," or anarchist groups, emerging out of France's decision to resume nuclear testing. But now the inquiry seems to have more and more focussed solely on the "Islamic" track. We put "Islamic" in quotations, because the networks of secret agents and thugs hiding behind the name "Islamic fundamentalism" have really nothing to do with Islam.

Such a narrowing of focus could severely hamper the investigation, at a time when the French nation, led by a President who wants to revive Gaullism, has powerful enemies, capable of setting into motion a whole series of alternative measures to destabilize the country.

## The 'Islamic' track

The "Islamic" track, is, to be sure, the most likely instrument at this point being deployed by forces hostile to France to carry out the bombings. The bombings of July 25 in Paris at the St. Michel Station; of Aug. 17 at the Place de l'Etoile; the Aug. 26 attempt against the Lyon/Paris TGV high-speed train; the Sept. 3 attempt at the Richard Lenoir marketplace, the Sept. 4 attempt at a market in the 15th Arrondissement of Paris; and finally, the bombing of a Jewish school in the Lyon suburb of Villeurbanne, are all of the same modus operandi: blind terrorism against innocent passersby, using very crude bombs.

These bombs are typical of those used by the Armed Islamic Group (GIA), the Algerian extremist group known

to be heavily infiltrated not only by Algerian military security, but also by the British secret services, in the present Algerian civil war. The police have located many videotapes circulating in the poor suburbs of French cities, where Algerian "fundamentalist" leaders give clear instructions on how to build such bombs. One such tape was found in the possession of a North African arrested in Turin, Italy a few days after the St. Michel bombing, as he was returning from Zagreb, Croatia.

After some hesitation, the French police finally decided, a couple of weeks ago, to follow up the track leading to GIA member Abdel Krim Deneché, who lives in Sweden and who edits and distributes a GIA publication, *El Ansar*. Deneché's name had been mentioned in an article in the Algerian newspaper *La Tribune*, prior to any of the bombings, which revealed that a five-man GIA commando squad had entered France via Bosnia. The unit, according to this report, was made up of five "Afghans," that is, Muslims who fought in Afghanistan against the Soviets. Deneché has since been arrested by the Swedish authorities, and France has demanded his extradition in order to question him.

Further indicating the "Islamic" track, was the arrest of a group of four Muslims in the Lyon area, two of them with police records. Although they had nothing to do with the bombings, they possessed weapons and plans to carry out bombings in the area. The arrests point to the existence, particularly in France's poor suburbs, of what appears to be a relatively decentralized network of terrorist capabilities, operating in coordination with international "Islamic" groups.

Further confirmation of this was the arrest warrant issued the first week in September against Khaled Kelkal, a 24-year-old Algerian, who has lived most of his life in a Lyon suburb. His fingerprints were found on the container used in the failed bombing attempt against the Lyon/Paris TGV. His fingerprints were also found on a stolen car, which he and a couple of friends had used in a shootout against police on July 15. In that car, police found bullets of the same type and same lot as those which had killed the Algerian Imam Sahraoui on July 11 at his mosque in Paris; police suspect Imam Sahraoui's murder is linked to the recent

bombings.

Kelkal's profile is typical of the terrorist of this period. He plunged into petty crime in 1990, then was sent to prison, where he allegedly "converted" to Islam—which did not stop him from engaging in fraud and petty theft as soon as he was released, while attending services at the mosque.

Serious and moderate Islamic forces in France and abroad, as well as social workers active in the poor suburbs, confirm that the "Islamic fundamentalists" are taking more and more advantage of the poverty, unemployment, and rage which prevail among Franco-Arab youths, to recruit new followers. The economic crisis, indifference, and sometimes racism, have led to a grave deterioration of the social situation in such areas. Among the 7 million people living in these suburbs, unemployment reaches sometimes 40-60% of those under 25 years of age! Drug trafficking and other illegal activities have created a parallel economy, and now many of the suburbs are a no-man's-land, which the police cannot even enter.

As the case of Kelkal shows, juvenile delinquents are being recruited into the terrorist networks. The prison guards' trade union warned the government on Sept. 4, that the GIA is recruiting in the French prisons. An article in the Catholic publication *La Croix*, recalls that in 1991, leaders of the Islamic Salvation Front (FIS, which today is the moderate wing of the Algerian Islamic movements), were openly calling on petty delinquents to join their ranks.

The French suburbs could easily explode, surpassing even the riots of May 1968.

### **The Pasqua factor**

As real as these networks are, and as much as they have to be dismantled, it would be a mistake to see the present terrorist wave simply as an extension of the Algerian civil war, combined with the social-economic problems in France.

Investigators would benefit from looking at this problem first as a philosophical problem, modelled on Plato's *Parmenides* paradox: the One and the Many. "Many" networks are attacking France, on many flanks: Islamic fundamentalists, peaceniks, ecologists, and others. The investigation would have everything to gain from considering that these attacks are coming from a "One," at the highest level.

This is the only way to avoid following false trails, which could be extremely dangerous to the country. The Islamic track will be fruitful to investigators, so long as they start from the true, historic mother of all Islamic fundamentalist networks: the British secret services. Isn't London, to this day, the center from which all Islamic opposition forces, but especially the fundamentalists, run their propaganda operations?

To view this wave of terrorism as only a problem of the GIA, or as only an extension into France of the Algerian civil war, could lead to grave consequences, namely lumping

together all Islamists, moderates and extremists, and even the whole Muslim community, into one single bag: all of them enemies of France. Given the importance of France's 5 million Muslims, this could create a situation of civil war in France.

It is well known, for instance, that the butchers of Algerian military security have heavily infiltrated the GIA in order to discredit the moderate Islamists by creating a monstrous image of Islam inside and outside of Algeria. This is precisely why French investigators hesitated for some time to take the Deneche information seriously, because *La Tribune*, the paper which made the revelations, is known to be very close to Algerian military security. Many investigators in France are convinced that the Algerian government would be perfectly capable of manipulating a hideous terror wave in France, in order to force the Chirac government to return to the earlier policy of total support to which they had been accustomed under Mitterrand's Interior Minister Charles Pasqua. Yet, the DST, France's domestic secret services, are known to keep close contacts with Algerian military security.

The danger that France could follow the profile manipulated by the Algerian authorities is heightened by the fact that because he was twice French interior minister (in 1986 and 1992), Pasqua's conceptions and methods have had a lot of impact on the judiciary and the police apparatus. Many of those running the anti-terror apparatus today were nominated by Pasqua or by his close associates. This is the case with that section of the judiciary police in charge of the anti-terrorism fight, which is almost entirely comprised of judges who are very close to Judge Alain Marsaud, a close collaborator of Pasqua who is now an RPR deputy. Both Judge Jean Louis Bruguire and Judge Laurence Le Vert, as well as Judge Irène Stoller, who is expected to replace the outgoing head of the anti-terror unit, are known to be close to Marsaud.

Even though these judges are presently working in an exemplary manner at discovering who is behind the bombings, the danger persists that an approach typical of Pasqua, which fixates on the immigrant, Islamic, Arab communities, could blind investigators about who, internationally, is using dirty networks in Algeria and in the intelligence-infected GIA, to create havoc in France.

### **The British hand**

A centralized investigation over the main thrusts of attacks on the French nation since Jacques Chirac came to power, will reveal a very interesting pattern of British meddling against France: These are the traditional enemies of both Charles de Gaulle and John F. Kennedy—what de Gaulle called the Anglo-American oligarchy based in London—which are quite likely at the center of the efforts to destabilize France.

Look at the international protest campaign against the

French nuclear tests, run almost entirely out of Britain and the British Empire colonies of Australia and New Zealand, with an assist from Her Majesty's fellow oligarchs among the Dutch, Danish, and Swedish monarchies. The entire media operation of Greenpeace, which employs a unit of 30 people, is run out of London, while the financial operations are run out of Holland. Moreover, the British elites tied into Prince Philip's World Wide Fund for Nature contributed a commercial which included a veiled death threat against Jacques Chirac, while two former British Special Air Services agents were hired by Greenpeace to swim into the Mururoa Atoll in order to sabotage the French nuclear tests!

Another British-spawned angle of attack is being directed from Spain, where a scandal is being brewed by a British-controlled newspaper to accuse the governments of Spain's President Felipe González and the previous French government of François Mitterrand of having created the GAL death squad to eliminate the Basque separatist ETA terrorists in a dirty war (see article, p. 41). The attack is obviously aimed at reconstituting an ETA network, within whose circles, other anarchist and autonomist elements could be unleashed against France.

Moreover, the historical role of Britain in creating Islamic fundamentalism has been largely documented. Today, the United Kingdom harbors and tolerates in its territory some of the more rabid expressions of fundamentalism in the world, such as the Hezb ut Tarir, which holds its annual international conferences every summer in Britain. Rabid attacks against France for its role in the Algerian conflict were launched at its August 1994 conference. Serious Islamic organizations in Britain indicate that it is the British establishment which created the Hezb ut Tarir from nothing and promoted it. And notably, the GIA takes credit for all its attacks through the London-based Arab press, including Deneche's newspaper *Al Ansar*, where his networks are believed to be based. Finally, the "Afghan" networks of non-Afghani Muslims who fought the Soviet occupation of Afghanistan, were set up by British stooge, then-U.S. Vice President George Bush, and today, these networks are wholly controlled by the British elites.

In trying to solve this extremely delicate problem of terrorism, Jacques Chirac will be walking a tightrope, and will need all the support he can get. In order to avoid the worst chaos scenario, and to act according to justice, he must support those moderate forces in Algeria which want to stop the butchery which the present Algerian government and groups like the GIA are inflicting on that nation. At the same time, he must reinforce the ties between France and the Muslim community in France which, as he recently stated on national TV, is anything "but fundamentalist" and who "will suffer the most from the activity of terrorists and fundamentalists."

The counterattack against France's enemy must be refocused against the "One," the British Empire head of the "Many" terrorist and destabilization networks.

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## Venezuela

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# London, Wall Street seek Caldera's ouster

by David Ramonet

The City of London and Wall Street are trying to overthrow Venezuelan President Rafael Caldera before February 1996, when Pope John Paul II will visit Venezuela. It is expected that the pope's visit will be the occasion for continuing the strategic and economic understanding the two reached last May, when Caldera was in Rome. London and Wall Street fear that Caldera's economic policies—especially with papal support—could serve as an alternative for other nations of the continent, in the face of the imminent disintegration of the international financial system.

In July 1994, Caldera caused a great deal of concern within the international banking community when he imposed exchange controls and explicitly rejected International Monetary Fund (IMF) policy. In January 1995, that concern turned into alarm, when Caldera publicly presented what he has done in Venezuela as an alternative to the failed "Mexico model" of Carlos Salinas de Gortari.

Throughout this period, Caldera was under intense pressure from the international banks, but he consistently rejected IMF "shock therapy" for the Venezuelan economy, and oriented instead toward a concept of social justice akin to the social doctrine of the Catholic Church. Later, in May 1995, based on an interview with Pope John Paul II, Caldera advanced a series of moves toward Ibero-American integration, beginning with certain agreements with Brazil. On repeated occasions, as for example during his visit to Peru on July 28, 1995 for the inauguration of President Alberto Fujimori, Caldera had indicated that, faced with the dire prospect of financial disintegration, Ibero-American integration shone as a unique alternative.

Caldera's visit to the Vatican in May 1995 triggered immediate countermoves from London. Caldera's policies were no longer merely upsetting the oligarchy, but now had to be stopped cold. The reverses the British oligarchy had suffered throughout the Caribbean Basin (see *EIR*, Aug. 18) now demanded that London not only oust Caldera, but also rehabilitate Carlos Andrés Pérez (known as CAP), the former Venezuelan President who had to abandon the presidency under charges of corruption in May 1993.

London and Wall Street's policy with regard to Pérez was stated on Oct. 21, 1992, when Pérez was still in office.

The Pérez government is “the standard-bearer for the possibility of democracy in Latin America,” Luigi Einaudi, George Bush’s ambassador to the Organization of American States, told a Washington seminar. Einaudi, who was in charge of reaffirming that policy then and continues to do so today, hailed Pérez in unusually personal terms as “a President with a personal charisma, history, potential of external reality . . . a projection still of vigor, of courage, of modernity, of adaptability.” What happens to Pérez in Venezuela, Einaudi went on, “is absolutely critical to our collective, regional future.” He added, threateningly, that any “interruption” of his administration would have “an impact on the whole scene of U.S.-Latin American relations.”

Einaudi, who likes to brag that “I came into the State Department with Kissinger,” has for two decades represented British policy within the State Department, where he is currently still located as senior adviser to Secretary of State Warren Christopher.

### **The British give the green light**

On July 23, 1995, the Caracas daily *El Nacional* reprinted an article from the intelligence unit of the London *Economist*, entitled “Government Economic Policy, Without a Compass or Defined Direction.” The analysis lamented that President Caldera refuses to impose shock treatment on the economy, and in its place uses “political trickery.” Therefore, “the [Caldera] government has already lost the confidence of the international community and a good part of the national private sector; although he retains a certain level of trust on the part of the Venezuelan people, this is slowly but surely disappearing.”

The article concluded, “Although the government has a good opportunity to survive, its actions will not be effective. Further, the political situation is becoming more and more unstable. It is probable that the Congress will be less cooperative as the December elections approach, and this could lead to legislative paralysis. . . . There are already clear indications that unrest among industrialists is growing, and from one moment to the next, there could be a social explosion.”

Later that same week, British Ambassador to Caracas John Flynn met with former President Pérez at the latter’s home, where he is under house arrest. From that moment onward, CAP has received growing attention from the national and international news media, which are trying to restore him to power.

Two weeks after that, on Aug. 16, the *Wall Street Journal* published a blistering front-page article by Matt Moffett, headlined “Venezuela Suffers from Populism,” which was reprinted the same day by *El Nacional* in Caracas. Moffett picked up the evaluation of the *Economist Intelligence Unit*, adding there there was need for the revival of CAP. In particular, Moffett lamented that Caldera repudiated Salinas

de Gortari, an employee of that company of Wall Street usurers known as Dow Jones & Co., which edits the *Wall Street Journal*. The article was designed to open up the floodgates against Caldera, both domestically and abroad. That is exactly what happened, as the chronology below documents.

### **The sewers flow**

After London and then Wall Street gave the green light, every imaginable conduit of British filth inside Venezuela, of both the left and the right, was opened up. The “constituency” inside Venezuela for such a London strategy consists principally of those who grew fat on the national misery in Venezuela under the CAP presidency. These include dozens of bankers charged under Caldera with corruption and other financial crimes, most of whom fled the country and are still at large. These bankers, including the powerful Cisneros clan, have activated their significant mass media capabilities (such as Venevision and Televen TV channels), their house journalists (such as José Vicente Rangel and Carlos Croes), and political assets (such as Lt. Col. Hugo Chávez of the São Paulo Forum’s MBR-200 party, which is organizing for the violent overthrow of Caldera).

Dirty warfare against Caldera was launched by journalist Jorge Olavarría, who in his July 25 *El Nacional* column accused Caldera of links to an alleged coverup of the fraudulent bankruptcy of Banco Andino, owned by Sen. Bernardo Celis, of the ruling Convergence coalition. First, Olavarría sought to create the opinion that Caldera “doesn’t know anything about economics,” because he didn’t follow IMF prescriptions. Then, Olavarría added the line that “Caldera is as corrupt as CAP,” implying that he should be ousted from the presidency in the same way as CAP.

According to the Venezuelan magazine *Zeta*, Jorge Olavarría is working with CAP’s front man Ignacio Quintana, who today operates as a liaison between Venezuela’s fugitive bankers and former commander Chávez. Quintana was linked to the Cisneroses’ Banco Latino, managing the special accounts of Pérez government officials. Quintana has offered the fugitive bankers the opportunity to organize a left-right coalition, to overthrow Caldera and permit their return to Venezuela.

Meanwhile, Olavarría and Quintana are in charge of “requesting President Caldera’s resignation,” according to *Zeta*, as the first step. José Vicente Rangel, who has his own presidential ambitions, personally took charge of pushing the resignation demand. At the same time, he has attempted to revive the image of Pérez as “a leader.” The campaign took off when novelist and political insider Arturo Usler Pietri (who played a central role in CAP’s fall), declared in an interview with Roberto Giusti (CAP’s former press officer) in the daily *El Universal* on Aug. 6, that Caldera’s great error was in not continuing CAP’s economic “reforms.”

Perhaps Usler did not imagine, when he issued a call



for people to present their solutions “for consideration,” including even the use of force to bring about national change, that his house would be simultaneously visited by the narco-terrorists of the São Paulo Forum, in the persons of Pablo Medina and José Lira; by neo-liberals such as Oswaldo Alvarez Paz and his friend Ramón José Medina; and the president of the National Bank Council, Edgar Dado, together with spokesmen for Chávez’s MBR-200, such as Manuel Quijada.

