

# EIR

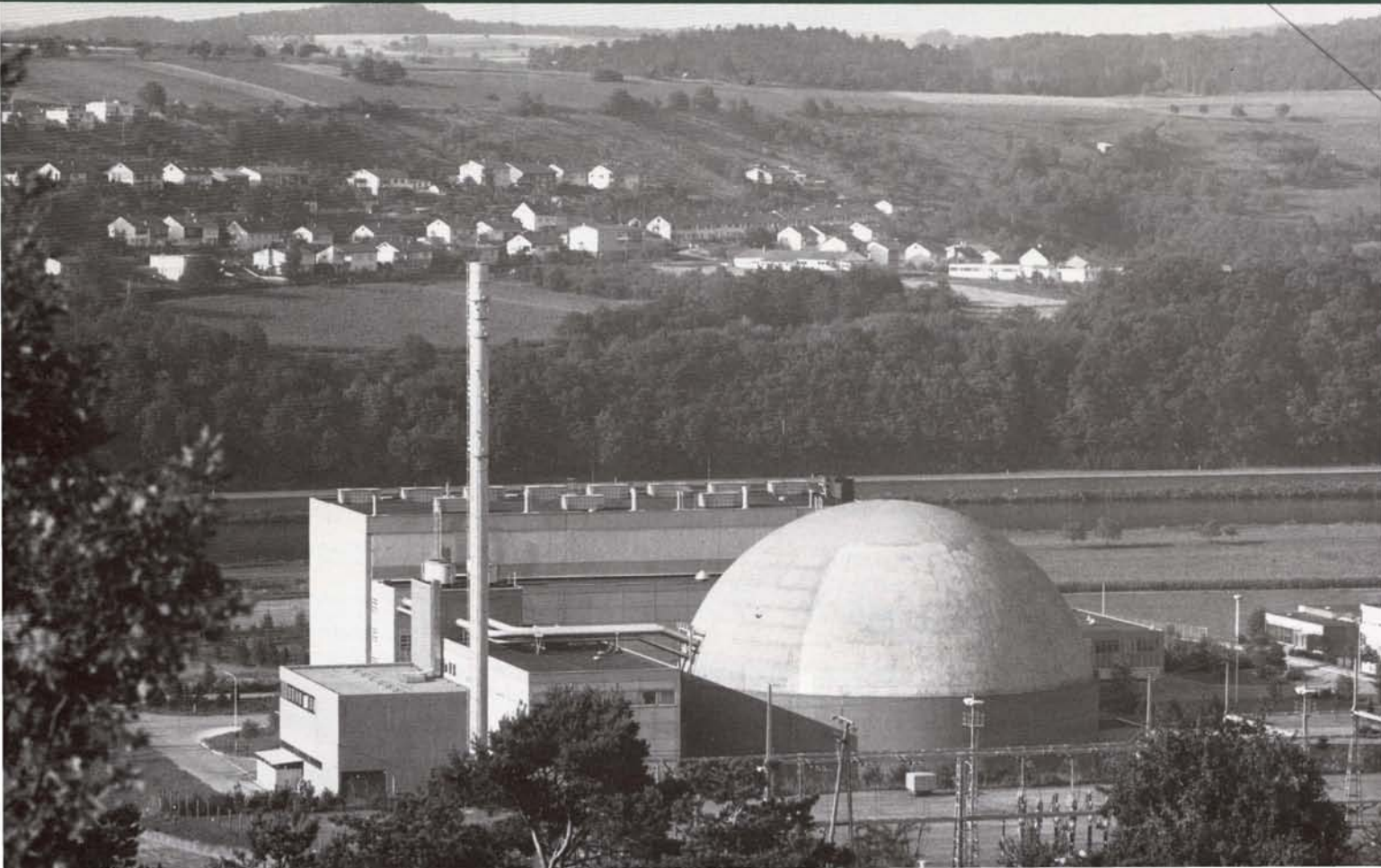
Executive Intelligence Review

September 29, 1995 • Vol. 29 No. 39

\$10.00

Serb Civil Committee fights Karadzic regime  
Algeria at the crossroads  
Ruby Ridge hearings expose LaRouche prosecutor

**The mighty German economy:  
Why is it failing now?**



# BOOKS



## To Lead Us Back into Space

EIRNS/Philip Ulanowsky

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

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

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

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

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

***Alice and the Space Telescope***, by Malcolm Longair. The director of the Royal Observatory at Edinburgh introduces us to a wonderland of quasars, black holes, neutron stars, and other phenomena in a fact-filled book in a whimsical format. Clothbound, 198 pages, many illustrations, appendices, index. Johns Hopkins. \$36.95.

***How We Got to the Moon, The Story of the German Space Pioneers***, by Marsha Freeman. Not only have the accomplishments of the German space pioneers begun to fade from history, but these great men have had to suffer the indignity of having the motivations of their life's work questioned. 21st Century Science Associates; 363 pages illustrated, bibliography, index. Paperbound. \$15.00

***Colonize Space! Open the Age Of Reason: Proceedings Of The Krafft A. Ehricke Conference***. A 1985 conference honoring the late space scientist, with speeches by Lyndon LaRouche, Helga Zepp-LaRouche, Vice Admiral Karl Adolf Zenker, Konrad Dannenburg, and Friedwardt Winterberg, among others. New Benjamin Franklin House; 352 pages, illustrated, paperbound. \$9.95.

**Call (703) 777-3661 or  
Toll-Free (800) 453-4108.**

**Ben Franklin Booksellers Inc.**  
107 S. King Street Leesburg,  
Virginia 22075

Please send me:	No. Copies	Total
<b>They Had a Dream</b> \$25.95.	_____	_____
<b>Moon Shot</b> \$22.95	_____	_____
<b>Mission to Deep Space</b> , \$18.95.	_____	_____
<b>The Mars Project</b> \$10.95	_____	_____
<b>Space Tech/ Astronomy</b> , \$12.95.	_____	_____
<b>AliceSpace Telescope</b> , \$36.95.	_____	_____
<b>How We Got to the Moon</b> , \$15.00	_____	_____
<b>Colonize Space!</b> \$9.95.	_____	_____

Sales TAX \_\_\_\_\_  
(Va. residents add 4.5%)  
Shipping \_\_\_\_\_  
(\$3.50 for 1 book,  
\$.50 each additional book)

TOTAL \_\_\_\_\_

Enclosed is my check or money  
order, payable to Ben Franklin  
Booksellers, Inc.

Charge my  Mastercard  Visa No.

Exp. Date. \_\_\_\_\_

Signature \_\_\_\_\_

# EIR

Founder and Contributing Editor:

*Lyndon H. LaRouche, Jr.*

Editorial Board: *Melvin Klenetsky, Antony Papert, Gerald Rose, Dennis Small, Edward Spannaus, Nancy Spannaus, Jeffrey Steinberg, Webster Tarpley, Carol White, Christopher White*

Senior Editor: *Nora Hamerman*

Associate Editor: *Susan Welsh*

Managing Editors: *John Sigerson, Ronald Kokinda*

Science and Technology: *Carol White*

Special Projects: *Mark Burdman*

Book Editor: *Katherine Notley*

Advertising Director: *Marsha Freeman*

Circulation Manager: *Stanley Ezrol*

## INTELLIGENCE DIRECTORS:

Agriculture: *Marcia Merry*

Asia and Africa: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg, Paul Goldstein*

Economics: *Christopher White*

European Economics: *William Engdahl*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:

*Rachel Douglas, Konstantin George*

United States: *Kathleen Klenetsky*

## INTERNATIONAL BUREAUS:

Bangkok: *Pakdee Tanapura, Sophie Tanapura*

Bogotá: *José Restrepo*

Bonn: *George Gregory, Rainer Apel*

Buenos Aires: *Gerardo Terán*

Caracas: *David Ramonet*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Mexico City: *Hugo López Ochoa*

Milan: *Leonardo Servadio*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Stockholm: *Michael Ericson*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

*EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451.*

**European Headquarters:** Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, D-65013 Wiesbaden, Otto von Guericke Ring 3, D-65205 Wiesbaden, Federal Republic of Germany Tel: (6122) 9160. Executive Directors: Anno Hellenbroich, Michael Liebig

**In Denmark:** EIR, Post Box 2613, 2100 Copenhagen ØE, Tel. 35-43 60 40

**In Mexico:** EIR, Río Tiber No. 87, 5o piso. Colonia Cuauhtémoc. México, DF, CP 06500. Tel: 208-3016 y 533-26-43.

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

Copyright © 1995 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Second-class postage paid at Washington D.C., and at an additional mailing offices. Domestic subscriptions: 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10

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

## From the Associate Editor

**T**his issue highlights the explosive character of the current world economic and financial situation, but also the potential for the emergence of an international strategic combination that could reverse the crisis.

Our reports from around the world underline the fact that the existing system has failed utterly:

In *Germany*, the economy is no longer producing the surplus required to maintain its physical reproduction at even the current level. Deutsche Bank has adopted “Anglo-Saxon banking culture,” and the British are taking over the company.

In the *United States*, the Conservative Revolution crowd is trying to ram through \$280 billion in cuts in Medicare. This will have a devastating effect on the 40 million beneficiaries of the program, as well as on the health care workers and hospitals that administer it.

*Algeria*, as former Prime Minister Dr. Abdelhamid Brahimi reports, has followed the recipes of the International Monetary Fund to the letter, and is left with a ruined economy and civil war.

Yet the fact that Dr. Brahimi has joined with the Schiller Institute and Lyndon LaRouche to expose these evils and offer a solution, is one good indication of the potential that is emerging. Here are some others:

From the *Slovak Republic*, Dr. Josef Miklosko, the former vice prime minister of post-communist Czecho-Slovakia, describes his work with the Schiller Foundation in his country, and the perspective for change.

From *Bosnia-Herzegovina*, Dr. Mirko Pejanovic, a member of the Presidency and leader of the Serb community, reports what western victims of British propaganda will find shocking: that the majority of Serbs in Bosnia do not support the genocidal Karadzic regime, but are loyal to the multi-ethnic Sarajevo government.

In *Mexico*, demonstrations occurred in 100 cities in support of LaRouche’s “American System” economic proposals. As one participant from the state of Tabasco exclaimed, when briefed on the broader international picture—the economic breakdown in Germany, Russia, Ukraine, Japan, the United States, Nigeria, and elsewhere—“Oh! You mean Tabasco’s problems have spread to the rest of the world?”

*Susan Welsh*

# EIRContents

## Interviews

- 43 Mirko Pejanovic**  
Dr. Pejanovic is the president of the Serb Civic Council in Bosnia.
- 46 Dr. Josef Miklosko**  
Dr. Miklosko, the former deputy prime minister of post-communist Czecho-Slovakia, recently toured the United States.

## Book Reviews

- 58 Newt Gingrich: Can he tell fact from fiction?**  
Nancy Spannaus reviews *To Renew America*, by Newt Gingrich, and *1945*, by Newt Gingrich and William R. Forstchen.

**Photo and graphic credits:** Cover, Bundesbildstelle Bonn. Pages 7, 47, 56, EIRNS/Stuart Lewis. Page 25 (Abs), Deutsche Bank AG/J.H. Darchingner. Pages 27-39, EIRNS/John Sigerson. Page 45, EIRNS/Umberto Pascali.

## National Economy

- 16 Seminar poses democratic solution for Algeria**  
On Sept. 11, the Center for Maghreb Studies in London organized a seminar at the School for Oriental and African Studies at the University of London. Among the speakers were the Schiller Institute's Jacques Cheminade and Muriel Mirak-Weissbach.
- 17 Algeria at the crossroads**  
From the address to the seminar by Dr. Abdelhamid Brahim, director-general of the Institute for Maghreb Studies and a former prime minister of Algeria.

## Departments

- 12 Report from Rio**  
Vale do Rio Doce offered to Olympus.
- 13 Report from Bonn**  
No future for German aerospace?
- 64 Editorial**  
The issue is international terrorism.

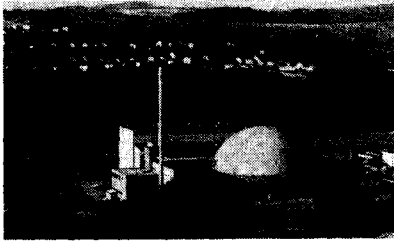
## Economics

- 4 Mexicans from 100 cities demand break with IMF**  
Across Mexico on Sept. 13-14, a coalition of largely grass-roots organizations convoked its "100 Cities National Mobilization" to demand a total reorganization of the bankrupt monetary system, and the adoption of pro-growth economic policies like those proposed by Lyndon LaRouche.
- 6 The economic relations between de Gaulle and Kennedy**  
Jacques Cheminade outlines how the propensities of de Gaulle and Kennedy are still shaping history.

## 11 Currency Rates

## 14 Business Briefs

## Feature



A nuclear plant at Obrigheim/Neckar, Germany. No new nuclear plants have been built since 1990, nor are any being planned.

### **24 The mighty German economy: Why is it failing now?**

The breakdown of Germany's "miracle" is the result of the abandonment of the methods of national banking, which directed credit to industrial development to rebuild the shattered economy after World War II.

### **26 Germany's physical economy in worst crisis since World War II**

Lothar Komp applies the LaRouche-Riemann method to a study of Germany's real productive powers. The relative expenditure of goods for unproductive households, enterprises, and government nearly doubled between 1960 and 1992, while the "free energy," available for improvement and expansion of the productive apparatus, has undergone a frightening decline.

## International

### **40 London is riding full tilt against Khartoum**

Pulling every string they can find, London is determined to bring down the Sudanese government.

### **42 Chirac takes his policies straight to the French**

### **43 Mladic, Karadzic do not represent the Serbian people**

An interview with Mirko Pejanovic.

### **46 We must obey the encyclicals, not the policies of the IMF**

An interview with Dr. Josef Miklosko.

### **49 Sweden's election a blow to Maastricht**

The revolt against supranational institutions has created a political vacuum.

### **50 International Intelligence**

## National

### **52 GOP 'Shays' Rebellion' courts Treasury default**

The 1786 rebellion in Massachusetts around the issues of debt and taxation was a British effort to destabilize the new American republic. Today, the GOP leadership has launched a similar campaign, to render the U.S. federal government impotent.

### **54 Sinn Fein leader in U.S. to promote peace**

Gerry Adams warns a Washington audience that the mood in Ireland is growing less hopeful.

### **55 Ruby Ridge hearings expose former LaRouche prosecutor**

Henry Hudson, who bragged, "I live to put people in jail," might be headed there himself.

### **57 FBI embroiled in crime lab scandal**

### **60 Congressional Closeup**

### **62 National News**



## Mexicans from 100 cities demand break with IMF

by Valerie Rush

What the international financial oligarchy is desperately trying to deny, was shouted from the rooftops in cities across Mexico Sept. 13-14, when a coalition of largely grass-roots organizations convoked its "100 Cities National Mobilization" to demand a total reorganization of the bankrupt Mexican, and international, monetary systems, and the adoption of pro-growth economic policies to revive the world economy, modeled on the "American System" proposals of Lyndon H. LaRouche.

Specifically, demonstrators were demanding passage of emergency draft legislation that has already been submitted to Mexico's National Congress, which contains numerous points premised on LaRouche's proposed measures:

- a break with the International Monetary Fund (IMF), as part of a global initiative to structure a new international monetary order;
- the re-nationalization of the Mexican central bank, to bring credit creation and monetary policy back under sovereign government control;
- a moratorium on foreign debt payments, until the legitimate debt can be distinguished from the illegitimate, the latter to be repudiated and the former restructured;
- repudiate the North American Free Trade Agreement (NAFTA), and promote Ibero-American integration instead;
- initiate a series of great infrastructure projects, as the driving force for re-starting the economy and creating millions of urgently needed new jobs.

The ferment represented by the "100 Cities Mobilization" is surfacing all across the continent, whether in the form of anti-IMF strikes and mobilizations, increased media attention to LaRouche's ideas, or the growing boldness of the Catholic Church in denouncing the foreign debt as a means of looting populations. As LaRouche put it, "What's happening is that this entire global monetary and financial system is

coming down, and, unfortunately, it's coming down with very brutal force upon the people who are least able to resist it. . . . The IMF and austerity policies coming out of these freaks from the Mont Pelerin Society or London and so forth, or from the United States: They're killing people in Ibero-America. Not only are they *killing* people, but it's perceived by everybody who's standing outside the *Wall Street Journal's* offices, that this system is collapsing. So, people are moving to find an alternative policy. . . . It happens that the ideas I represent are the recognized alternative to ideas whose time to be buried has more than arrived."

On Sept. 13-14, thousands gathered in front of the regional offices of the Banco de Mexico, the country's central bank, in scores of Mexican cities, from Tuxtla Gutiérrez in southernmost Chiapas to Mexico City, from Guadalajara to Mexicali on the U.S. border. Sponsoring the mobilization was the Ibero-American Solidarity Movement (MSIA), along with the National Association of Bank Users, the National Confederation of Micro and Small Industries, the Permanent Forum of Rural Producers, the National Catholic Party, the San Cristobal Civic Front, the National Citizens Council, and others. Press coverage of the actions around the country was extensive.

The nationwide mobilization was launched in June in Guadalajara, at a forum sponsored by the MSIA on "There Is Life after the Death of the International Monetary Fund." Two hundred delegates from labor and producer organizations issued the Guadalajara Manifesto, which inspired the "100 Cities" mobilization.

### Mexico's economic 'meltdown'

It is no accident that mass ferment should erupt in Mexico at this time, as the criminal looting of the physical economy to bail out a bankrupt financial system is far advanced. Since

last December's "peso meltdown" crisis, when the IMF stepped in to direct Mexico's "recovery," that country has gone into an economic "meltdown." Unemployment has soared, bankruptcies of businesses, industries, and farms have reached unprecedented numbers, food production has plunged, 100% interest rates continue to make credit inaccessible to all but a few, and the government is "privatizing" virtually everything, as it scrambles for more funds to pour into servicing its unpayable debt.

One need look no further than how Mexico has dealt both with its foreign debt problem, and the crisis of its banking system, to realize how close to an explosion the country really is. Finance Minister Guillermo Ortiz recently revealed that approximately \$26 billion worth of Mexican Treasury bills (*Tesobonos*), the majority of them foreign-held, was "retired" so far this year, with another \$2.6 billion still to go. The money for paying off those *Tesobonos* came from the so-called bailout funds provided largely by the United States government and the International Monetary Fund. The result is that Mexico's official foreign debt of \$141 billion at the end of 1994 automatically increased by \$26 billion, as the *Tesobonos* were effectively converted into official government debt. And that's not including interest charges on those loans, nor the additional \$4 billion in *Tesobonos* the government is considering issuing this year.

And so the cycle repeats itself, and with each new ratchet of indebtedness, there is less and less of a real economy to sustain the myth of "solvency."

At the same time, there is the Great Bank Subsidy of 1995. According to a Sept. 8 article by José Neme Salum, financial columnist for Mexico City's leading daily, *Excelsior*, the Mexican government pumped into its failing banking system something on the order of \$26 billion this year, between injections from the Bank Savings Protection Fund, the Program of Temporary Capitalization, the Bank Debtors Assistance Agreement, and its UDI (investment units) program. This is four times the amount the government received when it privatized the banks in the first place a few years back, Neme observes. However, he says, even this whopping amount of money was overwhelmed by a *simultaneous* \$30 billion outflow from the banking system, the combination of a \$15 billion decline in deposits and another \$15 billion in non-performing loans.

The most hideous aspect of the government's subsidization of the banks is that it was accomplished through an unabashed looting of whatever was left of the national budget after allocations for foreign debt payments were subtracted. The pitiful amount left after servicing the government debt and bailing out the banks, is obviously insufficient for keeping the government running and maintaining basic infrastructure and social services.

### Pushing the 'Chile model'

Finance Minister Ortiz has a "solution," however, and it is explicitly based on the so-called Chile model. In an

interview with the London *Financial Times* of Sept. 14, Ortiz insisted that the way to "induce an economic recovery" while fighting inflation was to follow the Chilean path of "increasing domestic savings" and boosting tax revenues. The first would be accomplished by adopting a form of privatized pension funds, as in Chile. Not only does such a system of forced savings mean diminishing what little Mexicans now spend on basic consumption; it is also a means of re-inflating the stock market bubble, as private pension funds are some of the world's biggest speculators. The second, higher tax revenues, would be effected through a new tax collection authority and through imposing new taxes, although Ortiz acknowledged that the last would need to wait until both Congress and the Mexican people were more "receptive."

Mexico is by no means the only country trying to stave off bankruptcy by pouring more and more of its economy into the black hole known as the international financial system. The "Chile model" is being force-fed by international creditors to Mexico, Argentina, Venezuela, Brazil, even the banks' newest "miracle," Peru, as the answer to their so-called "liquidity" problems.

But there is resistance to this suicidal model, as the mass mobilizations in Mexico, and as the repeated invoking of LaRouche's name, makes clear. For example, journalist Carlos Chávez wrote in the Venezuelan daily *El Universal* of Sept. 18, of alarms being sounded on the financial crisis, and notes that "economist Lyndon LaRouche has been warning of the imminence of the collapse of the world financial system, which will also drag down the International Monetary Fund." Similarly, Mexico's Neme Salum wrote in his Sept. 15 column in *Excelsior* that the international financial oligarchy, "as in the Mexico case, will apply measures to try to gain time before the final collapse, but this—as U.S. economist Lyndon LaRouche has forecast since May 1994—will occur, regardless."

According to the Mexican press, the Roman Catholic Latin American Bishops Conference (CELAM) has just issued a new document which slams the free market and looting through foreign debt, and warns that such policies could trigger devastating social explosions across the continent. It is well known that Pope John Paul II has been repeatedly and publicly urging debt forgiveness for the developing countries.

Says the CELAM document: "In Latin America, globalization and [trade] opening has created another dictator—the market. In our countries, we face growing poverty derived from the fact that 20% of the rich countries possess more than 82% of the income, control more than 81% of the trade, and assume nearly 95% of loan capital. . . . This is serious and speaks to us of the permanent risk of subversion by poverty of our countries. . . . It is necessary to recognize that now, more than ever, we must unite, because if we don't fight together we run the risk of being hung separately."

# The economic relations between de Gaulle and Kennedy

by Jacques Cheminade

*The following is an edited transcript of Mr. Cheminade's speech to the Schiller Institute-International Caucus of Labor Committees semi-annual conference, on Sept. 3, 1995 in Vienna, Virginia. Mr. Cheminade was one of the nine candidates for President of France in the April 1995 first round of the presidential race. He is a well-known economist and author, and a prominent member of the Schiller Institute in France. His remarks concluded the panel on "The Big Commodities Hoarding Crunch of 1995," published as a Special Report in the Sept. 15, 1995 issue of EIR.*

I want to tell you a few things that may not seem directly relevant to what was said before, but are the proverbial key to open the house of economics, or more precisely, some advice given by our predecessors on how to find that lost key of economic sanity.

When a great moment of opportunity appears in history, the worst sin is the sin of omission. In an almost timeless moment, you should realize the potential leverage of your small force, and measure what is going to happen if you don't intervene at that precise point: It's like a landscape appears before your eyes; you suddenly become the painter of that landscape. It is a moment when you can't improvise, when your eyes have to see through the eyes of all those that built this landscape before you, a landscape in the sense of a universe of ideas that you inherit from your predecessors to continue to perfect.

We are now at one of those moments in history: The French and American Presidents are committed to fulfill their tasks of Presidents, for the common good of their citizens, and not to submit themselves to an outside dictate. Maybe no more, but that much, which is already a lot. As an immediate result, we have the long-awaited air strikes against the Serbs in Bosnia, an event which goes well beyond Bosnia in itself. First, because an act of justice always remoralizes and inspires, and second, because it creates in the process of its achievement a composition of forces for the good, which potentially can change the director of history and spread in other areas. It is this motion, this change, which breaks with the prevailing moral indifferentism and virtual reality, opens a new way for before us and lights a beacon of hope.

My point here today is to communicate to you how, in that new political context, a context that our contributions from various simultaneous sides have shaped, a crucial eco-

nomie debate has been unleashed in France.

This was first expressed by French President Jacques Chirac, by his declaration at the end of the Halifax summit, on July 7, when he said that the worst danger for the world economy is the "financial AIDS" of speculation. All observers on the French political scene could not, and have not, missed the point: During all my own presidential campaign, as Lyndon LaRouche did before here, I had denounced the "financial cancer" that kills the body of the physical economy. The cat was out of the bag, even if Chirac said that the medicine should be given to the patient only in June 1996, at the coming Lyons G-7 summit in central France.

The problem was that Chirac had to strike a compromise with one of the worst representatives in France of that financial AIDS, Economics Minister Alain Madelin, hailed by the *Wall Street Journal* as "the perfect French version of Newt Gingrich." It's quite horrible, to imagine it. It's worse than Newt Gingrich, actually.

Therefore, there you had a President denouncing financial AIDS, with an economics minister representing it. Madelin is also a translator into French, as Lyndon LaRouche said yesterday, of Austrian-British neo-liberal (that's what he calls himself) von Hayek, and Madelin is a prominent member of the Mont Pelerin Society, that can be fairly described as a bridge between fascism, satanism, and liberalism.

## The ouster of Madelin

Well, this could not last, this compromise. It had to go one way or the other. Fortunately, it went the right way: On Aug. 25, Prime Minister Alain Juppé, Chirac's prime minister, in a very strongly worded statement, asked Madelin to leave his government, saying that the "declarations of the economics minister [Madelin] contradict the reforming will of the government, based on a policy of social and tax justice, and on a method of broad and responsible participation of the people." This made it clear that Madelin's presence in the government was judged incompatible with the policies of representative democracy and the commitment for change.

Here again, I had been campaigning with a few others in France for the ouster of Madelin—not as a result of a personal feud, but as a question of principle. This, also, was not left unnoticed.

The key point to see is that this decision is having two major consequences:



- First, it has put the French President and his prime minister against the wall: The hopes they have raised in the population during the presidential campaign are fading away, with the continuation of austerity, and the ousting of Alain Madelin may be their last chance to change policies, and they know it. This means both domestic and international policies, as a coherent whole, because if you want to launch a recovery inside France, you have at the same time to break the grip of the international monetary and financial system. Therefore, Chirac's schedule—let's take care of the problems in Lyons in June 1996, I remind you—Chirac's schedule has been greatly accelerated because of the dynamics brought into play. The moment is clearly here and now.

- Second, the ousting of Madelin, by shaking off the dust, is revealing what is still alive under it: I mean the tradition of a Gaullist dirigist policy, the "French exception" after World War II. This, in turn, is made more clear by the French initiative to restart nuclear tests—that goes well beyond the tests themselves, which are not really the issue. The issue is, that France having expressed this tendency toward a policy of national independence, even if the tendency is still modest, immediately the financial oligarchy has mobilized its forces against her, overdoing it, revealing itself and therefore compelling the French institutions to measure, historically, when a sinister circumstance happened in the past. The institutions are realizing what was so exceptional in the de Gaulle period that permitted France to fight and achieve an extremely successful economic development in the 1960s.

Well, what comes out is the need for a science-driver for the whole economy and *planification indicative*—which I think should be translated as "targeted planning." Beyond that, it is the Kennedy-de Gaulle era, a moment where families expected a better life for their sons and grandsons, a moment where there was a commitment to a higher cause—whatever the imperfections of those engaged in the task—and their imperfections were many—but the higher purposes subsumed their petty personal interests at that time.

Targeted planning and a science driver for the economy—"l'ardente obligation", as de Gaulle said, "the burning issue"—coming back to us from the debates of the early 1960s, is the primary point to understand.

Targeted planning expresses, in economics, the capacity of the human being to create, to conceive a creative project with other human beings, and to give it as a contribution for future generations. "Planning" is to organize a mission, it is to say: "I have to do this, I can do it, and I am going to do it, because it is good, and I will feel good in doing it"—the feeling being in the doing, not in the digesting. It is Kennedy, saying in 1962, we are going to put a man on the Moon by the end of the decade; it is de Gaulle saying we are going to develop French nuclear energy and a nuclear bomb to guarantee our national independence, both against Soviet Russia and the Anglo-Americans. Planning, in that sense, is when words are not followed by gossip, but by verbal action.



Former French presidential candidate Jacques Cheminade addresses the Schiller Institute-ICLC conference on Sept. 3. When a great opportunity presents itself in history, he said, "the worst sin, is the sin of omission."

### The 'One' and the 'Many' in economics

There is more to it—and I want to stress a point, relevant to what the previous speakers on this panel are doing here—although I have not enough time to go into any detailed development. This point is that targeted planning defines a One, a single project, with the free contribution of the Many, with three interrelated aspects to it that I want to go briefly into:

- First, that you have to define an "Agency"—in the sense Gottfried Leibniz defined an "Academy" or a "Philadelphic Society" (some of you may know that *philadelphia* means a philosophical society; it comes from Leibniz)—an Academy to work on scientific breakthroughs on top of the mountain, developed downstream in machine-tool design, machine tools, and new products corresponding to higher forms of man's mastery of nature. And I mean new form of products that were not conceivable in the past set of axioms and assumptions. This was exactly the intention of, for example, Louis Armand, a very interesting character, de Gaulle's collaborator together with Jacques Rueff, who defined that agenda in the image of the scientific center built by Portugal's King Henry the Navigator in Sagres—to prepare the discovery of America. "In those times," Armand says, "the horizon was the discovery of a new world, America. Today it is the space conquest and its exploration." If we go still one step beyond, this one agency—the agency of "earthly planning" as the *Mater et Magistra* encyclical puts it, exemplifies God's mandate on earth: Scientific discoveries for the common good is what makes men able to

master the Universe and increase its density of population.

● Second, “dirigism” is to be the rule,—statism, as was said yesterday—in the sense that a directionality of purpose is the very definition of physical economy: There is no physical economy if there is not a purpose in the state policies. (And as you can see all around Washington, a “liberal” never manages to build a decent house for the family.) But this doesn’t mean Cartesian logic; it means to create what de Gaulle called the “approval of the heart.” For that, the Agency has to organize the contributions of the Many to the One, in a spirit absolutely opposed to that of liberalism or corporatism: The subject-matter of targeted planning is, above all taking into account thinking, the advancement of human knowledge. And it is around that advancement of knowledge (science, the institutions of science, education, and public health), that the contributions of the many have to be organized. After 1945 and under de Gaulle, it took the form of priority for the nation defined by a mixed labor-industry set of working committees: horizontal working committees (organized according to subjects, like employment or credit issuance) and vertical planning committees, (organized according to the branches of economic accounting, like steel production or transport). The notion that some of you would recognize here is that of *concordantia oppositorum* [Nicolaus of Cusa’s “coincidence of opposites”]—how to “tune” the disagreements so as to make them organized into a composition. Let me give you a beautiful quote on that, which is not—ironically—from de Gaulle, but from his political opponent (but also a friend of Kennedy’s family, and an admirer of de Gaulle even if opposed to him) Pierre Mendès-France: “The institutions of the state have to compose a coherent whole, whose different parts, instead of opposing and contradicting each other, as it was often the case in our past, should reinforce, complement and support each other. This whole, this one, is called planning.”

I found it interesting to quote Mendès-France to show you how prevalent this conception was in the France of the 1960s, both in the opposition and majority, linked to this conception of physical economy—and, I must say, at that time, to the American dream—with a rather obvious corollary that Mendès-France states bluntly: “Nobody today, therefore, could believe or support the liberalism of the 19th century, or any other form of liberalism.”

### Tradition of anti-liberalism

This quote introduces my third point: What comes out of the reopened debate with this reference to de Gaulle’s policies and to the de Gaulle years, is an absolute abhorrence of liberalism. This is ingrained into two converging French traditions—the combination of which forms the “party of the nation.”

● One is the republican tradition, that of Leibniz, Huyghens, Colbert, and Papin’s Academy of Sciences, that of Polytechnique, going into Pasteur and the French space and

nuclear programs of the 1950s, 1960s, 1970s, and 1980s, that we hope to open now, in a really consistent way.

● The other tradition is the social doctrine of the Catholic Church, based mainly on Leo XIII’s encyclical *Rerum Novarum*, which was elaborated in such other encyclicals later as *Quadragesimo Anno*, *Divini Redemptoris*, *Populorum Progressio*, and *Centesimus Annus*, and this involves the very close relations linking Charles de Gaulle, Paul VI, Jacques Maritain, and Jacques Rueff, the fight of French Thomism and its conception of “integral humanism,” as they called it, against the evil dualism of Cartesianism and Aristotelianism, as they called it also, clearly.

So this is what is again emerging today, in a hesitant, incomplete, inadequate, *clumsy* way; but emerging: the historical “party of France” against its fake republican, pro-British caricature—covering up for merchant and financial interests—and also against its fake Catholic caricature—a camouflage for feudal landlords and physiocrats, the fanatic lovers of Gaia’s dividends. This is exactly what Leo XIII had so deeply understood: that, although France in appearance seemed to have cut its distant roots, it is ironically one of the countries where the seed had not died, and could be revived, provided a higher purpose is put forward beyond the fake confrontation—the fake “war of religions” organized by the Venetians and then spread by the British. That was Leo XIII’s intent in what he called the atonement of Catholicism and the republic.

Interestingly, all kinds of books are now being published in France against liberalism and monetarism, such as *The Liberal Dead-End*, by Philippe Arondel, a blast against what he calls von Hayek’s “imposture,” or *The Forbidden Debate*, by Fitsoussi, a call for a new, two-pronged Marshall Plan directed both toward the South and the East.

Let’s face it: We, in part through our presidential campaign in France, have shaped this environment, not by influence on so-and-so, but by doing something that we can uniquely do: To awake the memory of the nation, to awake the memory of nations. By “we” I mean myself, but a “myself” composed of all of you—Americans, Germans, Canadians, and others—all of you, who came to France for my campaign and also those that did not come, but shaped the campaign without being fully conscious of it. So, it is fair to know what you have done.

Thanks to you, thanks to the work of Lyndon LaRouche, Jacques Rueff’s work is being revisited, and his attack against the *Monetary Sin of the West*, (MacMillan, 1972), is becoming a commonplace debate in France.

Should we feel happy and proud? Yes, but not satisfied. We are at the very beginning of the process—we have created a great moment of opportunity, the potential, but it still remains to be actualized.

In his conversations with Kennedy, Benjamin C. Bradley (W.W. Norton, 1975), describing a dinner in late April 1962, says the following:

“At one point, the President got off on France and de

Gaulle—how difficult de Gaulle was,” (this was Kennedy), “how difficult it would be to find his replacement, and then he digressed on the French economy, which he said he had been studying. ‘It’s fascinating,’ he said. ‘Here’s a country getting a 5½% annual increase of its Gross National Product, while we struggle to get 2½%. They have almost no unemployment, while we have too much.’ Kennedy then revealed that he had asked Walter Heller, the chairman of his Council of Economic Advisers, to send some CEA staffers to France for a report on how France was able to do it.”

I have tried here to give you some elements for an answer to Kennedy’s question, which is very relevant today for us all, at a moment when France is recovering its memory, but not yet its economy.

The campaigns against France and against the lives of President Chirac and President Clinton, the campaigns against the United States and France in the persons of Chirac and Clinton, representing the nations, these are unmistakable signs that a potential exists, that true policies in the interest of our nations and their populations can soon be implemented, against years of controlled or uncontrolled liberal disintegration.

What was lacking in the 1960s was a committed body of leadership in our respective nations, to lead that process. Today, instead, we are on the stage, endowed by our predecessors to act.

For that, we have to look at what moved the world, during the early 1960s, on both sides of the Atlantic, and how we can revive that potential into a higher order, because we have to win.

The Civil Rights movement was, with no doubt, the best cause in the United States of the 1960s, because by nature it went beyond *any* personal self-interests. The decolonization movement was, with no doubt, the best cause of the 1960s in France, for the same reason. Both causes implied the respect of each human being—*agapē*—and confidence in his or her powers to participate in the definition of the future of his or her country and, beyond, in the future of humanity. I felt that way when I was demonstrating in the streets of Paris for the independence of Algeria in the early 1960s—not against France (as unfortunately many of the other demonstrators), but for a higher purpose of France—and I felt then, close in my heart, to the Civil Rights movement here.

Today, our task—if we want to fulfill our task, if we want to find the social base for our task—is to regenerate moral forces both in America and in France. True profit is creative discovery, and there is no creative discovery without a deep moral commitment.

Such a regeneration is what is required to organize the mass-based movement in support of a rebirth of the physical economy—what Kennedy implied and de Gaulle also tried to achieve—an economy in which concrete means are given to each and all human beings to accomplish themselves as creators. One and the same movement—civil rights and decolonization, liberation of the creative powers of all, re-

spect for the sovereign powers of each—has to be revived today.

Domestically, France and the United States have the immense chance, despite the abomination of racism, to be melting pots, and therefore we have in both of our countries the duty to launch once again the republican policy representing the political horizon of that melting pot. To be part of our nations, in that sense, is to restart today the train of social integration by putting an economic driver up front. Interestingly enough, this raises immediately the question

---

---

*The Civil Rights movement was, with no doubt, the best cause in the United States of the 1960s, because by nature it went beyond any personal self-interests. The decolonization movement was, with no doubt, the best cause of the 1960s in France, for the same reason. Both causes implied the respect of each human being—agapē—and confidence in his or her powers to participate in the definition of the future of his or her country and, beyond, in the future of humanity.*

---

---

of a coherency between domestic policy and foreign policy: integration at home cannot succeed without a worldwide integration—what was once called, by people who tried to do it, and did not succeed, an Alliance for Progress, that Martin Luther King has left in our hands as his most precious legacy in his last speech, his Gethsemane speech.

### **The Eurasian land-bridges**

This means, worldwide, what Lyndon LaRouche has defined as the two bridges from western Europe into Far East Asia, the irony of it being that these two bridges, one through the Mideast and one through Russia, can only be built from western Europe, but only with the support of the United States.

The bridge between Europe and Far Asia through Russia, the bridge between western Europe and Far Asia through the Middle East: These are the “economics of civilization” that de Gaulle had foreseen with his Europe from the Atlantic to the Urals, and his recognition of Mainland China as a nation and partner in 1962, a policy that John Fitzgerald Kennedy was following very closely. And I remember when Kennedy was murdered, in France, that de Gaulle declared a week of

mourning and there was immense emotion in the nation, which was probably even deeper when Martin Luther King was murdered. And this remains in the memory of the French, and what we are doing here *is* reviving that memory, and reopening something emotionally frozen in the French, which is probably the key to relaunch these projects of the de Gaulle-Kennedy years, probably the most important.

Today, beyond that and with that conception of the two bridges as a crucial predicate, we have to build yet another bridge, what LaRouche defines as a bridge from Hell to Purgatory into a New Age of Reason. This raises the question of culture—what is on the tip of the tongue to generate economy. Let me give you only one angle to it: We have here in the room some American singers who already came to Europe, and are now coming back to France for a set of nine concerts. With their singing of Spirituals and German Lieder, they are going to bring into France a sense of what true American culture is, the culture of the creative powers of the human mind, building that bridge across the Atlantic, as the path of reason that *always* has to go through the heart, this “approval of the heart,” that de Gaulle was mentioning as they key to economics.

This, in turn, is going to put many more people in the spirit of building bridges, which is to “go beyond.”

And I want to finish on this, which is very relevant to economics: The demand put on us is precisely to go beyond,



## 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](mailto:larouche@clark.net)

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

because the substance of humanity is in change, the Being is in the Becoming.

“Go beyond,” *first*, because our predecessors—let it be de Gaulle or Kennedy, or others—were human, therefore necessarily imperfect, and that even if we are dwarves compared to them, we are standing on their shoulders—just as the heroes of the New Testament stand on the shoulders of those of the Old Testament in the stained glass windows of Chartres Cathedral that you all should come to visit. Maybe, standing on the shoulders, maybe a bit disoriented, suffering from some vertigo, but firm and looking farther.

*Second*, we have to “go beyond,” because to be faithful to what our predecessors have accomplished is to be faithful, beyond themselves and their own accomplishments as such, to that divine quality expressed *in* themselves *and* their accomplishments, not as final product but as a single inspiring source.

This one inspiring source—universal history coming to us in a timeless moment of willful decision, where *we* have to act—is precisely what makes us human. Human in the sense that our higher joy and our happiness lies in the discovery of the created universe through our creativity, our capacity to relate to the universe of ideas, to broaden our horizon in that landscape that I was referring to in the beginning, by discovering or assimilating a “one,” a one idea that challenges them all—all established hypotheses and postulates—one that both broadens our view and makes us always more and more humble in the face of what remains to be known. That very simple idea is true love for the created universe and its creatures.

It is, from us and our country, a gift given to the universe. De Gaulle used to refer to a “certain idea of France,” a contribution of France as a nation-state to the universe of ideas, here and now, to meet the challenge of immediate history.

This goes far beyond the United States or France, or any other country, as such; it is the key question of legitimate policy, inspired by natural law, expressed by the power to transform and improve the universe, given to each and all human beings, a legitimate policy of that sort which a nation-state is the earthly, necessarily imperfect, but nonetheless absolutely necessary embodiment.

France, therefore, or the United States as such, are nothing limited to their formal legal existence; what matters is that a certain idea of France and a certain idea of the United States and a certain idea of all other nation-states, are made congruent with the past, present, and future of human history, through *our* continued intervention, our *action*.

### What is the pursuit of happiness?

Friedrich Schiller stresses repeatedly that our best actions make us happy, but never satisfied, and that true happiness implies that feature of dissatisfaction, the drive to know more, to accomplish yet another action of a higher order, and yet

another one, and yet another one—with no rest. Lyndon LaRouche said once, that we should divide our time into two parts: half working, and the other half, working.

Happiness is change, transformation, no rest: In their own way, with their own imperfections and worse imperfections in their entourage, de Gaulle and Kennedy bring to us this example of a certain idea, that can only be accomplished by setting impossible goals—goals that appear impossible according to the standards of the day when these are set. We are going to put a man on the Moon, we are going to give France the most advanced form of nuclear power: impossible goals, and nonetheless both have been reached, and ahead of time.

*"Impossible n'est pas français,"* [the impossible is not the French way] is a well-known saying in France, but I feel obliged to erase the slight chauvinism involved in it by stating, instead, that to think that something is impossible is not human.

Economy, in that sense, the "economy" of the sort uncovered by the ousting of Alain Madelin in France, is the art to make the impossible possible, to make the idea, the thought-object "possible" as a means to transform nature, to make human beings better tuned to their human quality.

We have to win, because it cannot be otherwise, and because we have started to meet the conditions for that necessarily imperfect but absolutely necessary victory, necessary to make humanity fit to survive. We owe that to Kennedy, we owe that to de Gaulle, we owe that to the future generations. It is either our victory—and the possibility for a New Age of Reason—or a new Dark Age before us.

As French, as Americans, as Germans, as people in general informed by the Christian Socratic tradition and what Lyndon LaRouche has brought to all of us, we have a special responsibility towards the future of humanity, to prevent that the self-destruction of evil brings down with it the entire fabric of our society.

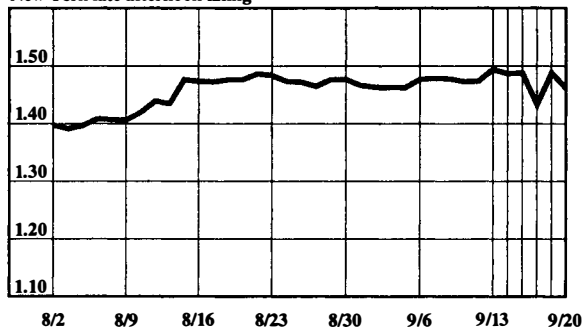
One last word: We should never allow ourselves to be frightened by what we have started. To pursue happiness (which is written in your Constitution, and unfortunately is not written in the Constitution of France), is to love justice more than our possessions, to love the common good more than our sensuous pleasures—it is to inspire and ennoble. Election campaigns are precisely the moment when an opportunity is given for an inspiration that can change the government and the people, breaking the rules of the game.

I wish you all the best for your campaign of 1996, which has already started in 1995. You have been given here today the ammunition, a gift to awake even a TV addict, I think. We in France are committed to pack and cross the bridge over the Atlantic that you have built at the beginning of this year to help us; it was already there, but you have made it more real. When a great moment appears in history, the worst sin is the sin of omission, but to intervene to—to *dare* to intervene—generates discoveries, economic development, curiosity, hope, and is a joy forever.

## Currency Rates

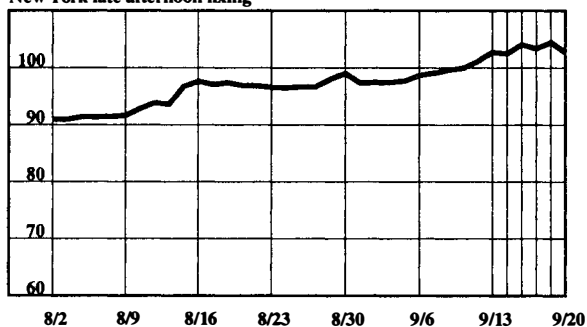
### The dollar in deutschemarks

New York late afternoon fixing



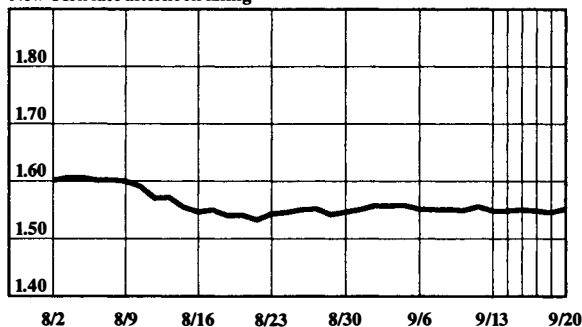
### The dollar in yen

New York late afternoon fixing



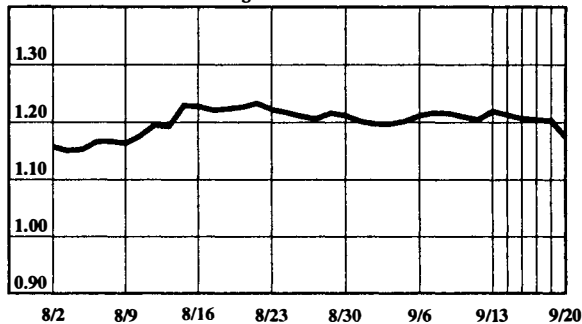
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



### Vale do Rio Doce offered to Olympus

*The President of Brazil is ready to turn over the world's richest mineral deposits to the London financial oligarchy.*

**O**n the eve of his departure for his recent trip to Europe, President Fernando Henrique Cardoso again insisted that the privatization of the Companhia Vale do Rio Doce (CVRD), the world's biggest iron mining enterprise, is one of his government's highest priorities. This insistence goes against the national clamor, which considers CVRD a national institution and an agency of regional economic development, and it points to the nature of the deals made by the Brazilian President's political group with the financial powers steered by the London-Amsterdam-New York axis, to ensure continued flows of speculative capital toward Brazil, thus giving the chimerical "Real Plan" some hopes for survival. The privatization of CVRD is really a tribute payment to those whom Cardoso considers all-powerful in the "financial Olympus."

The first step which set the privatization process into motion was the change in the concept of national enterprise enacted during the constitutional reforms of this past May and June, when any protectionist prerogative for the true enterprises of national capital was wiped out of the Constitution. This will now allow financial speculators to use front companies to exploit the mineral wealth of Brazil's subsoil.

Phase two was the bankruptcies of the State oil drilling and telecommunications monopolies, and the denationalization of coastal navigation, for which there exists no precedent in the whole world. As a result of this, and of the very high interest rates offered by the government, international financial speculators flexed their mus-

cles, by injecting into the country a net influx of \$15 billion over July and August—which allowed the government to keep up the farce that the risk of a "Mexican-style" crisis would be definitely ruled out, and that the way is opened for Brazil to join the "First World."

The CVRD privatization would be the next step in this escalation of dismantling of the Brazilian national State, but with an aspect that makes it even worse: Not only would gigantic mineral deposits be turned over, but international penetration would be permitted into sensitive areas of the Brazilian Amazon.

But this will only happen if President Cardoso succeeds in crushing the growing resistance, not just in the Congress, but also within the Armed Forces. The clearest signs of this rebellion were the statements by ex-President Jose Sarney, at the end of August. "I am against it because the CVRD is an agency of social development, it does not operate in the monopolistic sector, and it produces profits," he said. On Sept. 12, just before Cardoso left for Europe, Sarney was more emphatic: "I am against the privatization of Vale de Rio Doce because it is more than a State-owned company. It is an agency of economic and social development. I think we ought to immediately pass the amendment of the leader Jader Barbalho," the leader of the PMDB party, whose bill would exclude CVRD from the list of privatizable companies. Barbalho, for his part, reminded the government that in the last few months it spent in interest on its internal debt,

the equivalent of the value it would supposedly receive for the cash sale of the CVRD—a paltry \$8-10 billion.

What most offends common sense is that the government is trying to sell off part of its patrimony at a price far below its worth. Adm. Roberto Gama e Silva, a known nationalist leader, ran an article in the military newspaper *Ombro a Ombro* attacking the government head-on, where he shows the mineral wealth which the Vale deposits hold.

Brazil is responsible for placing on the international market 25% of the iron ore consumed in the world. The mineral potential alone of the Sierra de los Carajas, which belongs to Vale, guarantees the present rate of world iron production for the next 500 years. Carajas also contains reserves of 53 million tons of exceptionally high-grade (40-43%) manganese ore. Brazil holds third place in bauxite reserves, with 3,800 million tons, almost all within the Amazon region under the control of Vale.

Gama e Silva asserts that "reserves of a billion tons of the mineral known by the name of 'anastasiu,' a polymorphic variety of titanium oxide, turn out to be part of Vale's property. . . . In total, starting from these reserves, more than 700 million tons of pure titanium oxide could be obtained, which would place Vale as the controller of 50% of the world reserves of this metal of the future." This, without even considering the gigantic copper deposits of Sierra del Salobo, or the gold deposits.

Thus, a gigantic mineral potential would be turned over to the cartels such as Anglo-American, Rio Tinto Zinc, Alcoa, Reynolds, and Alcan, which are already hovering over the country like vultures waiting for the Fernando Henrique Cardoso government to make good on its promise to offer up Vale as tribute.



### No future for German aerospace?

*Budget cutters are threatening to halt the development of key 21st-century technologies.*

An airplane crash on Sept. 9 during a Berlin air show killed Reinhard Furrer, the former director (1987-94) of the Berlin-based Institute for Space Research. The death of Furrer, one of the most outspoken proponents of the Oberth-von Braun-Sänger heritage, comes as the ideology of fiscal austerity in government and "outsourcing" in industry are threatening to kill all future manned space missions and other big space projects.

Furrer, who took part in the joint U.S.-German "Spacelab D-1" mission in October 1985, quit his post at the institute in 1994, in protest against pressure from government and academic circles to put more emphasis on ecologism in his institute's work. Furrer maintained that mastering the technology of manned space flight would decide, in the next century, which nations would stand at the forefront of scientific and economic development. Moreover, he was an advocate of man's role as a colonizer of outer space.

The current situation in the aerospace sector is quite dramatic, with decisive negotiations ongoing over future funding of space technology projects in Germany as well as on the European level. The next conference of the European Space Agency (ESA), in Toulouse, France on Oct. 18-20, is crucial. The ESA is celebrating its 20th anniversary this autumn, and if one looks back at the original plans of the agency and its 14 European member governments, one cannot escape the sad impression that all the plans for space shuttles, orbital stations, and exploratory missions to the Moon and even to Mars, were born in an entirely

different historical period. Today, the dominant policy among the member governments which fund the ESA is not that projects should be defined on the basis of assessed technology potentials, but on the basis of fixed financial ceilings.

"One has to study the funding, first, and then see what is possible under the limitations posed by that," a spokesman for the German Aerospace Agency (DARA) in Bonn told *EIR* on Sept. 12. "Every other approach is like trying to build castles in the sand. The French still think this way, they still insist on developing a manned space module, but there is simply no money for that."

After all, the German government succeeded in convincing the former Mitterrand government of France of the "need to have cost-sensitive planning," this source explained. He forecast that this line would be reasserted at the meeting in Toulouse. In view of the fact that the core impulse at the ESA comes from the bilateral cooperation between France and Germany, the budget-cutting policy in Bonn means that Paris is forced to back down and operate under fiscal constraints, as far as its space technology ambitions are concerned.

When the ESA built the Spacelab 15 years ago, which has been used in numerous missions in cooperation with the NASA to this day, there was the idea of first developing an unmanned, Automatic Transfer Vehicle (ATV) and, later on, a manned Crew Transfer Vehicle (CTV), to service orbital space stations. The ATV design has survived, in a cut-back version, with the predominantly Franco-

German Ariane-5 rocket project that is to begin full operation early next year. The CTV was first reduced to a Crew Rescue Vehicle (CRV) version, then taken off the ESA agenda entirely for financial reasons. The French still hope for a German "yes," so that the project could be launched on a bilateral basis, but, according to DARA sources, the best that can be expected at the Toulouse meeting is a statement of intent for a CRV without a funding mandate.

The German disinterest in this manned shuttle project implies that there is no hope for more ambitious projects such as the Sänger space plane, named after German space pioneer Eugen Sänger, and an original German design dating from the late 1950s. Whether there is a chance for the joint Franco-German orbital surveillance satellite project Helios II, which Chancellor Helmut Kohl promised he would decide on in September, is uncertain, as is the future of many other projects.

When Economics Minister Günter Rexrodt met on Sept. 7 with senior representatives of the private German Aerospace Industries group, his message was: "He who cannot stand on his own legs cannot hope to receive support from others." First, Rexrodt insisted, the industry should cut costs and deficits, and then ask for government money. Because of this attitude, the ESA budget has been reduced to DM 4 billion (\$2.5 billion), instead of the DM 6 billion needed.

This budget-cutting is even more absurd, because leading politicians, including Kohl, have proclaimed that everything would be done to "make the nation fit for the 21st century." It is not even certain that the nation's aerospace sector, which has lost one-third of its workforce (more than 30,000 jobs) in the five last years, will make it into the next century.

# Business Briefs

## China

### British agents attack food self-sufficiency

China's policy of ensuring food self-sufficiency is essential for China's continued economic growth and political stability, Agriculture Minister Liu Jiang told a conference on world food production in Beijing on Sept. 11.

However, some conference attendees urged China to abandon its fight for food self-sufficiency, which would leave it more vulnerable to British-orchestrated plans to break China apart.

For example, Dennis Avery, head of the Center for Global Food Issues of the U.S.-based Hudson Institute, on Sept. 12 called on China to abandon the objective of food self-sufficiency, and to instead rely on the world market for grain. Avery said that the effort to produce its own grain needs was not "possible, rational, [or] desirable," and that expanded food production conflicted with China's efforts to produce cotton for its textile industry.

Typically, Avery is given publicity as the apparent pro-production counterpole to Lester Brown, head of the Worldwatch Institute, who demands depopulation as the "solution" to food shortages, in particular in China.

## France

### Tax policy may shift against speculation

"We want to tax dormant money," declared French Prime Minister Alain Juppé, in announcing a series of proposals in mid-September aimed at reducing France's budget deficit. The proposals, although so far mostly symbolic, indicate a willingness on the part of the government to reduce the privileges finance capital has accumulated over recent years.

One measure would eliminate tax incentives on life insurance contracts, in which the population invests several tens of billions of francs annually, and which are almost entirely now tax exempt. Juppé expects to collect an estimated revenue of FF 5 billion (almost \$1

billion) from a tax on those contracts.

Taxes would be increased on direct financial investments, such as the sale of shares in French corporations, in which, until now, sales over FF 50,000 were tax exempt. A tax would be imposed on all sales of such instruments.