All of the visitors proposed unification around a campaign for a Constituent Assembly on Aug. 23. Uslar told them he did not agree with a Constituent Assembly, given that this would only work after a coup d’état or a revolution. Manuel Quijada, from the left, and Alvarez Paz, from the right, explained to Uslar that this is precisely what they had in mind.

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## Documentation

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# The chronology of a destabilization

**July 23:** The Caracas daily *El Nacional* reprints an article from the intelligence unit of the London *Economist*, predicting a popular uprising against the Caldera government. The article is entitled “Government Economic Policy, Without Compass or Defined Direction.”

**July 25:** Journalist Jorge Olavarría accuses President Caldera of corruption and suggests his overthrow, as with CAP.

**July 31:** British ambassador to Venezuela meets with CAP, according to *El Nacional* journalist Carlos Croes.

**July 31:** The COPEI party plans to hold Caldera criminally responsible for the alleged fraudulent use of bank bailout funds, according to *El Universal*’s Carmen Carrillo.

**Aug. 6:** CAP defends Colombian narco-President Ernesto Samper Pizano, in an interview with the news agency IPS, published in the daily *2001*.

**Aug. 6:** Arturo Uslar Pietri proposes “considering” the use of force against Caldera, to restore the economic program of Pérez (interview with Roberto Giusti, of the daily *El Universal*).

**Aug. 10:** CAP expresses alarm at the problems facing former Mexican President Carlos Salinas de Gortari, Colombian President Samper Pizano, and others of his ilk, in an interview in *El Universal*.

**Aug. 11:** Venezuela’s comptroller general investigates the possible criminal responsibility of the Caldera government with regard to financial assistance given the banks

which went bankrupt in 1994, according to *El Universal*.

**Aug. 12:** Herminio Fuenmayor, CAP’s former director of military intelligence, predicts a social revolution, headed by Lt. Col. Hugo Chávez, to overthrow Caldera, according to the magazine *Elite*.

**Aug. 13:** José Vicente Rangel, in his column in the daily *El Universal*, hails the “leadership” of CAP as against Caldera.

**Aug. 16:** The *Wall Street Journal* declares open war against Caldera, and picks up the campaign to revive CAP. The article, by Matt Moffett, is entitled “Venezuela Suffers from Populism.”

**Aug. 20:** José Vicente Rangel, interviewed by Roberto Giustia of *El Universal*, urges the criminal investigation of Caldera, and that CAP be left alone.

**Aug. 21:** State security services discover a destabilization plan, to be carried out Oct. 3-12, coordinated with a campaign to force Caldera’s resignation, according to the daily *Ultimas Noticias*.

**Aug. 21:** CAP repeats his defense of Samper Pizano in an interview with the Bogotá, Colombia daily *El Espectador*, which is reproduced in the Caracas daily *2001*.

**Aug. 22:** Jorge Olavarría demands that Caldera be held criminally responsible for the Banco Andino scandal.

**Aug. 22:** The daily *El Nuevo Herald* of Miami defends CAP in an article by Ricardo Reif, entitled “Pérez, Scapegoat,” which is reproduced in the Caracas daily *2001*.

**Aug. 23:** Neo-conservatives and members of the narco-terrorist São Paulo Forum meet in the home of Uslar Pietri, to analyze “ways out of the crisis.” Participants include José Lira and Pablo Medina of the Causa R (Radical Cause) party, and Ramón José Medina, spokesman for Oswaldo Alvarez Paz.

**Aug. 25:** Journalist Alfredo Peña of *El Nacional* accuses the Caldera government of mortgaging the country by trying to sell future oil and minerals. Former Finance Minister Julio Sosa Rodríguez denies it, but Peña insists.

**Aug. 26:** Former COPEI presidential candidate Oswaldo Alvarez Paz organizes the cattlemen of Zulia, along with vice admiral Radames Muñoz León, the former defense minister who tried to oust Caldera in December 1993.

**Aug. 28:** Venezuelan Cardinal Castillo Lara, who travels in jets belonging to the Cisneros family and who has lobbied in Rome in favor of their television interests, suggested in an interview with the daily *El Nacional*, that it is necessary to be neutral in the face of a possible coup against Caldera: “The church should not meddle in politics. . . . If in Venezuela, God frees us and there is a coup d’état, the church should not say that one kind of government or another is not permissible.”

**Sept. 3:** José Vicente Rangel interviews Arturo Uslar Pietri on his Sunday television program. Rangel proposes calling for Caldera’s resignation. Uslar says that, after Caldera, there will only be civil war.

# Colombian narco-government works with NGOs against the military

by José Restrepo

"To judge General Velandia Hurtado is symbolically to judge the Armed Forces, from whom more and more is demanded each day, and yet who are given less and less, even to the point of denying us the sacred right to defense, which constitutes the pillar of human rights and the centerpiece of the Colombian Constitution," says a letter sent to the Colombian media by Gen. Alvaro Hernán Velandia, the commander of the Third Army Brigade in Cali, just purged from his command on the initiative of the Attorney General's office.

General Velandia has been one of Colombia's most effective counterinsurgency military officers. But, over the past ten years, the international human rights mafia has claimed more military casualties than have the bullets of the narco-terrorists themselves.

The Attorney General's office is the entity in charge of disciplining state officials who fail to carry out their duties, or who commit abuses and irregularities. As of 1980, the international human rights mafia, headed by British intelligence's Amnesty International, persuaded consecutive governments to convert the Attorney General's office into a local branch of that mafia, allowing it to bypass military penal justice and discharge military personnel at will.

Now that military personnel are defined as mere "public employees," military legal jurisdiction in Colombia has virtually ceased to exist. In the majority of the cases the Attorney General's office has undertaken against Armed Forces personnel, one can find some member of a terrorist group as the complainant or "witness." Such is the case with General Velandia.

The case goes back to 1986. Nidia Erika Bautista de Arellano, according to evidence offered by General Velandia, was arrested by the police on May 25, 1985 in Cali. The woman confessed to being a member of the narco-terrorist group M-19, and decided to collaborate with Army investigations and to provide information which ultimately led to several strikes against the M-19. In 1987, she disappeared. On July 26, 1990, after the authorities discovered a mass grave, Bautista de Arellano's relatives declared that one of the bodies found was hers.

Later, a sergeant belonging to the Charry Solano intelligence battalion and who, as part of his intelligence duties, had infiltrated the FARC and M-19 terrorist groups, went to the Attorney General's office to claim participation in the

disappearance of Bautista de Arellano and of other "activists" of those groups. The sergeant claimed that the commander of the battalion, at the time General Velandia, probably knew that his unit was "disappearing" terrorists. The sergeant, most likely a double agent paid by the terrorists, thus became the Attorney General's star witness and entered into a kind of witness protection program.

In self-defense, General Velandia requested that some 15 legal procedures be carried out, including scientific verification that the body in question was that of Bautista de Arellano. He also asked for a face-to-face meeting between the prosecutor's witness and several of his former companions in the battalion, and verification of information that Bautista de Arellano's information had actually obstructed several terrorist actions the M-19 had been planning.

Human rights prosecutor Hernando Valencia Villa refused to carry out any of these procedures. Further, because he realized that Colombian law requires the invalidation of any judicial investigation that goes beyond five years without evidence to warrant it, Valencia ordered General Velandia's discharge from the Army on July 19, 1995. Two days later, he illegally presented the discharge as confirmed and final, despite the law specifying a ten-day waiting period to notify Velandia of the decision. Had he waited the ten days, the law would have invalidated the entire investigation as of July 26.

General Velandia was not fired on charges that he had "disappeared" a terrorist, but rather that he had done anything to prevent his subordinates from "disappearing" Bautista de Arellano. In the eyes of the national and international press, however, the blame rested squarely with him.

General Velandia won an injunction against the decision, due to irregularities committed by Valencia, and the highest administrative court in the land, the State Council, called for an investigation of Prosecutor Valencia's professional behavior. The result? On Aug. 31, 1995, Valencia announced that he was going into exile. He resigned his post, got a visa from the Spanish embassy, and left with his family, alleging that the military was persecuting him. Valencia's action triggered an international mobilization by the United Nations's human rights NGOs (non-governmental organizations), to demand that the government carry out the discharge of Velandia, come what may.

Narco-President Ernesto Samper Pizano immediately ordered the prosecutor's demand carried out and, it appears, pressured the judiciary to reject a second motion for stay of sentence requested by General Velandia. On Sept. 8, Defense Minister Juan Carlos Esguerra Portocarrero (a civilian) and Interior Minister Horacio Serpa Uribe told the international human rights mafia that the order would be carried out.

On Sept. 11, General Velandia was cashiered by presidential decree. This makes him the second general discharged by the Attorney General's office; the other was Gen. Jesús Armando Arias Cabrales. In that case as well, with just two days remaining before that investigation would have been invalidated because of the time lapsed, the Attorney General ordered Arias Cabrales discharged for having ordered the retaking of the Justice Palace on Nov. 7, 1985, after an M-19 commando squad had bloodily seized and occupied it.

Today, the M-19 terrorists are amnestied, some are mayors, and others enjoy high-level diplomatic posts abroad. It is the military which is now presented as murderous, brutal, and as human rights violators.

One final thought. Isn't it a little strange that the Attorney General's office appears to have become the seedbed for the drug traffickers' defense lawyers? For example, former Attorney General Carlos Jiménez Gómez is a lawyer for the Ochoa brothers, kingpins of the largely dismantled Medellín Cartel, while Hernando Villa Alzate, former prosecutor for the National Police, is the lawyer for Miguel Rodríguez Orejuela, one of the leading figures of the Cali Cartel.

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## Documentation

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### 'I ask for justice'

*Here is the text of the letter sent by Gen. Alvaro Hernán Velandia Hurtado to the media:*

Before Colombian society, I, Alvaro Hernán Velandia Hurtado, declare my innocence of the charge of "omission" of which the Attorney General's office has accused me. As a general of the Colombian Army, I represent the military public servant, committed to the defense of legitimately constituted institutions, to which I have dedicated 30 years of my life, despite the difficult circumstances in which it has nearly always been immersed, conditions which are endured when someone, such as myself, has a clear vocation to serve the Fatherland and the military mystique.

To judge General Velandia Hurtado is symbolically to judge the Armed Forces, from whom more and more is de-

manded each day, and yet who are given less and less, even to the point of denying us the sacred right to defense, which constitutes the pillar of human rights and the centerpiece of the Colombian Constitution, which emphasizes that no discrimination should exist.

Under circumstances in which the military forces are being so criticized from the standpoint of human rights, it would be silly for the Armed Forces to try to pressure the authorities, to get out of trials, as the ex-prosecutor Valencia Villa has been trying to assert, in a very astute move which seeks clear political dividends.

By making himself a "victim" through self-exile in order to avoid a legal confrontation, former prosecutor Valencia Villa has won backing from the human rights organizations, to be able to orchestrate from abroad the discharge of a Colombian general and to automatically turn himself into a human rights hero, at a moment when Colombia is in the eye of a continental hurricane, accused of corruption and in need of scapegoats.

It is noteworthy that the human rights organizations, which strangely only defend positions of the left, operate as an organized and systematized network of "salon" intellectuals who carry out excellent lobbying for their cause. Meanwhile, the Armed Forces, immersed in their immense responsibilities, are left to their own fate, with clearly unequal resources. No one talks about the anti-personnel mines, which have mutilated the civilian population and soldiers alike; about the personal and social cost, the quota of pain and sacrifice, that the soldier and his family pay in serving the Fatherland.

I ask for justice, since in my particular case I have been judged neither for corruption, illicit enrichment, nor massacres. I am charged with the crime of "omission" in the face of the alleged disappearance of an M-19 militant, attributed to a subordinate, without their providing any proof, not even scientific evidence identifying the victim.

I ask for justice, since it is arbitrary to subject my case to a single hearing, and before a single judge who, like Valencia Villa, is clearly prejudiced against the military, the result of his training and activism, which does not make him the most objective of judges, but does make him the author of a play in search of a main character.

With my head held high before society, I will continue in this country in defense of my honor, loyal to the Armed Forces which educated me, in the hope that human rights are a two-way street, which will also allow the servants of the Fatherland to be recognized for their efforts when they take up arms against kidnapping, extortion, or in defense of legitimately constituted institutions. I will fight to restore the dignity of the soldier who I represent, in search not only of legal recognition but also of moral victory, to which I have the right.

Sincerely,

Alvaro Hernán Velandia Hurtado, Brigadier General

# Colombian prosecutor general: 'I am trying to carry out the law'

Colombian Prosecutor General Alfonso Valdivieso Sarmiento lives in the eye of the hurricane currently sweeping Colombia, as his office is in charge of pursuing an investigation into drug money infiltration into the political lifeblood of the nation, beginning with multimillion-dollar contributions from the Cali cocaine cartel to the electoral campaign of current President Ernesto Samper Pizano.

Valdivieso has taken as the model for his actions, his first cousin Luis Carlos Galán, the highly popular Liberal Party presidential candidate, who in 1989 was murdered by the drug cartels. He also follows in the footsteps of other anti-drug martyrs, such as Justice Minister Rodrigo Lara Bonilla (murdered by the cartels in 1984) and Lara's successor Enrique Parejo (who barely survived an assassination attempt in 1989).

Converted virtually overnight into the most threatened man in Colombia, and simultaneously one of the most popular, Valdivieso's efforts have come to represent the hope of all honest Colombians that the dignity of their nation can be restored after decades-long ravages by the drug cartels and their narco-terrorist allies.

The prosecutor general has received strong support from the Clinton administration, which has praised him for his courage and signalled its confidence in him by at least partially restoring various information-sharing programs that had been suspended earlier. Valdivieso has the special, additional challenge of rescuing the reputation of his own office, a relatively new post which, under the previous Gaviria administration, was held by Gustavo De Greiff, an open advocate of drug legalization as well as a former business partner of Cali Cartel boss Gilberto Rodríguez Orejuela.

## On drug legalization

On Sept. 8, 1995, Valdivieso granted an exclusive interview to *EIR*'s correspondent in Colombia, Javier Almarío, who has himself received repeated death threats from the drug mafia. Almarío discussed the role of various Colombian notables, such as former President Alfonso López Michelsen or Valdivieso's predecessor De Greiff, who have proposed either negotiating deals with the drug traffickers or outright

legalization of the drug trade as an alternative to a military war against drugs, and asked Valdivieso his opinion of those who advocate drug legalization.

The prosecutor general chose not to comment directly on the views of others, but took a strong personal stance against drug legalization:

"My position has been, and will continue to be very different in every area: academically, personally, and professionally. Drug legalization is an absurd and simplistic way of confronting this phenomenon. . . . My opinion is that legalization makes no sense, and that the crime of drug trafficking must be prosecuted."

## U.S.-Colombian cooperation

Almarío raised the issue of earlier U.S. government suspension of evidence-sharing with the Colombian judiciary, as the result of a heated confrontation with De Greiff, whose appeasement policies toward the drug traffickers and militant advocacy of drug legalization had brought U.S.-Colombian relations to one of their lowest points. Valdivieso noted that today, U.S.-Colombian collaboration "is going well; it has been partially reestablished, and we hope that it will be fully reestablished."

Information on narcotics trafficking garnered from U.S. radar sites is once again being shared with the Colombian authorities.

Almarío mentioned to Prosecutor General Valdivieso the slander coming out of certain pro-drug political circles in Colombia, as well as from the drug traffickers' defense lawyers, that Valdivieso is functioning as an agent of the U.S. Drug Enforcement Administration (DEA), and therefore against the sovereign interests of Colombia.

Valdivieso responded:

"That is a total and absolute fallacy. My positions, as the individual who holds final responsibility for investigations pursued by the prosecutor general's office, which are the vast majority of the investigations, have always been exercised on the basis of my record dealing with these problems. I feel there is sufficient evidence of my view of the drug-trafficking problem. And, therefore, with that viewpoint, I can address

the problem as it needs to be addressed by Colombian justice.

"No decision we have undertaken has depended on the imposition or pressure of the United States. Absolutely every decision obeys the criteria and orientation which, with regard to the broad outlines of the investigations, I have been defending. And legal decisions, in particular, respond to the autonomy that the prosecutors should and must have. What is going on is that there has in the past been a great deal of tolerance with regard to the drug trade, and so when the law is truly applied, many are surprised. . . . I am a citizen who was named to carry out the law, and that is what I am trying to do."

### Investigating a President

Among the most dramatic revelations to have come out of Valdivieso's investigations is evidence that millions of dollars were funnelled by the Cali Cartel into the election campaign of President Ernesto Samper Pizano. Almario asked Valdivieso to respond to those politicians within the ruling Liberal Party who warn that his investigations could lead to the downfall of President Samper Pizano himself. Valdivieso explained that his office is not constitutionally empowered to investigate the President, which is the purview of the Colombian Congress alone. However, he noted, his office's responsibility *is* to produce any and all evidence relevant to such a congressional investigation.