Taxes would also be increased on investments into stock and bonds, but less than those imposed on strictly monetary investments as such. Other measures include: eliminating all tax exemptions on revenue from interest income on bonds, taxing up to 30% on the special stock options open to managers in top companies, and eliminating special tax exemptions for investments into "pleasure industries" in the French islands in the Caribbean.

While the proposals would bring into State coffers only around FF 10 billion, the proposals are being described as the first measure of a global plan aimed at reforming the entire fiscal situation of the country.

## Agriculture

### Dutch Rabobank expands control in Australia

Since the shady Dutch-based Rabobank, which owns huge tracts of farmland in the United States, moved into Australia, it has taken over the Primary Industries Bank of Australia (PIBA), and has increased its assets in Australia and New Zealand by more than 33%, from \$1.6 billion to \$2.1 billion. Piba-Rabo announced profits of \$11 million this year, the Aug. 21 *Queensland Country Life* reported.

Rabobank also bankrolled the Victorian Farmers Federation-led consortium Vicgrain, with \$40 million, to buy out the government's Victorian Grain Elevators Board. Now, all grain silos in Victoria are privatized.

Rabo Australia and PIBA Chairman Rik van Slingelandt said, "We could see that there was ample room for us to maneuver into the Australian market. . . . In entering any country we go for the quality names, that as a principle—the quality companies, the quality farmers, high up in the market, well-capitalized, so they weather out droughts."

## Real Estate

### Berlin warned that bubble could collapse

The real estate bubble in Berlin could collapse, observers in Berlin are warning, the *Süddeutsche Zeitung* reported on Sept. 13. Under the headline "Sunk in a Deep Hole?" the daily reported that up to 800,000 square meters of office space is unrented, to which another 1.5 million square meters will be added before the end of 1996, because completion is predetermined by special tax exemption clauses of 50% granted to investors in Berlin.

The weekly *Focus* magazine warned the week of Sept. 11 that real estate prices could drop at least 20%, with the situation in Berlin evaluated as the most volatile among Germany's biggest cities.

Berlin real estate auctioneer Hans Peter Pletner is credited with having coined the term "deep black hole," for what the city's real estate sector is facing. Horst C. Schlueter, of Warburg Real Estate, forecasts that investors will face a "big valley of grief" next year. The average price per rented square meter of office space, which originally was fixed at DM 100 (\$62), has dropped to DM 30, and even to DM 20.

The overhang in office space contrasts with the Berlin housing market, which is estimated to have a shortfall of 250,000 apartments, and is expected to rise to 300,000 by the end of the decade.

## Haiti

### Privatization policy is inevitable, says Michel

Smarck Michel, prime minister of Haiti, said in the United States on Sept. 12, that a radical privatization program which he is pushing will be implemented, either by him or by whoever succeeds him as prime minister, if and when President Jean-Bertrand Aristide leaves office, according to wire reports.

Michel said that most investors are interested in buying into the telephone company, but there are nine State-owned industries to be

## Briefly

privatized, including a cement factory and the electricity company. Those opposed to these sales are either ultra-leftists, or supporters of the military-backed government that was ousted by the U.S. invasion that restored Aristide to power, Michel said, after meeting with officials of the Clinton administration and the International Monetary Fund in Washington.

"I think we have resistance from some 400 people who will keep on resisting until we push our program through," he said. "Few big capitalists don't want it because they are used to having a monopoly. They make a loud noise but it is not a big problem. . . . They are making a hurricane in a glass of water."

### Raw Materials

#### Oligarchs buying up mines worldwide

After forcing Third World countries to rewrite their mining laws, the Anglo-Dutch oligarchy is rushing in to snap up these nations' raw material resources at cheap prices, according to the July/August issue of *Mining Voice* magazine. This is part of the oligarchy's stampede out of financial investments and into hoarding of physical goods, in response to the imminent collapse of the financial system. Ownership of a mining property is a critical way to hoard future production and reserves.

In the Philippines, which is rich in gold and other valuable metals, the number of applications from foreign mining firms to mine there has jumped from 20 to 60 since it passed a law liberalizing its mining laws last March.

Since 1988, eight Ibero-American nations have overhauled their mining laws, making it easier for foreigners to invest. In 1994, in Chile, \$3 billion poured into mining operations from abroad, mostly to buy them up. Cyprus Amax Minerals Co. Chairman Milton H. Ward called the giant El Abra copper mine in northern Chile, in which his company bought a 51% interest, "the centerpiece" of his company's mineral strategy into the 21st century. Peru anticipates that a staggering \$7 billion will flow into mines there in just the next three years. A similar rush is on in Brazil, Russia, Kazakhstan, and other nations.

In Mexico, the world's leading producer

of silver, strontium, and sodium sulfate, a new mining law is being promulgated, which will encourage privatization of mineral holdings.

One of the companies leading the rush of super-wealthy families into purchase of Third World and former Soviet bloc mines is Yorkton Securities, based in Vancouver, Canada, the Sept. 4 *Maclean's* magazine reported. The British often use mining firms in Canada, Australia, and South Africa, which the British control, as a forward base for their operations worldwide. Yorkton has raised \$1 billion for purchasing mining companies worldwide in the past two and a half years.

Frank Giustra, chairman of Yorkton, told *Maclean's* that "past fortunes and empires have been built on the back of mining and that kind of opportunity exists today. All of a sudden, mining has become like some huge Toys R Us supermarket. There just aren't enough hours in the day to take advantage of all the opportunities."

### Natural Gas

#### Nigeria signs agreement with three neighbors

Nigeria has signed an agreement with three of its West African neighbors, Ghana, Benin, and Togo, for the sale of Nigerian natural gas, Kaduna Radio reported on Sept. 5. Representatives of the three countries said that "the gas pipeline project would be of great benefit to their countries industrialization," the radio said.

Nigeria's Minister of Petroleum Resources Chief Dan Etate said that, under the agreement, a pipeline would be constructed from Lagos through Minna and across Cotonou for supply of the gas, and that the pipeline and other facilities are expected to be completed by 1998. Representatives from the four countries discussed the measures they would take to ensure the take-off of the West African Pipeline Company that would be owned by private and public enterprises and operate on a commercial basis.

There was also discussion of a multinational coastal shipping line being established in the Economic Community of West African States (Ecowas) region.

● **BOSNIA** will need \$8 billion for postwar reconstruction, including for rebuilding infrastructure, Bosnia Deputy Prime Minister Jadranko Prlic and Foreign Minister Muhamed Sacirbey said at a meeting of the Organization of Islamic Conference in Malaysia, Bosnia's TWRA news agency reported on Sept. 15.

● **THE SYDNEY** Futures Exchange in Australia will soon offer the world's first coal futures contract, an international grain-fed beef futures contract, and, subject to the government's plans to deregulate the electricity industry, electricity derivatives, the Australian *Financial Review* reported on Sept. 8.

● **THE PHILIPPINES** would welcome outside powers joining in cooperative ventures, so that capital and technology could be infused to develop the disputed Spratly Islands in the South China Sea, Foreign Secretary Domingo Siazon told Indonesian Foreign Minister Ali Alatas during talks in Manila on Sept. 10.

● **THE POTASH** Corp. of Saskatchewan, Canada is buying Occidental Petroleum's Florida phosphate division for \$280 million, the Sept. 13 London *Financial Times* reported, increasing its share of the U.S. phosphate market to 20%. Phosphate is critical in fertilizer for food production.

● **AUSTRALIAN** household debt is soaring, the Sept. 11 *Age* reported. "In mid-1983, on the eve of financial deregulation, Australian households owed the banks 35% of their disposable income. By mid-1995, households owed the banks . . . 69% of their disposable income," it reported, based on the Reserve Bank's monthly bulletin.

● **ARGENTINA** will soon host the British monarchy's Lady Diana, and the visit is believed to be related to the possible signing of an Anglo-Argentine deal on oil exploration off the west coast of the Malvinas Islands, *Pagina 12* reported.

## Seminar poses democratic solution for Algeria

by Dean Andromidas

On Sept. 11, Jacques Cheminade and Muriel Mirak-Weissbach of the Schiller Institute, joined with Dr. Abdelhamid Brahimi, a former prime minister of Algeria, in a seminar on the theme, "Algeria: Toward a Democratic Solution." The seminar, organized by the Center for Maghreb Studies, of which Dr. Brahimi is director general, was held at the School for Oriental and African Studies at the University of London.

The meeting, attended by Muslim intellectuals, representatives of Islamic studies institutes and of political movements, diplomats, and press, was chaired by His Excellency Dr. S.A. Moid of Pakistan, who has served his country as ambassador in Ghana, Poland, Romania, and Libya. Following a career in the diplomatic service from 1949 to 1985, Dr. Moid is now associated with the International Center for Islamic Studies in London.

In his opening remarks, Dr. Moid chronicled the events leading from the victory of the Islamic Salvation Front (FIS) in Algeria's December 1991 elections, to the armed conflict which has cost up to 50,000 lives. Dr. Moid focussed on the crucial role which France has played in the conflict, from the time of French President François Mitterrand's vital support to the Algerian junta, to the recent shift in the attitude from Paris, under the regime of President Jacques Chirac. "The advent of Mr. Chirac to the presidency in France last May," he said, "removed the uncompromising anti-Islamist [Interior Minister] Charles Pasqua of the outgoing Mitterrand administration, and elevated to premiership Mr. Alain Juppé, who, as Mr. Mitterrand's foreign minister, had stressed the need for political dialogue in Algeria, and also supported the 'Rome Platform' drawn up in January this year by the main political parties calling for free elections." Despite an initial round of talks with the opposition in Algeria, in response to this pressure from France, the Algerian junta had no serious

intention of reaching a peaceful solution, Dr. Moid indicated.

The strategic context in which the Algerian tragedy is unfolding was the subject of a speech delivered by Mrs. Mirak-Weissbach. Drawing on material presented a week earlier at the Schiller Institute conference in greater Washington (see *Special Report* in *EIR*, Sept. 15, 1995), she summarized Lyndon LaRouche's "Ninth Forecast" for imminent financial disintegration. Tracing the causes of physical economic breakdown in the "free market" policies of the last 30 years, she illustrated how the International Monetary Fund (IMF) had wrecked the economies of Africa, with special emphasis on Algeria. The way out proposed by the Schiller Institute involves global financial and monetary reorganization, and vast infrastructure-based development projects.

Jacques Cheminade, a prominent figure in the Schiller Institute in France, spoke on "The Role of France and the United States in a Democratic Algeria." Cheminade, who was a candidate in the French presidential elections, elaborated on a theme introduced by Dr. Moid, demonstrating how French policy has been shifting since the election of Jacques Chirac, toward a revival of the Gaullist policy of national sovereignty and independence. Cheminade pointed out the significance of the ouster of free marketeer, Economics Minister Alain Madelin, from the government, saying that Chirac could not at the same time attack "financial AIDS" of speculation with a promoter of the same disease in his cabinet. Cheminade referenced the historic relationship between John F. Kennedy and Charles de Gaulle, as the basis for a renewed partnership between Washington and Paris today, for the good. The civil rights movement in the United States and the decolonization fight in France in that era, which represented the moral struggle for the younger generation then, must be revived for practice today.

The final speaker, Dr. Abdelhamid Brahimi, a former prime minister of Algeria and author of several books on economics, presented devastating facts and figures to show how the policy followed by the military junta since 1992 has destroyed the economy utterly. Following the International Monetary Fund's Structural Adjustment Program, the Algerian government has liberalized prices internally, shifted to import-dependency for food, thrown the industrial workforce onto the unemployment lines, and debased the currency. Dr. Brahimi's carefully worked out study of the impact of these policies on Algeria, have allowed him to outline a forecast, according to which, if the same junta were to remain in power until the year 2000, the country would literally explode.

Due to the particular relevance of Dr. Brahimi's study to an understanding of the Algerian crisis, *EIR* republishes here the text of his speech, which has been slightly abridged.

## Algeria at the crossroads

by Dr. Abdelhamid Brahimi

*Dr. Brahimi, an economist and author of several books, is the former prime minister of Algeria, and at present director general of the Center for Maghreb Studies, London.*

In 1995, Algeria, changed beyond recognition, stands on the edge of an abyss. Two possible ways lie before the country.

The first alternative is for the government to carry out on its policy of "eradication" introduced in January 1992 following the coup d'état organized by generals, former officers in the French army. In this case Algeria will plunge deeper into a crisis which is already very complex, and which will grow worse in every way in the course of a few months. This course, relying on severe repression for nearly four years, has demonstrated, however, the madness of the illusions shared by the generals responsible for the coup d'état and their isolation from the Algerian people and the representative political parties and their continuation in office by the use of force in order to protect illegal privileges, in defiance of the Constitution and the aspirations of the people, can result only in a deepening of the crisis and lead Algeria into ruin.

The second alternative, the path of wisdom, dialogue, and national reconciliation, will lead to the salvation Algeria and her entry into a new period, full of hope, with the promise of the free exercise of democracy.

We shall take a closer look at these two possibilities, starting with the situation as it exists today, and then evaluating their effect on the probable development of the economic and social situation of Algeria over the next few years.

---

## I. The pursuit of a repressive policy

---

For nearly four years, the people of Algeria have been subject to terror, hunger, injustice, humiliation, arbitrary arrests, and summary executions. The violation of human rights by the military regime, as well as the violation of individual and collective freedom, has become the tragic daily reality suffered by Algerians since 1992.

### 1. The period 1992-95

If the policy of "eradication" is continued for several years, it will transform Algeria into a sea of blood and will ruin the country at every level. The disastrous results of the policies of the years 1992-95, are clearly demonstrated by the following facts:

1. More than 50,000 innocent Algerians have been killed.
2. The GDP (Gross Domestic Product) per head of population has sunk dramatically from \$2,500 per annum in the 1980s to \$1,100 in 1994, i.e., a drop of 56% in six years. The overall GDP has sunk from \$43.17 billion in 1992 to \$33.12 billion in 1995, in other words, a drop of 23.3%.
3. The continual marginalization of agriculture has led to a sustained increase in the import of foodstuffs. In 1995, nearly 90% of the country's agricultural and foodstuff needs depended on imports. Compared with 1992-94, there was a 25% fall in agricultural production in 1995.
4. In 1995, with the exception of the hydrocarbon sector, the State and private industry functioned at 20% of capacity, i.e., 80% of the existent industrial capacity is not used. The figure for industrial output has been constantly downward: -6% in 1992, -15% in 1993, and -10% in 1994.

5. Activity in the building and construction sector has also sunk considerably. Only about 40,000 homes were completed in 1994, compared with 130,000 in 1984, although the housing situation remains at crisis point.

6. The rate of investment (ratio of investment of GDP) has never been so low for 30 years. In 1994 and 1995, Algeria benefited by more than \$18 billion in fresh money, following two successive reschedulings of her debts. A large part of this resource was used to increase the import of foodstuffs and armaments. In fact, the imports of foodstuffs (35% of total imports) and industrial consumables (14%) alone made up 49% of total imports in 1994. This had never been seen since 1966. Military expenditure went up by 20% in 1994, and seems likely to continue at a high rate in 1995—all this at the expense of investment in production.

7. Unemployment, constantly increasing, exceeded 30% in 1995, and particularly affects the young. In fact, Algerians between the ages of 16 and 29 make up 83% of the unemployed, while constituting only 27% of the total population.

The unemployment crisis will worsen with the dismissal of more than 400,000 workers, resulting from the policy of

privatizing public enterprises, in accordance with the program of the IMF. The possibilities for creating employment are very poor, considering the low level of investment.

8. Galloping inflation, brought about by the increased cost of imported goods (following the devaluation of the dinar), and by increased costs of production, exceeded 40% in 1994 and is around 30% in 1995, levels never previously seen since Algeria gained Independence. The situation is even more serious, when one realizes that the Algerian consumer spends between 65% and 75% of his budget on foodstuffs. The prices of foodstuffs have grown at an average

---

---

*The people of Algeria will not be able to tolerate for long the increase in poverty and the continual pauperization of the middle classes at a time when the corrupt minority of mediocrities who take advantage of power employ force to defend their illegal privileges and lead the country into ruin. . . . That is why a return to democratic processes cannot be avoided.*

---

---

annual rate of more than 90% (200% for coffee, 110% for milk, 93% for sugar, etc.). The resulting fall in the purchasing power of money has led to a growth in poverty.

To all this must be added the widespread feeling of insecurity, the growth of corruption (estimated to run at between \$1.5 and \$2 billion annually, and denounced at the end of July 1995 by the present Minister of Restructuring and Participation), the military regime's isolation within the country, and the loss of authority by the State.

## **2. The period 1996-2000**

Pursuing the policy of repression will unfortunately increase the number of innocent civilian victims, and cause further damage to the economy of Algeria and plunge the country into despair and desolation.

External debt is a millstone which in the circumstances of present-day Algeria, will aggravate the recession even further in the course of the coming years.

The policy of debt rescheduling undertaken by the Algerian regime in January 1994, and the implementation of measures imposed by the IMF, had negative economic and social effects in the years 1994-95.

The future situation will get worse because rescheduling leads to the postponing the repayment of part of the debt to a

future date, but with extra costs.

In financial terms, this means repaying in three or five years a significantly greater sum of money than that due today.

In economic terms, the lack of a policy of economic recovery (in any case, economic recovery is not within the competence of the present regime, in view of the widespread sense of insecurity and the lack of people's confidence in those presently in control of the country), and the lack of any dynamic investment policy, will lead Algeria into long-term economic decline.

In social terms, this will lead to a high level of inflation, greater loss of purchasing power, a growth in social needs among the population, and an increase in social problems, especially in matters of health, education, housing, and transport, which will result from the reduction of public expenditure in these spheres, demanded by the IMF, although they are already underfunded.

External debt had already exceeded \$26 billion in 1994 and \$29.4 billion in 1995. Total debt will very probably exceed \$36 billion in 1998, and \$40 billion if military debt is included. Receipts from exports are not growing at the same rate. Exports of hydrocarbons (oil and gas) represent 98% of all exports. The level of receipts from exports depends on fluctuations in the price of oil, which are completely outside Algeria's control.

According to figures provided to Sonatrach, provisional receipts from the export of hydrocarbons will grow from \$8.6 billion in 1995 to \$9.8 billion in 1996, and will stabilize at around \$11 between 1998 and 2000.

On the other hand, imports of goods and services have already exceeded \$11.1 billion in 1995. Even if they remain at their present level in the year 2000 (which is very unlikely, considering the growth in consumer demand arising from population growth), financing needs will be important, and will be difficult to cover, because of increasing indebtedness and the mediocre performance by the national economy, whose productive sectors (industry, agriculture, housing, and construction) are experiencing recession, and are incapable of generating resources at an adequate level.

Neither the IMF program of structural adjustment, nor the measures adopted by the present regime, which is directing the economy on a day-to-day basis, will be able to prevent the deterioration of the economic and social situation.

In fact, if the present situation continues, the gap between available currency resources and what is needed to finance the economy will be so great between 1998 and 2000 that Algeria will be unable to continue making repayments, and will find that the IMF is less cooperative than in 1994 and 1995. The debt will have reached a very high level and the prospects of any growth in the receipts generated by exports are virtually nil, because of the state of stagnation in the international oil market. In other words, by the end of the century, Algeria's ability to repay its debts will be considerably re-



duced. Algeria doesn't even have at its disposal the means which Morocco and Tunisia have to promote agricultural and industrial exports, other than hydrocarbons. To this must be added the growth in population, which will have reached 33 million in 2000. In other words, between 1992 (when Algeria had about 26 million inhabitants) and the year 2000, the population will have grown by 7 million. It will be impossible to satisfy the needs of every kind produced by this demographic growth in the coming five years, if present circumstances continue. The financial, economic, and social tensions will be such that they can only lead to a popular explosion. The people of Algeria will not be able to tolerate for long the increase in poverty and the continual pauperization of the middle classes at a time when the corrupt minority of mediocrities who take advantage of power employ force to defend their illegal privileges and lead the country into ruin.

The present situation is abnormal and unnatural. It cannot, therefore, continue indefinitely.

That is why a return to democratic processes cannot be avoided. In these circumstances, the National Contract signed in Rome in January 1995 by seven political parties and the Algerian League of Human Rights provided a valuable basis for negotiations between the regime and the opposition. It is curious to note, in passing, that at present in Algeria, contrary to the generally admitted rule, the regime is an illegal and minority one, and the opposition is popular and represents the overwhelming majority of Algerians.

If the path of dialogue and national reconciliation continues to be rejected by the regime, the political, economic, and social situation will deteriorate to the point where honest officers will put an end to the present situation through a national uprising, and will join forces again with the democratic process, in conformity with the aspirations of the Algerian people.

A return to democracy will of necessity pass through a period of transition, in view of the extreme complexity of the present crisis, affecting so many spheres.

### 3. The period of transition

The period of transition will of necessity be limited in time. Its length, as well as the conditions under which institutions function during this period, will be determined by negotiations between the regime and representative political parties, without any of them being excluded.

The aim of this period of transition is to prepare for a return to popular sovereignty, to respect for the Constitution, and the exercise of individual and collective freedom.

The period of transition will be characterized in particular by:

- the lifting of the state of emergency and of the curfew;
- the release of all political detainees;
- the annulment of all special regulations, repressive in character;
- the annulment of the decision to dissolve the FIS [Islamic Salvation Front];

Islamic Salvation Front];

- an end to repressive practices (kidnapping, arbitrary arrests, torture, summary executions);
- an end to bloodshed;
- the effective practice of freedom of information, including access to all the media without discrimination;
- the freedom of political parties to organize public meetings.

The implementation of these measures will contribute to the creation of conditions favorable to the reestablishment of peace within the country and national reconciliation.

A transitional government, granted effective power and composed of representative political forces, will oversee the organization of free and open elections with the least possible delay. The verdict of the people must be respected by everybody. Under these circumstances, Algeria can really get out of its present crisis, because the newly and democratically elected leaders will be trusted by the people and will be able to proceed with the reforms necessary to rescue Algeria from underdevelopment and the present ruinous impasse.

---

## II. Economic prospects in a democratic Algeria

---

Right at the outset, it is worth recalling that the three constitutions of independent Algeria (1963, 1976, and 1989) based on the declaration of Nov. 1, 1954, state that Islam is the religion of the country. No political party contests this fundamental principle. However, differences emerge when the question arises of how this principle is to be applied. Secularists are content with the enunciation of this truth, which should be limited to a symbolic role and nothing else. For Islamists, the Islamic teachings of the Qur'an and the Sunnah should serve as the framework of reference, from which are derived the theoretical bases for proceeding to the economic, social and cultural changes necessary for the development of a modern society, where unity, a sense of responsibility, equilibrium, and social cohesion and justice will prevail.

As Algeria has been deeply attached to the belief in Islamic values for centuries, as well as to democracy, the organization of free and open elections will, under present circumstances, naturally bring Islamists to power.

Certain circles in Algeria and abroad maintain that Islamists have no economic program and that Islam is the religion of the Middle Ages, and so on. Their approach arises from intellectual terrorism based on ideological prejudices. The designs of such circles are well known. This is not my intention.

It is appropriate to recall that Algeria has tried everything since 1962, except the experience of Islam: socialism, State capitalism, unrestricted liberalism, market economy, and

monetarist and Malthusian measures, inspired by the neo-classicism of the IMF. However, it is necessary to state, that in spite of the economic and social progress achieved here and there, thanks to the manna provided by the oil exports, Algeria's economic and social situation is at the present moment the major cause of concern.

On the other hand, people often speak of the interests of European countries in Algeria and the Maghreb. Is it no longer correct to allow Algerians, in the first place, the right to identify their own [way] and to allow them to rebuild their

---

---

*The first task of a legitimate government that has been democratically elected will consist of immediately drawing up practical and effective measures to improve the performance of the economy. These measures will have the effect of giving a boost to the economy, and of guaranteeing a better preparation for the future.*

---

---

country in freedom and peace? A return to democracy and to the demands imposed by revival will allow the emergence of competent and honest administrators, enjoying the confidences of the Algerian people. Under these circumstances, the implementation of a program of short-, medium-, and long-term economic measures, both internal and external, will restore the economy to a state of normality, introduce a moral element into it, and bring the economic crisis under control.

The measures put forward here are a modest contribution toward formulation of a strategy of economic and social development, both Islamic and modern in inspiration.

### **1. Short-term or urgent measures**

The first task of a legitimate government that has been democratically elected will consist of immediately drawing up practical and effective measures to improve the performance of the economy. These measures will have the effect of giving a boost to the economy, and of guaranteeing a better preparation for the future. The four following measures will serve as examples to illustrate this.

**Cleaning up the economy:** In order to succeed, measures connected with cleaning up the economy must take into consideration two fundamental principles: respect for social justice, and bringing back into favor hard work and effort. Against this background, specific and effective measures

must be decided upon to ensure:

- a revision of the tax system (war on fraud and tax evasion, taxing obvious signs of wealth, etc.), while awaiting the evolution of a wholesale reform of the tax system;
- the reintroduction of networks and the techniques and mechanisms of management, all performed openly, in order to suppress "undeserved privileges";
- a vigorous struggle against "the gangrene" of corruption, unmerited wealth, illegal fortunes, etc.;
- a campaign against speculation, and recovery by the state of speculative bonds.

Measures such as these cannot fail to improve the moral standard of and normalize economic activity, and will encourage agents of the economy to redouble their efforts, and will mobilize workers and citizens of the country in tasks that will rebuild the country on solid and permanent foundations, from which they will be first to benefit.

**Supplying production units and ensuring proper maintenance:** Failure to supply the country's industrial plants between 1990 and 1995 was one of the main causes of economic decline.

The bringing back into use of units of production at full capacity, both publicly and privately owned, must be a priority task of the new government. Action can be taken in several directions at the same time:

- The encouragement of the strengthening of national economic integration. This should produce positive results very quickly;
- Guaranteeing the correct supply of inputs for maintenance and sub-contracting industries, whose varied activities cover the whole country and have a knock-on effect on many sectors;
- Adopting measures to encourage exports, other than hydrocarbons, such as processing, etc.

Activity of this sort aims at strengthening the way different units, enterprises, and sectors of the national economy work together and interact, technically and economically, in order to establish the foundations of the national economy, provided with the means that enable it to grow on a proper basis.

**Relaunching investment:** The relaunching of productive investment in particular, both public and private, is vital, if the country is to escape from this period of recession which has paralyzed it. In the first instance, this movement must be selective, in view of the scarceness of monetary resources, in order to give a stimulus to the economy and employment. This increased public and private investment must be directed toward three directions in particular:

- Stimulating the building and construction sector. This sector creates employment on a large scale and contributes to solving the housing crisis, as well as to meeting social needs (buildings for schools, universities, health purposes, economic infrastructure, etc.)
- Encouraging small and medium-scale industry. The development of this sector, making use of local raw materi-

als, creates employment, reduces imports, and strengthens the integration of the national economy.

- The use of intensive industrial investment. Experiments have been made in certain branches of industry in Algeria, where 15-20% of initial investment has led to doubling the output of existing industrial plants.

**Relaunching agriculture:** It is in the agricultural sector that consistent and tangible results can be quickly achieved. While awaiting the development and implementation of a wide-ranging program, certain immediate actions can be undertaken:

- Easing access to interest-free credit for producers and small-scale *fellahin* in order to finance their investments;
- Guaranteeing the availability of factors of production in the right quantity and quality, and at the right time;
- Encouraging technical progress;
- Helping producers to intensify their production of foodstuffs, with a view to reducing imports progressively. . . .

At the same time, thought must be given to preparing economic reforms.

## 2. Economic reforms

The State's use of institutional instruments within flexible and well-thought-out organized framework and in conformity with Islamic values, with the object of accelerating development, demands the implementation of wide-ranging reforms in planning methods, in fiscal, financial, pricing and wage policies, in regional development, and in decentralization. Two innovations deserve to be introduced: the institution of *Zakat*, and the encouragement of the private economic sector.