"In the first place, I am not carrying out the functions of the prosecutor general, nor am I directing the work of this office, toward the overthrow of the President or any other official. The investigations have never had this intent, nor have I.

"Secondly, I must fulfill my duties and my obligations, independent of individuals I know or who are my friends. In this sense, friendships or acquaintances that I may have do not prevent me from acting from a legal standpoint, nor do they prevent those who work for the prosecutor general's office from making decisions that could affect them, even if they are unfortunate decisions. That is simply doing one's duty."

Almario noted that President Samper has significant political control in Congress, a fact which could affect the outcome of the investigation currently being conducted by the Accusations Committee of the House of Representatives, at Samper's behest. Valdivieso clarified:

"It is written thus in the Constitution. The prosecutor's office is in charge of investigations regarding the vast majority of Colombians. But there are those who fall under a special jurisdiction. Those in the military face military justice. Those in the Congress have to be investigated and judged by the Supreme Court. The President has to be investigated and judged by the Congress, with the first hearing in the Accusations Committee, and also by the Supreme Court. So, we have never investigated the President, nor could we. . . . The prosecutor's office simply provides the evidence in our

possession and which is requested by the Accusations Committee."

Almario pressed: "But does the prosecutor's office have conclusive evidence that implicates President Samper?" Valdivieso replied: "I cannot answer yes or no."

Almario asked about the role of morality in applying the law. Valdivieso responded that "the fundamental objective of the prosecutor general's office is a legal objective. If in applying the law, one derives lessons of a moral nature, or of an ethical nature, so much the better. . . . I do not believe that one can be separated from the other."

### Will the punishment fit the crime?

Almario touched on another sensitive subject, namely whether the drug kingpins who have been captured will receive sentences to match their crimes. There was widespread outrage during the previous Colombian administration, when Medellín Cartel chieftain Pablo Escobar was captured and jailed in a prison *of his own construction*, with guards *of his own choosing*, under conditions which enabled him to keep running the drug trade and to deploy assassins at will, and to eventually escape. Several of Escobar's captured associates have since been given relatively light sentences, as has one of Rodríguez Orejuela's associates.

Almario questioned how severe the traffickers' sentences can be, given the fact that cartel lawyers had a few years ago negotiated a rewrite of the Colombian penal code in favor of their powerful clients.

Said Valdivieso:

"That is a value judgment I do not share. It is the existing laws which we must apply. We are in a real situation, and we cannot act with hypothetical laws. . . . We hope to be able to apply the maximum sentences possible, applying the maximum rigor of the penalties with the minimum benefits possible; that is, we will apply Colombian law.

"With regard to the properties of the drug traffickers, we are collecting evidence that could enable us to fully confiscate their properties, given that many of those properties are in the names of front men. If they are convicted for drug trafficking, their properties can be confiscated as the fruit of illegal activity."

Almario asked Prosecutor General Valdivieso if he had any advice for *EIR* readers and those they might influence, particularly in the United States, who wish to collaborate in Colombia's battle to free itself of the plague of drug trafficking.

Valdivieso answered:

"I believe there exists a degree of collaboration on the part of those who, by whatever means, are taking on the phenomenon of [drug] consumption. Clearly, the best [expression of] solidarity is to reduce drug consumption in the United States so that it does not stimulate the supply. Any reduction of drug consumption in the United States helps us Colombians."

# Norbert Brainin on Motivführung

by Lyndon H. LaRouche, Jr.

A potentially misleading turn of phrase was included in a picture caption, on page 51 of the Sept. 1 edition of **EIR**. The relevant passage reads: “. . . Norbert Brainin, the first violinist of the former Amadeus Quartet, and a collaborator with LaRouche in the development of the concept of motivic thorough-composition.” In fact, Norbert Brainin presented the notion of *Motivführung* to me, through a mutual friend, just over four years ago. Summarily, this came about under the following circumstances.

During 1990, I had posed to my collaborators the proposition, that the benchmark for the organization of the second book of the **Manual on the Rudiments of Tuning and Registration**<sup>1</sup> ought to be the revolutionary change in the structure of musical composition represented by the comparison of the work of Josef Haydn to his predecessor Carl Philip Emmanuel Bach. Shortly after that, cellist Renée Sigerson had travelled to Germany, where she reported my proposal to Norbert Brainin. As Mrs. Sigerson reported this to me shortly afterward, Mr. Brainin had exclaimed, “*Motivführung*,” and followed that with an explanation of his meaning of that term.

My reaction to Mrs. Sigerson’s report of this exchange, was one of great excitement.

During the late 1940s, I had first learned what every student of the Classical keyboard repertoire knows as the signal debt of Wolfgang Amadeus Mozart to Johann Sebastian Bach’s **A Musical Offering**. For the keyboard repertoire, the key point of reference is Mozart’s Köchel 475 Fantasy, prefaced to the Köchel 457 Sonata. From that point on, the K. 475 Fantasy is the most frequent point of variously direct and indirect reference met in the major keyboard and other compositions of Mozart, Beethoven, Schubert, and Brahms, among others.

Brainin’s identification of the echoing of the Haydn Russian Quartets, notably Opus 33, No. 3, in the new method of composition presented by Mozart’s six Haydn Quartets, transformed everything I knew about the implications of the Mozart K. 475 Fantasy. Putting those implications together

with Brainin’s *Motivführung*, revolutionized everything I knew about music axiomatically. Within weeks of receiving Renée Sigerson’s report of the discussion in Germany, each nook and cranny of my previous knowledge of motivic thorough-composition was completely overhauled.

The result is to be recognized readily in a reading of my “Mozart’s 1782-1786 Revolution in Music,” published in the Winter 1992 edition of the **Fidelio** quarterly.

The reader would be greatly mistaken, if he or she imagined that this criticism of the referenced caption’s potentially misleading ambiguity were merely a quibble. It is one of the commonplace disasters produced by modern textbook modes of education, that holders of terminal degrees of professional learning often lack competent insight into the most important considerations in the real history of ideas. As a case in point, consider summarily my own single fundamental discovery, known today as “The LaRouche-Riemann Method,” effected over the course of the years 1948-52.

## Axioms and principles

Prior to 1952, I had made what has turned out to have been one of the most important scientific discoveries of this century, a fundamental principle of the science of physical economy. This discovery has been summarized in various locations over the years, most recently in “Why Most Nobel Prize Economists Are Quacks”<sup>2</sup> and “Non-Newtonian Mathematics for Economists.”<sup>3</sup> This discovery led, in turn, to a fresh view of the discoveries of Georg Cantor, and, that, in turn, to a fresh view of the most fundamental discovery of Bernhard Riemann, as set forth in his famous **Hypotheses** dissertation. In short, it was not a study of Riemann’s dissertation which led me to my discovery in economics, but, rather, my discovery in economics made possible a revolutionized view of the implications of Riemann’s discovery for economics. It was as if Riemann had written his **Hypotheses** dissertation as a contribution to the application of my discoveries in physical economy. Thus, my work is known by the epithet “LaRouche-Riemann Method,” rather than “Riemann-LaRouche Method.”

Similarly, just as my discovery in economics revolutionized Riemann’s discovery, so, it was Norbert Brainin’s discovery which revolutionized my knowledge of music. My earlier un-

1. See, **A Manual on the Rudiments of Tuning and Registration**, John Sigerson and Kathy Wolfe, eds. (Washington, D.C.: Schiller Institute, 1992). The project, of writing a two-volume manual, targeted by design for the use of music teachers and advanced students, was begun in 1985, but delayed by unexpected interruptions of the 1986-89 interval. The commitment to complete the then almost-finished Book 1 (on the singing voice), and to proceed with Book 2 (on the instruments), was summoned in 1990.

2. **EIR**, July 28, 1995.

3. **EIR**, Aug. 11, 1995.



Norbert Brainin, first violinist of the former Amadeus Quartet, with pianist Günter Ludwig. In 1990, Brainin, in discussions with Lyndon LaRouche, identified the revolutionary breakthroughs in Haydn's and Mozart's compositions in the 1782-86 period, as "Motivführung"—a discovery whose mastery LaRouche instantly recognized as the key to unleashing a renaissance in Classical musical composition.

Understanding of the implications of Mozart's reworking of Bach's *A Musical Offering*, as in his K. 475 Fantasy, or Beethoven's Opus 111 Sonata, was the relatively commonplace knowledge of all qualified musicians. The addition of one ingredient, Brainin's identification of the implications of the germ-principle in motivic thorough-composition, transformed everything which I knew of music up to that time.

Norbert Brainin's revolutionizing my knowledge of music, in that way, like my own revolutionizing of the implications of Riemann's *Hypotheses* dissertation, involves the addition of a fundamental principle to the implied set of axioms underlying an existing body of knowledge. The addition of one principle revolutionizes everything.

Briefly, then, the following qualifying remarks are to be added here.

Every effort to represent an existing body of knowledge as logically consistent, restricts all acceptable propositions in that field to an array of theorems which are each and all consistent with one another, and also consistent with an underlying set of axioms, analogous to the axioms of a formal classroom geometry. Such a set of axioms is known among literate persons as an *hypothesis*; this is the usage of the term "hypothesis" by both Plato and Bernhard Riemann, for example, in contrast to the illiterate use of the same term in Isaac Newton's famous "*hypotheses non fingo*." Any change within the set of axioms associated with a specific hypothesis, produces a second hypothesis which is absolutely inconsistent with the first.

In rigorous scientific usage, the distinction between an

ordinary discovery and a fundamental discovery, is that every fundamental discovery represents a change in the existing set of axioms, and, therefore, the generation of a new hypothesis. In mathematics, such a change in hypothesis marks an absolute mathematical discontinuity (contrary to the mystical, reductionist sleight-of-hand, respecting discontinuities, of Leonhard Euler, Cauchy, the Bourbaki group, et al.). Thus, for me, Norbert Brainin's presentation of his view of *Motivführung* represented a sweeping discovery, a new axiom, and, therefore, a new hypothesis.

Of all such discoveries, whether one initiates them oneself, or learns them from another, one echoes Archimedes, crying out, "Eureka!" All is changed, as if in a single instant.

My distinctive advantage in receiving this knowledge from Brainin, lay in the fact, that unlike most who shared my earlier knowledge of the musical side of the matter, my prior discoveries in economic science supplied me relevant knowledge of the human creative-mental processes. Thus, my first published presentation on this subject appeared as the second of a series of articles on the principle of metaphor in science. So, I have situated the implications of Brainin's representation of that principle of composition since.

Thus, whatever the *Brotgelehrten* might think of such matters, we who treat ideas seriously, prefer to be precise about such matters. That is the difference in point of view between the person whose world-outlook, like my own, is shaped by a Classical-humanist (e.g., Platonic) outlook, and the less fortunate fellows whose opinion has been shaped by a textbook-oriented education.

## Zapatista breakout

*The EZLN narco-terrorists are trying to acquire political legitimacy, with help from a credulous government.*

After nearly seven months of being contained by the Mexican Army in the Lacandón jungle of Chiapas, the narco-terrorist Zapatista National Liberation Army (EZLN) is going for a breakout, with the help of its international sponsors and supporters. Among its tactics are:

1) a "National Consultation," or plebiscite, to dress up its terrorist ranks as a legitimate political movement;

2) pressure to permit their entrance into negotiations on national issues, without either disarming or taking off their hoods; and

3) deployment in various guises, both in and outside Chiapas state, against institutions of government.

The "National Consultation" held in Mexico on Aug. 27 under the sponsorship of the pro-EZLN non-governmental organization (NGO) known as the National Alliance, was as illegal as it was unconstitutional, and yet it was permitted to take place by a government fearful of triggering negative propaganda from the pro-terrorist human rights crowd.

More than 8,000 "polling booths" were set up around the country, organizing to "get out the vote" was carried out by the EZLN's electoral arm, the PRD, and a well-financed press campaign was launched to convince Mexicans to "get out and vote," as if it were election time. The single question on the "ballot" was whether the EZLN should become a legal political entity, but the entire campaign was played as the only way to bring "peace" to Chiapas.

The Ernesto Zedillo government, which has until now confined its "dialogue" with the EZLN to specific eco-

nomics and political issues pertaining to the state of Chiapas, the EZLN's home base, has, under pressure from this U.N. crowd, proven overly credulous. Not only did President Zedillo publicly express satisfaction with the "National Consultation," but he has also made some dangerous concessions to the EZLN.

In his Sept. 1 State of the Union address, President Zedillo announced plans to formulate a new Law of Indigenous Rights, which would redefine the fourth article of the National Constitution. The next day, following a meeting with the congressional committee (Cocopa) formed to negotiate with the EZLN, Zedillo gave instructions for the EZLN to be invited to participate in formulating that new law, as well as in "negotiations over reforming the State." Both initiatives are key demands of the terrorists.

While the government has since specified that the EZLN must disarm before it can participate in these discussions, the Zapatistas insist that they will hold onto their weapons, no matter what. And yet, in a constitutional republic, there can exist but one army. By failing to militarily de-fang the Zapatistas, Zedillo is now in the position of offering to negotiate the law of the land with a gang of hooded and armed terrorists.

It comes as no surprise that agents of the United Nations and the World Bank are celebrating Zedillo's foolish concessions as "proof of Mexico's democratization." Zapatista sympathizer and director of the Inter-American Development Bank's Indigenous Fund, Rodolfo Stavenhagen, responded to Zedillo's invitation by declaring that the negotiations on State reform

should center around the concept of "free determination" or "autonomy," key and code words in the lingo of the globalists for ethnic separatism.

Porfirio Muñoz Ledo, former Mexican ambassador to the U.N. and currently the president of the PRD party, pushed even harder. In statements published in *El Universal*, Muñoz Ledo argued, "If the Zapatistas are included in the national dialogue, not only political reform, but also economic and social reform can be pursued."

Given a toehold, the Zapatista terrorists and their backers are ready to take the whole leg. The governors of the two key states of Tabasco and Guerrero have already been set up for Chiapas-style destabilization. This campaign to spread Zapatismo nationwide is receiving backing from London, the mother of international terrorism. An article in the London *Financial Times* in mid-August argued that investors were growing increasingly disgruntled that Zedillo was not proceeding with "democratic reforms" fast enough, and singled out the same two states of Tabasco and Guerrero as examples of the ruling PRI party's so-called political corruption.

Most revealing is the *Wall Street Journal's* Sept. 1 endorsement of the pro-terrorist El Barzón movement. Originally launched as a protest action by farmers and other debt-strangled Mexicans, El Barzón has since been taken over by Zapatistas, and has openly allied with the EZLN in anti-government demonstrations. Moderate elements have split out of the group, and yet Wall Street's mouthpiece promotes El Barzón as "a new kind of middle-class rebel." The article even quotes "Mexican expert" Christopher Whalen, a bankers' boy who makes his living in asset seizures, exulting that "the whole country is becoming a Barzón movement."



## Toffler sees Peru as future 'village'

*The British-led oligarchy's plans for its insane one-world system are getting attention in Peru.*

New Age "futurologist" Alvin Toffler, who sometimes also poses as an economist, showed up in Lima, during the first week in September. Considered one of the principal ideologues of Newt Gingrich's Conservative Revolution in the United States, Toffler gave a series of conferences in the Peruvian capital, and was also personally received by President Alberto Fujimori and Finance Minister Jorge Camet.

On Sept. 5, before an audience of 600 businessmen, who had been made sufficiently comfortable by a few rounds of "pisco sours," Toffler introduced the "science" of futurology in which he claims to be an expert. Speaking in a mystical and convoluted language, as if looking into a crystal ball, he forecast their, and Peru's, future. The same quality of crystal ballgazing characterized the press conferences and interviews he granted.

Toffler alleged that he traveled to Lima to "help the politicians, the leaders who make decisions, to evaluate alternatives that they hadn't considered, and to alert them on likely subsequent courses of action."

As his own words demonstrate, however, Toffler really came not only to dissuade those who would listen from considering any industrialization project that might be on their agenda, but also to peddle Britain's one-worldist project for balkanizing nations, and transforming them into the "villages of the future."

In all his Lima conferences, Toffler started from the premise that "economics is not a science," to arrive at

what is said to be his most brilliant discovery and thesis of his book *The Third Wave*. That is, that over the past 200 years, countries have differentiated themselves according to their productive "mode" into three categories or waves. In the First Wave, he asserts, are the agricultural or raw materials-producing countries. In the Second Wave, the manufacturing countries, and in the Third Wave, economies based on information theory.

Toffler never tires of repeating that Third World countries, which he locates in the First Wave, need not enter into the Second Wave, or industrialized phase. This, he admits, implies not only the strengthening of the State and consolidation of the traditional nuclear family (a husband, a wife, and children), but also "massification" on all levels, in terms of production, education, health services, recreation, standardization, and so forth. For New Age guru Toffler, all of this is incompatible with his projected "Third Wave" of global one-worldism for which he is a spokesman.