**Introducing *Zakat*:** It will be useful at the outset to recall several general principles relating to *Zakat*, in order to illustrate its importance;<sup>1</sup>

- *Zakat* is both an act of worship directed toward Allah, and an obligation for Muslims;
- *Zakat* is a right of the poor on [sic] the wealth of the rich; Allah has defined the eight categories who enjoy the benefits of *Zakat* (Surah al-Tauba, v.60). Distribution of sums collected as *Zakat* is not left to the discretion of the rich nor the State. It must be in conformity with what is laid down in the Qur'an and the Sunnah;

Collecting *Zakat* is the responsibility of the Islamic State;

- *Zakat* is not merely assistance intended to support the poor, its purpose is rather the eradication of poverty by creating permanent employment, economic growth and the spread of well-being;
- *Zakat*, an Islamic institution, has spiritual, moral, socio-economic, and political aims.

This brief reminder serves to show that *Zakat* has a specific role to play in society, and is different from taxation.

The organization and administration of *Zakat*, employing modern methods (information technology, among others), and in conformity with the Shari'ah, can lead to important

results. Under these conditions, the amount collected by *Zakat* can amount to 12% of GDP. Thus *Zakat* collected in Algeria could amount to \$4 billion to \$5 billion annually, assuming a GDP of \$34 billion to \$40 billion.

**Fiscal reform:** *Zakat* is different from taxation, and cannot be a substitute for it. Fiscal reform is necessary, because the present system is inappropriate, unfair, complicated, and inefficient. Moreover, its administration is often corrupt. The burden of taxation, which favors the rich, is far from being excessive, and represents about 19% of GDP in 1995.

Since corruption, fraud, and tax evasion reduce the yield of direct taxes considerably, the burden falls upon the less well-off. Progress and social justice alike make the operation of a wide-ranging reform of the tax system vital.

**Reform of the financial system:** Finance, in fact, is a strategic sector with considerable economic, social, and political implications. The reestablishment of the general equilibrium of the economy, the development of productivity, the eradication of poverty, and general progress can become achievable objectives and not merely pipe-dreams if the financial system which operates at present is thoroughly reformed in the light of Islamic teaching. The central problem affecting Algeria, like most countries in the Third World, is the shortage of capital, and its equitable and effective allocation. This vital problem includes two aspects of the distribution of credit: supply and demand, but is mainly concerned with the question of the supply of capital.

As far as supply is concerned, banks act as intermediaries between savers and investors, while participating themselves in investment activities. The methods of mobilizing and utilizing private savings through the banking system have been exhaustively examined and analyzed. Many books have been devoted to the means of mobilizing funds, based in the sacred Islamic prohibition of *riba* (interest or usury).

Thus the Islamic banking system to be operated in Algeria will not be based on the idea of remunerating money at a predetermined rate, guaranteeing the depositor of capital an assured return, without effort or risk on his part, but will be on the basis of an agreement between the bank and the owner of the funds in a joint operation undertaken in industry, agriculture, or services. In all cases, the bank and the person who contributes the capital share profits, in accordance with the terms of their contract. Any gain produced by such operations, representing a kind of return on the investment undertaken in a specific economic activity, is regarded as profit and not as interest, since the contracting parties have accepted the risks of entering into the specific project.

On the practical level, however, two kinds of difficulty must be overcome in order, on the one hand, to reduce the risks to which commercial banks are exposed, and to make the conditions more attractive to savers on the other hand.

Regarding the first point, the risk can be reduced by State intervention. As indicated by Umer Chapra,<sup>2</sup> an Islamic bank can be protected by a form of guarantee, agreed to by itself

and the public authorities, according to which the bank can be compensated if the business in question goes bankrupt. The object of this is to give savers and potential investors security, thus freeing them from giving collateral for their contract or mortgaging their property. The State guarantee protects both the bank and depositors, thus widening the circle of the bank's clientele, including small savers.

Regarding the second point (attracting savings), statistics referring to those Islamic banks which are operating at present show that savers have a clear preference for short-term deposits (one to two years) over investments having a longer maturity, as is shown by the experience of Egypt, Pakistan, and the Sudan.<sup>3</sup> This can be partly explained by the fact that a preference of liquidity is a feature of financial instruments. However, solutions can be found to overcome this sort of difficulty. Formulas can be created to encourage banks to become more involved in the financing of long-term investment by making Islamic securities issued for this purpose negotiable. In this day and age, Islamic banks should be encouraged to offer the widest possible opportunities for financing small businesses and small-scale farmers, who constitute a considerable economic weapon in the struggle against poverty and the march toward progress.

In fact, it has been shown that small businesses have a high rate of performance in terms of profit and growth, not only in industrialized countries, but also in developing countries, in spite of more difficult circumstances.<sup>4</sup>

With encouragement, and shown the right direction to take, small industrial and commercial firms and agriculturalists could contribute to a growth in production, to the creation of employment, to the distribution of income, and to an improvement in the way goods and services are shared out. Partnership should be encouraged in these areas, following patterns such as "*Mudarabah*," "*Musharakah*," and "*Muzar'ah*," which have been tried out in several Islamic countries over a number of years. Further application of these forms of partnership toward savers will contribute to mobilizing savings, at present lying idle, toward productive ends, and thus to increasing the production of goods and services, by widening the areas of production and giving a boost to the rest of the economy.

The resulting increased activity will contribute, moreover, to accelerating the role of banks in the economy. Islamic banks will be able, on their own, to develop their network across the country, so as to be closer at hand to potential clients in small towns and rural areas. By mobilizing idle savings and directing them toward productive activities, Islamic banks would participate in restoring the economy. Since the economic cycle in agriculture and small and medium-sized businesses is comparatively short, the positive results achieved in the country in the course of a certain period will have the effect of increasing the confidence of both economic operators and savers.

The cleaning up of the economy by economic means of

this sort will allow a considerable reduction in the amassing of money; and, by recycling its considerable financial resources, it will eventually lead to the reabsorption of the informal market into productive activities through a banking system, available everywhere.

If the cleaning up of the economy and the normalization of the way it operates occur following an Islamic pattern, there is hope that markets in stocks and shares and other types of financial markets can be done away with in Algeria in a reasonable time.

**The implementation of these reforms:** Implementing all these reforms, including the reform of prices and wages policies, regional development (in order to reduce the differences between various regions), decentralization and encouragement of the private sector (reforms which only lack of time has prevented our putting forward here), will show the way to prepare for the future, by determining the speed, intensity, and impact of the effort put into economic and social development in accordance with Islamic insight, and within the framework of a strategic vision, which gives a high priority to the eradication of poverty and the improvement of economic and social well-being. The application of these reforms can contribute to an improvement in the country's economic performance, and an increase in the productivity of labor in all economic sectors. This, in its turn, will increase the motivation of managers, workers, and all citizens, and will bring about the rehabilitation of Islamic values such as effort, work, devotion, and solidarity. The sum of these factors will certainly contribute to setting free people's energies, initiative, and spirit of innovation.

### 3. Strategy for economic and social development

Short-term or urgent measures and economic reforms must be tackled according to an overall and coherent plan, taking a long-term view of economic and social development. Drawing up a strategy of this sort is unavoidable. It should be the product of wide-ranging and deep thinking about changes necessary in the future. Then it must be the subject of a national debate, open to all currents of thought, and to operators in the private and public sectors, as well as to social and professional associations.

These debates must lead to the adoption of a strategy which deals with medium- and long-term problems, such as:

- education and training;
- scientific and technical research;
- agriculture and water supply;
- industry;
- housing and construction;
- the struggle against poverty, regional differences, and unjustified inequality of wealth;
- institutional reforms linked to the functioning of the economy, with a view to improving economic and social well-being.

It goes without saying that such a strategy is secondary to

the effective democratization of political life and the restoring of confidence, as has already been stressed. Moreover, besides these internal measures of economic and social development, this strategy must also contain an external aspect in order to consolidate the action taken at the national level. . . .

## Conclusion

Algeria stands in 1995 at a crossroads. In the last four years, it has suffered too many victims, lost too much time and money, and finds itself paralyzed.

There is no possibility of economic recovery without democracy. Pursuing the present repressive policies will lead Algeria to economic ruin and will bring about a social and political explosion.

It is time for reason and wisdom replace to violence and hatred. Only the way of dialogue and national reconciliation can bring about a return to democracy and respect for liberty, both individual and collective. Only a return to popular sovereignty can give Algeria a legitimate government and honest and competent leaders. These will then be in the position to draw up a new economic, social, and cultural policy, making a complete break with the men and methods which the country has known up to the present.

Once set upon this path, Algeria can be saved and rebuilt in peace, order, fraternity, and solidarity. Moreover, it will provide an element of stability in the region by developing solid relations with its immediate neighbors within the framework of the unity of the Maghreb. And so, marching toward unity and progress, the Maghreb—Arab, Muslim, Mediterranean, and African, a crossroads of civilizations—can become a credible partner for serious dialogue between Europe and the Maghreb, between Europe and the Arab World, and between Europe and the Mediterranean, and so take part in a true dialogue between civilizations. In this way, the Maghreb will become an element of stability and progress in the Mediterranean.

## Notes

1. The question of *Zakar* has been given detailed treatment in our book, *Justice sociale et développement en économie islamique* (Paris: La Pensée Universelle, 1993), pp. 77-183.
2. Cf. Umer Chapra, *Islam and the Economic Challenge*. The Islamic Foundation & IIIT, 1992, pp. 330-331.
3. Cf. the papers presented at the seminar held in Kuala Lumpur, Malaysia, in 1986, by Mohamed Ariff and M.A. Mannan, *Developing a System of Financial Institutions*, Islamic Development Bank, IRTL, Jeddah, 1990, pp. 173-243.
4. Study by Michigan State University and report of the Select Committee on Hunger of the U.S. House of Representatives in 1986, cited by U. Chapra, *Islam and the Economic Challenge*, op. cit., p. 330.

# LISTEN TO LAROUICHE ON RADIO



*Frequent Interviews with  
Lyndon LaRouche on the  
Weekly Broadcast "EIR Talks"*

### ON SATELLITE

Thursdays, 1800 Hours  
(6 p.m.) ET  
C-1, 137 Degrees West  
Reverse Polarity  
Audio Mono, Narrow Band  
7.56 MHz Audio  
Transponder 15

### SHORTWAVE RADIO

Sundays, 1700 Hrs  
(5 p.m. ET)  
WWCR 12.160 MHz

### Cassettes Available to Radio Stations

### Transcripts Available to Print Media

### Local Times for "EIR Talks" Sunday Shortwave Broadcast on WWCR 12.160 MHz

Adis Ababa . . . . .	0100*	Little Rock . . . . .	1600
Amsterdam . . . . .	2300	London . . . . .	2200
Anchorage . . . . .	1300	Los Angeles . . . . .	1400
Athens . . . . .	2400	Madrid . . . . .	2300
Atlanta . . . . .	1700	Manila . . . . .	0600*
Auckland . . . . .	1000*	Mecca . . . . .	0100*
Baghdad . . . . .	0100*	Melbourne . . . . .	0800*
Baltimore . . . . .	1700	Mexico City . . . . .	1600
Bangkok . . . . .	0500*	Milan . . . . .	2300
Beijing . . . . .	0600*	Minneapolis . . . . .	1600
Belfast . . . . .	2200	Montreal . . . . .	1700
Berlin . . . . .	2300	Moscow . . . . .	0100*
Bohemian Grove . . . . .	1400	New Delhi . . . . .	0330*
Bogota . . . . .	1700	New York . . . . .	1700
Bonn . . . . .	2300	Nogales . . . . .	1500
Bombay . . . . .	0330*	Norfolk . . . . .	1700
Boston . . . . .	1700	Oslo . . . . .	2300
Bretton Woods . . . . .	1700	Paris . . . . .	2300
Bucharest . . . . .	2400	Philadelphia . . . . .	1700
Buenos Aires . . . . .	1900	Pittsburgh . . . . .	1700
Buffalo . . . . .	1700	Prague . . . . .	2300
Cairo . . . . .	2400	Rangoon . . . . .	0430*
Calcutta . . . . .	0330*	Richmond . . . . .	1700
Caracas . . . . .	1800	Rio de Janeiro . . . . .	1900
Casablanca . . . . .	2200	Rome . . . . .	2300
Chattanooga . . . . .	1700	St. Louis . . . . .	1600
Chicago . . . . .	1600	St. Petersburg . . . . .	0100*
Copenhagen . . . . .	2300	San Francisco . . . . .	1400
Denver . . . . .	1500	Santiago . . . . .	1800
Detroit . . . . .	1700	Sarajevo . . . . .	2300
Dublin . . . . .	2200	Seattle . . . . .	1400
Gdansk . . . . .	2300	Seoul . . . . .	0700*
Guadalajara . . . . .	1600	Shanghai . . . . .	0600*
Havana . . . . .	1700	Singapore . . . . .	0530*
Helsinki . . . . .	2400	Stockholm . . . . .	2300
Ho Chi Minh City . . . . .	0600*	Sydney . . . . .	0800*
Honolulu . . . . .	1200	Teheran . . . . .	0130*
Hong Kong . . . . .	0600*	Tel Aviv . . . . .	2400
Houston . . . . .	1600	Tokyo . . . . .	0700*
Istanbul . . . . .	2400	Toronto . . . . .	1700
Jakarta . . . . .	0500*	Vancouver . . . . .	1400
Jerusalem . . . . .	2400	Vladivostok . . . . .	0800*
Johannesburg . . . . .	2400	Yenisei . . . . .	2300
Karachi . . . . .	0300*	Warsaw . . . . .	2300
Kennebunkport . . . . .	1700	Washington . . . . .	1700
Kiev . . . . .	2400	Wellington . . . . .	1000*
Khartoum . . . . .	2400	Wiesbaden . . . . .	2300
Lagos . . . . .	2300	Winnipeg . . . . .	1700
Lima . . . . .	1700	Yokohama . . . . .	0700*
Lincoln . . . . .	1600	Yorktown . . . . .	1700
Lisbon . . . . .	2300		* Mondays

## The mighty German economy: Why is it failing now?

by Susan Welsh and Lothar Komp

The industrial powerhouse of postwar Europe, the German economy, is going bankrupt. Some aspects of this process have been going on for quite some time, such as the spread of "green" anti-technology brainwashing, the shutdown of the nuclear energy industry, and the demographic shift toward zero population growth. But the most dramatic changes have occurred quite suddenly, since the assassination of Deutsche Bank head Alfred Herrhausen on Nov. 29, 1989, after the collapse of the Berlin Wall.

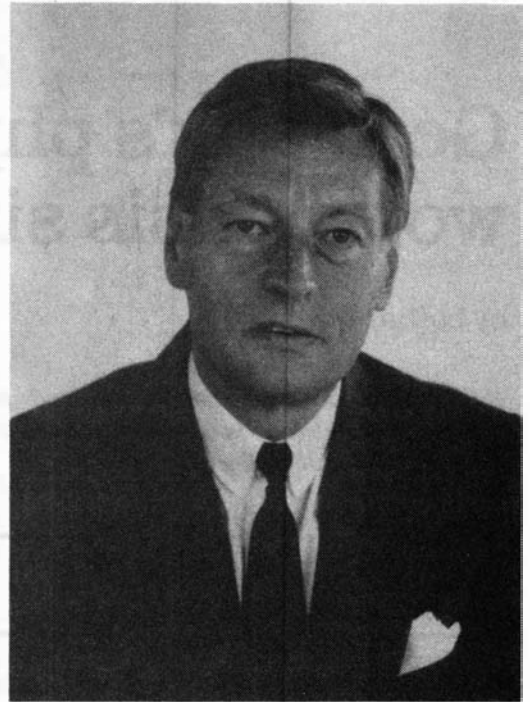
In *EIR*'s issues of Aug. 25 and Sept. 1, we published portions of a German-language study of the nation's economic disintegration, prepared by EIR Nachrichtenagentur in Wiesbaden, Germany. In the *Feature* package that follows here, we present another section of the study, documenting the collapse of the physical economy in selected areas.

The breakdown of Germany's economy is the result of the abandonment of the methods of national banking, which directed credit to industrial development to rebuild the shattered economy after World War II. Such a banking policy is associated with the name of the late Hermann Abs, chairman of Deutsche Bank and the dominant figure in postwar German banking and industry. Alfred Herrhausen was Abs's protégé, who in June 1989 put forward a bold initiative for dealing with the Third World debt. The excessive debt burden, he said, was not only a danger to the developing countries themselves, but also to their creditors, notably to certain large American and Japanese banks. Herrhausen proposed that the heavily indebted countries be given a five- to seven-year breathing space, during which time their industries would be built up.

In September 1989, Herrhausen repeated his proposals at the annual meeting of the International Monetary Fund in Washington. He outlined a plan to create, outside the control of the IMF, a Polish Bank for Reconstruction, modeled on the Kreditanstalt für Wiederaufbau, West Germany's postwar credit institution for reconstruction.

Helga Zepp-LaRouche, the president of the Schiller Institute in Germany, com-





*The historical tradition of pro-industrial bankers in Germany, represented by the late Herman J. Abs (left), longtime chairman of Deutsche Bank, is now being replaced by "Anglo-Saxon banking culture." On the right is Dr. Alfred Herrhausen, a successor to Abs at Deutsche Bank, who was murdered by terrorists a few weeks after the fall of the Berlin Wall. The precipitous demise of the German economy can be dated from the assassination of Herrhausen.*

mented on Herrhausen's proposals, in *EIR* of April 3, 1992: "There can no longer be any doubt, that had Herrhausen's policies prevailed in Bonn, the extraordinary historic opportunity which existed with the opening of the borders, would not have been frittered away as carelessly as it has been in the main. The relationship between East and West established at Yalta, could have been put on an entirely different basis, to the benefit of all participating nations. Not only would economic cooperation have developed the East, but it could have stimulated the entire world economy, which instead is now threatened with global depression."

But with Herrhausen's death, and the assassination on April 1, 1991 of Detlev Rohwedder, the head of the Treuhand agency responsible for the reorganization of the State-owned companies of former East Germany, this orientation was thrown out, on the demand of George Bush, Margaret Thatcher, and the British free-market maniacs.

As a result, reported the daily *Frankfurter Allgemeine Zeitung* on Sept. 11, 1995, "Deutsche Bank, as it has been known for many years, will soon no longer exist." This is the belief of Deutsche Bank board members Hilmar Kopper, Ronaldo Schmitz, Ulrich Cartellieri, and Rolf-E. Breuer. The main intention of Deutsche Bank board members today is "to compete with the best in the market" in every sector of banking: to compete with Morgan Stanley and Goldman Sachs in investment banking, for example. "The board members, as well as their colleagues in other banks, are obviously convinced, that this task can be mastered with an Anglo-

Saxon banking and management culture. This cultural revolution from the top has now to be implemented also in Germany in every bank office, every nook and cranny."

Not only are "Anglo-Saxon" methods taking over Deutsche Bank, but British employees are getting more and more influence in the hierarchy. Investment banking, for example, has its own board, including John Craven, Michael Dobson, Schmitz, Breuer, and Cartellieri, but only Craven and Dobson are chief executives. In stock market analysis, the German team at Deutsche Bank Research will probably be replaced by former employees of S.G. Warburg. Many enraged senior Deutsche Bank employees are leaving.

Lyndon LaRouche was asked to comment on the *Frankfurter Allgemeine* report, in a radio interview on Sept. 13. "What happened after the assassinations of Herrhausen and Rohwedder," he replied, "and the capitulation of the German State, and banking system, to British doctrine, was that the German banking system was transformed from the strongest in the world, in its policies, to a piece of garbage. You see the crisis at Mercedes-Benz; look at whole sections of German industry which have *disappeared* since 1989, as a result of the Thatcher-Bush policy. Look at the crisis in eastern Europe; nothing is working. Look at the crisis in Russia, in Ukraine, around the world. The German banking system, when it says that it's going to be British, means it's planning to bury itself. And we can't accept that. Germany has to go back to industrial banking and an industrial nation, otherwise the whole thing goes under."

# Germany's physical economy in worst crisis since World War II

by Lothar Komp

*This report is excerpted from a longer study produced by EIR Nachrichtenagentur in Germany, and was translated by Edward Carl and John Sigerson.*

---

## The structural crisis of the real economy

---

Drastic changes are afoot in Germany's once-strong industrial economy. While the international financial markets have gone increasingly haywire, through decades of deregulation, Germany is going through its most devastating economic crisis since World War II. At no prior time in the postwar era, has the number of business bankruptcies been as high as it is now. But given the desperate financial situation of a considerable portion of the business enterprises which were first started up in reunified Germany's new eastern states, we must now assume that the real wave of bankruptcies is still yet to rush in.

If we take into account the hidden unemployment, early retirements, and federal job-creation subsidy programs, unemployment in Germany is slowly reaching levels not known since the end of the Weimar Republic in 1933. Over a very short time, the pillars that once supported the German economy have crumbled. Within just the three years, from 1991 to 1993, two million industrial workplaces have disappeared. In western Germany, the number of productive workers in industry has collapsed from 7.5 to 6.6 million. Within the metals industry, which has been particularly hard-hit, 600,000 jobs have been liquidated: 154,000 of them in machine-production, 125,000 in electronics, and 123,000 in vehicle manufacturing. In the chemical sector, 46,000 jobs have been lost. The number of jobs in the electronic data-processing industry has collapsed from 83,000 to 53,000. The devastation in the eastern German states can be seen from the fact that out of formerly 1.8 million industrial jobs there, only 700,000 remain.

Anyone who believes that what is at issue here, is simply a painful but necessary elimination of obsolete branches of the economy, is completely on the wrong track. It is precisely the remaining portion of German high-technology, which is now feeling the blade of the axe. In the western German

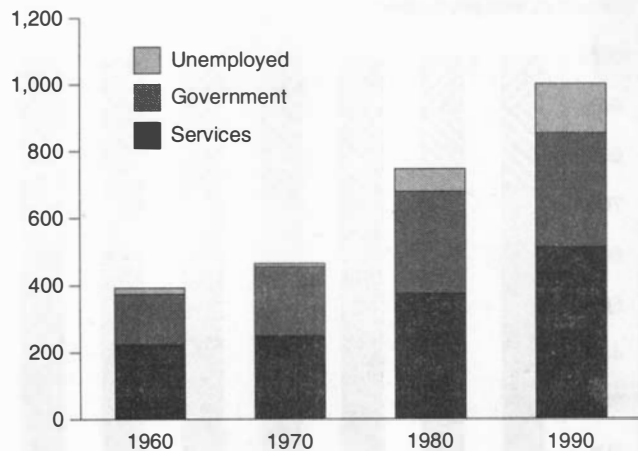
machine-tool manufacturing industry, no fewer than 40,000 of the previous 100,000 productive workers have lost their jobs. It is the same story in the aircraft and aerospace industries. In 1993, no other occupational groups had suffered a steeper jump in unemployment—39%—than engineers, chemists, physicists, and mathematicians.

The representatives of the ultra-liberal school, while demagogically maintaining their public image of being the ones fighting the real causes of the crisis, have taken great pains to deflect the blame away from themselves. Public expenditures for social, health, and infrastructure programs had to be radically curtailed, in order to attract "investments" from international financial speculative capital. Meanwhile, the proportion of retired people on pensions in Germany has increased alarmingly, and, cuts in old-age pensions are to be pushed through, if necessary by taking away pensioners' right to vote. Of course, the industrial collapse is celebrated among representatives of eco-fundamentalism as the victorious progress of the service economy in the process of "dematerializing" the world economy. Mass unemployment, says the "wisdom" of the liberal school, is merely the necessary consequence of increasing wages and benefits. The regulation of the labor market only needed to be broken up, and thus the labor costs reduced, in order that the "invisible hand of the free market" could then surely put things in order.

In fact, Germany's physical economy has been in a process of entropic collapse since the 1970s. To an increasing degree, the economy has lost the capacity to engender scientific breakthroughs and to assimilate technological innovations into the process of production. The ultimate blame for this lies with the utopian fantasies of zero growth and of the service economy—ideas which the ultra-liberal theoreticians are not alone in promoting. Scientific efforts to develop the "chemistry" of the twentieth and twenty-first centuries, requiring broadening and putting into practice our understanding of subatomic processes, have been sabotaged in an unparalleled manner. Some 20 billion deutschmarks (about \$13.3 billion) in investments in the safest and cleanest power plants on Earth, along with an incalculable wealth of intellectual capital, has been sacrificed by opportunistic politicians to the blind fears of a whipped-up minority. Instead of introducing energy-intensive technologies, such as plasma technologies, to generate new leaps in productivity in the econo-

FIGURE 1

## Non-productive employees in Germany for every 1,000 productive employees



Sources: German Federal Statistical Office, EIR.

my, today the Malthusian “solution” of “energy conservation” has been brought in, thus locking in this downward technological trend. Great research projects, from manned space travel (such as the Sanger Project), all the way to nuclear fusion power, which could serve as a “science driver” for revitalizing the productive sector, were either cut, in favor of quickly available, off-the-shelf “innovations,” or else they were continually deferred, or eliminated entirely. This path of technological mediocrity caused the loss of approximately 170,000 jobs in engineering, chemicals, and other highly qualified skills. According to the president of the German Patent Office, Erich Husser, among German managers today, in stark contrast to preceding periods, approximately 80% are purely administrators, while only 20% can be considered to be forward-driving innovators.

In parallel with the technological stagnation of the productive sector since the 1970s, the service sector has swelled enormously. A glance at the developments since 1960 makes this fact obvious: It is not the large number of pension recipients that poses the greatest threat for the German economy, but rather, the increasingly unfavorable ratio of productively employed to unproductively employed members of the labor force. In 1960, for every 1,000 productively employed workers, only 393 persons were in fact non-productively employed, that is, were not full-time employees in productive sector jobs. Of these non-productively employed, 224 were employed in service occupations, 150 were employed in public civil service jobs, and 19 were unemployed. In 1990, however, for every 1,000 productive jobs, there were already 1,001 employed in non-productive jobs, and among those, 515 were in service occupations, 338 in civil service jobs, and 148 were unemployed (Figure 1).

## What are ‘productive powers’?

Not all services, of course, are bad in themselves. Many, such as health care and education, are indispensable. Of course, most services ultimately depend upon what the productive sector produces. What is of crucial importance for ensuring the durable, successful survival of a human economy, is to guarantee its physical reproduction. Are goods being produced in sufficient quality as well as quantity, in order to ensure the maintenance of the necessary living standards of households? If we stipulate a growing requirement for employment in areas of advanced technological innovation, this living standard must obviously increase. Are there sufficient goods being produced to cover the material consumption of installed machinery, and in order to create the replacement of the plant and equipment worn out in the process? At the same time, are the necessary investments being made in the “hard” and “soft” infrastructure (including roads, rails, energy production, water supplies, health systems, education, research)? Or, have these been neglected in favor of short-sighted, temporary, and merely apparent survival? Then, after the necessary investments to maintain the productive economy are deducted, is there still a sufficient amount left over from the tangible goods produced to make further investments for the purpose of improving and advancing the productive apparatus?

Of course, this durable survival capability of a human economy cannot be measured in terms of merely how many tons or numbers of items are being produced. The necessarily continuous improvement of the productive apparatus can only be accomplished by a society that is able to bring to bear sufficient creative powers, without which it will otherwise immediately be confronted by a relative depletion of its underlying resource base. Here, ideas and decisions are required which are demonstrably “correct,” in the sense of producing durable, successful survival, even though they can never be “logically” deduced on the basis of the existing level of technology. It is therefore impossible, on principle, to solve such a problem using computers alone. At root, the physical reproduction problem is therefore one that is wedded to every human society, in the truest sense of the expression “in sickness and in health.”