In the Peruvian case, his recommendation is very specific: "If Peru looks toward industrialization, it has lost the race. . . . Today, not only do the multinationals have more relative power, but there are multinational chains of subsidiaries which produce and sell certain products and which cannot be loyal to one country or corporation." Countries such as Peru, he said, should go directly from the First Wave to the Third Wave, to informa-

tion theory, sidestepping the industrialization process altogether.

In response to the question of how to resolve problems of poverty and social inequality, Toffler was blunt: "We don't yet have solutions to the problem of poverty. . . . For us, the problem has to do with international trade."

One of his other ghastly predictions was that, within the next decade, the world would be balkanized into at least double the number of current countries. He followed this by warning of the proliferation of Chiapas-style insurrections throughout the hemisphere, including in Texas and California in the United States. He did not specify into how many "villages" Peru would be balkanized.

The Fujimori government's flirtation with New Age insanity is unfortunately not limited to giving an audience to Alvin Toffler. The Peruvian President has made a radical malthusian agenda the centerpiece of his second term in office. On Sept. 7, Peru's Congress passed a law legalizing sterilizations in the country, and mandating that state-run "family planning" centers provide these "services." According to press accounts, the government, which has no money to fund economic development programs, is planning to sterilize poor Peruvians, for free. Propaganda for the government's "family planning" campaign has included the highly publicized distribution of free condoms in warehouses in Lima.

Catholic Church leaders are reported to be planning some form of civil disobedience against the sterilization programs. The law treats the population as if they were animals, Chimbote Bishop Luis Bambaren charged. Bambaren agreed with a congressional opponent of the bill who compared the plan to "ethnic cleansing."

# International Intelligence

## ***German's death may hurt manned space flight***

Reinhard Furrer died in a plane crash along with the pilot of a restored, 52-year-old ME-108, just before an air show in Berlin, on Sept. 9.

Furrer was one of the most outspoken proponents in the German aerospace community of the Oberth-Von Braun-Sänger heritage—that the aim of space flight is manned missions. His death comes at a very unfortunate moment, when the dictate of fiscal austerity and “outsourcing” in the German aerospace industry and government is threatening to drop all ambitions for manned space missions.

Furrer, who took part in the U.S. “Spacelab D-1” mission in October 1985, was head of the Berlin-based Institute of Space Research from 1987 to 1994—when he quit out of protest against pressures on him to introduce more ecologism in his institute’s work. In addition to NASA contacts, Furrer maintained contacts with the Soviet Union, and afterwards, the Russian space community, with the emphasis on the analysis of satellite photographs.

## ***British-trained Tamil Tigers on terror spree***

The Liberation Tigers of Tamil Eelam (LTTE), trained by British and Israeli intelligence services, are waging a terror war in the southern areas of India and in Sri Lanka.

- Two bombs went off in sequence at the Sri Lankan mission in Madras, India. Madras is the capital of Tamil Nadu, the state in southern India across the Palk Straits from the Jaffna peninsula of Sri Lanka, the LTTE stronghold.

- The LTTE launched a mortar attack on a naval base in northern Sri Lanka, an attack believed to presage an LTTE counter-offensive against the Sri Lankan government’s Operation Leap Forward, which had taken away sections of LTTE territory in July.

- The second week of September, the

Tigers took scores of hostages from a passenger ferry in Sri Lanka. The hostages, including infants, were taken to an LTTE guerrilla base.

- Sri Lanka police claimed on Sept. 10 that they had uncovered an LTTE plot to murder Indian Prime Minister Narasimha Rao as well as Sri Lankan President Chandrika Kumaratunga. An arrested LTTE member said the Tamil Tigers had dispatched Singapore-trained agents to India to identify ways to kill Rao.

- According to wire reports, “reliable sources” have confirmed the Tigers have plans to bomb the Sri Lankan parliament from a private plane.

## ***British tout Mexican terrorists' cause***

London’s *Independent* promoted the terrorist insurgency in the Mexican state of Guerrero, in a Sept. 11 article written by Phil Davison from Atoyacillo, Guerrero. Guerrero’s “peasant rebellion . . . threatens to be even more explosive” than the Zapatistas in Chiapas, Davison wrote, hailing Guerrero peasants for their “batting reputation” going back to resistance to the Spanish, Emilio Zapata, and the 1970s guerrillas of Lucio Cabanas. The Peasant Organization of the Southern Sierra (OCSS) he called “the vanguard of the new peasant revolt, remarkably similar to the semi-clandestine peasant groups that operated in Chiapas before crystallizing into the EZLN,” the Zapatista National Liberation Army which launched an armed uprising on Jan. 1, 1994 in Chiapas.

Davison went around collecting declarations of coming war from local activists. Victor Cardona, an official of the PRD party, who supports the insurgency, told him, “That the people have weapons, there is no doubt. They’ve been preparing. They always carried guns, mostly hunting rifles, for self-defense. But now they’re getting other weapons. If people keep attacking them, they’ll use them.” A “human rights” honcho in Acapulco believes “armed struggle may be inevitable. Conditions are certainly right.”

Meanwhile, in Brescia, Italy, a meeting of EZLN sympathizers was held over the Sept. 1-3 weekend, where a working body of solidarity committees was formed, as well as a network for information among the nations of Europe and Mexico. Attending were German, Austrian, Swiss, Spanish, Greek and Italian activists, among others, who debated the experience of Zapatismo on both a national and international scale. One of the topics was how to wage “low-intensity warfare,” as in Chiapas.

## ***S. American drug mafia not a Pentagon priority?***

Assistant Secretary of Defense Joseph Nye declared “democracy,” not fighting drugs, to be the number-one security concern of the United States in the Americas, at his briefing Sept. 11 announcing the release of the Pentagon’s regional security report, “U.S. Security Strategy for the Americas.” The briefing by Nye, a former Council on Foreign Relations heavyweight, was a print-out of the utopian anti-nation-state agenda for the Americas put together in the 1980s by the Bush/Inter-American Dialogue team. Nye asserted that U.S. security policy is based on the premise that market reforms and democracy have swept away “statist economic models” and insurgencies in the region.

Asked by a reporter if the drug cartels were “our number-one security threat in the hemisphere,” Nye countered that while “this is one of the great security threats . . . loss of democratic governments in the hemisphere might be the number one.” Fighting drugs and terrorism was fourth on his list of priorities, below ensuring that civilians control the military, “confidence-building,” and the Panama Canal. Likewise, Nye declared that Cuba had lessened its active support for “subversion” from 10 years ago.

Under this policy, the United States will be focusing its joint military training and exercises with Ibero-American nations on international peacekeeping (he called this “a growth area for many militaries of the region”), and training civilians to take over

defense planning. Nye declared that the Pentagon will "continue to pay close attention to unstable civil-military relations in certain countries," and claimed the so-called Williamsburg Principles—drafted by Defense Secretary William Perry for the July meeting of the Defense Ministers of the Americas—had laid the basis for "telling militaries that any interference with civilian governments would not be accepted."

## Vatican says debt relief key to women's equality

During the press conference held by four members of the Holy See delegation to the U.N. Conference on Women in Beijing, Mrs. Mary Ann Glendon, the head of the delegation, was asked what kind of action women should undertake in the fight against inequality of women. Mrs. Glendon answered: "What has to be done, at least according to Catholic social teaching, is to bring the poorer countries into the circle of productivity and exchange. The Holy Father, in his letter on the Third Millennium, has asked that the more affluent countries . . . consider the forgiveness of debt in the Jubilee Year, to help in this way, by considering reduction or cancellation of debt. This is one measure and there are obviously many others. But development must be inseparable from equality." This was reported by the Vatican Information Service on Sept. 7.

## A Swiftian response to Quebec sovereignty vote

Reached for comment Sept. 11 on the upcoming October referendum to declare sovereignty for Quebec, Gilles Gervais, secretary general of the Party for the Commonwealth of Canada, said the following:

"The separatist Parti Québécois government, aided and abetted by the media, has promoted, through its referendum agenda, a parochial, Quebec-centered 'morality' throughout the population.

"The 'yes' side will tell you: 'Once we have secured a majority vote for yes and we

have successfully negotiated a new entente with the rest of Canada, then we shall have the time to look into this genocide happening in Bosnia or check out this 'coming disintegration of the financial markets.'

"The 'no' side will argue that: 'All our energy is presently concentrated on stopping the separatists from breaking up Canada, or at least limiting the damage that a future separate French-speaking Quebec state would inflict on our career and family situation.'

"One is reminded of Jonathan Swift's description, in his *Gulliver's Travels*, of the insanity having gripped the Lilliputians, who were bent on going to war over an argument about which side is the proper side to break open an egg!

"In the present situation, these fellows don't even have the ingredients to come up with a decent omelet, let alone to create a sovereign, constitutional form of democratic republic."

## Nigerian delegation visits South Africa

A four-day visit to South Africa by a Nigerian government delegation, led by Foreign Minister Chief Tom Akimi, appears to have been successful in countering anti-Nigeria sentiment and the call for Nigeria to be expelled from the British Commonwealth, according to the Lagos NTA Television Network, on Sept. 5. Included in Akimi's high-powered delegation that visited Pretoria the first week in September was Nigeria's ambassador to the United Nations, Professor Gambari.

South African Foreign Minister Alfred Nzo was quoted saying that "it was good that Nigeria sent this mission, which, he observed, has successfully explained issues that had previously been misunderstood." South African Foreign Minister Nzo "disclosed that the South African government had to rebuff external pressure to join campaigns for Nigeria's expulsion from the Commonwealth, by explaining that any case against Nigeria must be presented in Nigeria's presence and not behind her back."

● **THE ALBANIAN** paper *Zeri Shqiptar* published a three-page interview with Webster Tarpley in its Aug. 23 edition, under the title of "geostrategy." Tarpley is introduced as "American expert on political history" with *EIR*, which was founded by Lyndon LaRouche.

● **KUALA LUMPUR**, the Malaysian capital, hosted opened a week-long meeting of the Organization of Islamic Conference which opened Sept. 11. The agenda was to discuss strengthening western proposals to end the war in former Yugoslavia.

● **MAX LONDOÑO**, the president of the Ibero-American Solidarity Movement in Colombia, was interviewed by Radio Todelar about the movement's support for French President Chirac and his decision to renew nuclear testing. The 10-minute interview was broadcast nationwide on Sept. 9. The interviewers labeled Londono's statements "unique" and "interesting," at a time when world public opinion is "against" Chirac.

● **GREENPEACE** has totally discredited itself by the Brent Spar hoax, so that no one should trust their arguments on French nuclear testing on Mururoa, a television special produced by the German MDR station reported Sept. 11. The group has come under widespread attack in the usually pro-green German media.

● **THE LONDON TIMES** revealed actual British fears about France's policy shift by printing a cartoon Sept. 7 with the caption, "Horrific side-effects of nuclear testing." It showed a caricature profile of President Jacques Chirac, facing right, while from the same neck, and facing left, was a caricature profile of Gen. Charles de Gaulle.

● **YASSER ARAFAT**, the PLO chairman, met on Sept. 2 for 25 minutes with Pope John Paul II to discuss peace prospects in the Middle East and hopes for an end-of-the-millennium interfaith celebration in Jerusalem.

## The federal budget: Belshazzar's smorgasbord

by Webster G. Tarpley

The Moving Finger writes; and, having writ  
Moves on: nor all your Piety nor Wit  
Shall lure it back to cancel half a line  
Nor all your Tears wash out a Word of it.  
—Fitzgerald's *Omar Khayyam*

Connoisseurs of the apocalyptic books of the Old Testament are familiar with the account in the book of Daniel of the feast organized in the sixth century B.C. by Belshazzar, the King of Babylon. This feast was attended by a thousand oligarchs, including Belshazzar's wives and concubines. In his drunken enthusiasm, Belshazzar brought in the golden and silver vessels which his father Nebuchadnezzar had taken from the temple in Jerusalem, and invited his guests to drink from them. As the account in Daniel relates, "They drank wine, and praised the gods of gold, and of silver, of brass, of iron, of wood, and of stone." At the height of the carousing, the fingers of a man's hand appeared and wrote a message on the plaster of the wall of Belshazzar's palace. None of the magi could decipher the inscription. Belshazzar's queen suggested that he call in Daniel, who was offered the number-three post in the kingdom for a translation. Daniel's interpretation:

"And this is the writing that was written, *Mene, Mene, Tekel Upharsin*. This is the interpretation of the thing: *Mene*—God hath numbered thy kingdom, and finished it. *Tekel*—Thou art weighed in the balances, and art found wanting. *Peres*—Thy kingdom is divided, and given to the Medes and Persians."—Daniel 5:25

Daniel says that Belshazzar was assassinated that same night, and that "Darius the Mede" seized Babylon. Actually, Babylon was conquered in 539 B.C. by King Cyrus II of Persia.

The Belshazzar story has fascinated writers from Xeno-

phon to Omar Khayyam to Heinrich Heine. This interest derives from the portrayal of a ruler's willful violation of natural law, for which the process of reality itself exacts the terrible penalty of sudden death and the collapse of empire. Belshazzar was guilty of blasphemy and idolatry, and his gods Baal and Marduk were unable to save him. Violators of natural law act at their own peril.

All this elucidates the current maneuvering in Washington involving the threatened "train wreck" of the U.S. federal government. The train wreck might occur on Oct. 1 or later in the autumn due to failure by President Clinton and the Congress to agree on more than a dozen bills that make up the yearly federal budget. The U.S. fiscal year ends on the last day of September, so parts of the government could begin shutting down on Oct. 1.

The train wreck ploy has been put into circulation by the Newt Gingrich-Dick Armey clique in the House of Representatives, incited in their adolescent vandalism by such schemers as Stephen Moore of the arch-Thatcherite Cato Institute. Newt has commented that he will close down federal operations in order to pursue his ideological chimeras. After all, "it's their government, not ours," says Newt.

### A deeper insanity

But there is a deeper insanity here. The White House and the Republican leaders are at odds on whether the U.S. federal budget should be balanced in seven years or ten years. Sen. Pete Dominici (R-N.M.) is negotiating with White House Chief of Staff Leon Panetta on balancing the budget in eight or nine years—a "separate peace" already denounced by the Cato extremists. When it comes to Medicare, Clinton and the GOP agree that under current law the Hospital Insurance Trust Fund will run out of money in 2002. And so on.

The great problem is that these forecasts are based on the impossible and discredited axioms of the past 30 years of the post-industrial society—free trade, deregulation, radical ecologism, downsizing, derivatives, and usury. After ten years of Gramm-Rudman (the original planned train wreck), followed by the “son of Gramm-Rudman” 1990 budget monstrosity with its “triple rolling sequester,” followed by the 1993 austerity pact that lost the Democrats their control of Congress, it is clear that budget cuts will never create a balanced budget. Federal spending hovers at about \$1.5 trillion, about one-quarter of what establishment economists call the GNP. Substantial cuts in federal spending lower the overall level of economic activity, shrink the tax base, and lower revenues in the next cycle, leading directly to a larger future deficit. Balancing the federal budget would involve restoring the tax base through the creation of about 6 million capital-intensive productive jobs. And that is not on the table, as Panetta and Rivlin would say.

More immediately, the world economy is trying to pay debt service and dividends on a paper bubble of more than a quadrillion dollars out of the proceeds from less than ten trillion dollars in yearly industrial, agricultural, and other production. In 1994, we had the worst bond crisis since the Treaty of Versailles, followed by the Orange County bankruptcy, the Mexican blow-out, the Barings collapse, dollar instability, and the Japanese banking panic. There is every reason to expect new collapse phases this autumn.

Democratic presidential candidate Lyndon LaRouche has pointed to this eerie quality in the train wreck brouhaha. Official Washington is disputing the seating protocol, floral arrangements, and menu at Belshazzar’s feast, but is ignoring the handwriting on the wall. The tax revenues that are the basis of the budget forecasts will never be collected under current policies. Notice also that all budget discussions revolve around dollars, Federal Reserve notes. The U.S. banking system and the Fed itself are insolvent to the point of physical implosion. No sane person could guess what a dollar might be worth in a year, much less in 2002. If the coming disintegration turns out to be hyperinflationary, the dollar may beat the record established by the Hungarian pengo. By 1946, it took 1.4 nonillion pengoes to buy what 1 pengo bought in 1938. How many pengozed dollars will it take to fund entitlements? Where would they put all the zeros?

Gingrich, as noted, would be happy to act as engineer for the train wreck. He says “there is not going to be a compromise,” because his Young Turks, the House freshmen, will not allow it. At an hysterical meeting of the GOP of both houses, Newt raved that the next 60 to 90 days would show whether his party is “worthy of being truly historic.” Poor Bob Dole is ill at ease. In August he assured the public that he was not an “‘in your face, it’s got to be my way or no way’ kind of conservative.” But, fearing Gramm and Buchanan, Dole now says that “this will not be an autumn of compromise.” There are a score of Republican senators

who dread a trainwreck. Many are also uneasy about abetting the ideological cruelty of Gingrich and Gramm: 20 Republicans joined all the Democrats to defeat by a 66-34 margin a fascist measure that would have denied additional payments to welfare mothers who have babies.

Clinton has scored points by counseling moderation, arguing that education cuts are “penny-wise and pound-foolish,” and accusing the GOP of mugging Medicare to fund tax cuts for countryclub fatcats. So far, Congress has not sent Clinton any of the 13 appropriations bills, but the White House is signalling that six of them will not be acceptable in their present form. Clinton’s objections address cuts in discretionary spending, but also policy directives that have been attached as riders to the bills. What is likely to emerge is a continuing resolution, a stopgap measure to keep the government functioning for two to three weeks. But some Republicans say that spending could continue only at the lower of the levels set by House or Senate, meaning in general the House level. That would mean that entire agencies and programs would cease to exist.

If Oct. 1 arrives without any agreement, the Antideficiency Act would maintain only spending necessary to “the safety of human life or the protection of property” and other emergencies.

### **The fight over the debt ceiling**

The need to raise the permanent debt ceiling for borrowing by the U.S. Treasury brings the greatest dangers. At the current rate, it is likely that the permanent U.S. public debt ceiling of \$4.9 trillion will be reached by late October. If the ceiling were not raised, the U.S. government would default for the first time in history on its debt and interest obligations. Treasury bonds would go to junk. Social security and government workers’ pay would stop. All this might provide the detonator for financial panic.

The trick is that the GOP wants to use the debt ceiling to extort Clinton’s signature on the budget reconciliation bill that will have to be passed about the same time. Debt ceiling and reconciliation would be in the same bill. The reconciliation must contain the GOP’s entitlement cuts and tax changes. The GOP would gouge Medicare by \$270 billion to provide \$250 billion to cut the capital gains tax for derivatives swindlers. The GOP is hiding the grisly details of its Medicare plan, hoping to pass it in the dead of night.

The gutting of Medicaid, food stamps, welfare, civil service and military retirement, student loans, farm price supports, all go into the reconciliation bill. Clinton will have to resist. Some 150 House Republicans have signed the Nick Smith-Chris Shays letter that they will block a raise in the debt ceiling until “legislation is enacted ensuring a balanced budget by 2002 or sooner.” To ram this through, the GOP is courting what Sen. Robert Byrd (D-W. V.) has described as “an earthquake on Wall Street, one that would rattle your eye-teeth and curl your hair.”

# Tories peddle Powell campaign vs. Dole

by Jeffrey Steinberg

Three of the London-based Club of the Isles' biggest propagandists, Lord William Rees-Mogg, Rupert Murdoch, and the Hollinger Corp.'s Ambrose Evans-Pritchard, have launched a transatlantic drive to insert Gen. Colin Powell (ret.) into the middle of the Republican Party presidential race. The flagrant British interference is aimed at sabotaging the candidacy of the current front-runner, Senate Majority Leader Robert Dole (Kan.), on behalf of Gov. Pete Wilson (Calif.) or any one of the other GOP wanna-be Presidents who are under the thumb of George Bush and the Tory-loving "Bush league" apparatus.

The Powell candidacy is seen in London, as it is by serious analysts here in the United States, as more or less of a joke. What the Windsors and the Club of the Isles apparatus consider deadly serious, however, is the prospect of a Clinton or Dole victory in November 1996—in which the guaranteed big loser is Britain. President Clinton's ever-growing animus for all things British has been a cornerstone of American foreign policy since the early days of his administration, when the break-up of the Anglo-American "special relationship," a hallmark of the Reagan-Bush era, began. Last January, Dole, during a trip to London, made it clear to both Prime Minister John Major and Defense Secretary Malcolm Rifkind that he, too, was disgusted by Britain's performance in the Balkans and elsewhere. His subsequent actions in the Senate on Bosnia further demonstrated the resolve of that conviction.

With London's Whitewater campaign to discredit Clinton foundering, and with presidential security bolstered following a string of failed assassination attempts—making a hit against the President much more of a challenge, even for London's sophisticated irregular warfare capabilities—the Club of the Isles is turning to the GOP as its last best hope of recapturing its control of the White House. In London, Dole's elimination from the race is a strategic priority, as sources there have confirmed to *EIR* in recent days.

The publicity for a Powell run in the GOP primaries is part of London's scheme to trash the Dole candidacy, not necessarily to insert Powell into the White House.

This was made clear by Lord Rees-Mogg, former editor in chief of the Club's most prominent foreign policy organ, the *London Times*, in his Sept. 11 syndicated column: "If the Republicans nominate Colin Powell, he will almost certainly beat President Clinton; if they nominate Senator Dole, Clin-

ton could easily beat him. The Republicans will therefore choose to nominate Colin Powell."

In the inaugural issue of Rupert Murdoch's new U.S. political journal, the *Weekly Standard*, William Kristol, a neo-conservative "political consultant" to the Bush wing of the GOP and the magazine's editor and publisher, aped Rees-Mogg with an even more dour anti-Dole "spin." "Suddenly, Bob Dole's nomination no longer seems inevitable. Having won less than a quarter of the vote in the Iowa straw poll, he now trails Bill Clinton in national surveys. Focus groups suggest that the age issue is beginning to bite, and the return of a campaign contribution to a group of gay Republicans indicates a touch of panic. . . . As the GOP agenda sinks ever deeper into the Senate's bog, Senator Dole's downhill trajectory could accelerate. . . . By Christmas, Bob Dole could be out of the presidential race, graciously yielding to the man who will have emerged as leader of the Republican field: Colin Powell."

As flattering as all of this "spin-doctoring" may sound to Powell, it would be a big mistake for him or anyone else to take this analysis as anything more than desperate British maneuvering and propaganda.

## LaRouche issues a warning

Asked to comment on the Powell-for-President push on the weekly radio program "*EIR Talks*" on Sept. 13, Democratic presidential pre-candidate Lyndon LaRouche warned Powell against falling into the London-Bush league trap:

"Now, if Colin Powell allows himself to be a Step-N-Fetch-It for George Bush or George Bush's favorite candidate, Pete Wilson, which is the position he's put in by his own foolish book and by allowing himself to be used in this way, by foreign powers, the British powers, he's really discrediting himself. And he may do damage to this nation, and he certainly is not helping anybody of black skin or of brown skin in the United States by the way he's behaving now.

"If he wants to be an African-American acting as an American citizen, in the sense that Martin Luther King would have appreciated, he's just not acting that way. He does have a certain charisma, he does have a certain position. He should repudiate Panama, he should repudiate some of the things he did in connection with Desert Storm. He should repudiate some other things he did, and people will accept it, because as a military officer he was carrying out orders. But now he's presenting himself as a candidate. And he has to tell people honestly that some of the things he did as a military officer were morally wrong, but he had to do them because he was acting under orders, under his oath as a military officer.

"So therefore, I think that Colin Powell is in a tough situation. He has got to come clean. He's potentially disgraced. If he sits back and allows himself to play the role laid out for him by Bush and by Rees-Mogg, then he's totally disgraced, as a person."

# Bush regime entered secret agreement with drug cartel against Noriega

by Carlos Wesley

Lawyers for Gen. Manuel Antonio Noriega filed a motion on Aug. 31 for a new trial, on the basis of new evidence showing that the administration of George Bush “entered an agreement with the world’s largest drug-trafficking organization,” the Cali cocaine cartel, to obtain a conviction against the Panamanian leader. Noriega, who has been held as a prisoner of war in a Miami federal prison since shortly after the Bush-ordered 1989 invasion of Panama, was sentenced to a 40-year jail term on trumped-up charges of drug trafficking.

The motion, filed by attorneys Jon May and Frank Rubino before Judge William Hoeveler in U.S. District Court for the Southern District of Florida, alleges that shortly before the start of Noriega’s trial in 1991, the U.S. government entered into a secret agreement with the Cali Cartel: In exchange for a reduction of the 23-year jail sentence of Luis “Lucho” Santacruz, brother of Cali Cartel capo Julio Santacruz Londoño, “the Cali Cartel induced Ricardo Bilonick to surrender to U.S. authorities and testify against General Noriega.”

Bilonick was the owner of Inair, a cargo airline he purchased with money he obtained from Jorge Ochoa, the Medellín Cartel capo. Eventually, Medellín Cartel kingpin Pablo Escobar would also become a partner in Inair, which Bilonick used to fly tons of cocaine into Miami, until U.S. authorities intercepted a shipment hidden in some shrimp-coolers in 1984. The United States indicted Bilonick and a warrant was issued for his arrest, but he lived in Panama in relative impunity until 1991, when the U.S. government secretly sought the assistance of the Cali Cartel to procure his testimony.

With Bilonick’s surrender, the government’s case against Noriega “changed dramatically,” reads the motion. “Now the United States had a witness who at one and the same time alleged Panama’s use for the transshipment of massive quantities of cocaine, some 20,000 kilograms, and General Noriega’s direct participation.”

Perhaps even more important, compared to the traffickers and cutthroats who were the majority of prosecution witnesses, Bilonick “seemed relatively unimpeachable.” A former diplomat, “at the time of the trial he was 44 years old, married, with six children.” He was also U.S.-educated, at Scranton University and with a law degree from Tulane. Further, although “he was essentially immune from arrest by U.S. authorities,” he had voluntarily surrendered, or so the jury was told, because “he wanted to do the right thing,” says

the motion.

What was kept from the jury and the defense, was the role of the Cali Cartel in procuring the testimony of this trafficker from the putatively rival Medellín Cartel. According to the motion, this was a violation of the so-called “Brady rule,” which holds that the suppression of evidence favorable to an accused person upon request violates due process.

## Silver or lead

The new evidence obtained by the defense is a set of letters exchanged in 1991 by former Justice Department prosecutor Joel Rosenthal and one of his successors in the U.S. Attorney’s office in Florida, Myles H. Malman. At the time, Rosenthal had left the Justice Department and was representing the Cali Cartel’s “Lucho” Santacruz.

Rosenthal indicated that the Cali Cartel would procure Bilonick, but that it was crucial for both the prosecution and his clients, whom he refers to as “*Time* magazine poster boys,” that the deal be kept secret.

“The defense will doubtlessly attempt to portray the government as having made a deal with the *Time* magazine poster boys for specific testimony from Bilonick,” Rosenthal said in a July 24, 1991 letter to Assistant U.S. Attorneys Malman and Pat Sullivan. “I cannot stress to you how critical it is to this agreement that my client’s role and identity be kept secret.” Otherwise, “the *appearance* will be that you have made a deal with the Cali Cartel to secure the cooperation and specific testimony of a witness against the Medellín Cartel.”

Malman provided Rosenthal the assurance he sought. In a letter he signed on behalf of his boss, Dexter Lehtinen, U.S. Attorney for the Southern District, dated July 31, 1991, Malman wrote: “It is our position that it [the deal] not be disclosed to the defense at the upcoming Noriega trial.” Rosenthal thanked Malman in a letter dated Aug. 7, 1991, in which he reported that his client, Santacruz, had signed the deal. Rosenthal attached an outline of what Bilonick would testify to at the upcoming trial. “With respect to Bilonick’s departure, I am doing my best to encourage him to depart on Thursday,” Rosenthal wrote Malman. A handwritten footnote added: “In view of our (you and me) chat today, I will see to it that he [Bilonick] understands from *my* viewpoint, that anything after next week is unacceptable, insulting, stupid, etc., etc.”



Gen. Manuel Antonio Noriega, now in federal prison in Miami, has filed a motion for a new trial.

According to the motion, the prosecution knew that "Bilonick's testimony would be induced by 'silver or lead.' The Cali Cartel would either pay Bilonick a large sum of money, or threaten his life and the lives of his family, or both." Bilonick, was sentenced to three years after pleading guilty to smuggling tons of cocaine. He is now living in the United States, a free man. He and his family were given permanent U.S. visas, and he was allowed to keep at least \$4 million in drug money.

But, it could have been lead instead of silver for Bilonick, had he decided not to go along. Rosenthal, the former prosecutor who brokered the deal, is one of six lawyers, three of them former U.S. Department of Justice officials, indicted by the Clinton administration in June in Miami for being an accomplice of the Cali Cartel. According to the indictment, Rosenthal, who has pleaded guilty to money-laundering charges, relayed death threats in November 1991 from Cali kingpin Miguel Rodríguez Orejuela, to Gustavo Naranjo, a cartel operative who was jailed in Texas. "Rosenthal told Gustavo Naranjo that it was good that he was not cooperating because Naranjo knew what would happen if he did cooperate."

The newly discovered documents "reflect a level of hypocrisy and cynicism beyond words," says the motion filed by Noriega's attorneys. "A decision at the highest levels of the United States government was made" to allow perjured testimony from Bilonick and to illegally withhold from the defense, and even from the trial judge himself, the information about the Cali Cartel's role in securing the damning testimony by this prosecution witness, "thus perpetrating fraud on the courts."

It adds that "to this day the United States has engaged in

a coverup of the most significant and explosive evidence in this case." The government was willing "to take whatever measures were necessary to prevent the defense from proving its contention that the instant prosecution was in truth a political prosecution despite the effort of the United States to convince the jury that this was merely a drug case."

Besides a new trial, Noriega's attorneys are also asking the court to immediately schedule an evidentiary hearing, to order the government to produce all correspondence and documents relating to Bilonick's testimony, including those prepared "by officials of the Department of Justice and other executive agencies," and to unseal all proceedings pertaining to Santacruz, whose sentence was reduced by Judge Hoeveler, from 23 to 14 years, after the Noriega trial.

"Regardless of how this court rules herein, history will condemn the government's conduct in this case," says the motion. "We cannot conceive of conduct that more undermines the reliability of the jury's verdict than the knowing and willful suppression of material evidence. And, if such conduct is imaginable, surely it must be the knowing and willful use of false testimony."

### 'Bush wanted me dead'

The report of Bush administration collusion with the Cali cocaine traffickers corroborates *EIR's* charges that the Bush-ordered invasion of Panama was not to fight drugs, but rather to remove one of the best drug fighters around, Noriega, who was also an obstacle to Bush's fascist new world order, of "democracy" and "free trade," i.e., drugs. The people whom Bush installed in power "are neither honest nor democratic, but rather front men working for the drug mafia," *EIR* reported in its Jan. 12, 1990 issue ("Bush Plans to Keep Troops in Panama Forever"). It identified several members of the Bush-installed regime of Guillermo Endara, including Endara himself, his Attorney General, two vice presidents, and most of his cabinet, as tied to the cocaine cartels.

The U.S. administration was "willing to agree to drop or quash all criminal charges against me, in exchange for my handing my country over to them," Noriega said at his sentencing hearing in 1992. "Panama was invaded because I was an *obstacle* and *injurious* to the historical records of your President, George Bush, who preferred me dead!" He predicted that the Panama Canal treaties would be honored in the breach, and by the year 2000, Panama would have no Army, "but there will be an ostentatious and insulting foreign presence, with troops and war bases of the United States."

This is indeed happening. On Sept. 6, it was announced in Washington that Panama and the United States have agreed to informal negotiations for the United States to retain military bases in Panama past the year 2000, when they should have shut down, according to the treaties. The main purpose of these bases will be "strengthening democratic institutions" in the Americas, said Assistant Secretary of Defense for International Security Affairs Joseph Nye on Sept. 11.



# Bush Justice Department corruption exposed in Weaver hearings

by Edward Spannaus

New evidence of corruption in the Bush-era Justice Department, as well as confirmation of well-known patterns of prosecutorial abuses, are emerging as a Senate Judiciary subcommittee holds public hearings on the 1992 Ruby Ridge, Idaho shootout involving Randy Weaver and his family.

This includes the discovery of an apparent lie by Henry Hudson, the former head of the U.S. Marshals Service (who is also the federal prosecutor who railroaded Lyndon LaRouche to jail in 1988), as well as new evidence of Bush Justice Department involvement in the "shoot to kill" rules of engagement which resulted in the shooting death of Weaver's wife Vicki on Aug. 22, 1992.

The first witness in the hearings which began Sept. 6, was Randy Weaver himself, whose testimony revealed an all-too-familiar pattern of entrapment by federal informants, and abusive practices by federal prosecutors. Weaver described how an ATF (Bureau of Alcohol, Tobacco, and Firearms) informant tried for years to induce him to commit illegal acts, until finally, as Weaver put it: "About three years later . . . he caught me in a weak moment when I needed some money." In what he called the "biggest mistake of my life," Weaver admitted, "I sold him two guns. He showed me what he wanted, what he wanted me to do with them, and I said, 'Yeah, I can do that.' "

About six months after this, Weaver continued, he was approached by two ATF agents, who told him, "We are going to take you to court on six or seven firearms violations if you don't join our team." Weaver said he refused to become a "snitch," and so he was then secretly indicted. In order to inflate the significance of what was a minor offense, the ATF case agent gave the U.S. Attorney's Office a "prosecution letter" which falsely claimed that Weaver had been convicted of other crimes; the ATF agent also lied to prosecutors by telling them that Weaver was a suspect in a number of bank robberies.