An excellent characterization of the productive powers of human economy was presented more than 150 years ago by Friedrich List, the pioneering thinker behind Germany’s industrialization. In a stinging attack upon Thomas Malthus’s ideas, List wrote in his book *The National System of Political Economy*:<sup>1</sup>

“It is not true that population increases in a larger propor-

1. Friedrich List, *The National System of Political Economy*, Reprints of Economic Classics Series (Fairfield, N.J.: Augustus M. Kelley, 1977), pp. 128-129. Reprint of 1885 edition translated from German by Sampson S. Lloyd, M.P., and originally published in London by Longmans, Green, and Co., 1885.

tion than production of the means of subsistence; it is at least foolish to assume such disproportion, or to attempt to prove it by artificial calculations or sophistical arguments, so long as on the globe a mass of natural forces still lies inert by means of which ten times or perhaps a hundred times more people than are now living can be sustained.

"It is mere narrow-mindedness to consider the present extent of the productive forces as the test of how many persons could be supported on a given area of land. The savage, the hunter, and the fisherman, according to his own calculation, would not find room enough for 1 million persons, the shepherd not for 10 millions, the raw agriculturalist not for 100 millions on the whole globe; and yet 200 millions are living at present in Europe alone. The culture of the potato and of food-yielding plants, and the more recent improvements made in agriculture generally, have increased tenfold the productive powers of the human race for the creation of the means of subsistence. . . .

"Who will venture to set further limits to the discoveries, inventions, and improvements of the human race? Agricultural chemistry is still in its infancy; who can tell that tomorrow, by means of a new invention or discovery, the produce of the soil may not be increased five- or tenfold? We already possess, in the artesian well, the means of converting unproductive wastes into rich corn fields; and what unknown forces may not yet be hidden in the interior of the earth? Let us merely suppose that through a new discovery we were enabled to produce heat everywhere very cheaply, and without the aid of the fuels at present known: What spaces of land could thus be utilized for cultivation, and in what an incalculable degree would the yield of an given area of land be increased? If Malthus's doctrine appears to us in its tendency narrow-minded, it is also in the methods by which it could act an unnatural one, which destroys morality and power, and is simply horrible. It seeks to destroy a desire which nature uses as the most active means for inciting men to exert body and mind, and to awaken and support their nobler feelings—a desire to which humanity for the greater part owes its progress. It would elevate the most heartless egotism to the position of a law; it requires us to close our hearts against the starving man, because if we hand him food and drink, another might starve in his place in 30 years' time. It substitutes cold calculation for sympathy. This doctrine tends to convert the hearts of men into stones. But what could be finally expected of a nation whose citizens should carry stones instead of hearts in their bosoms? What else than the total destruction of all morality, and with it of all productive forces, and therefore of all the wealth, civilization, and power of the nation?"

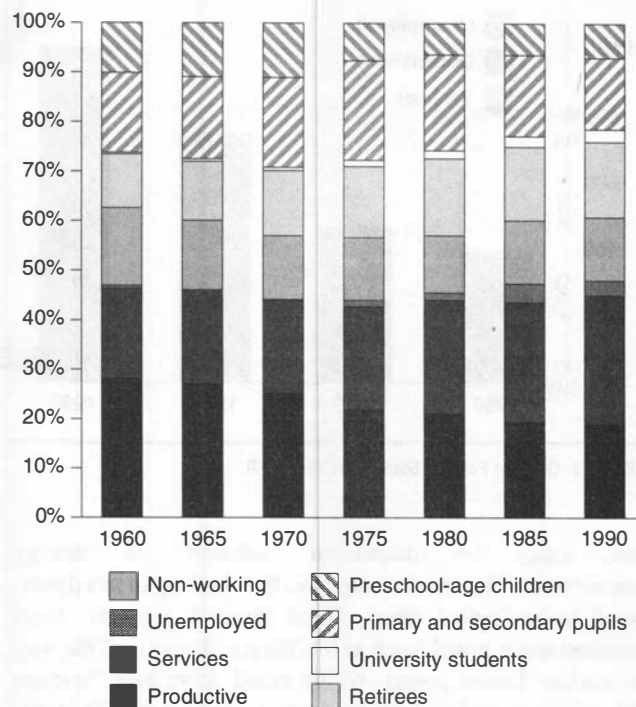
### Germany's productive powers today

What is the current condition of the German economy's productive powers? For a first approximation, it may be worthwhile to look at the changes in some key "spectral"

FIGURE 2

### Composition of the population of Germany's pre-unification states

(percent of total population)



Sources: German Federal Statistical Office, EIR.

indicators over the course of time. The statistics and graphs presented here, cover the former West German region, usually up through the year 1990. The economic situation prior to 1990 of the former East German states, as well as the subsequent development of unified Germany, must be considered separately.

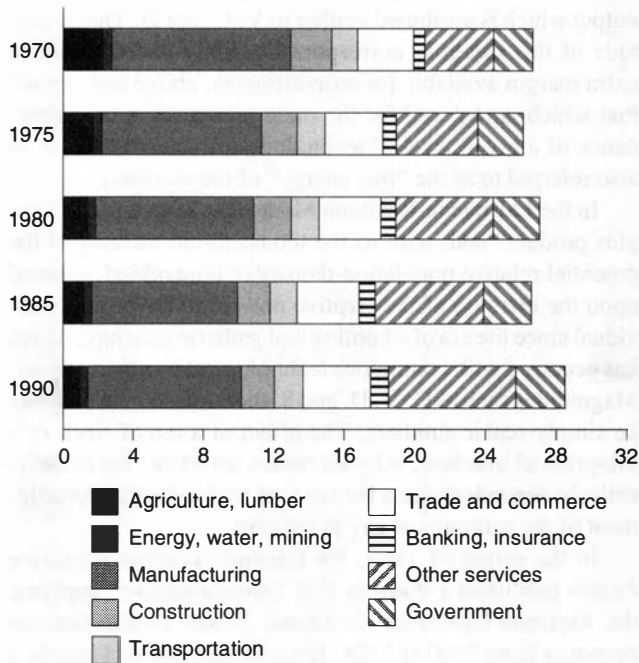
A look at the spectrum of the total population (Figure 2) proves that it makes no sense to talk about an "explosive growth of pensioners." The proportion of the total population over age 65 has not generally increased since 1980. However, the number of people receiving pensions grew, as a consequence of early retirement, as is usual when the real economy collapses. The only big increase has been in the proportion of persons employed in the service sector, along with students and the unemployed. Notice that besides the sharply declining proportion of young children in the 1970s demographic picture, there is a corresponding drop in the school-age children in the 1980s. While the total number of employed persons has barely grown from 1960 to 1990, from 26.5 to 30.4 million, the internal divisions within these population graphs (Figure 3) have undergone dramatic changes.

Measured in terms of the total population, the relative

FIGURE 3

**Composition of the workforce in Germany's pre-unification states**

(millions)



Sources: German Federal Statistical Office, EIR.

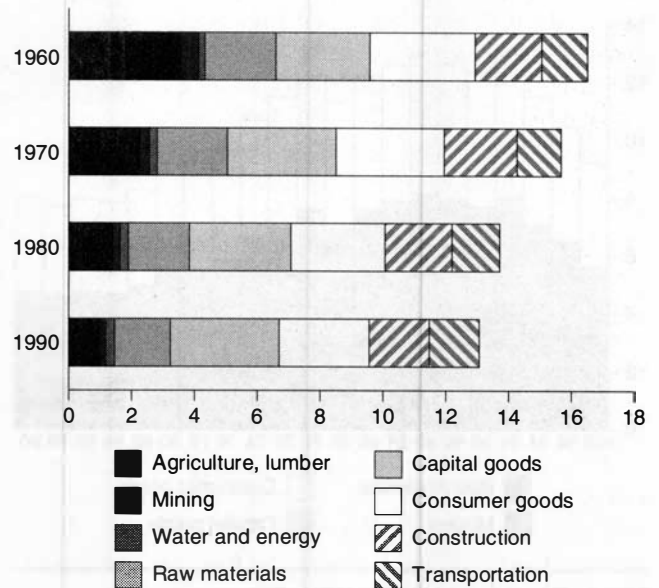
share of service-sector employment grew from 19% to 26%, unemployed grew from almost nothing to 3%, while the proportion of those employed in physical-goods production declined from 25% to 19%. Certain service sectors show frantic growth, such as cleaning of buildings, maid and janitorial services (142,000 in 1970; 560,000 in 1987), insurance (55,000 in 1970; 133,000 in 1987), and various types of consulting (505,000 in 1970; 1.35 million in 1987). Faithful to the post-industrial argumentation that productive jobs are much too expensive, we observe, that during this time, both private and government investment in infrastructure and physical plant and equipment has been neglected. The amount of annual capital investment sank in comparison to the total value of the gross capital. In manufacturing, this percentage dwindled from 8.4% in 1970 to 6.9% in 1990; in infrastructure, it fell from 8.3% to 5.6%; the service sector, from 5.3% to 4.3%; and in the state sector, from 6.7% to 2.8%. Indeed, if the term "aging" is applicable anywhere in the German domestic economy, then it is with respect to plant and technology. Apart from the drop in agricultural and construction employment, the spectrum of the productive sector (Figure 4) expresses a depressing degree of stability.

Contrary to the usual practice, we relegate the automobile manufacturing sector not to the producer goods sector, but

FIGURE 4

**Employment in the productive sector**

(millions)



Sources: German Federal Statistical Office, EIR.

rather to the consumer goods sector. The "post-industrial" trend of the 1970s is especially significant, if, instead of looking only at the numbers of employed, we consider the hours of labor performed each year in the productive sector (Figure 5). Despite a gradually increasing population since 1970, one sees a precipitous collapse, from 12 billion to 8 billion hours.

**The illusion of Gross Domestic Product**

Is the German economy today already producing below the level required for its successful reproduction? If the Gross Domestic Product, which has been continually, and indeed exponentially, growing in recent decades, is used to measure our future economic prospects, then the present crisis comes as a complete surprise. In point of fact, due to the extensive decoupling of the financial markets from the real economy, most such economic parameters have long lost their ability to predict anything. So, first of all, in order to get a proper view of the dangerous state of the German economy, we must sweep aside the shadow-world of monetary aggregates. Obfusatory concepts such as Gross Domestic Product, which makes no differentiation between economically benign and economically destructive activities, therefore have no place at this table.

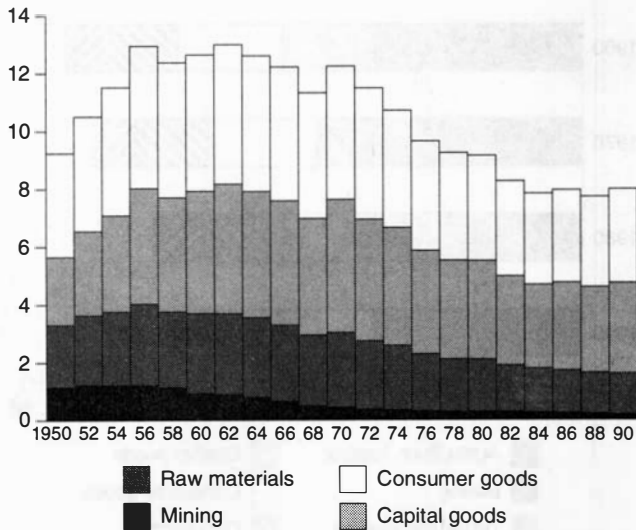
The LaRouche-Riemann Economic Model, developed by Lyndon LaRouche, begins its consideration of a national economy's growth potential, with an analysis of the demo-



FIGURE 5

## Total hours of work performed, by sector

(billions of hours)



Sources: German Federal Statistical Office, EIR.

graphic composition of its households. What portion of the population is engaged in education? How large is the proportion of persons of working age, and how large is the number of children and retired persons? These proportions will shift, depending upon changes in the technological level and the standard of living. Then, households are divided into two functional categories, depending upon whether the household members are productively employed. Finally, the goods produced by the productively employed are to be examined from the standpoint of economic reproduction. To that end, the total material output of the economy,  $T$  (including energy), is split up into the categories  $V$ ,  $C$ ,  $D$ , and  $S'$ , where:

$V$  = the material consumption of households necessary to maintain the requisite quality of labor-power to carry out the production of consumer goods.

$C$  = the material inputs required to maintain the means of production, and also to compensate for the increased costs to extract the same quantity of raw materials.

The sum  $V + C$  corresponds to the consumption necessary for the mere maintenance of the society at existing levels of technology. Subtracting this sum from the total material production  $T$ , what remains is  $S = T - V - C$ , the economic surplus of the productive sector. This, in turn, is consumed within the following functional divisions:

$D$  = the material consumption of all households and activities which do not directly participate in the process of the production and transportation of consumer goods. To this belong: commerce (excluding transportation), banking, health services, education, research, administrative and oth-

er important functions of government (e.g., police, defense), as well as other necessary (and also unnecessary, or even detrimental) service industries, and criminal activities.

Finally there remains:

$S'$  = the "surplus product," the portion of the material output which is attributed neither to  $V$ ,  $C$ , nor  $D$ . The magnitude of this category corresponds roughly to the available extra margin available for reinvestments, above and beyond that which is required for the mere preservation or maintenance of a given level of technology of the economy.  $S'$  is also referred to as the "free energy" of the economy.

In the LaRouche-Riemann Model, the source of the "surplus product" and, with it, the thousandfold increase of the potential relative population-density of humankind, is based upon the increase of the creative powers of the human individual since the era of a hunting and gathering society, which has occurred with continuous technological transformations. Magnitudes such as  $C$ ,  $V$ ,  $D$ , and  $S'$  therefore cannot possibly be simply scalar numbers. The effect of a ton of steel, or a kilogram of uranium, is by no means invariant, but rather is entirely dependent upon the level of technological development of the economy at any given time.

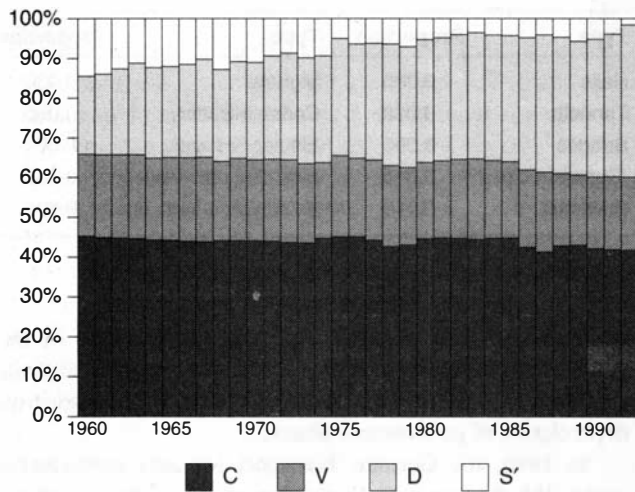
In the spring of 1986, the German-language magazine *Fusion* published a study by Ralf Schauerhammer, applying the Riemann-LaRouche Economic Model to the German economy from 1960 to 1984. Even though this was merely a first approximation, the results already revealed a dangerous trend. In the study, the parameters  $C$ ,  $V$ ,  $D$ , and  $S'$  were all associated with available statistical data from the German Bureau of Statistics. "Constant capital,"  $C$ , consisted of the consumption of capital goods, raw materials, auxiliary consumables, and fuels, within the productive sector of the economy. This included agriculture, the lumber industry, fishing, mining, energy and water utilities, transportation and communications, construction, and manufacturing. "Variable capital,"  $V$ , was determined on the basis of private consumption, and was considered to be supplied only by productive economic sectors, as well as wholesale and retail trade. The category  $D$  consisted of those material goods produced by the productive sector which needed to be applied toward maintaining non-productive but socially necessary activities, such as for banking and insurance, certain other services, and government.

With the aid of those definitions and sources indicated by Schauerhammer, the author of the present study has extended that work to include the years up through 1992. Discrepancies between the earlier study's results and the present one, stem from two causes: 1) a different extrapolation of the material consumption for the productive as well as unproductive sectors of the economy, figures for which are not directly available in the same form for all the years under consideration; 2) the limitation of  $V$  to the material consumption which is necessary for the maintenance of productive households. The material consumption of households which are

FIGURE 6

**Parameters of economic reproduction in Germany**

(percent of total product)



Source: EIR.

not active in the production process, was therefore assigned to D.

Figure 6 represents the distribution of the total material production, T, into the categories C, V, D, and S'. It is immediately evident that one can scarcely talk about a bloated V—i.e., excessively high wages. Also, that portion of the total product applied to maintaining “constant capital,” C, did not increase. The relative expenditure of goods for unproductive households, enterprises, and government, on the other hand, nearly doubled between 1960 and 1992. The “free energy,” S', available for improvement and expansion of the productive apparatus, has meanwhile undergone a frightening decline.

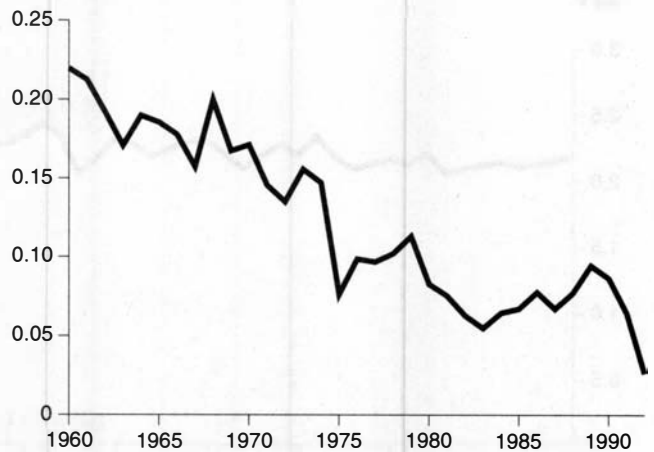
This trend is even clearer in Figure 7. The relationship  $S'/(C+V)$  denotes the “surplus product” in the economic reproduction process, relative to the productive inputs. In a healthy economy, in which the “free energy” is produced with increasing efficiency, this ratio should be continuously growing. But the opposite is the case here. Shocking losses of “free energy” were caused especially by the oil price hikes of 1973, and then again in 1979. Following 1983, there was slight recovery, which ran through the “unification boom” of 1989-90. But this boom was short-lived, and was more of the nature of a “last gasp.”

Let us now compare the changes in “free energy” over this period, with the absolutely meaningless Gross Domestic Product curve, which leads into delusion (Figure 8).

In the course of technological improvements, the capital intensity, C/V, should also continuously increase. As Figure

FIGURE 7

**Germany's rate of profit:  $S'/(C+V)$**

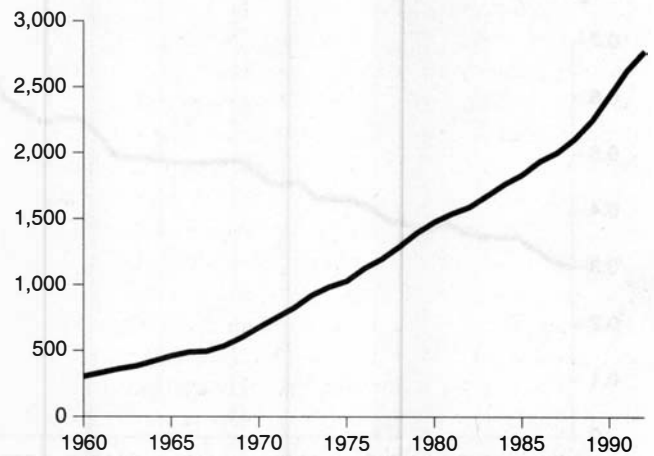


Source: EIR.

FIGURE 8

**Germany's Gross Domestic Product**

(billions of deutschemarks)



Source: German Federal Statistical Office.

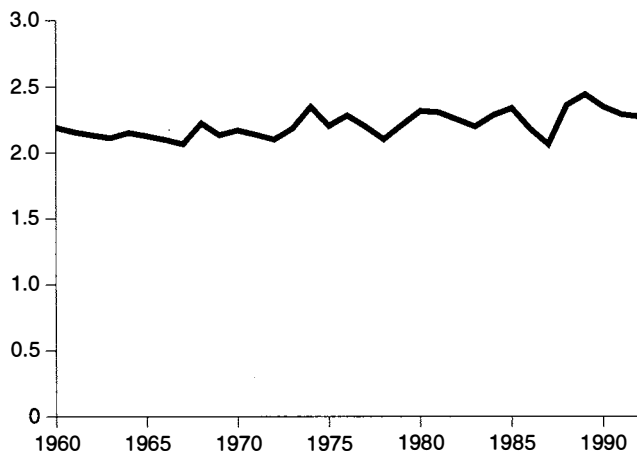
9 shows, this is definitely not the case here.

The usual, monetarist-conditioned definition of “capital intensity” is clearly misleading. The primary cause of the loss of “free energy” is revealed by tracing the ratio  $D/(C+V)$  (Figure 10).

An ever greater portion of the economic surplus of the productive sector, was diverted into puffing up the nonproductive sector. Of course, a healthy economic development process is also characterized by a rising ratio  $D/(C+V)$ , since the relative expenditures for education, research, and health care, will rise. But that increase is only sustainable when the

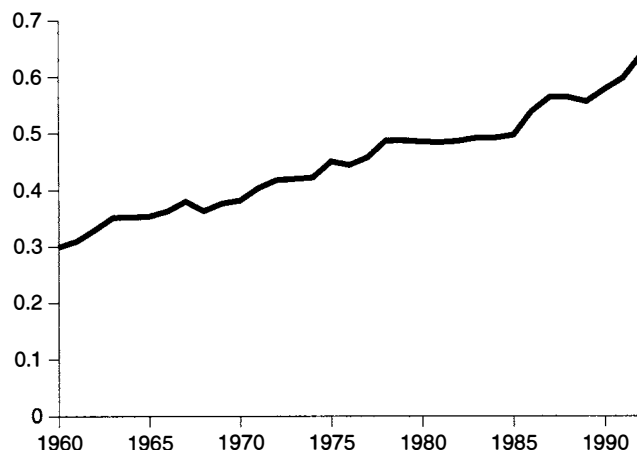


FIGURE 9  
**Capital-intensity of the German economy:  
 C/V**



Source: EIR.

FIGURE 10  
**Expense ratio of the German economy:  
 D/(C+V)**



Source: EIR.

“free energy” ratio  $S'/(C+V)$  is growing even more quickly than  $D/(C+V)$ . In the case of the German economy, on the other hand, the relative growth of  $D$  is a result of Germany’s march into the “post-industrial society.”

Of course, these results are only a first approximation. For example, the “free energy” in the German economic reproduction process has probably long since crossed over the zero-line into negative values. Thus, the necessary expenditures by the public sector required for maintaining infrastructure are not reflected at all. Also, in keeping with inter-

TABLE 1  
**Annual maintenance costs for Germany’s rail infrastructure, as a proportion of cost of equivalent new construction**

Type	Proportion	Type	Proportion
Rails	0.005	Signals	0.030
Tunnels	0.002	Communication	0.050
Bridges	0.006	Electricity supply	0.004
“Superstructure”	0.044	Electrical power lines	0.030
Buildings	0.040	Noise abatement, dams	0.001

national statistical practice, since the depreciation of the value of roads, bridges, tunnels, and waterways is difficult to calculate, this is not reflected at all in the statistics on depreciation of government assets.

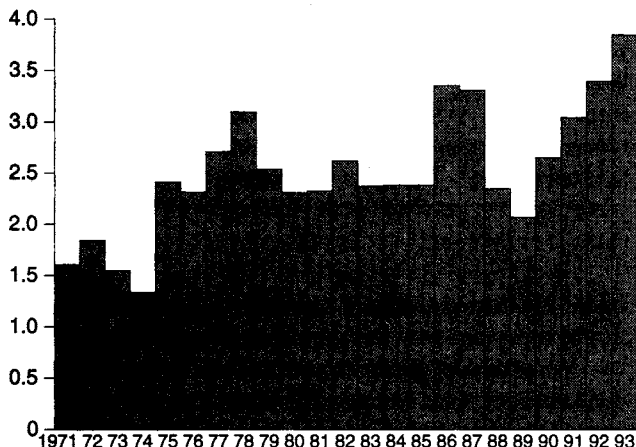
In 1986, the German Transport Ministry published a study, “Macroeconomic Evaluation of Transport Infrastructure Investment,” which provides some further insight in this regard (Table 1). The replacement costs for transport infrastructure are calculated at approximately 1.2% per year of the new construction cost.

In the case of new railway construction, the cost outlays break down as follows: roadbed 18.6%, tunnels 36.2%, bridges 13.1%, rails (“permanent way”) 4.4%, buildings 1.2%, signals and communications 7.2%, electrical equipment 3.2%, and environmental protection 3.2%. The remaining 9.3% goes into planning and land acquisition. Based on these figures, the approximate annual costs for replacement and maintenance for Germany’s entire railroad infrastructure can be set at about 2% of the cost of new construction. Assuming a typical railway construction cost of about DM 20 million (\$13.3 million) per kilometer, this corresponds to a necessary annual maintenance investment of DM 400,000 (\$267,000) per kilometer of rail. Based on the current total track length in Germany’s rail network, this works out to something on the order of DM 10 billion (\$6.6 billion) per year.

For roads, the average normal maintenance cost, including winter services, is put at an average of DM 40,000 per kilometer per year. The costs for resurfacing roads, which occurs less frequently, is DM 120,000 for major highways, and DM 40,000 for other federal roads, per kilometer per year. Applying these figures to the total 9,000 kilometers of major highways and about 30,000 kilometers of federal roads in Germany’s pre-unification states, yields an overall annual required maintenance and resurfacing investment of DM 4 billion. Since the total length of the non-urban road network is another four times greater than the combined length of major highways and federal roads, and since we must also include the upkeep of urban streets, we can easily add another DM 10 billion for maintenance of the entire road network.

FIGURE 11

**Tons of copper that a developing country must export in order to purchase one ton of German construction machinery**



Source: EIR.

It can be stated without equivocation, that in past decades, the German economy has not paid its maintenance bill for its transport infrastructure, for roadways, railways, or for its inland waterway system. The current long-term German Unity Transport Projects infrastructure program, which foresees a total investment of around DM 450 billion for rails and roadways, is likewise an expression of these earlier mistakes. The program also continues to neglect investment in the water supply system, where the catch-up requirement is estimated at around DM 300 billion.

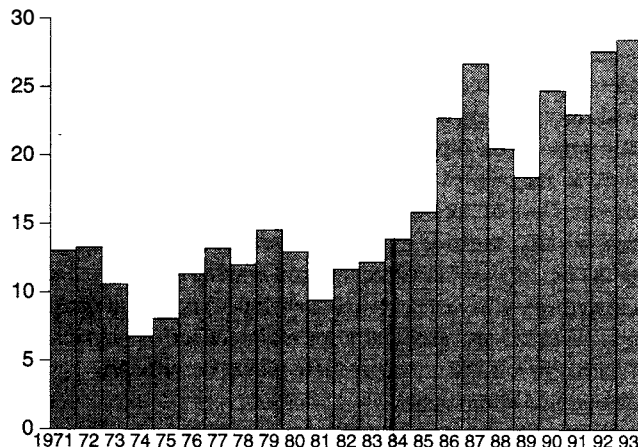
Finally, we have to take into consideration the collapse of raw materials prices, as a result of the unjust world economic order. If we compare the evolution of prices of any export products of the German capital goods industry, with the prices paid to the sellers for any raw material one might choose, we will always get more or less the same result, as shown in Figures 11, 12, and 13.

In each case, the raw materials exports, measured in tons, which a nation needs to export in order to acquire a ton of a German product, have grown many times over. Of course, we are only dealing here with rough approximations, since raw materials are priced in dollars, and the value of manufactured items is in deutschemarks, while the German Central Bank's annual average currency exchange rate has been used. But it is nevertheless clear, that the unjustly low raw materials prices are obscuring the actual collapse of "free energy" in the German economy. Conversely, this situation has been a serious impediment to German exports into those countries.

In sum, it is clear that physical output of the German economy is no longer sufficient to maintain physical reproduction at the current level.