Although the ATF asserted that Weaver fit the profile of a "major" arms dealer, Sen. Fred Thompson (R-Tenn.) showed that, in those selective conversations with Weaver which were recorded by the informant, "There's nothing in there that indicates that Mr. Weaver is some kind of a regular or massive [dealer] or has any history as far as an arms dealer."

Senator Thompson continued: "What I do see is Mr.

Weaver saying here in this conversation of October the 24th, he says, 'When I get my workshop set up, I can do a better job.' And then the informant says, 'All right, now, you said for \$150 you could do pretty much four or five [shotguns] a week, couldn't you?' And Weaver says, 'Well,' and then the agent picks back up again and they never get back to it. It's pretty apparent what you're talking about here is a fellow sitting out under a shade tree with a hacksaw."

Besides Weaver's alleged promise to supply the informant with five guns a week, the other evidence that he was a "major" dealer was that he supposedly said he could supply guns without a "paper trail." But in this conversation, which was recorded, Weaver's answers to the informant's proposals were "Uh" and "Umumumm." This is highly reminiscent of the Abscam cases of the late 1970s, when an "uh-uh" uttered to an FBI informant was presented as proof positive of criminal intent (see *EIR*, Aug. 25, 1995, pp. 66-73).

At his 1993 trial, Weaver was acquitted on weapons and murder charges; his defense was that of entrapment.

## FBI report contradicts Hudson

During the Sept. 12 session of the Ruby Ridge hearings, one-time U.S. Marshals Service Director Hudson gave testimony that directly contradicted an FBI report summarizing an FBI interview with him.

Sen. Herb Kohl (D-Wisc.), commenting that there has been a dispute over when the marshals knew that Randy Weaver's teenage son Sammy had been shot and killed, said to Hudson: "The marshals and the FBI say that they did not know Sammy was dead until about three days after the Aug. 21 shoot-out. However, it appears that you may have had a very different understanding on Aug. 21, 1992. So I'd like to read a section of the report that the FBI made of their Nov. 15, 1993 interview with you."

Kohl then read the following from the FBI 302 report: "While en route to FBI headquarters on August 21st, John Twomey, a marshal, briefed Hudson on the facts that Kevin Harris had shot Bill Degan, the marshals returned the fire, and that it was believed that Sammy had been wounded. Mr. Hudson stated that it was his understanding in the early hours of the crisis that Cooper and Roderick saw Kevin Harris standing over Degan's body and that the younger Weaver had been shot."

Kohl then asked Hudson: "On the basis of this FBI report, how could anyone say that they did not know Sammy had been shot until several days after the incident?"

**Mr. Hudson:** Senator Kohl, I was equally perplexed when I read that in that FBI 302. I did not know that Sammy Weaver had been shot until after his body was recovered in the birthing shed. I thought—and on the way to the FBI headquarters, I thought that Kevin Harris had been shot. I don't know whether I misspoke during that interview or something was lost in translation, Senator Kohl, but I assure you, sir, that I did not know that Sammy Weaver was shot until his body was found in the birthing shed.

**Senator Kohl:** So the FBI report that I quoted, which indicates that on August 21st, while en route to the FBI headquarters, John Twomey, marshal, briefed Hudson on the facts, and you're saying that didn't happen?

**Mr. Hudson:** We had the briefing. We rode to FBI headquarters together. But I was never advised that Sammy Weaver was shot, senator. No, sir.

**Senator Kohl:** So you're saying that that report written by the FBI on November 15th, 1993, an interview with you, that that's inaccurate.

**Mr. Hudson:** That is inaccurate.

### The LaRouche parallel

Near the end of his testimony, Hudson made a provably false statement. During his opening statement, he had described his many years of law enforcement, as a U.S. Attorney, an Assistant U.S. Attorney, and as a Commonwealth Attorney and Assistant Commonwealth Attorney (county prosecutor) in Virginia. After Hudson and the former United States Marshal in Idaho had described the scope of the law enforcement mobilization against Weaver as consisting of over 400 federal, state, and local agents, Sen. Larry Craig (R-Idaho) asked the following question of Hudson:

**Senator Craig:** Mr. Hudson, in your years of experience in law enforcement, a director of Marshal Service, were you or your service ever involved in a situation or an incident in which in total people deployed, you arrived at the number of 400?

**Mr. Hudson:** No, sir.

**Senator Craig:** Never?

**Mr. Hudson:** No, sir, not to my recollection.

What Hudson conveniently overlooked was the raid in Leesburg, Virginia, on Oct. 6-7, 1986, which by all official accounts involved well in excess of 400 law enforcement officials, directed against Lyndon LaRouche and his associates. The Leesburg raid, like the Weaver raid, also involved the FBI's Hostage Rescue Team and an armored personnel carrier. As the United States Attorney for the Eastern District of Virginia at that time, Hudson was formally in charge of

that operation, and indeed, he took much of the credit for it publicly in boastful statements to the press.

These are not the first times that Hudson, who was the U.S. Attorney in Alexandria, Virginia from 1986 to 1991, has been caught lying. In 1989, U.S. Bankruptcy Judge Martin V.B. Bostetter dismissed an involuntary bankruptcy petition brought by U.S. Attorney Hudson against three companies associated with LaRouche. On the basis of false statements made in the petitions filed by Hudson, Bostetter ruled that the government had filed the petitions in bad faith, and had perpetrated "a constructive fraud on the court."

### Bush Justice Department complicity

The second witness who testified on Sept. 12 was Michael Johnson, the former United States Marshal for Idaho. Johnson presented the committee with the first public evidence indicting high-level Bush Department of Justice involvement in the decision to adopt the "shoot to kill" rules of engagement. Up to this point, the focus has been on the role of FBI officials such as the now-suspended, former FBI Assistant Director Larry Potts, in formulating the modified rules.

Johnson testified that he had overheard numerous telephone conversations during which FBI agents in Idaho were talking to FBI headquarters in Washington, that he had told the FBI agents who interviewed him in October 1993 about this, but that this information had been left out of the FBI 302 summarizing the FBI's interviews of him. Recounting the 1993 FBI interview, Johnson said: "I had told the agents that I was present during a lot of the phone calls when they were talking to Washington, D.C. and that there was no doubt in my mind that whoever was on the end of the phone, that was okaying everything and calling the shots, was from Washington, D.C.

"I also told them, during those conversations while I was sitting there, Agent Richard Rogers [head of the FBI's Hostage Rescue Team] came back into the trailer and during that time, conversation was going back and forth between Agent Rogers and Agent Glenn. And Agent Glenn at that time said something to the effect, 'We've got to run it by'—I can't remember what the exact words were. At that time, Agent Rogers said something to the effect, 'Well, now Terwilliger's involved in this thing.'"

Johnson said that this didn't ring a bell to him at the time, but that he later learned that George Terwilliger was then Deputy Attorney General. In fact, Terwilliger was the top deputy to George Bush's Attorney General William Barr during 1992.

The FBI agents who interviewed Johnson in 1993 were conducting their interviews on behalf of the Justice Department's special task force investigating the Ruby Ridge incident. That Johnson's statements are not reflected in the 302, or in the DOJ task force report, now raises the possibility that the coverup over the Weaver shootout extends into the Justice Department itself.

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## Book Reviews

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# The 'dumbing down' of America's children with amphetamines

by Dana S. Scanlon

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### **The War Against Children**

by Peter R. Breggin, M.D. and

Ginger Ross Breggin

St. Martin's Press, New York, 1994

279 pages, hardbound, \$21.95

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There is a lovely story about a "lively" little boy who "ran and jumped and chased his sister," and "loved to be on the move." According to the tale, "If someone made him stand still, he would beat his heels together and blink his eyes impatiently. . . . Only music had the power to keep him calm and silent." It is a story, written for children, about the young Wolfgang Amadeus Mozart.<sup>1</sup>

In America today, as it is described by Dr. Peter Breggin in *The War Against Children*, Amadeus would be "diagnosed" as suffering from Attention Deficit Hyperactivity Disorder (ADHD), and drugged with a pharmacological product called Ritalin. Ritalin is a highly addictive form of amphetamine, which the Food and Drug Administration classifies on its Schedule II of drugs, which includes cocaine, morphine, opium, and barbituates.

With the active promotion of the National Institutes of Health (NIH), the pharmaceutical companies, a large number of teachers and principals, and the growing numbers of biopsychiatrists, 2-3% of all elementary school children in the United States already receive some form of pharmacological intervention for "hyperactivity." As many as 2.4 million children of school age have been "diagnosed" as having ADHD.<sup>2</sup> And some 85-90% of them are being drugged, with chemicals whose long-term effects on brain growth and development are little-known. What is known, is extremely alarming.

For example, Ritalin can suppress weight and height growth in children, a fact readily admitted by its advocates. But since Ritalin is dispensed to children during the years of maximum brain growth, what effect, Breggin asks, might this have on the brain itself? And while no consistent brain abnor-

malities have ever been found in "ADHD children," a 1986 study published in *Psychiatric Research* did find brain shrinkage in young adults labeled ADHD, who have been taking Ritalin for years. The authors of the study noted that "cortical atrophy may be a long-term adverse effect of this treatment."<sup>3</sup>

### **What is ADHD?**

The American Psychiatric Association's diagnostic manual lists "symptoms" of ADHD which vary a child doesn't exhibit to one degree or another, at one time or another. Fidgeting and squirming, interrupting others, and excessive running are just a few.

Dr. Breggin and his wife, co-author Ginger Ross Breggin, open Chapter 4 with this typical story:

"Zac is a small, blond-haired boy with blue eyes that shine with mischief and intelligence. At nine years old, his teachers and community have already decided his future for him. He fits all the profiles—restless, easily distracted, smart but doing just average in school, and too often into trouble. . . . Zac's school counselor and the teacher will have a chat about Zac and then invite his mother to a meeting to inform her that he has ADHD. His mother, who has already heard about the 'disorder,' will feel some relief even before she gets her son to the psychiatrist.

"No one seems equipped or willing to deal with Zac's real problems—an absent father, a distracted and overwhelmed mother, an impatient teacher with an overcrowded classroom, and Zac himself with a wondrous abundance of energy that doesn't fit into his world. So the psychiatrist prescribes Ritalin for Zac, and within an hour of taking the first dose, the boy is sitting much more quietly in class. His teacher is happy because her classroom is more peaceful. His principal is happy because the school can receive extra money for a special education class for Zac. His mother—who didn't know what to do about her son—now feels she is doing everything she can for him. And it *is* much more peaceful at home."

Never mind that mothers have been worrying about how to discipline their sons since the beginning of time. This particular problem of child-rearing—grown worse with the sky-

rocketing numbers of children raised without fathers, and often with mothers absent during the early years—has now been labelled a disease, with alleged physiological or biological roots, and the children, the vast majority of them boys, are being drugged into submission. Special attention is focussed on African-American boys, although they are by no means the exclusive target of this campaign. But the projects targeting African-Americans are particularly insidious, and go under the rubric of government-sponsored “violence initiatives.”

Dr. Breggin is probably, one would guess, one of the most hated men at the National Institute of Mental Health (NIMH) and among biopsychiatrists. The author of *Toxic Psychiatry* and *Talking Back to Prozac*, he is a psychiatrist, director of the Center for the Study of Psychiatry, and a man who believes that compassion and empathy, not drugs, are the best healers of the human mind. His earlier book *Toxic Psychiatry* described the transition of psychiatry in the 1960s toward biochemical and genetic theories and to interventions such as drugs, lobotomies, and electroshock. Today’s Ritalin craze is largely the result of that evolution.

Dr. Breggin and other like-minded experts have debunked the existence of ADHD as a genuine medical or psychiatric disorder. Even “most advocates of ADHD as a diagnosis,” Breggin reports, “also note that it tends to go away during summer vacation.” Breggin has coined the term “DADD”—dad attention deficit disorder—to describe the symptoms of most of the children who have been referred to him. He notes: “A whole bunch of seemingly impulsive, hostile children will calm down when a caring, relaxed, and firm adult male is around.”

According to another specialist, Gerald Golden, “attempts to define a biological basis for ADHD have been consistently unsuccessful. The neuroanatomy of the brain, as demonstrated by neuroimaging studies, is normal. No neuropathologic substance has been demonstrated.”

The experts agree, Dr Breggin reports, “that Ritalin affects all children in the same way—not just ‘hyperactive’ ones. Within an hour of taking a single dose, any child will tend to become more obedient, more narrow in his or her focus.”

Although promoting its use on a long-term basis, NIMH candidly states that “the long-term effects of stimulants remain in doubt.” Even Ritalin manufacturer CIBA-Geigy’s literature admits, “Long-term effects of Ritalin in children have not been well established.”

As noted above, Ritalin is a form of “speed,” a highly addictive form at that. “Before it was replaced by other stimulants in the 1980s, Ritalin was one of the most commonly used street drugs. In our home town of Bethesda [Maryland], youngsters nowadays sell their prescribed Ritalin to other classmates, who abuse it along with other stimulants,” Breggin reports. “Like any addictive stimulant, Ritalin can cause withdrawal symptoms, such as ‘crashing’ with depression, exhaustion, irritability, and suicidal feelings.” Ritalin can

also cause increased symptoms of the very sort it is supposed to suppress: inattention and aggression. When this occurs, the child is usually given a higher dose of Ritalin, or an even stronger agent such as the neuroleptics Mellaril or Haldol.

## The drug pushers

A host of organizations now exists promoting the drugging of “difficult” children. Children with Attention Deficit Disorders (CHADD) was founded in 1987, and acknowledges the financial backing of CIBA-Geigy. Their view is that these children are suffering from genetic and biological problems. Another group is the National Alliance for the Mentally Ill—Child and Adolescent Network (NAMICAN). They have joined together with the drug companies, biologically oriented professionals, and national mental health organizations to form a powerful lobby on behalf of their menticial efforts. CHADD’s National Professional Advisory Board includes NIMH biopsychiatric stalwarts Alan Zametkin and Judith Barkley. They publish a manual for educators, for example, that is intended to foster recognition and drug treatment of the ADHD syndrome.

Two of the most militant advocates of the ADHD hoax “cut their teeth” at the NIMH, now part of NIH. When child psychiatrist Dr. Paul Wender wrote *The Hyperactive Child* in 1973, he was on the NIMH payroll. Now, the chief of the child psychiatry branch is Dr. Judith Rapoport, who is conducting painful spinal taps and other intrusive tests on children for her NIMH study: “Neurobiology of Disruptive Behavior Disorders.”

## Afro-American youth targeted

One of the most explosive sections of the Breggin book deals with the so-called “violence initiative” of the National Institute of Mental Health. Spearheaded by Dr. Fred Goodwin, chief scientist at NIMH during the 1980s, efforts have been under way for over a decade to find a genetic or biological “cause” for crime, and thus reduce crime by the wholesale administration of drugs to the biologically “deficient” population. As Goodwin explained to the *Evening Sun* of Baltimore: “As we become sophisticated about understanding the biology of behavior, the more potential we get for altering behavior biologically.” Some years later, Goodwin became head of the Alcohol, Drug Abuse, and Mental Health Administration, which was disbanded in 1992. While it existed, Adamha oversaw three federal institutes: NIMH, NIDA (National Institute of Drug Abuse), and NIAAA (National Institute on Alcohol Abuse and Alcoholism). All three have now been placed within the National Institutes of Health.

As Breggin describes it: “Goodwin was first thrust into the hot lights of national media attention in early 1992, after he allegedly made remarks that compared inner-city youth to monkeys who live in a jungle, and who just want to kill each other, have sex, and reproduce.” The scandal that ensued resulted in Goodwin resigning as head of Adamha, only to be

appointed director of NIMH. Beyond the obvious racism of Goodwin's comparison, lies an ominous program of the federal government that is apparently still alive today. In other remarks made to the National Advisory Mental Health Council, Goodwin stressed that his inner-city psychiatric intervention was "one of the planning initiatives that is the top priority of the agency now for its planning for the future—and what we mean here is the 1994 budget. . . . What I am referring to [as] our number-one initiative is the violence initiative."

On May 5, 1992, Goodwin spoke to the annual convention of the American Psychiatric Association in a speech entitled "Conduct Disorder as a Precursor to Adult Violence and Substance Abuse." He explained that his main interest lay in the "violence-prone individual" and claimed—with not a shred of evidence to back it up—that "there is a genetic contribution to anti-social personality disorder." As Breggin summarizes his speech: "Goodwin went on to discuss the theoretical role of biochemical imbalances in crimes and violence. A number of studies, including several funded or conducted by the federal government, are trying to show a correlation between sluggish transmission in the serotonergic nerves of the brain and impulsive behavior." If this theory were true, drugs like Prozac would be the answer to America's crime problem.