FIGURE 12

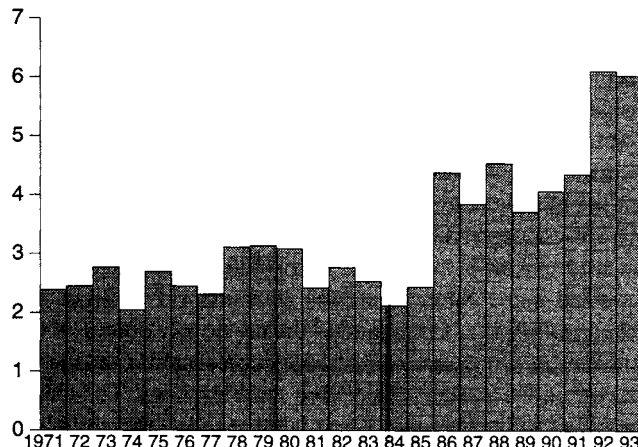
**Tons of rice that a developing country must export in order to purchase one ton of German construction machinery**



Source: EIR.

FIGURE 13

**Tons of cotton that a developing country must export in order to purchase one ton of German construction machinery**



Source: EIR.

**Energy: after the oil shock, now an eco-shock?**

Since the U.S. elections in November 1994, the U.S. Congress has been invaded by a group of babblers who, in

earlier times, would only have elicited a faint smile, before the men in the white coats came to take them away. These ultra-conservatives, gathered around Republican Speaker of the House Newt Gingrich, are unabashedly proclaiming the arrival of the "Third Wave," which is supposed to sweep away the last vestiges of industrial society, and which supposedly marks the beginning of the new Information Age. Henceforth, according to them, production and transport of real, physical goods will have only minor importance. Anyone who, on the other hand, controls production and distribution of megabytes of electronic data, belongs to the new master class of "brain barons." Along with the end of industrial society, the time is also supposedly come to say goodbye to the practice of State intervention into the economy. Public expenditures for research and development, health care, social security, and especially for maintenance of physical infrastructure, must also, in their view, be radically cut, or abandoned altogether.

Take the neo-conservatives' rhetoric, and merely replace some of their all-too-explicit passages with nice-sounding eco-, bio-, and environmental buzzwords, and you essentially get the programs of the "energy revolution" and "transport revolution" pushed by the German Green party. The result of both programs is the same: accelerated collapse of the physical economy, and a massive lowering of the average standard of living.

In other words, the "German Newt Gingrich" is none other than Green party chief Joschka Fischer.

There is a crucial, axiomatic fallacy built into every one of the Greens' arguments: their neurotic fixation on a state of equilibrium which, in fact, occurs nowhere in nature. What is generally meant by such concepts as "carrying capacity," "sustainability," or "recycling economy," can perhaps have some validity for non-living substances. But the development of the biosphere on our planet makes a mockery of all these Green concepts. One example of this is the case of solar energy. Nature's technological revolution of photosynthesis enabled some microorganisms to transform sunlight into chemical energy. Compared to the previously dominant fermentation processes, this change represented a drastic increase in the energy flux within the biosphere. The closed world of limited resources was burst asunder, thereby creating a potential for growth which would never have been possible with the previous technology, not even with a massive increase in the quantity of resources available to the old technology. Henceforth, inanimate materials such as carbon dioxide and water could be ingested as food, and, with the aid of chlorophyll's energy technology, could be transformed into organic material.

But the use of solar energy was associated with an ominous side-effect: Huge quantities of a dangerous gas, which had previously been present in the atmosphere only in traces—namely, the highly active gas oxygen—were released into the air. The entire composition of the Earth's atmosphere, which

TABLE 2

**Energy flux densities of various technologies**

		Output (kilowatts)	Flux density (watts per m <sup>2</sup> )
Windmill	(1750)	2	100
Water wheel	(1800)	30	8,000
Steam engine	(1860)	120	600,000
Marine diesel engine	(1930)	1,000	3,000,000
Nuclear reactor	(1980)	1,000,000	60,000,000

initially consisted mostly of carbon dioxide and nitrogen, was turned topsy-turvy by this exponentially growing release of "poisonous waste" being excreted by the new, irresponsible consumers of solar energy. The Earth's entire surface was chemically assaulted: It rusted. Huge deposits of ores began to form; countless microorganisms died. If a climatologist had been around at that time, and had extrapolated his calculations into the future, he would have come inexorably to the conclusion that the Earth was in danger of burning to death as a result of the poisoning of the atmosphere with oxygen, unless there were an immediate moratorium on the use of solar energy. Did the introduction of photosynthesis, then, really deserve to be called "sustainable"?

Once oxygen levels in the atmosphere climbed to the "Pasteur level" of about 1%—which geologists believe happened about 1.5 billion years ago—yet another technological revolution took place: respiration of oxygen. The "poisonous gas" became a giver of life.

The development of humankind has been similarly marked by successive technological advances, which have led to a thousandfold increase in its relative potential population-density. In the non-human biosphere, such changes were always associated with the formation of new species. In man, however, they arise as willful decisions which result in improvements in living standards and economic practice. These deliberate changes are based on new, better hypotheses about universal natural law. Hence, if any economic theory presumes fixed technologies and material resources distributions, it is fundamentally contrary to nature, inhuman, and incompetent.

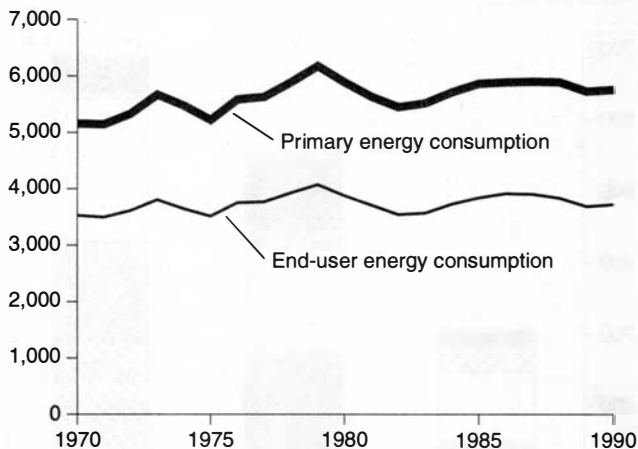
Table 2 demonstrates this principle, by showing energy flux-densities of a successive series of energy utilization technologies. With our current level of knowledge, we can already predict the next two breakthroughs in energy output and flux-density: controlled nuclear fusion, and the mastery of matter-antimatter reactions.

**Energy consumption in Germany**

In 1990, the distribution of end-user energy consumption in the states of pre-unification Germany was as follows: 25%

FIGURE 14

**Energy consumption per capita and unit time**  
(watts)



Source: AG Energiebilanzen, EIR.

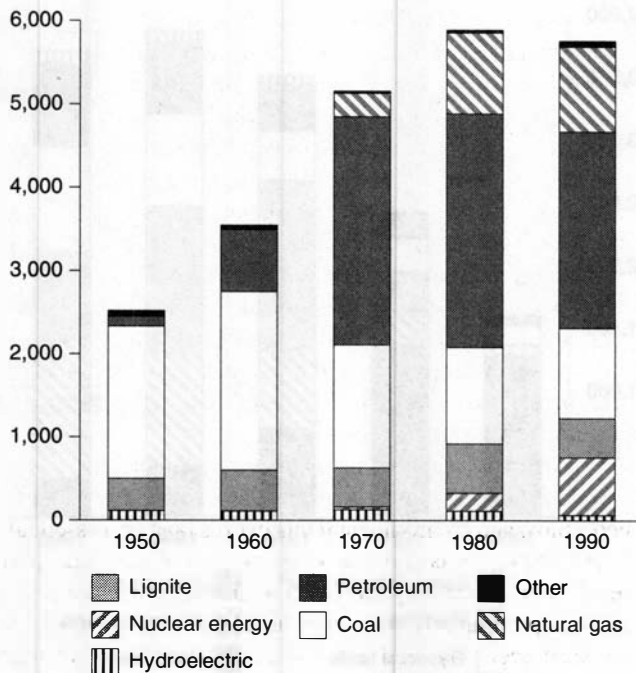
in private households, 17% for small-scale users, 30% in industry, and 28% for transportation. The share used by industry has continuously dropped since 1960, when it stood at 48.5%. In 1990, twenty-nine percent of this industrial energy was used for space heating, 25% for process heat, 39% for powering machinery and vehicles, 5% for hot-water heating, and 2% for lighting. Household energy use was distributed as follows: 49% for heating, 35% for automobiles, 8% for water heating, 7% for household appliances, and about 1% for lighting.

In 1950, fully 94% of all primary energy consumed in Germany came from domestic producers. Since then, this proportion has fallen drastically, because of the shutdown of coal mining, especially between 1960 (75%) and 1970 (44%). Today, Germany must import two-thirds of its primary energy supply.

In absolute per-capita and per-unit-time numbers, this looks as follows: At any one moment, for each German citizen there is an energy flux of almost 6,000 watts. Applying the proportions listed just above, each citizen personally consumes about 1,500 watts, while the other 4,500 go for the production and transport of the goods which are necessary for his existence, as well as for services. There must be a continuous influx into Germany from abroad, of approximately 4,000 watts per citizen, in order to guarantee that current modes of physical reproduction are maintained. **Figure 14** shows that between 1970 and 1992, the per-capita energy flux has continued to hover between 5,000 and 6,000 watts; only once—in 1979—did it exceed that value. In other words, per-capita energy flux in the German economy is stagnant. If one excludes non-energy-related uses of energy carriers, losses during conversion, and electricity producers'

FIGURE 15

**Primary energy consumption, by source**  
(watts per capita)



Source: AG Energiebilanzen, EIR.

own consumption, one arrives at a per-capita energy flux in 1990 of about 3,700 watts—significantly less than what it was in the late 1970s.

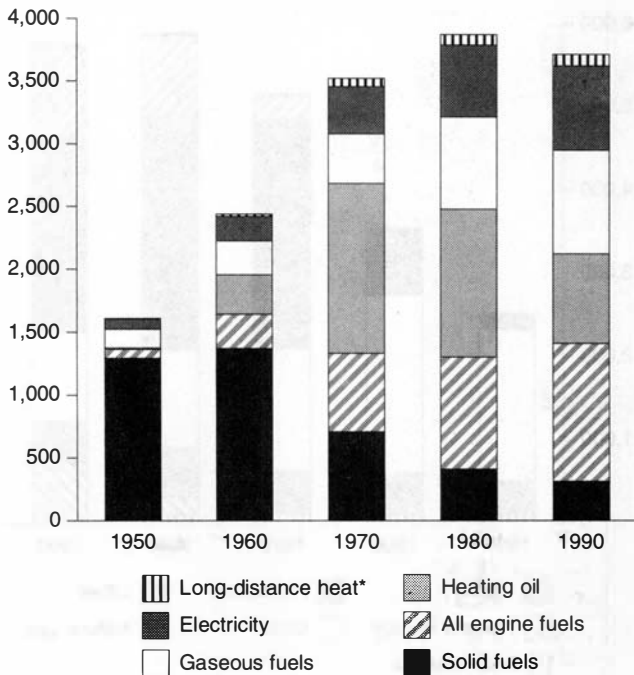
The internal composition of primary and end-user energy consumption, broken down according to energy carrier type, and once again measured per capita and per unit time, is shown in **Figures 15** and **16**. Since 1950, fuels have taken up an ever greater proportion of end-user energy consumption, and have even significantly encroached upon the use of electricity. This has been caused by increased consumption for transportation, and especially for commercial trucking. If it were not for this special factor of increased transport without any concomitant expansion of production, the decline in energy flux over the past few years would have been even more marked. In fact, since 1973, industrial energy consumption has declined by 20%.

In 1990, the average electricity flux per German citizen was almost 700 watts, of which 29 watts was from hydro power, 263 watts from nuclear power, 140 watts from lignite, 200 watts from anthracite coal, 10 watts from heating oil, 44 watts from natural gas, and 7 watts from other energy sources (see **Figure 17**). In households, electricity use has climbed steadily, resulting in a significant easing of the burdens of household chores, without which today's great

FIGURE 16

**End-user energy consumption, by source**

(watts per capita)

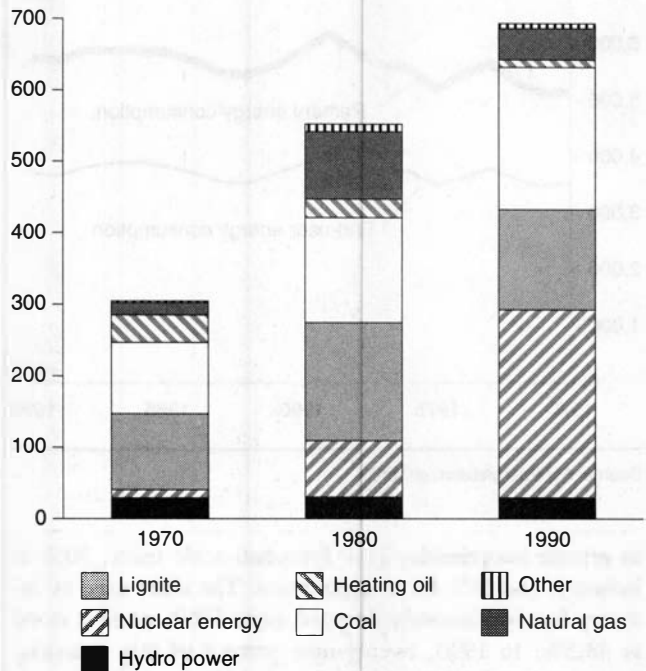


\* E.g., piped steam for heating buildings and for industrial processes.  
Sources: AG Energiebilanzen, EIR.

FIGURE 17

**Gross electricity production for public use, by source**

(watts per capita)



Sources: Deutsches Atomforum, EIR.

number of people holding two jobs would scarcely be conceivable. Some 24% of household energy consumption goes for space heating, 23% for refrigeration, 13% for hot water used in cooking and bathing, 9% for electric stoves, 7% for washing machines and clothes dryers, 6% for lighting, 5% for televisions and radios, 2% for dishwashers, and 11% for other appliances. The expansion in the use of nuclear energy has played an important role in this increase in per-capita electricity consumption since the 1970s. But no new nuclear plants have been built since 1990, nor are any being planned.

**Ecological tax: Morgenthau Plan, take two**

On March 28, 1946, the Allied Control Council, in the spirit of the Morgenthau Plan, announced its "first industrial curtailment program" for occupied Germany. According to this plan, industrial production was to be reduced to 50-55% of 1938 levels. Manufacture of ball bearings, aluminum, heavy machine tools, and tractors was completely forbidden. Germany was permitted to manufacture a maximum of 40,000 new passenger vehicles and 40,000 trucks per year. The production of machine tools was not to exceed 11% of the 1938 levels; primary chemicals production was limited

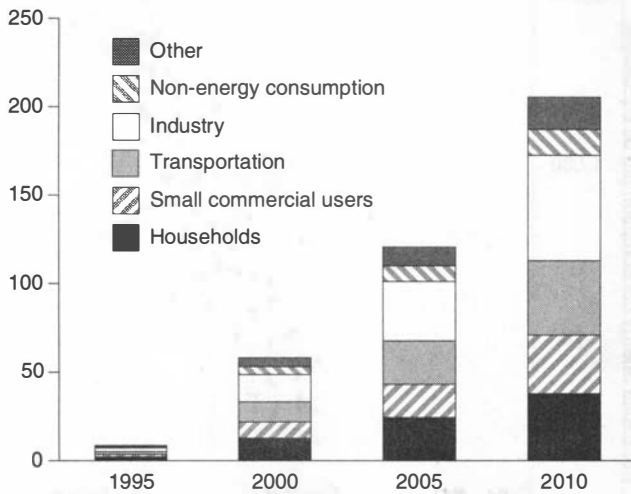
to 40% of the 1938 level, and electricity production had to remain below 9,000 megawatts—one-sixth of the level in 1938. A limit was set of 1.7 pairs of shoes manufactured per capita. As for any productive capacities which exceeded these limits, they were to be dismantled or destroyed.

Today's eco-fundamentalists share the same bias against the production of goods and means of transportation, and are calling for a comprehensive "energy and transportation revolution" in Germany. But instead of using legal bans and outright dismantling to achieve their aim, they want taxes to do the trick. Approximately 3 million energy-intensive jobs in German industrial firms are threatened with immediate elimination: more than 800,000 in the woodworking and paper industries; 600,000 in petrochemicals; 600,000 in iron, steel, and non-ferrous metals production; 400,000 in energy and water supply; and another 300,000 in stone, ceramics, and glass. Energy consumption in Germany is already today burdened with DM 88 billion each year in taxes. Of this, DM 30 billion is paid by industry, and the remainder is borne by households. If Germany went along with the proposals of Greenpeace and the German Economics Institute (DIW) in Berlin (a private think-tank), there would be an additional energy tax, which, after a 15-year transitional period, would

FIGURE 18

**Projected energy tax revenues, according to the DIW-Greenpeace model**

(billions of 1995 deutschemarks)



Sources: German Economic Institute (DIW), EIR.

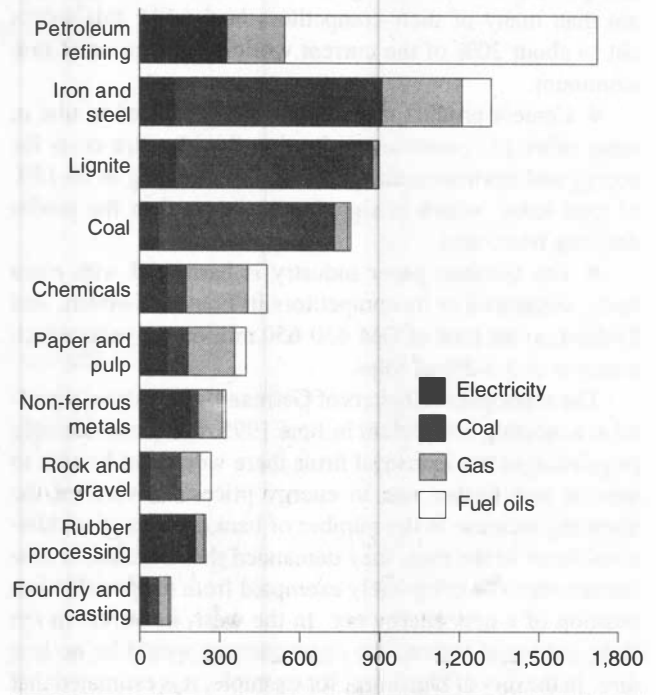
put an additional DM 205 billion annual tax burden upon the German economy (Figure 18). This would translate into an additional DM 5,000 average annual tax burden per household. The chemical industry would have to pay an additional DM 23 billion, the steel industry DM 11 billion, the cement industry DM 2.1 billion, and the paper industry about DM 2 billion more per year. According to the Greenpeace-commissioned study issued in 1994 by the DIW in 1994, all consumption of energy, with the exception of the use of so-called "renewable" energy resources, will be slapped with a punitive tax of nearly DM 16 per gigajoule, or about 6 pfennigs (about 4¢) per kilowatt-hour, calculated using 1990 prices.

According to the model plan presented recently by the Greens, by the year 2004 the price for a liter of gasoline will skyrocket to DM 5, thanks to a new energy tax and other increases in the petroleum tax. The price of electricity is supposed to go up to 38 pfennigs per kilowatt-hour. Already in the first year their program goes into effect, eco-tax revenues are expected to amount to DM 69 billion: DM 18.5 billion from the energy tax, DM 40.5 billion from transportation taxes, and DM 10 billion in savings through reduced subsidies, especially those going to commercial aviation. The "transportation revolution" is to go hand-in-hand with massive cutbacks in public road construction. Then, by the year 2005, after continual increases in the eco-tax rates, a level will be attained at which the astonishing sum of DM 300 billion will be withdrawn each year from the productive sector of Germany's economy.

FIGURE 19

**'Energy spectra' of selected German economic sectors**

(energy source in kilowatts per worker)



Sources: German Federal Statistical Office, EIR.

The consequences of such an "eco-shock" would be catastrophic. Energy prices in Germany are already too high today. Electricity prices, for example, are about 50% higher in Germany than they are in France, which produces 70% of its electricity with nuclear power. For large sections of German industry, therefore, an additional energy tax would make the tax load unbearable, leading to a massive corporate exodus out of the country.

Figure 19 gives an idea of the energy-intensity of some German economic sectors, as of 1994. What is shown, is their energy consumption per man-hour of labor, broken down by energy source.

At the beginning of 1995, the Association of Industrial Energy and Power Producers (VIK) summed up the already existing impediments to German industry's competitiveness, such as high energy costs and excessive environmental-protection standards, as follows:

- For steel production, the local extra costs, as compared, for example, to those in France, for electricity and environmental protection, work out to about DM 80 per ton, or 7% of total sales at current prices.
- For the chemical industry, the extra costs for electricity alone, in comparison to neighboring European Union countries, amount to DM 2.4 billion per year. The costs of anti-

pollution measures for the identical large-scale chemical production facilities in Germany, are up to 20 times higher than they are in neighboring European Union (EU) countries.

- In the aluminum industry, the comparative figures are the same: For electricity and anti-pollution measures, German producers are incurring costs of about DM 410 more per ton than many of their competitors in the EU; this works out to about 20% of the current world market price of raw aluminum.

- Cement production in Germany, compared to that in some other EU countries, is burdened with extra costs for energy and environmental protection, amounting to 10-15% of total sales, which is significantly more than the profits deriving from sales.

- The German paper industry is harnessed with extra costs, compared to its competitors in France, Sweden, and Finland, to the tune of DM 450-650 million per year, which amounts to 3.5-5% of sales.

The economics ministers of Germany's new states reported at a meeting in Potsdam in June 1995, that a considerable proportion of the industrial firms there would not be able to survive any further rise in energy prices. In view of the alarming increase in the number of bankruptcies of middle-sized firms in the east, they demanded that Germany's new eastern states be completely exempted from the possible imposition of a new energy tax. In the west, however, in the Ruhr industrial region, the consequences would be no less dire. In the city of Duisburg, for example, it is estimated that unemployment would rise to 30%.

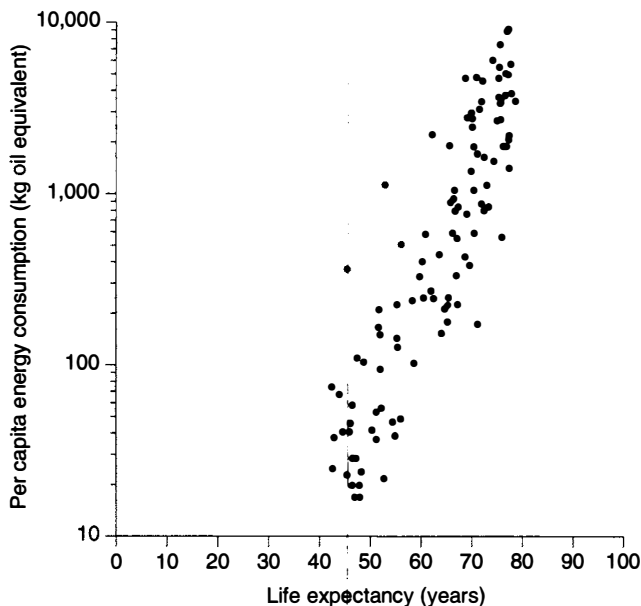
In any economy, increases in energy consumption per capita and per unit-area of land-surface used for productive activity, are the preconditions for raising relative potential population-density. This goes hand-in-hand with increases in the citizen's average standard of living and life expectancy. All human development to date, reflects this connection, and explicitly so. Just compare the life expectancies of people in countries with low per-capita energy consumption, such as in large parts of Africa, with the situation in the leading industrialized countries.

**Figure 20** shows figures for all 109 nations for which 1991 per-capita energy consumption was reported in the United Nations *Human Development Report 1994*. The statistics show industrial energy consumption only. With surprisingly little deviation, the increase in life expectancy is roughly proportional to the logarithmic scale of per-capita energy consumption. If the average life expectancy in a country such as Uganda, which is currently not even 43 years, is to rise to equal that in the West, it will be necessary to set into motion a development process within of agriculture, industry, infrastructure, health care, etc., which is characterized by exponential growth in per-capita energy consumption. To put it even more concretely: Countries with twice the industrial energy per capita, show life expectancies which are approximately four years longer. Conversely, a 19% reduction in energy consumption reduces a citizen's lifespan

FIGURE 20

### Correlation between countries' per capita energy use and life expectancy

(each dot represents one country)



Sources: *Human Development Report 1994*, EIR.

by approximately one year. According to one scenario worked up by Greenpeace, by the year 2030, worldwide primary energy consumption should be reduced from today's 2,100 watts per capita, to 1,400 watts. According to the calculations above, that would mean a 2.3-year reduction in the average life expectancy of every man, woman, and child on Earth. According to A. Lovins, by then, the world's population should be limited to only 650 watts of primary energy consumption per capita, which would shorten everyone's lives by almost seven years. If one applies this kind of popular eco-apocalyptic methodology to the current world population, then Greenpeace's policy would cost the lives of 3 million human beings each year, while Lovins's would kill 11 million each year.

### Nuclear power versus solar

In the March 10 issue of the German Industrial Association's *VDI-Nachrichten*, Horst Niggemeiner, a Social Democratic (SPD) Member of Parliament in Bonn until 1994 who had headed the public relations office of the energy and mining workers union up to 1987, demanded that his party reverse its 1986 resolution opposing all nuclear energy production. "Without nuclear energy," he wrote, "the workers won't have bread." A constituency-based organization such as the Social Democratic Party simply cannot afford "to let dogmatic narrow-mindedness cloud its view of the realities of energy policy." He recalled "that around the world, 74



new nuclear power plants are currently under construction, and another 54 are in the planning stage. These come in addition to the 417 nuclear plants already operating in 29 countries, where the politically responsible authorities have no intention of deviating from peaceful use of nuclear energy.”

In the 1960s and the early 1970s, similar views were the norm among the SPD leadership. While Erhard Eppler was attacking the federal government for not developing the fast breeder reactor quickly enough, Chancellor Willy Brandt wrote in his 1967 book *Friedenspolitik in Europa (Peace Policy in Europe)*: “It is our generation’s task to prevent the military abuse of nuclear energy, and to promote its peaceful use. The Federal Republic of Germany is ready to support anything which prevents that abuse. It is *not* prepared to accept anything which hinders its peaceful use. The future of the F.R.G. as a modern industrial nation depends on it.” And in fact, the lion’s share of Germany’s nuclear plants were contracted under SPD cabinet officials. In the Ruhr region, the development of the high-temperature reactor, which, in addition to electricity, can simultaneously produce huge quantities of process heat that could be used, for example, for the coking of coal, was considered to be the region’s guarantee of long-term job security.

Numerous multibillion-deutschemark projects have already fallen victim to the fundamentalist opposition to the peaceful use of nuclear energy, with the immediate damage done amounting to DM 15.3 billion: the fast breeder in Kalkar (DM 7.1 billion), the high-temperature reactor (HTR) in Hamm Üntrop (DM 4.2 billion), the reprocessing plant in Wackersdorf (DM 3.2 billion), the HTR fuel element plant for research reactors in Hanau (DM 100 million), and the uranium processing plant in Hanau (DM 500 million). A further DM 11.3 billion in nuclear-related investments are currently in jeopardy, because of political shenanigans: the MOX fuel element plant in Hanau (DM 1.1 billion), the Mülheim-Kärlich nuclear plant (DM 7 billion), the Gorleben final disposal dump (DM 1.6 billion), the Schacht Konrad disposal dump (DM 1.2 billion), and the Gorleben pilot conditioning plant (DM 400 million).