An anonymous tipster provided Dr. Breggin with a 1992 manuscript from "Adamha 1994 Planning Documents," entitled "Violent Behavior: Etiology and Early Intervention." The document says that "minority populations are disproportionately affected" and points to an "emerging scientific capacity to identify the individual determinants of behavior—at the biochemical, psychological, and social/environmental levels." The document continues: "Although the problem is societal in scope, our solution must reflect increasing scientific and clinical capacities to isolate and target the individual determinants of violence." The document then maintains that "the precursors of violent behavior are evident at an early age," with such behaviors as "physical aggression, deviant behavior, attention deficits, and hyperactivity."

### Schools as a vehicle

With your tax dollars, NIMH is funding a slew of studies to encourage the "diagnosis" and drugging of children through the schools. One of NIMH's most heavily funded researchers, William E. Pelham, Jr., at the University of Pittsburgh and the Western Psychiatric Institute and Clinic, has published, in *School Psychology Review*, an argument for public schools to systematically engage in this type of behavioral control through drugs. Dismissing psychological understanding as unscientific, Pelham writes that "it can be argued that the development of pharmacological interventions is on the cutting edge of research in the treatment of childhood disorders." He calls for "improving the ways that psychopharmacological approaches are implemented in the schools." He not only promotes use of the stimulant Ritalin,

but also of Prozac, a drug that affects the serotonergic system.

In a recent issue of *Clinical Psychiatry News*, a Salt Lake City psychiatrist, Elizabeth M. Tully, argues in favor of using Prozac on children. Her Western Institute of Neuropsychiatry has apparently succeeded in giving the state of Utah the distinction of being number one in the drugging of its children.

The Department of Justice has also gotten into the act with the "Program on Human Development and Criminal Behavior," which it jointly funds with the MacArthur Foundation. The director of the project is Felton Earls of Harvard and its co-director is Albert J. Reiss, Jr. of Yale. Both were key figures in developing a National Research Council blueprint for Dr. Goodwin's violence initiative. This project is being financed to the tune of \$12 million per year for eight years. All 11,000 subjects of the study are from the Chicago area. As this program was moving into gear, *Chicago Tribune* staff writer and resident science-quack Ronald Kotulak wrote a lengthy series,<sup>4</sup> given front-page play, extolling government research into genetic and biological theories of aggression, in an apparent effort to soften up the local population for the violence initiative in their community.

The controversies that have occasionally erupted, particularly over the issue of government funding for this kind of research, have not been sufficient to stop these efforts. A conference on "Genetic Factors in Crime," first scheduled to take place in 1992 at the University of Maryland's Institute for Philosophy and Public Policy, was called off when the heat was turned on and NIH canceled its grant. But the grant has since been renewed. A brochure advertises the conference to take place on Sept. 22-24, 1995, under the slightly modified theme of "Research on Genetics and Criminal Behavior: Scientific Issues, Social, and Political Implications." The brochure states that "it has been a hallmark of enlightenment to recognize that undesirable traits and behaviors often arise from biological or psychiatric problems, rather than moral defects, and to offer humane treatments rather than impose harsh punishments." How enlightened: The government will now drug you, instead of locking you up. The conference is "supported in part by a grant from the National Institutes of Health Center for Human Genome Research." A speaker is being provided by the Department of Justice.

This frightening picture of 1984-style mental control would not be complete without noting that, increasingly, the medical insurance companies are refusing to fund psychotherapy, while paying for "medical management" of psychological problems as a cost-cutting measure.

### Notes

1. *Amadeus Mozart*, by Ibi Lepsky (New York: Barron's Educational Series, 1992).
2. Marylou Tousignant, "Children's Cure or Adults' Crutch," *Washington Post*, April 11, 1995.
3. *Psychiatric Research*, 17:241-246.
4. *Chicago Tribune*, Dec. 12-15, 1993.

## Dole seeks conservative support for welfare bill

Senate Majority Leader Bob Dole (R-Kan.) has adopted tougher language in his welfare-reform proposal, in an attempt to win over conservative Republicans and a veto-proof majority for his take-down of the welfare system. In August, Dole, realizing that he did not have the votes to override a certain presidential veto, postponed introducing it until after the Senate returned from summer recess in September.

The new legislation includes a "cradle cap," whereby states would not be allowed to give higher cash payments to welfare families who have more children. It would provide a "bonus" for states that reduce out-of-wedlock births; require that for three years states spend 75% of what they spent the previous year on welfare, work, and child care benefits; and exempt from sanctions single custodial parents who fail to work because of "demonstrated need" for child care, with the states defining what constitutes "demonstrated need."

On Sept. 9, the Senate also passed a measure that would deny certain welfare benefits to fugitive felons and probation violators.

Sen. Edward Kennedy (D-Mass.) characterized the bill as a "home alone" bill, referring to the fact that parents would be forced to work without being able to provide proper day-care for their children.

"The system will be overwhelmed," Sen. Daniel Moynihan (D-N.Y.) said. "Sixty percent of the children in Detroit are on welfare. There are not enough social workers, not enough nuns, not enough Salvation Army workers" to fill the need, he warned.

In his weekly radio address, President Clinton implicitly admonished

the Republican leadership "not to pander to extremists" on the issue of welfare reform. The Democratic alternative on welfare reform was defeated on Sept. 7 in a 56-41 vote.

The Republican bill is by no means "home free," however. With as many as 200 amendments having been offered, there remain many unresolved issues. On Sept. 11, the Senate rejected a Democratic proposal to set aside \$11 billion in child care funds for welfare mothers who are forced to go to work under new Republican guidelines, claiming that the flexibility given the states in running welfare programs in the Republican proposals would free up resources to cover any additional need for child care. Mindful of the consequences of such "buck passing" in a campaign year, Sen. Nancy Kassebaum (R-Kan.) introduced an amendment to prevent states from shifting money away from a child-care "block grant" to any other purpose.

## Missile defense deployment gets okay

After two days of heated debate, the Senate on Sept. 6 passed by a vote of 85-13 an amendment to the 1996 Defense Authorization Bill that commits the United States to "deploy as soon as possible affordable and operationally effective theater missile defenses capable of countering existing and emerging theater ballistic missiles."

The measure is a considerably scaled-down version of an earlier proposal calling for the deployment of a missile defense system by the year 2003. The Clinton administration indicated that it would veto the earlier measure because it would have vio-

lated the 1972 Anti-Ballistic Missile (ABM) Treaty with the Soviet Union, a treaty that Republicans would like to renegotiate.

In the face of strong administration opposition, a compromise agreement was reached that set no fixed date for deployment of such a system. Defense Secretary William Perry called the compromise a "dramatic improvement" over the original draft, although the administration still has problems with it. Less ambitious than the Reagan-era Strategic Defense Initiative, the policy includes the development of a national missile defense system and a provision to negotiate with Russia to modify the ABM Treaty or, failing that, to consider the withdrawal of the United States from the ABM Treaty.

Sam Nunn (D-Ga.), who introduced the amendment, said, "It clarifies the intent of the United States with respect to decisions about future missile defenses," it "defuses a potential constitutional contest and confrontation between the Executive and Legislative branches," and it "makes clear to the international community our policy toward the ABM Treaty."

The House had previously passed a similar measure as a part of its defense spending bill which committed increased funding to missile defenses and called for deployment of a national system "as soon as possible." The two bills will now go to conference committee.

## Senate panel okays end of Commerce Department

The Senate Governmental Affairs Committee approved on a vote of 5-3 on Sept. 7 legislation that would effectively dismantle the U.S. Department

of Commerce. The measure, offered by committee Chairman William Roth (R-Del.), who is slated to replace Bob Packwood (R-Ore.) as chairman of the Senate Finance Committee, would consolidate the government's trade programs in a proposed U.S. Trade Administration and would make the department's National Oceanic and Atmospheric Administration an independent agency.

In an attempt to eliminate dirigist economic policies, the Conservative Revolution jacobins have targeted Commerce for eradication. The Roth bill would scrap several Commerce agencies, including the Economic Development Administration, which helps stimulate industrial and commercial growth in economically distressed areas in the United States and provides communities with public works and planning assistance; the National Institute of Standards and Technology; and the U.S. Travel and Tourism Administration. It would also eliminate the Minority Business Development Administration and the Advanced Technology Program, which provides cost-shared awards to industry to develop high-risk technologies that can enable significant commercial advances.

Majority Leader Bob Dole (R-Kan.) was instrumental in garnering the support to get the bill moving through committee.

John Glenn (D-Ohio) praised Commerce Secretary Ron Brown for having transformed the department "to an export-promotion dynamo," and argued that it should be allowed to continue promoting trade and technology. Under Brown, the department has also played a key role in generating economic support for the peace efforts of the Clinton administration in Northern Ireland, the Middle East, and elsewhere.

## **P**anel cuts social programs but not environmental regs

The Senate Appropriations subcommittee for Housing and Urban Development, Veterans Affairs, and Independent Agencies cut important social programs, but danced around "politically correct" environmental programs that the House had virtually axed. While adding \$1 billion to the House proposal for the Department of Housing and Urban Development (HUD) budget, the Senate panel also provided \$770 million more than the House for the Environmental Protection Agency (EPA), eliminating all but one of 17 House provisions curbing enforcement of environmental laws.

The House had eliminated many of the restrictions proposed by the EPA over the years, but Senate Republicans, fearful of being labeled as anti-environment, restored these measures. EPA's enforcement budget was cut only modestly by the Senate panel, with most of the cuts coming from the Superfund, created by Congress to deal with abandoned "toxic waste sites," and from earmarked water and sewer projects.

The Senate proposal does, however, eliminate the EPA's ability to overrule Army Corps of Engineers permits for draining wetlands, and cuts funding for the Climate Change Action Plan and the Montreal Protocol Fund, two priorities of the environmentalist lobby.

The subcommittee also took aim at some important social programs that were the personal initiatives of President Clinton. The panel provided no funding for the President's national service program, modeled on President Kennedy's Peace Corps, but for domestic use, and for his Community Development Financial Institutions program, which mandated financial

institutions to maintain banking and other activities in economically depressed areas. The subcommittee also allocated \$500 million less for veterans' medical programs. In the panel proposal, the HUD budget was cut to \$5 billion below what Congress approved a year ago.

## **L**imits on legal immigration proposed

The U.S. Commission on Immigration Reform, set up by the Republican-led Congress to advise on reforming immigration laws, came out with its report to Congress on Sept. 12. The commission would reduce annual immigration from the 725,000 expected in 1996, to 550,000 by the next century, by changing the qualifications for immigration. The recommendations of the commission would make it harder than it has been in the last 70 years to enter the United States legally.

Under the slogan of "family values," the recommendations would allow spouses and minor children to immigrate together with the applicant, but not their adult brothers and sisters. They would also not allow applicants to bring their parents unless they were able to afford health insurance for them. They also bar unskilled immigrants not members of "nuclear families." (With this item, the commission hopes to eliminate 10,000 immigrants per year.)

The "family values" provision would not apply to those badly needed (and badly paid) seasonal workers who come to harvest the fields of California. The study also calls for the "Americanization" of immigrants. The Senate began hearings on immigration reform on Sept. 13.

# National News

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## Brits hype 'Unabomber' as 'romantic' visionary

The Toronto *Globe and Mail*, a frequent propaganda outlet for British intelligence, ran a column on Sept. 6 portraying the so-called "Unabomber" as an historical giant. Columnist Robert Fulford gushes that "in cultural terms he is a startling figure."

Reviewing the list of victims claimed by the terror-bomber, Fulford declares that "the Unabomber performs on a much grander stage [than other famous killers]. Other assassins may have tried to influence the future, but the Unabomber wants to reverse two or three centuries of history, a vision far larger than anything in the dreams of Napoleon or Hitler."

According to Fulford, the Unabomber is someone who "represents romanticism carried to the level of madness. He descends from Jean-Jacques Rousseau, William Blake, and all the others who left us with the view that technology and even civilization are enemies of humanity."

U.S. law enforcement investigators, including the FBI, are pursuing the theory that the killings attributed to the Unabomber are the work of an organized conspiracy—reportedly including the self-professed eco-terrorist group Earth First!, an arm of Prince Philip's World Wide Fund for Nature.

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## Arlen Specter covers up enemy conspiracy—again

U.S. Sen. Arlen Specter (R-Pa.) wormed his way into a number of media sound-bites recently, while ostensibly conducting subcommittee hearings to get at the roots of all varieties of "domestic terrorism." A source, however, told *EIR* on Sept. 8 that Specter refused to hear any testimony concerning "environmental terrorism," despite appeals from several senators from western states.

Thanks to Oliver Stone's film "JFK,"

millions of Americans know Specter as the Warren Commission flunky who cranked up the "magic bullet" theory, to support the claim that the Kennedy assassination was the work of a "lone assassin." Thanks to Lyndon LaRouche, *EIR* readers have been provided with the crucial evidence that the murder of President Kennedy was directed from Britain—just as eco-terrorism is today.

Sen. Conrad Burns (R-Mont.) sent an official request to Specter on Aug. 4, "to call your attention to one area that relates to domestic terrorism that has yet to receive consideration in any public hearing by Congress. . . . Acts of violence in the name of the environment have been alleged by some of my constituents in Montana. I have enclosed a breakdown of some alleged environmental terrorist acts that may be of interest to your subcommittee. I would encourage further investigation by the subcommittee into these incidents." Despite the mass of materials provided by Burns, Specter kept the entire subject out of the hearings.

Specter has a history of protecting eco-terrorists. In 1979, he was the attorney for Ira Einhorn, the leading organizer of the pagan rite launched in 1970 as "Earth Day." Einhorn was on trial for butchering his girlfriend and stuffing her body parts in a trunk, which he never bothered to remove from his apartment. Specter obtained bail for his client, who proceeded to flee the country and may still be at large. Einhorn is also reportedly the leading suspect behind the 1979 sabotage of Pennsylvania's Three Mile Island nuclear reactor.

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## New Senate Finance head cheered by London's boys

Sen. William Roth's selection to chair the Senate Finance Committee, following the forced resignation of Sen. Bob Packwood, has already warmed the cockles of leading British agents in American politics.

Roth, a Republican senator from Delaware, is on the international board of the

Center for Strategic and International Studies, the subversive playground in Washington where self-professed British agent Henry Kissinger has been romping about for years. Roth celebrated his own promotion with a release quoting Kissinger's endorsement: "He's one of those senators who you can always rely on for a patriotic, strong, and farsighted foreign policy."

Roth also has the enthusiastic backing of Grover Norquist, chairman of Americans for Tax Reform, whose British-intelligence service record runs well beyond the norm. Norquist was formerly the executive director of the National Taxpayers Union, founded by James Dale Davidson, which named Roth 12 times as the "Taxpayers' Best Friend."

Norquist writes the "On Politics" column for Davidson's *American Spectator*, the weird sister of Lord William Rees-Mogg's *British Spectator*. So many of the top leaders of the "Conservative Revolution" meet with Norquist each Wednesday in Washington, that the *Wall Street Journal* describes him as the "Grand Central Station" of conservatism: "All the trains run through his office." A front-page story in the *Washington Post* on Sept. 4 also billed Norquist as a guiding light for "Third Wave" flotsam Newt Gingrich, the Speaker of the House.

The *Post* feature, however, noted without explanation that "Norquist's office wall is covered with pictures of him cradling an automatic weapon in Angola with the South Africa-backed forces of Jonas Savimbi, and in the former communist countries of eastern Europe." Norquist was also an adviser to the 1988 and 1992 presidential campaigns of George Bush.

The *Post* failed to report that Norquist was in Africa during the early 1980s as field director of Citizens for America (CFA), a covert-operations front operating under the direction of then-Vice President Bush. Founded by Rite-Aid millionaire Lewis Lehrman, the CFA was bankrolled by Ivan Boesky and other pirates. It also sponsored Lt. Col. Oliver North's chest-thumping "patriotic" speeches—supporting the policies which Maggie Thatcher fed to her pet Bush.



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## Ecology freaks blame epidemics on industry

The United States will soon be overrun by deadly infectious diseases resulting from "climate change," unless the world takes dramatic actions to reduce industrial emissions, according to the same people who have brought you every environmental scare in the past two decades. This latest hoax was officially launched in Washington on Sept. 11-12 at the National Academy of Sciences, during a "Conference on Human Health and Global Climate Change."

The vicious intent of the conference was to mask the origins of the deadly epidemics already threatening the world's population—resulting from 25 years of accelerating economic collapse. Instead, the genocidalists and quackademics of environmentalism would kill the patient, by prescribing further destruction of modern agricultural and industrial production.