Of the 21 nuclear power plants currently in operation in western Germany, nearly all were commissioned between 1964 and 1975. Later commissions were only granted for the GKN-II in Neckar, the KKI-2 in Isar, and the KKE in Emsland, all of them in 1982. Since 1989, not a single new nuclear power plant has gone into operation in Germany (Table 3). In the meantime, not even the greatest optimists among the greenenergy strategists dare to hope that so-called “renewable” energy resources will be able to reach even a 10% share of total energy consumption. In fact, this level will surely never be achieved, and the reason is not any lack of research efforts: Between 1955 and 1988, DM 36.9 billion of public money was spent in West Germany on nuclear fission and fusion research, DM 2.3 billion on “renewable” energy sources, and another DM 800 million on “rational”

TABLE 3

**Nuclear plants constructed in Germany’s pre-unification states**

(megawatts capacity, not including shut-down reactors)

Years	Commissioned	Put on-line
1964-69	3,709	357
1970-74	10,437	672
1975-79	5,479	7,047
1980-84	4,128	4,816
1985-89	0	10,861
1990-94	0	0

energy use. Up to 1994, approximately DM 4 billion of research funding went into alternative energy. But even with so many billions in research funds, physical law would not let itself be overturned. Namely, the energy flux-density of solar energy is simply too low, by several orders of magnitude. To replace a standard German nuclear power plant’s 1,300 megawatts of output, would require a surface area of about 300 square kilometers. But because of the low average hours of sunshine in Germany, such a solar power plant would actually have to have a capacity of 9,500 megawatts. The land area required by a nuclear power plant, on the other hand, is only about 0.3 square kilometers.

If, instead, one were to replace a nuclear power plant with wind energy, one would need 18,000 wind power units, each with 250 kilowatts of output. In order to produce 1,000 megawatts of electric current using wind energy, assuming a maximum utilization of 10-20%, about 500 square kilometers would be required. Does the “energy revolution,” then, mean that Germany will be entirely covered by concrete? But not only that: Besides the amount of surface area required, the quantities of materials consumed by “renewable” resources per unit of output, is orders of magnitude greater than with nuclear energy. So, in the final analysis, sunshine, as such, is simply not a useful energy source. Even photosynthetic organisms must first develop complicated electrochemical factories, called chlorophyll, in order to utilize the energy from sunbeams.

At a meeting of the Evangelical Academy in Loccum in June 1994, Prof. Wolfgang Kröger of the Cooperative-Technical College in Zurich presented a rundown of the material inputs required for constructing nuclear and solar energy plants: “In order to maintain an electrical output of 1 megawatt for one year, with nuclear energy production (light water reactor) one requires 386 tons of concrete and 67 tons of metal; to produce the same amount of energy using photovoltaic cells would require 4,192 tons of concrete, 546 tons of steel, 62 tons of other metals, 192 tons of plastics, 423 tons of glass, and 15 tons of silicon. So what do the adjectives ‘renewable’ or ‘regenerative’ mean in this context?”

## London is running full tilt against Sudan

by Linda de Hoyos

Spurred by the near political disintegration and military setbacks suffered by the British-sponsored Sudanese People's Liberation Army (SPLA), British intelligence has "gone for broke" in its war against the nation-state of Sudan. Activating its assets in the diplomatic arena and within Sudan itself, London is determined to overthrow the current government of Sudanese President Omar al-Bashir.

On Sept. 12, a group of 16 African countries, at the instigation of Egyptian President Hosni Mubarak, issued a condemnation of the government of Sudan, charging that Khartoum is aiding and abetting terrorism. The statement further charged that Sudan was complicit in the attempted assassination of Mubarak in Addis Ababa, Ethiopia on June 26, at the opening of the Organization of African Unity (OAU) summit, and claimed that Sudan is now hiding two people alleged to have been involved in the plot against the Egyptian President.

On Sept. 13, there were student protests at the University of Khartoum, resulting in six dead, and 79 arrested.

The combination of Sudan's diplomatic isolation and the eruption of street protests in the capital city has British intelligence already counting its chickens.

"The situation in and around Sudan is seriously deteriorating," one British Africa analyst told a journalist on Sept. 15. "The decision by the Organization of African Unity, to directly accuse the Sudanese government for responsibility for the attempted assassination of Mubarak, is a real turning point."

The London *Observer* on Sept. 20 wagged that soon there will be a "bloody confrontation" between "Islamic strongman Hassan al Turabi," head of the National Salvation Front, and the "military regime of Gen. Omar Bashir." "After five days of demonstrations in Khartoum, Sheik Turabi and his Nation-

al Salvation Front are engaged in a battle for survival," the *Observer* asserted.

"There's a strong possibility of a major change in the not-too-distant future in Sudan," commented an official of the Christian Solidarity International, the nongovernmental organization (NGO) led by Baroness Caroline Cox, which is leading a campaign in the U.S. Congress for full sanctions to be applied against the Khartoum government. "If current dynamics continue, change will be inevitable."

The National Democratic Alliance, composed of opposition to the Bashir government residing in Cairo, issued a statement on Sept. 13 calling the student protests "a popular explosion" and a "harbinger of the broad popular uprising the uproot the regime of the Front. The Alliance urges all Sudanese . . . to come out in every city and town in an organized manner until the uprising spreads and is able to overthrow the regime."

### Britain's game

No such "popular uprising" has occurred. On Sept. 19, the Sudanese government released the 79 Sudanese students who had been arrested during the Khartoum demonstrations the week before, but did not release the contingent of Ethiopian students also involved. According to multiple Sudanese sources, the organizers of the protests were members of the Sudanese Communist Party, an organization which has been headquartered *since its inception in London*, as London is the origin of the entire diplomatic, military, and political assault on the Khartoum government.

At issue is not the political disposition of the Bashir government per se, but the very existence in Khartoum of any government that is committed to the territorial and political sovereignty of the Sudanese nation-state. London is targeting

three major nation-states in Africa for political and territorial disintegration:

- **Nigeria.** With a population of over 100 million, tremendous agricultural potential, and oil wealth, Nigeria is the potential powerhouse of West Africa, and its resources have permitted it to draw lines against the International Monetary Fund.

- **South Africa.** With vast mineral resources, a modernized agriculture, and an industrial base and labor force, South Africa is the great powerhouse of all southern Africa and beyond.

- **Sudan.** With agricultural resources that could make it the breadbasket of Africa, a highly educated elite, and vast oil and mineral wealth, Sudan is the leadership-nation of eastern Africa.

In addition, Sudan is London's biggest political obstacle to its assuming total political control of the Great Rift Valley. An elongated depression running down eastern Africa for 1,800 miles, extending from the Red Sea to the mouth of the Zambezi River in Zambia, the Great Rift Valley runs through Ethiopia, Kenya, Uganda, Burundi, Rwanda, Tanzania, Malawi, and Zambia, and includes such important lakes as Lake Albert, Edward, Kivu, Tanganyika, Bauasa, Rudolf, and Nyasa. The valley is rich with some of the greatest mineral reserves in the world, especially those of coal, zinc, lead, gold, silver, cobalt, and the platinum group metals. Under conditions of expected financial catastrophe, control of the Rift Valley is a major goal in the British oligarchy's drive for monopolistic possession of the world resources.

## Staying power

London's decision to dramatically escalate operations against Sudan is not taken from a position of strength, but of apparent necessity.

Within Sudan, mid-August saw a releasing of prisoners, including all women prisoners who are mothers. The government on Aug. 30 also released Sadiq al-Mahdi, the head of the Umma Party, who was ousted as prime minister in 1989 by General Bashir. "Some hardliners who call for violence" against the government, he said in a statement Sept. 19, "must realize violence will not achieve good results. It is a dead end."

On Aug. 12, Sudanese government forces captured the town of Kaia, an airbase town formerly under SPLA guerrilla control near the Ugandan border, breaking a key SPLA supply route. "With the liberation of Kaia," the Sudanese Defense Ministry stated, "the whole region of Bhar al-Jabal is now out of the control of the rebels." Khartoum's *Akhabar Al-Youm* daily reported Sept. 8 that for the first time in 12 years, barges are now going down the White Nile River taking aid to victims of the fighting near the border.

In neighboring Uganda, President Yoweri Museveni, a personal friend of Baroness Lynda Chalker, British Minister of Overseas Development, has been forced by steady gains by guerrillas operating in the north and central areas of the country, to call in 15,000 troops from neighboring Tanzania,

according to the Kenyan *East African Standard* on Sept. 1.

In a commentary on Aug. 14 in the *International Herald Tribune*, Christian Solidarity International's Baroness Caroline Cox blamed the SPLA's defeat on Jimmy Carter, for his "announcement of a unilateral cease-fire on behalf of the country's National Islamic Front regime." In reality, according to sources, Garang's SPLA has disintegrated into 15 contending tribal groupings, with its military strength dissipating accordingly.

Nor was unity of the opposition achieved at a meeting called in Asmara, Eritrea, by the British backers of the Sudanese opposition. One leading opposition leader has reconciled with the government.

The diplomatic isolation of Sudan in the region comes after a concerted British pressure particularly upon Ethiopia. The condemnation against Sudan was issued by the OAU Mechanism for Conflict Prevention and Management, a sub-committee of 16 countries, which met in Addis Ababa on Sept. 11 to ostensibly discuss the crisis in Burundi. Instead, the meeting focused on Sudan and Ethiopian-Egyptian charges that Sudan is harboring a suspect in the June 26 attempted hit against Egypt's Mubarak. The Ethiopian charge represented a complete about-face from Ethiopia's announcement of their investigative results immediately after the attempt. And the Ethiopian authorities repeated on Aug. 2 that the attempt had been carried out by an Egyptian terrorist, Sarif abd al-Rahman Tawfiq al-Madani.

Ethiopia has come under massive pressure, including from Chalker herself, who visited Addis Ababa at the end of July, to join Egypt, Eritrea, and Uganda in the encirclement of Sudan. A donors' conference held in August held out the implicit threat that funds would be withheld from this war-ravaged country, if Ethiopia were not to join the game. Eritrea, which severed relations with Sudan in December, hosted Uganda's Museveni early this month, and has issued new denunciations of Sudan.

For its part, Sudan has reported that the person they are alleged to be harboring is an Ethiopian with an Ethiopian passport, who was smuggled into the country as part of a "sting" operation against Khartoum, and was immediately shown the door out.

But London is insistent that tensions between Egypt and Sudan could erupt into war. In a sabre-rattling display that many believe is directed at his internal, rather than external, enemies, Egyptian President Mubarak stated in an Aug. 24 interview to the London-based *Al-Hayat* daily that he had not ruled out military intervention against Sudan. "All options are open," he said. "If we were forced to resort to the difficult alternative to protect the country, we will carry out any step." Two weeks later, Egypt charged Sudan with seizing a "re-sthouse" in the disputed territory of Halibe.

Although observers of the region do not expect an Egyptian-Sudan war, there is no doubt that the war against Sudan from London is on.

# Chirac takes his policies straight to the French

by EIR's Paris Bureau

French President Jacques Chirac went on national television twice in early September to address French citizens about issues ranging from France's decision to resume nuclear testing and the shift to a military phase in Bosnia, to domestic social problems.

Chirac, who took office last May, has sharply shifted the strategic direction of his predecessor, François Mitterrand. As *EIR* previously reported, his moves to assert national sovereignty have earned a nasty response from the British oligarchy, even including veiled death-threats. Now he appears to be taking a leaf from the book of the Fifth Republic's founder, Charles de Gaulle, whose radio addresses to directly mobilize the French people were famous.

Chirac was interviewed for 50 minutes on Sept. 5 on the national TV channel, France 2; and again for an hour on Sept. 11 by Anne Sinclair, a popular journalist and sympathizer of Socialist leader Lionel Jospin, Chirac's rival in the presidential election last spring.

## Education reforms

In his Sept. 5 interview, he began with the issue which is the most sensitive to the French: the quality of education. The President announced that he was tripling a "back to school" grant to families which helps pay for notebooks, books, pens, clothes, etc. Then he announced measures aimed at improving the equality of opportunity for impoverished students, including State pay incentives for good teachers to teach in the poor suburbs.

He announced that the numbers of students per class will be reduced, and confirmed his government's commitment to measures initiated by François Bayrou, who served in the former Balladur government. Some 100,000 schoolchildren will start learning foreign languages at age 7, which is a far-reaching innovation for the French. For next year, Chirac announced that the musical education programs would be upgraded as well, as part of a program to remedy a national deficiency in foreign languages.

Chirac blamed the media for creating a "psychosis" around terrorism, and praised the national police forces for their efforts to investigate all possible tracks in the wave of lethal bombings that began last June.

Responding to criticism that not enough police efforts were deployed soon enough, Chirac said that, on the contrary, police efforts were increased as the terrorists increased

their own pressure on the State. With the deployment on Sept. 7 of the "Vigipirate" plan, which will allow 4,000 Army troops to relieve police in fixed surveillance posts to allow them to join the field, the police will have been deployed to their full capacity. Chirac acknowledged problems of rivalry that broke out among the different police and intelligence units dealing with the terrorism wave. "We will not win this war against those terrorists unless there is perfect harmony, a perfect coherence of our action," he said. To increase the pressure on the police, Chirac announced that when the war is over he will definitely take into account all the different attitudes which predominated during the war.

## Policy not based on polls

He also announced that the French nuclear tests in Mururoa would be secret and would be filmed by the French Army, which would make the film available to media immediately afterward, in this domain where the greatest "irrationality" and "media campaigns" prevail.

Chirac stated several times during the Sept. 11 interview that he had "neither overestimated, nor underestimated" the response to France's decision to renew nuclear weapons tests, because this was a matter of "the security of France." Adopting a Gaullist-style posture of statesmanship, Chirac affirmed, "This decision could not be taken according to polls or foreign reactions, whether emotional, or nourished by hostility against our country." But he added that France would not use these tests to develop new miniature charges for theater nuclear weapons, which he called "dangerous."

Finally, concerning the Pacific countries attacking France, Chirac said that if need be, France would retaliate. For instance, France could break the contract by which France buys 3% of its uranium needs from Australia. Uranium sales to the French amount for 10% of Australia's exports. In the present contract which goes to the year 2000, the uranium is evaluated at \$40,000 per ton, while present market prices are under \$24,000.

The weakest facet of Chirac's message concerned economic policy. Just before the Sept. 5 interview, Chirac's prime minister, Alain Juppé, had created a massive uproar in the unions by telling them that he was "freezing" increases of civil servants wages in 1996. Chirac justified this choice by France's indebtedness and big public deficit, which are killing the economy by keeping interest rates high. The government chose not to fire civil servants, as the recently dismissed Economics Minister Alain Madelin had demanded, but cannot pay wage hikes because of other "priorities" in the economy, such as helping the unemployed, the homeless, etc. Juppé also announced that he would not be giving the unemployment insurance fund 12 billion francs which had been promised a couple of years ago when the fund was in the red. These issues would create no problem in the context of a plan to relaunch industrial investment. However, at this point, there is no such plan.

# Mladic, Karadzic do not represent the Serbian people

by Umberto Pascali

"The [Radovan] Karadzic regime is one thing and the Serbian people a different one. The majority of the Serbs living in areas controlled by Karadzic do not support him." With a few clear, direct, documented statements, Dr. Mirko Pejanovic, leader of the Bosnian Serbs under the jurisdiction of the Republic of Bosnia-Herzegovina and a member of the Bosnian Presidency, destroys the "big lie." The Pale regime does not represent the Serbs in Bosnia. Actually, the majority of the Serbs in Bosnia are against the Pale regime. The Serbs who are "under Karadzic's control" are kept in that state by a mixture of fear and paranoia, but now the spell is broken.

How, then, was it possible to propagate for four years the "big lie," a lie that gave the genocidalists the status of statesmen, placing them at the same level of the elected representatives of the Bosnian people; a lie that is responsible for the request in the West of a final solution for Bosnia based on ethnic partition? The answer is simple and lies in the propaganda capabilities of the British geopolitical apparatus. This is why, except for *EIR* and a handful of voices, no media disputed that the "Bosnian Serbs" meant Karadzic, and that the British-sponsored genocide was an "ethnic" or "religious" war among those "crazy people down there in the Balkans." One of the pushers of the "big lie" is self-professed British agent Henry Kissinger. Dr. Pejanovic is horrified by Kissinger's call to ethnically partition Bosnia. "It's the worst evil that could happen to our country," he said. "In the last 100 years, others have tried to divide Bosnia. . . . That was one of the characteristics of the colonial powers, all the way to Hitler. Divide and conquer!"

Dr. Pejanovic talked to *EIR* while in Washington. He was a member of a Bosnian delegation that included mostly non-Muslim leaders and four of the ten members of the Bosnian Presidency, who came to stress with their presence that the Bosnian people—Muslim, Croat, and Serb—*reject* any ethnic segregation, the message that Bosnian President Alija Izetbegovic and his cabinet have stressed again and again. Dr. Ivo Komsic, the leader of the Croat National Council, i.e., the leader of the Croatian community, and a member of the Bosnian Presidency, was with Dr. Pejanovic at the Carnegie Endowment in Washington two days after this interview, arguing the same point before a group of high-level policymakers.

Also, Dr. Stjepan Kljuic, a well-respected Croatian lead-

er, and Bosnian Serb Dr. Tatjana Ljubic-Mijatovic, both members of the Presidency, argued that *the Bosnian people do not want partition.*

In the meantime, the Pale regime is collapsing, much faster than expected by the "experts." Ratko Mladic and Karadzic have the strength of gangsters—once they have to fight as real soldiers, they are crushed. So, while the "experts" are asking themselves why the Bosnia-Croat offensive in central Bosnia went so quickly and the alliance now controls more than 60% of Bosnia, Dr. Pejanovic was issuing from Washington "An Appeal to the Serbian People" trapped in the last Karadzic stronghold, Banja Luka. The strategy echoed that illustrated by Foreign Minister Muhamed Sacirbey, who said on Sept. 20: "We are not at war with Banja Luka. . . . We are not at war with the Serbs. We are at war with Mladic's paramilitary terrorist forces, some of which are in the area of Banja Luka. . . . The time has come to deemphasize the military operations and emphasize political dialogue."

Dr. Pejanovic's appeal reads in part: "The tragedy to which the Pale regime has led the Serbian people in Bosnia is clearly shown now. . . . Organize your local authorities. Request urgent talks with the authorities of the republic of Bosnia. . . . Elect delegations of citizens in the city of Banja Luka and other cities for talks with representatives of the government. . . . Express your wish for a peaceful life with your neighbors. . . . Nobody can take away from you your right to a free life and national equality. . . . Remain in your ancestral homes! Show both to yourselves and to your Croat and Bosniak neighbors that it is possible to live in conditions of equal rights for all people who observe the values of modern European civilization."

---

## Interview: Mirko Pejanovic

---

*Dr. Pejanovic is the president of the Serb Civic Council of Bosnia and a member of Bosnia's collective Presidency. He was interviewed on Sept. 19 in Washington by Umberto Pascali. Translation was provided by Malik and Mahir Dzirlo.*

**EIR:** Dr. Pejanovic, in the West, most people do not even

know that there are Bosnian Serbs, actually a majority, who are with the legitimate government of Bosnia. Can you explain the real situation in your country and the history of the Serb Civic Council?

**Pejanovic:** The aggression in Bosnia, the war, divided the Serbian people, demographically and politically, into three groups. Out of 1.3 million Serbs living in Bosnia at the beginning of the aggression, now, after three-and-a-half years, there are 500,000 people in exile, refugees; you can find those people here in the United States, in Europe, and the biggest part in Canada. Those half-million Serbs are the most vital part of the Serbian nation's intellectuals, young people.

The second group are those Serbian people who live in the main urban centers—Zenica, Sarajevo, and Tuzla—and who lived, and have been living during the war, with the rest of the Bosnian population. There are about 150,000 of them. The third group is the population under the terrorist Pale regime, between 500,000 and 600,000. This statistic is precedent to the exodus of the Serbian population from Croatia. Also, 100,000 Serbs died in the war.

The Serbs living in Sarajevo, Tuzla, Zenica, in the areas under Bosnian government control, are the ones who formed the Serb Civic Council. That organization was formed in 1994 in Sarajevo. Before that, there existed already a Citizens Forum, created in June 1992 by Serbs in Sarajevo. In 1994, the first conference of the ethnic Serb citizens living in the Bosnian-held territory took place at the beginning of 1994. There the Serb Civic Council was created. The top 34 Serb intellectuals in the country are part of this organization, including Professor Berberovic and Dr. Bulic.

The Serb Civic Council is a movement of citizens who are fighting against [Radovan] Karadzic's regime of crime and genocide. We are fighting for a multi-ethnic society, not a segregated one.

**EIR:** Not for a Republika Srpska—

**Pejanovic:** No. The second thing we are fighting for, is equality among all the nations—Bosnians, Serbs, and Croats. Then, for parliamentary democracy, a multiparty democracy. Fourth, for human rights, according to all the standards of the European Community. Domestically, we are fighting for a federal system in all Bosnia. From the beginning, the council was against the crimes that were committed by Serbian peoples and by any other peoples. One of the goals was to punish the war criminals, to establish The Hague War Crimes Tribunal. The Serb Civic Council has announced its plan for a Bosnian settlement, and they are announcing it to most of the European countries and now to the United States.

**EIR:** The percentage of the Serbian population under the spell of Karadzic is much smaller than the people in the West think. This is a very important point, because this ignorance is one of the weapons used by those who want an ethnic division of Bosnia.

**Pejanovic:** Yes, that is a problem. The problem was created

especially at the beginning of the war, when Sarajevo was blockaded and besieged, and when Karadzic's propaganda shaped opinion around the world, that all the Serbs were supporting him. But that propaganda was spread, too, by some world media. For example, Karadzic was always saying that the Serbs cannot live with other nationalities. But the fact was, that all the time during the war, Serbs *were living together* with Bosnians. The Serbs were part of the Army. They worked in national institutions, such as newspapers. Among the war heroes, there are Serbs, such as Colonel Petrovic.

Karadzic's propaganda was already proven wrong by the Serb Civic Council. We proclaimed to the world community that *we are Serbs who are not with the aggressors*, and that the total number of the Serbs against the Karadzic regime is *bigger* than the number under his control. The total number of loyal Serbs is 650,000; under Karadzic's regime there are 500,000. And if we put aside for a moment the Pale regime itself, I only want to say that the people under that regime *do not identify with it*. Those people who live in the area under Karadzic's control are *not supporting him*.

There is an independent group of Serbian representatives in Banja Luka [currently under Karadzic's occupation—ed.], and their president is Milorad Dodic, who is against the Karadzic regime. . . . Already seven representatives are with him, and their influence is growing. They want a peaceful solution, and they want the peace proposal to be accepted.

**EIR:** Do you think that, with the Pale regime losing the war, many Serbian groups in Banja Luka and elsewhere, in the territory occupied by Mladic and Karadzic, could establish a relationship with the government in Sarajevo, to arrange reunification?

**Pejanovic:** That regime is on a downward slope. It is being devastated and is going to be destroyed. It has to be destroyed, because it is the only regime in the world based on the concept of ethnic segregation. Under the Pale regime there is no democracy; there is only one man, the President [Karadzic], one TV, one army. There are no parties involved, the regime is based on national hatred. And against that regime there is a democratic front, of people who want to end it. There is a legal government, an army. The world community, the democratic world, is also against the Pale regime. I believe that more and more Serbs under the regime will realize what that regime is leading them toward, and I believe that those Serbian people will see their salvation in the politics of the Serb Civic Council and the independent representatives in Banja Luka. Through that, the trust toward the Bosnian government will be established.

But there are two conditions that need to be addressed. First, that the war be over, that there be no draft. Second, that the Serb Civic Council will be stronger. And, in general, that the role of the democratic parties will grow.

**EIR:** Your description of the situation makes even more absurd the position of the United Nations, of people in Unpro-



*Members of the collective Presidency of the Republic of Bosnia-Herzegovina, during a visit to Washington on Sept. 21. Left to right: Dr. Ivo Komsic, leader of the Croat National Council; Dr. Tatjana Ljujic-Mijatovic, a Serbian; Dr. Mirko Pejanovic, leader of the Serb Civic Council.*

for, of [U.N. Secretary General] Boutros Boutros-Ghali, his envoy Yasushi Akashi, and individuals such as Lord David Owen, Gen. Michael Rose, Gen. Lewis Mackenzie, that Karadzic represents the Serbians in Bosnia.

**Pejanovic:** The problem is that the international community and the world *accepted* the leader of one political party—the party that organized the war, who committed acts of terrorism, forcing people out of their homes, as Karadzic did—as the representative of the Serbian people. Mate Boban [the “Croatian Karadzic”—ed.] also was *accepted* as the Croatian representative. That wasn’t the case with [President Alija] Izetbegovic. He is a Bosnian Muslim, but he is the President of a Presidency in which there are two Serbs, two Croats, and he never discusses topics about Bosnia with anyone, *without the presence of a multi-national, multi-ethnic delegation*. They are always putting him forward as a Muslim. Some governments call our army the “Muslim Army,” even though there are Serbs fighting in it, and we are resisting that.

**EIR:** Henry Kissinger wrote an editorial some days ago, in which he stresses that the only solution in Bosnia is to have a small Muslim state, and then the Serbians should go with Serbia, and the Croats with Croatia. What do you think about this?

**Pejanovic:** That’s Kissinger’s opinion, and that sentence—to divide Bosnia based on ethnic factors—is the worst evil that could happen to the country. That solution would bring more problems in that area, and more conflicts in the Balkans in the next 10 years. A Muslim state is not possible, because its position is between two strong countries which have ambitions to take it. That would bring, in the long run, devastating consequences. The life, the existence of the Bosnian people

would be endangered. The best solution in Bosnia is to be democratic, federal, and united, in which all the nationalities, Serbs, Croats, and Bosnians, would be equal. In the last 100 years, others have also tried to divide Bosnia. They didn’t succeed, the strength of tolerance always prevailed.

**EIR:** It has been British colonial policy to keep the Balkans in that situation, historically.

**Pejanovic:** Yes, that was one of the characteristics of the colonial powers, all the way to Hitler. Divide and conquer.

**EIR:** A few days ago, Sarajevo Radio reported your appeal to the Serbian population in central Bosnia and around Banja Luka, not to leave their homes. You said that the government of Bosnia is committed to defend their lives, their property, as any other citizen of Bosnia. Foreign Minister Muhamed Sacirbey said: We have a problem in Banja Luka with the refugees. We have to find a situation in which we don’t have this exodus, in which the Serbian population does not just leave en masse, as happened in Krajina. How can this be achieved?

**Pejanovic:** That could be achieved by stopping military action. Anything else wouldn’t yield the needed effects. There is a great fear, lack of trust. People have, for more than three-and-a-half years, been conditioned by Pale propaganda. It is very hard to overcome that fear. We have to break that reaction.

One solution is to stop the military advance on Banja Luka, and accelerate the peace proposal. The bigger exodus of Serbs from Bosnia, means that there is no longer a Bosnia-Herzegovina, because Bosnia-Herzegovina is a country of three peoples. That would be a terrible shock for the stability



of a country where more than 33% are Serbs. The goal is to stop the war.

**EIR:** Do you think that if the war is ended in Bosnia, the genocide, that the days of [Serbia President Slobodan] Milosevic are numbered?

**Pejanovic:** It's hard to make a prediction. Milosevic has shown his ability as a great master of power, of ruling the country, and now he is presented as the biggest peacemaker. His position will become weaker and weaker, but he will stay around for a long time. But Karadzic and Mladic will not be there. That's what Milosevic is a master of—he will make other people pay for the crimes, but he will stay.

**EIR:** Is there a possibility that those people who had to leave Serbia, these intellectuals, and so on, will come back, to create a real opposition?

**Pejanovic:** Many intellectuals and youth have left Serbia, and I know that they want to come back. But one of the conditions is democracy. I do believe that democracy will have come soon. The Serbian people want to be a European people, and they cannot make progress if they do not integrate themselves into European life. That, first of all, means democracy. I would like to underline that I believe that the American administration knows and understands what is going on, and also does understand that the Serbian people should be distinguished from a regime which is based on ethnic segregation. It is very good that the new American initiative is very strong, and it aims at peace in all ex-Yugoslavia.

**EIR:** Were you satisfied with the discussions you had in Washington?

**Pejanovic:** Yes, they were very successful. We spoke with Deputy Secretary of State Peter Tarnoff, with National Security Council Adviser Anthony Lake. We will have meetings with Sen. Robert Dole. Tonight there is a meeting with the Support Bosnia Committee. We will meet with many congressmen and many organizations friendly toward Bosnia.