According to the deranged view presented, industrial and technological development must end, or "global warming" will bring malaria, cholera, dengue fever, Ebola, Rift Valley fever, and yet unknown diseases into the United States and other northern latitudes. Brian Atwood, head of the U.S. Agency for International Development, argued that the "developing countries" pose the greatest threat to the world's climate, claiming that their drive to industrialize is rapidly increasing their energy consumption and carbon dioxide emissions.

Not surprisingly, the key orchestrator of the conference theme was a British environmentalist, Anthony McMichael, professor of epidemiology at the London School of Hygiene and Tropical Medicine. McMichael initially launched this hoax in 1993, with the publication of his book *Planetary Overload, Global Environmental Change and the Health of the Human Species*. McMichael currently oversees health assessments for the United Nations Intergovernmental Panel on Climate Change.

Despite a gag-rule to block any dis-

senting discussion, one panelist acknowledged that industrialization had led to an increase in the standard of living, and to longer life expectancy as well; so that any resulting climate change was beneficial. McMichael interrupted to declare that climate change only leads "to impoverishment of the environment." Although industrialization has led to an "increase in life expectancy," he said, "that has been done at the expense of nature's capital . . . of losing the genetic pool, biodiversity, the ozone layer, clean air, and depleting natural resources on the short term."

Keynoted by Vice President Albert Gore, the conference was officially sponsored by the National Academy of Sciences, the National Science and Technology Council, and the Institute of Medicine.

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## Coalition stumps for balanced budget

The Coalition for Change held a press conference in Washington, D.C. on Sept. 6 to launch a \$10 million national advertising campaign to convince Americans to call their congressmen to convince them to "balance the budget now." The director of the Coalition is John Snow, the chief executive officer of CSX Corp. and chairman of the Business Roundtable. Member organizations of the coalition include United We Stand America, the Seniors Coalition, the Business Roundtable, the Committee for a Responsible Federal Budget, and Citizens for a Sound Economy.

Among those speaking at the press conference were Larry Bossidy, the CEO of Allied Signal, former Sen. John Danforth (R-Mo.), and former Rep. Tim Penny (D-Minn.). Danforth blamed constituency groups for the difficulties in implementing draconian cuts in entitlement spending. He said, "If people say, 'It's not important that we're old, or veterans or students . . . what's important is that we're Americans, the politicians will say it too, and they'll have the courage to make the needed sacrifices.'"

## Briefly

● **SEN. PHIL GRAMM** told the Christian Coalition Sept. 9 that he would "make the Contract with America the law of the land" if elected President. The Conservative Revolution candidate called for a flat tax, fatter capital gains, and broader use of the death penalty. Gramm admitted that he flunked the 3rd, 7th, and 9th grades, "but my mama persisted and I got a doctorate in economics."

● **NEW YORK** Gov. George Pataki, a leader of the Conservative Revolution's jacobin mob, signed a bill on Sept. 1 legalizing the death penalty in New York State, fulfilling his campaign pledge to overturn repeated vetoes by former Gov. Mario Cuomo. State legislative officials estimate that 15 to 20% of the 2,300 murder cases occurring in New York State annually would become capital crimes under the new law.

● **JANE FONDA** endorsed China's population reduction program during a Sept. 11 interview in Beijing, broadcast on China Central Television. She suggested that China should go further, and modify the plan so that men would also share the burden of sterilization. The former soft-porn film star added, "I feel ashamed that we don't plan births in America." Fonda was attending the U.N. Conference on Women.

● **GOV. PETE WILSON** of California, tabbed by the British press in mid-summer as President Clinton's leading challenger, has shut down his campaign office in Iowa, the site of the nation's earliest presidential caucus next year. Wilson's bid for the GOP nomination is reportedly running short on both funds and points in the polls.

● **LAFAYETTE'S** private papers, "containing long-hidden, barely rumored secrets of the American, French, and at least three other revolutions," will be revealed on microfilm at the Library of Congress early next year, the *Washington Post* reported on Sept. 11.

## Editorial

# Hands off EIR in Colombia!

Once again, the lives of people working with this magazine in Ibero-America are being threatened, because they have dared to name the names of those persons "above suspicion" who run political protection for the lucrative traffic in illegal drugs—upholding, at the risk of their lives, the 20-year tradition of *EIR* of engaging in combat against the heads of the monstrous international drug cartel.

The latest series of threats began on Aug. 3. A caller with a Cali accent (Cali is the city which is the base for the Cali cocaine cartel) telephoned the home of our correspondent Javier Almario and said, "You're going to pay for writing such trash," explicitly referring to articles which Almario has written in *EIR*. In another call, a voice said, "Be careful, creep!" On another occasion, Almario's home was broken into and burglarized. Then, in the early morning of Aug. 26, an individual called Almario to say: "You aren't going to make it past this week."

Threats have also been made to Maximiliano Londoño Peñilla, president of the Ibero-American Solidarity Movement (MSIA) in Colombia, whose views are frequently featured in *EIR*. On Aug. 21, a woman called Londoño's home and warned his wife, "Squealers are the first to die." On Aug. 25, another threatening call was received; the voice said only, "Son of a bitch." On the morning of Sept. 5, Londoño's wife was told by another caller, "Fools! Don't you know we are following you?"

Nearly simultaneously, at 2 in the morning of Sept. 12, "heavy breathing" phone calls were made to the homes of Londoño and of Almario.

All of these threats have been duly reported to the Colombian authorities. The issue was also raised at the U.S. State Department on Aug. 3.

In Colombia, those who make such threats have ample means to carry them out. In 1984, Attorney General Rodrigo Lara Bonilla was assassinated by the cocaine cartel's hit squads, because of his courage in carrying out the war on drugs and terrorism. When *EIR* brought out a new Spanish edition of our famous exposé book *Dope, Inc.* the following year, it was dedicated

to the fallen Lara Bonilla.

The pattern is serious enough to have opened some crevices in the wall of silence long maintained by Colombia's media against everything linked to the LaRouche political movement. On Aug. 5, the Bogotá daily *El Tiempo* reported in its "Ecos" column, on the threat against Almario. Then, on Aug. 30, under the headline, "Foreign Correspondents Threatened," the Colombian daily *El Nuevo Siglo* published a story from the Spanish news agency EFE, which reported, "A correspondent and a Colombian collaborator of the magazine *Executive Intelligence Review* . . . received repeated death threats because of their denunciations of the drug trade and of the guerrillas. . . . That magazine, in various of its issues, published denunciations of criminal activities by the drug-trafficking cartels from Medellín and Cali, as well as of the clandestine fight of the Revolutionary Armed Forces of Colombia (FARC). Their press release says that, despite their complaints to the authorities, they know of no investigation being conducted to unveil the groups carrying out the campaign of intimidation and terror against Almario, Londoño, and their families."

On Aug. 31, in its program "FM Live," the radio station Caracol transmitted a live interview with Javier Almario. After reading several quotes from the EFE story, the interviewer asked Almario: "What kind of threats are you getting? What have you written to provoke these threats? What you are saying has been written about Colombia; what's so special about what you have to say?"

The fact is, that the Colombian State, represented by the National Election Council, had already attempted, last June, to silence the MSIA by suddenly annulling its status as a registered political movement, which had included the rights to regular broadcast time. Now Maximiliano Londoño has filed suit against the electoral body to overturn that outrageous and illegal action. Already, his attorney in the suit, on Sept. 12, received telephoned death threats.

The case could not be clearer. But where are the "human rights" groups now?

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- PHOENIX—Dimension Ch. 22  
Wednesdays—1 p.m.

## CALIFORNIA

- E. SAN FERNANDO—Ch. 25  
Saturdays—10 a.m.
- LANC./PALMDALE—Ch. 3  
Sundays—1:30 p.m.
- MARIN COUNTY—Ch. 31  
Tuesdays—5 p.m.
- MODESTO—Access Ch. 5  
Fridays—3 p.m.
- ORANGE COUNTY—Ch. 3  
Fridays—evening
- PASADENA—Ch. 56  
Tuesdays—2 & 6 p.m.
- SACRAMENTO—Ch. 18  
2nd & 4th Weds.—10 p.m.
- SAN DIEGO—  
Cox Cable Ch. 24  
Saturdays—12 Noon
- SAN FRANCISCO—Ch. 53  
Fridays—6:30 p.m.
- SANTA ANA—Ch. 53  
Tuesdays—6:30 p.m.
- STA. CLARITA/TUJUNGA  
King VideoCable—Ch. 20  
Wednesdays—7:30 p.m.
- W. SAN FERNANDO—Ch. 27  
Wednesdays—6:30 p.m.

## COLORADO

- DENVER—DCTV Ch. 57  
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Mondays—6 p.m.

## CONNECTICUT

- BETHEL/DANBURY/  
RIDGEFIELD  
Comcast—Ch. 23  
Wednesdays—10 p.m.
- NEWTOWN/NEW MILFORD  
Charter—Ch. 21  
Thursdays—9:30 p.m.
- WATERBURY—WCAT Ch. 13  
Fridays—11 p.m.

## DISTRICT OF COLUMBIA

- WASHINGTON—DCTV Ch. 25  
Sundays—12 Noon

## IDAHO

- MOSCOW—Ch. 37  
(Check Readerboard)

## ILLINOIS

- CHICAGO—CATN Ch. 21  
*Schiller Hotline-21*  
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*The LaRouche Connection*  
Thurs., Sept. 28—10 p.m.

## INDIANA

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Thursdays—10 p.m.

## KENTUCKY

- LOUISVILLE—TKR Ch. 18  
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## MARYLAND

- BALTIMORE—BCAC Ch. 42  
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- MONTGOMERY—MCTV Ch. 49  
Weds.—1 pm; Fri.—8:30 pm
- PRINCE GEORGES COUNTY—  
PGTV Ch. 15  
Thursdays—9:30 p.m.
- WEST HOWARD COUNTY—  
Comcast Cablevision—Ch. 6  
Daily—10:30 a.m. & 4:30 p.m.

## MASSACHUSETTS

- BOSTON—BNN Ch. 3  
Saturdays—12 Noon

## MICHIGAN

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

## MINNESOTA

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- MINNEAPOLIS—MTN Ch. 32  
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- MINNEAPOLIS (NW Suburbs)  
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- STATEWIDE—CTN  
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## NEW YORK

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- BROOKHAVEN (E. Suffolk)  
TCI—Ch. 1 or Ch. 99  
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## BROOKLYN

- CABLEVISION (BCAT)—Ch. 67  
Time-Warner B/Q—Ch. 34  
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## BUFFALO—BCAM Ch. 18

- Tuesdays—11 p.m.

## HUDSON VALLEY—Ch. 6

- 2nd Sunday monthly—2 p.m.

## ITHACA—Pegasys

- Wednesdays—8:05 p.m. Ch. 57

## THURSDAYS—7 p.m. Ch. 13

## SATURDAYS—4:45 p.m. Ch. 57

## MANHATTAN—MNN Ch. 34

- (call station for times)

## MONTVALE/MAHWAH—Ch. 14

- Wednesdays—5:30 p.m.

## NASSAU—Ch. 25

- Last Fri., monthly—4:30 p.m.

## OSSINING—Continental

- Southern Westchester Ch. 19

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- 1st & 3rd Sundays—4 p.m.

## POUGHKEEPSIE—Ch. 28

- 1st & 2nd Fridays—4 p.m.

## QUEENS—OPTV Ch. 57

- Fridays—1 p.m.

## RIVERHEAD

- Peconic Bay TV—Ch. 27

## THURSDAYS—12 Midnight

## 1st & 2nd Fridays—4 p.m.

## ROCHESTER—GRC Ch. 15

- Fri.—11 p.m.; Sun.—11 a.m.

## ROCKLAND—P.A. Ch. 27

- Wednesdays—5:30 p.m.

## STATEN ISL.—CTV Ch. 24

- Wednesdays—11 p.m.

## THURS.—2 a.m.; Sat.—8 a.m.

## SUFFOLK, L.I.—Ch. 25

- 2nd & 4th Mondays—10 p.m.

## SYRACUSE—Adelphia Ch. 3

- Fridays—4 p.m.

## SYRACUSE (Suburbs)

- Time-Warner Cable—Ch. 13

## THURSDAYS—6:30 p.m.

## UTICA—Harron Ch. 3

- Thursdays—6:30 p.m.

## WEBSTER—GRC Ch. 12

- Wednesdays—9:30 p.m.

## YONKERS—Ch. 37

- Fridays—4 p.m.

## YORKTOWN—Ch. 34

- Thursdays—3 p.m.

## OREGON

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

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- EL PASO—Paragon Ch. 15  
Thursdays—10:30 p.m.
- HOUSTON—PAC  
Mon.—10 p.m.; Fri.—12 Noon

## VIRGINIA

- ARLINGTON—ACT Ch. 33  
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Tuesdays—12 Midnight  
Wednesdays—12 Noon
- CHESTERFIELD COUNTY—  
Comcast—Ch. 6  
Tuesdays—2 p.m.
- FAIRFAX—FCAC Ch. 10  
Tuesdays—12 Noon  
Thursdays—7 pm  
Saturdays—10 am
- LOUDOUN COUNTY—Ch. 3  
Thursdays—8 p.m.
- MANASSAS—Ch. 64  
Saturdays—12 Noon
- NEWPORT NEWS—  
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(with box: Ch. 58 or 01)  
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- YORKTOWN—Conti Ch. 38  
Mondays—4 p.m.

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Fridays—8:00 a.m.
- SNOHOMISH COUNTY  
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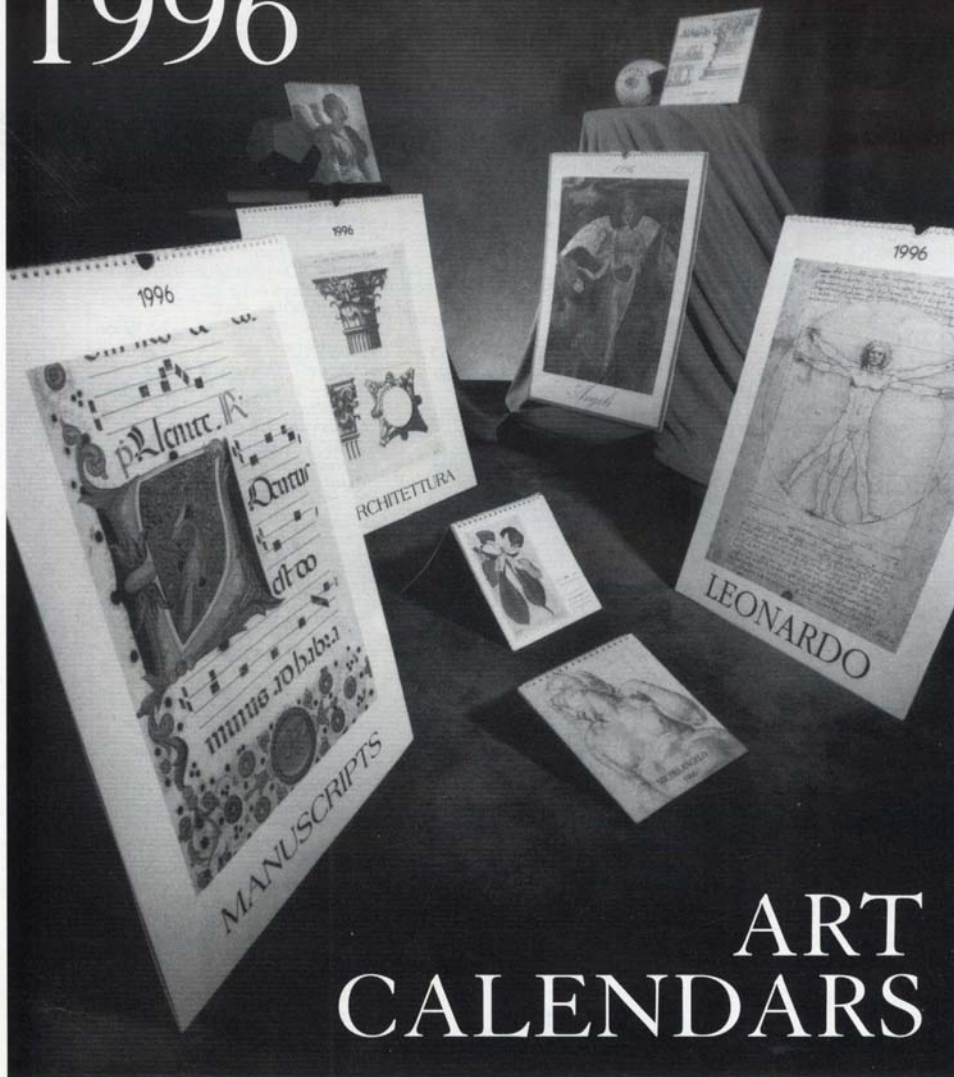
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