**EIR:** Do you think there is any chance to lift the arms embargo?

**Pejanovic:** If there is peace, then the embargo will be lifted. But if peace is not accepted, then the lifting of the embargo will be a very obvious fact.

**EIR:** This mission that you are part of now, includes Serbian Bosnians, and Croatian Bosnians, such as Dr. Ivo Komsic, leader of the Croat National Council, Dr. Tatjana Lujic-Mijatovic, Dr. Stjepan Kljuic, all of them members of the Presidency. This alone already shows that Bosnia can exist in a multi-ethnic dimension.

**Pejanovic:** Not only that it exists, but we want the international community to accept and support this. This is what we want. This is the goal of our mission.

---

## Interview: Dr. Josef Miklosko

---

# We must obey the encyclicals, not the policies of the IMF

*Dr. Miklosko is former vice prime minister of post-communist Czecho-Slovakia. He was interviewed in Leesburg, Virginia by Nina Ogden on Sept. 12.*

**EIR:** Dr. Miklosko, you have been in the United States for about two weeks. You were an observer at the independent hearings on misconduct by the U.S. Department of Justice, and also held a series of public and private meetings during your visit. You have a great deal of experience in the areas of government and human rights. Please tell us who you are and also about this experience.

**Dr. Miklosko:** I was, for 27 years, a researcher in computer science and in mathematics. I published about 100 papers and five books on these subjects. After the revolution, I was elected a member of the Slovak Parliament, and then immediately I was named by President Vaclav Havel as the Vice Prime Minister for Human Rights for the federal government of Czecho-Slovakia. I was in office two years (1990-92).

I am a member of the Christian Democratic Movement in Slovakia. In 1992, we came into the government as the opposition party, and then I was elected to the federal Parliament in Prague. I was there six months, and then, after the splitting of Czecho-Slovakia into separate states—the Czech Republic and the Slovak Republic—in January 1993, I worked in Bratislava, the capital of Slovakia, first, for two years as an adviser to the President of the Slovak Republic. Now I am a member of the city parliament, vice chairman of the Helsinki Commission for Human Rights, and secretary of the Justice and Peace Commission.

A few months ago, I published a funny autobiographical book about my youth, named *Top Secret: When We Were Young*, and more than 8,000 copies have been sold. Now I am preparing a book, *Top Secret: When We Were Free*, about the last five years in politics, after the fall of the Iron Curtain.

I am chairman of the foundation "We Belong Together," which has projects for children, youth, and families, and some months ago, I was named chairman of the Schiller Foundation for Protection of Human Life, Education, Culture, and Human Rights.

**EIR:** Can you tell us about the plans of the Schiller Foundation in Slovakia?



*Dr. Josef Miklosko (at podium) addresses the Schiller Institute-ICLC conference in Vienna, Virginia on Sept. 2, which was keynoted by Lyndon LaRouche (right).*

**Dr. Miklosko:** All the topics which are the responsibility of the Schiller Foundation are very important for Slovakia. We are organizing lectures, conferences and seminars, and cultural events and campaigns for the protection of life. We will publish information about our activities and the activities of the Schiller Institute all over the world. And, of course, about articles, projects, and “heavy ideas” suggested by Lyndon LaRouche and his collaborators.

On Sept. 19-23, we will organize a master class at the Beethoven House in Dolna Krupa in Slovakia—this is the location where Beethoven composed the “Moonlight Sonata”—in which the first violinist of the former Amadeus Quartet, Norbert Brainin, will train three young quartets—Slovak, Moravian, and Hungarian—in the last Beethoven quartets. This will be filmed by three television cameras for master class instruction for the future.

We will try to organize in Slovakia many classes in the future for young artists all over the world, especially throughout eastern Europe. On Sept. 23, we will hold a public concert in Bratislava, where Norbert Brainin and [German pianist] Günter Ludwig will play Beethoven, Mozart, and Brahms.

**EIR:** In the last week or so, you spoke at public meetings of the Schiller Institute in New Jersey, Maryland, and Pennsylvania. There was a very enthusiastic response with many questions. In Philadelphia, you had so many people asking questions and following you out of the door of the meeting hall, that we would have missed our train if you had answered them all. People were very interested in what you said about Slovakia and eastern Europe.

**Dr. Miklosko:** I was very surprised at the many interesting questions on many topics. I told these people that we are now free—but not forever, because totalitarianism can always

come to us if we should not fight every day for freedom and democracy. The illusion that everything will be so quickly changed by the “Velvet Revolution,” without hard work, and also that we would also be as united as we were in the time of this revolution—this illusion is now facing us.

We have many problems now—economic, political, and moral—but we know that the future is in our hands, and that the free-market economy and shock therapy of the International Monetary Fund brought to our country many social problems.

Some people now say, that in totalitarian times, it was better than now. But in that time, we were really in a zoo. We had cheap food and small flats, but we were in a cage without freedom.

Today there is a danger that the communists will come back. They are often in nationalistic clothes, which is their last chance. They have started to have too much economic power in our country, and it is really dangerous.

The moral crisis, consumerism, materialism, and the counterculture coming to us, destroy our youth and families. The Catholic Church should be the most important force against these things. We should take the church’s lessons from the cathedrals, and make them the political agenda of the people. We must obey the social encyclicals rather than the conditionalities of the IMF, which cannot solve any of today’s problems.

**EIR:** The pope’s recent visit was a joyous occasion for your country. Can you tell us about it?

**Dr. Miklosko:** The pope’s first visit was five years ago, just after the Velvet Revolution, and it was a big, enthusiastic event. The church had been under attack for 40 years. In two days in 1950, over 900 monasteries, missions, and cloisters were closed down, many burned and otherwise destroyed.

Over 15,000 monks and nuns were sent to jail or hard-labor concentration camps. We could only train 30 new priests per year, and they had to be okayed by the government. Some of them were even Secret Service (STB) plants. Especially in the cities, if you were a state employee, such as a teacher or a bureaucrat, and you were seen at mass, you would be fired or demoted, or in some way slandered or harassed.

So we began to organize the underground churches, and for 40 years, hundreds of thousands of people met like this: The children would have groups with prayers and games and field trips. The parents, students, and families would meet every other Friday night from 8 p.m. to midnight. We would have prayers, some music, some refreshment, and someone would present a topic, which could be moral, cultural, or political. Now, we still have this structure. In the last year, 900 young men, who were brought up under the communists, have entered the seminaries to become priests. This is more than all the rest of Europe combined! So this is really a wonder, a miracle. We also have 2,000 young women who have taken their vows to become religious sisters.

So we have this situation, but also since the first days of the revolution, many things have changed in the eastern countries and in Slovakia. We've had splitting into many political streams, which fight each against the other. When the pope came this year, Slovakia was again, for those four days, united, without conflict and political turbulence. Two million people, more than one-third of the people of Slovakia, attended the pope's meetings, especially with the youth in Nitra, with 400,000 people. This is the town where I was born, and where St. Cyril and St. Methodius came 1,100 years ago. It was fantastic!

I think that, after such big messages from the pope, and with the coming of the Jubilee, the Third Millennium, the only way for the Slovaks, eastern Europe, and all the world, is to go back to the roots, back to Christian religious morality. If God does not exist, then everything is allowed; but we know that God does exist, and therefore He must be in the first place in our lives and we must live Evangelium in every moment of every day, and also give this good message farther, to other people. God has only our hands, and if we should not use them for His purposes, then the world will go through a really big crisis and terrible situations.

**EIR:** I'd like to ask you about your views of the West, in a particular context. We had the great fortune to make a discovery when we went to Philadelphia and saw the original Liberty Bell.

**Dr. Miklosko:** It really was your discovery.

**EIR:** It was your discovery.

**Dr. Miklosko:** It was our mutual discovery.

On the Liberty Bell is written "Leviticus XXV:X Proclaim liberty throughout the land and unto all the inhabitants thereof." This is the proclamation of the Jubilee which the

pope also quoted in his encyclical *On the Third Millennium*. Therefore, these two things, freedom and independence for the United States 200 years ago, and the Jubilee and Third Millennium for all mankind, have a great symbolic meaning.

The countries in the West have a high standard of living, but not for all. There are too many poor in the West. There are too many useless goods, and too much garbage, but also too much primitive culture and violence, and many other problems. Now we see, that the wall which was the reason for 1989, is again growing. It's the wall between the rich and poor people and countries.

Maybe I could go back to the Liberty Bell. I think the suggestion by the pope to cancel all the debt for the Jubilee is a very important idea, which can again unite people all over the world. The pope criticized many times, not just eastern materialism and collectivism, but also western individualism and capitalism, which also in the end is materialistic. In 1989, there was big hope that the situation could be changed, the West and East could work together on some Marshall Plan economics, but it was not the case. This chance has gone away, and will not come again. Now we see the crisis has become more complicated. The fall of the Wall was a shock for the East, who were not prepared, and also for the West, which suddenly had no enemy; no bad example of communism, and fear of economic competition in the future.

**EIR:** You have had, on this trip, a few occasions to have in-depth discussions with Lyndon LaRouche, and you have been following his program for a few years now.

**Dr. Miklosko:** Yes, I have followed his case for more than five years, and I'm persuaded that this case had too many irregularities, and that LaRouche and his associates were convicted for political reasons. I visited all five prisoners in the prisons [in Virginia], and discussed with them many ideas. I saw that they are all modest, cultural, and clever people who believe in God. They work in their prisons, doing scientific research, and I admire them for their attitude toward ideas.

I've evaluated very much LaRouche's projects for East and West, and Asia and Africa. I admire also the attitude of the Schiller Institute on the [1994 U.N.] Cairo Conference, where the United Nations wanted to be as a world government against life and population. I think that Lyndon LaRouche is the generator of new, very important, so-called "heavy ideas," which can bring many jobs all over the world, and which really is the economic alternative, not only for the United States, but for the whole world.

I am persuaded that a crucial turning point is coming to mankind, and almost nobody is prepared for what must be done. A big crisis is coming, and LaRouche has been speaking about it for many years. His ideas for the future are good and necessary ideas. He is a protector of Christian civilization, a Renaissance person with much historical, theological, economic, mathematical, and also even musical knowledge, and my discussions with him are always a big pleasure.

# Sweden's election a blow to Maastricht

by Lotta-Stina Thronell

Pandemonium broke out among professional politicians and political experts after the low participation in the elections for the European Parliament on Sept. 17. Only 41% of the voters cast their votes, compared to the normal almost 90% participation. Of the 41%, many were protest voters, who opted for either the Green party or the old "soft" communist party, now called the Left party. All the media were talking about the low turnout as "a shame" for the nation, "a catastrophe for democracy." But the results reflected the distrust toward the traditional parties, and more so toward the European Union (EU), and especially the European Monetary Union (EMU).

The supranationalists in the establishment are still ignoring the problems with creating a common European currency. The Green party, the biggest winner in the elections to the European Parliament, which moved from 5% in the national elections last fall to over 17% on Sept. 17, attracted equal numbers of protest voters from the Social Democratic and non-socialist camps because of its anti-EU policy. The party demands that Sweden leave the EU through a referendum.

The Left party, which grew from 6.2% last fall to 12.9% this year, also demands that Sweden leave the EU. Many left-wing Social Democrats voted for the Left party in disgust over its own party's inability to state a clear policy for or against the EMU. The third voice demanding a referendum on participation in the EMU, the non-socialist Center party, got 7.2%, compared to 7.7% last year.

## The Social Democrats are in crisis

The Social Democratic Party is in an existential crisis. It is believed that a majority of the social democratic voters today are against Swedish participation in the EMU, despite the fact that Social Democratic Finance Minister Göran Persson is in favor of it.

The resignation of Social Democratic Prime Minister Ingvar Carlsson before the elections didn't help the party's chances, although some voters might have voted for the party out of "sympathy" for an obviously "tired" Carlsson. In the national elections last fall, the Social Democrats got 45.5% of over 2.5 million votes. Now, in the European Parliament elections, the party took 28.1% of 745,268 votes. The question of who is going to replace Carlsson has already created a lot of controversy. Immediately after the elections, one of the mooted candidates, Jan Nygren, representing a more

"moderate" influence from the trade unions, not a fanatic greenie, withdrew in favor of Deputy Prime Minister Mona Sahlin. Women and younger voters seem to prefer Sahlin, Nygren stated. Sahlin immediately announced her willingness to pick up the post after Carlsson.

A wave of protests against "the dictatorial party board" of the Social Democrats over the Sahlin affair broke out in regional Social Democratic newspapers and among trade unionists. Already before that, various voices, especially from the trade unions, were threatening that the "the party might split now," as a regional leader of the national trade union LO stated in the Sept. 19 *Dagens Nyheter*.

Even the predominantly pro-EU and pro-EMU party, the conservative Moderate party of U.N. "peace" negotiator Carl Bildt, has been severely shaken by the anti-EU sentiment. The party scored 23.1%, compared to 22.4% in last year's national elections, but almost 27% of its voters, according to polls, are now negative toward the EU and the EMU. Keep in mind that Bildt and Carlsson are working in tandem for supranational solutions, both for increased power to the U.N. and its ambitions to become a "one-world government," and for the monetarist order for Europe struck at the Maastricht EU meeting in 1991.

One of the new Moderate party members of the European Parliament is Staffan Burenstam-Linder, the dean of the Stockholm School of Economics and a follower of shock therapy and monetarist looting policies for the East. In July 1994, the school opened in Riga, Latvia, in a building provided by the Latvian State and rebuilt with funding from the Swedish State and the George Soros Foundation.

The Liberal party, led by Maria Leissner, got 4.8%, compared to 7.2% in the national elections last year. The party and its chairman declared its support for the EU and the EMU in the election campaign.

So far, commentators have missed the point on the low voter turnout. The biggest group of "protest voters" was those who chose *not to vote*. The 41% turnout contrasts with the 86% who voted one year ago. Of those participating, nearly a majority chose to vote against, above all, the EMU.

Since Sweden joined the EU, food prices have gone up sharply, the consumer paying as much as 40% more for vegetables such as tomatoes and bananas. The reaction to the lower standard of living has been to oppose supranational solutions, such as Maastricht and the EMU. The emotional support for national sovereignty against supranational, utopian solutions, above all indicated by the "silent" protest of all those citizens who did not vote, parallels the anti-Maastricht sentiment signalled by voters in Denmark, France, and Norway in past years.

The oligarchical elite got very little support from the population for supranational solutions, but a political vacuum which their red-green Frankenstein's monster has started to fill. At this moment, Carlsson and Bildt should know: "As ye sow, so shall ye reap."

# International Intelligence

## ***Is Greenpeace planning an internal purge?***

The lead article of the London *Guardian* on Sept. 14, was entitled "Fury as Greens Admit Fiasco." Greenpeace, wrote Paul Brown from Papeete, Tahiti, regards its operations in Mururoa, against the French nuclear tests, as a "campaign disaster," since the *MV Greenpeace* ship was seized, in a way that neutralized the group's maneuverability, for stopping the nuclear tests. A senior Greenpeace source insisted that its activists in that theater, will now face the equivalent of a "court martial, for disobeying orders and putting the whole mission in jeopardy."

*MV Greenpeace*, Brown notes, "was vital to a number of planned clandestine operations against the French. These missions, and the people involved in them, were put at much greater risk, by the loss of the ship." It was nabbed by the French when its helicopter flew repeatedly into the 12-mile exclusion zone around the Mururoa Atoll. This seizure badly undermined "the largest campaign in Greenpeace's history," Greenpeace executives are charging. "Months of planning and millions of pounds of investment were lost in a single day, when *MV Greenpeace* was seized."

Brown wrote that there had been "tensions in the organization" before the September operation.

## ***Brazil builds up ties to Israel***

Brazil is building up ties with Israel, a shift in policy from the past two decades, when relations between Israel and Brazil were tense, because of Brazil's strong ties with the Arab nations. In August, Army Minister Gen. Zenildo de Lucena paid an eight-day visit to Israel, meeting Israeli Prime Minister Yitzhak Rabin and Defense Minister General Ivri, and visiting six Israeli arms industries. (Officials denied that any arms sales were planned.) Israel is interested in having the Brazilian Army involved in

fighting Arab terrorism in South America, according to *Correio Brasiliense* of Aug. 21.

That was followed by a visit by Brazilian Foreign Minister Luis Lampreia, the first visit to Israel by a Brazilian foreign minister in 22 years. Lampreia met with Rabin, and delivered an invitation from President Fernando Henrique Cardoso for Rabin to visit Brazil. Lampreia told the press that "the Israelis carry great weight" internationally, which could help Brazil's campaign to win a permanent seat on the U.N. Security Council.

*O Estado de São Paulo* of Aug. 29 reported that Brazil wishes to import "the Israeli miracle," which made its desert bloom, to Brazil's drought-stricken northeast.

## ***DPP leader calls for 'independent' Taiwan***

Shih Ming-teh, chairman of the Democratic Progress Party of Taiwan and a professed admirer of Tibet's Dalai Lama, said Taiwan should become a sovereign state free from "slavery" to mainland China.

He made his statements, which serve British plans for the breakup of China, when he appeared as the Morning Newsmaker at the National Press Club in Washington, D.C. on Sept. 14.

Shih claimed not to be worried about Chinese military exercises off the coast of Taiwan. He said China has never fought a naval war before and can't walk to Taiwan.

## ***U.N. official frets over 'populism' in Haiti***

"Populist" phrases such as "economic and social justice" are a threat to stability in Haiti, according to United Nations official Maj. John Shissler. In a memo discussing "populist" vs. "prudent" economic policy, Shissler argues that popular opposition to privatization of State-run industries, and demands for higher wages and price controls, are placing increasing pressure on the government of Jean-Bertrand Aristide. If

the government gives in to these demands, Shissler warns, this would pose a security threat to international forces in Haiti, and will also scare off potential investors and damage the economy. Should Aristide try to stay in power beyond the end of his current term, this would also constitute a "red flag to the international community," Shissler warns.

Shissler's report, a six-page "threat estimate," was issued in the midst of a public debate over economic policies dictated by the World Bank and International Monetary Fund, according to wire reports. The U.S.-installed pro-terrorist President Aristide has no problem applying these free-market policies, but the U.N. is concerned that growing popular opposition could force the government to abandon them. The U.N. memo is alarmed that street demonstrations, "with economic themes," have been growing in number over the past six months, and might lead to violence.

## ***Arrest in Honduras ties Zapatista arms to Europe***

A Sept. 18 article in the Roman daily *La Repubblica*, entitled "Arms to the Zapatistas—Florentine Professor Arrested in Mexico," reports on the arrest of one Andrea Gorini, 49, of Florence, an agronomist and professor at the Faculty of Physics of Florence, who was arrested by the Honduran border police and charged with arms trafficking. In 1989, Gorini lived in Nicaragua and was involved in "Migrati," a project financed by the Italian Foreign Ministry and carried out by Project and Development, a non-governmental organization of the CGIL, the largest Italian labor confederation.

In Florence, Italian police found documents in Italian and Spanish, as well as cassettes commenting on the political and social situation in Central America, and especially leaflets on guerrilla warfare techniques, use of explosives and armed conflict, and lists with addresses and telephone numbers.

Gorini could have been used as mediator

## Briefly

● **BOUTROS-GHALI'S** military adviser, Canadian Gen. Maurice Baril, has been appointed commander of the Canadian Army, the Canadian press reported Sept. 9. He spent the last three years as the U.N. secretary general's top military aide.

● **NICARAGUAN** Catholics marched in Managua on Sept. 9-10 to protest the bombings of 14 Nicaraguan churches since May, and death threats against Nicaraguan Cardinal Miguel Obando y Bravo. Among the 10,000 marchers was Nicaraguan President Violeta Chamorro.

● **THE QE2**, the British ocean liner, having sailed into the teeth of Hurricane Luis, was hit by a "freak" 95-foot wave which carried "hundreds of thousands of tons" of water. The incident occurred on Sept. 11, not far from where the unsinkable *Titanic* struck an iceberg and sank in 1912.

● **JACQUES CHIRAC**, the President of France, will be crossing the Atlantic twice before the end of the year. On Oct. 22, he will attend the 50th anniversary of the founding of the U.N. in New York. On Nov. 3, he will make a state visit, invited by President Clinton.

● **POPE JOHN PAUL II** arrived in Cameroon on Sept. 14 at the start of a week-long Africa tour which also took him to South Africa and Kenya. This was the pope's 11th visit to Africa. Nearly 100 million of Africa's 700 million population are Catholics.

● **THE WORLD WIDE** Fund for Nature (WWF) held a press conference in London Sept. 13 announcing their "save the tiger" campaign will now target Indochina's tigers in Vietnam, Laos, and Cambodia. In a particularly warped view of history, Vietnamese conservationist Vo Quy told reporters the tiger is still paying the price of the Vietnam war, when half the forest habitat was lost to bombs, napalm, and herbicides, and the countryside remains peppered with unexploded materiel.

in arms delivery to hot spots in Central America. He was arrested with a Mexican, 28-year-old Silvia Saucedo. Among the arms he carried were 30 Kalashnikovs, four Uzi machine guns, a grenade launcher with 13 grenades, and 30 electronic detonators. The hypothesis being investigated is whether these arms were directed to the Zapatista guerrillas.

### **Slovakian Christian Democrat beaten**

Frantisek Miklosko, the number-two man in the Slovakian Christian Democratic Party, has charged that he was beaten by hired thugs. This incident followed the recent kidnap of the son of Slovakian President Kovac. Initial reports are linking these brutal incidents to the fact that Kovac, Miklosko, and their collaborators are the biggest opponents inside Slovakia of Prime Minister Meciar, who is playing the "nationalist" card to promote his fortunes.

Interviewed by BBC on Sept. 14, Slovak Christian Democratic Party head Jan Carnogursky stopped one step short of formally blaming Meciar for these events, but strongly indicated, in response to questions, that he held Meciar responsible. Miklosko's brother, Dr. Josef Miklosko, has just completed a tour of the United States (see interview, p. 46).

### **LaRouche slanderers to be indicted in Spain**

The two Spanish journalists who slandered Lyndon LaRouche and an associate of LaRouche's, Herbert Quinde, are to be indicted, according to *El Mundo* of Sept. 14. After 17 months of investigation, instructing magistrate Miguel Fernández de Marcos has demanded that Antonio Rubio and Manuel Cerdán post a bond of 45 million pesetas each to remain at liberty.

Three civil governors and a delegate of the government (high-ranking officials responsible for security) in the Basque Provinces, Daniel Vega, José Antonio Aguiria-

no, Cesar Milano, and José María Gurruchaga, had demanded the indictment when the two journalists wrote that the officials had received funds for their personal use from the Interior Ministry's "reserved fund."

The extent to which the two journalists are introduced into the intelligence community, is shown by the evidence they presented in their defense: They had actually met with Roldán, the fugitive head of the Civil Guard, in Paris just after he fled Spain. He gave them a letter which he had written to the prime minister of Spain, concerning the funds paid to the officials. He also allowed himself to be interviewed by them and made statements implicating the officials.

Rubio and Cerdán are appealing the decision, and have said they will go right up to the Constitutional Court.

### **Australian Turkish paper features LaRouche**

In September, Australia's largest-circulation Turkish-language paper, *Gunes*, exposed the myth of invincibility of the Bosnian rebel Serbs. Author Con Michael elaborated on the issues affecting the Balkans, acknowledging the crucial role that was played by "American economist Lyndon LaRouche, his wife Helga, and the LaRouche movement internationally, [who] have been in the forefront of efforts to stop the genocide and to bring its British authors to account."

The author gave a succinct history of the Balkans genocide, implicating George Bush, Margaret Thatcher, and British intelligence MI-6 in organizing the conflict.

*Gunes* also reprinted a translation of the article "The Berlin-Baghdad Railroad, Britain, Serbia and World War I," by Umberto Pascali, which appeared in the U.S. newspaper *New Federalist*, which is close to LaRouche. *Gunes*, based in Melbourne, is financed by a multicultural grant and is sometimes used by the World Jewish Congress in Australia, whose leaders are very hostile to LaRouche.

## GOP 'Shays' Rebellion' courts Treasury default

by Webster G. Tarpley and Carl Osgood

As summer turned into autumn along the Potomac, it became clear that the unthinkable was indeed occurring: Cliques of madmen within the Republican leadership of Congress were threatening to drive the country into default and bankruptcy during the next 30-40 days in order to blackmail the Clinton White House into capitulation to their plan to loot and gut Medicare, Medicaid, welfare, and farm and student entitlements. The glint of fanaticism was in their eyes, from Speaker of the House Newt Gingrich (Ga.) and Senate Budget Committee Chairman Pete Domenici (N.M.) to the 154 House Republican signers of the new "Shays' Rebellion" manifesto, a bid to end U.S. public credit. Republican members of Senate and House have made public statements which amount to virtual acts of treason and violations of their oaths to support the U.S. Constitution. If the U.S. government is crippled by default, or if the Presidency is weakened by extortion, the only winners are the London oligarchy that owns Newt and Co. to begin with.

Gingrich's threat of Treasury default came at a meeting of government bond dealers. "I, the Speaker, will not schedule" even a vote on increasing the debt ceiling if Clinton rejects the GOP's budget diktat; "it will not come to the floor until we have an agreement. . . . I don't care what the price is. I don't care if we have no executive offices and no bonds for 60 days—not this time. . . . What we are saying to Clinton is: 'Do not assume that we will flinch, because we won't.' "

Treasury Secretary Robert Rubin replied that Clinton "won't be blackmailed." He warned against default and the danger that "even the appearance of a risk of default" would pose to "a sovereign country's creditworthiness." The same day, the dollar was routed by about 5% across the board.

The stage had been set for Newt's fascist delirium at a

hearing on Sept. 19 of the Senate-House Joint Economic Committee which heard testimony from Alice Rivlin, the director of the Office of Management and Budget. The meeting was chaired by Domenici and by a manic Rep. John Kasich (R-Ohio). Rivlin had come to mouth some standard warnings about the inadvisability of shutting down large parts of the federal government at the beginning of the new fiscal year on Oct. 1, which is what will happen if all 13 appropriations bills have not been approved—unless Clinton and Congress can agree to a Continuing Resolution to tide the government over until agreement can be reached.

Rivlin also sensibly recommended that the Congress make sure that the Treasury not be forced into an historically unprecedented default on interest and principal payments on the U.S. public debt, which would result from a refusal by Congress to raise the current ceiling on Treasury borrowing before the current upper limit of \$4.9 trillion is reached, an event that Rivlin now expects to occur "at the end of October." Rivlin's advice was, "We must not play games with America's financial integrity. . . . It would be a disaster if we defaulted on our debt"—the traditional view of any government official of either party. Rivlin asked the Congress to pass an immediate clean bill setting the debt ceiling at \$5.5 trillion, as Treasury Secretary Rubin has requested. There were no GOP takers. The Republicans want to attach the debt ceiling increase to the reconciliation bill, the vehicle for the GOP's planned rape of the entitlements mentioned above. Rep. Martin Sabo (R-Minn.) rightly called this tactic "a game of chicken."

Rivlin noted that the committee had asked her to comment on the issue of "a potential hiatus"—Newtspeak for a U.S. national bankruptcy. Domenici responded that his



reading of the “market and interest rates on U.S. Treasury bills” was that the markets wanted Congress to “dramatically reduce entitlement growth” to balance the budget. If the Congress were to “give in to the administration” on cutting “mandatory entitlement programs,” Domenici opined, “I believe the impact on Treasury bills will be worse than if we have a 40- or 50-day hiatus, at which time about \$30 billion worth of the bonds would be in jeopardy. And that’s about all, \$31 or \$32 billion in the first 30 to 35 days.”

Use Treasury default and possible national bankruptcy as a vehicle to manage the budget? More than one C-span viewer must have wondered uneasily whether that meant savings bonds, too. But Domenici was in earnest. He had even received advice from market insiders: “Now, I didn’t dream this up. I went out and talked to a bunch of people that work in this area. I had 10 of them last night in a room and they actually said, ‘We’re not at all sure that there will be a black mark on T-bills if, in fact, we don’t do anything for a while, and we’re certain it won’t be as black and as bleak on the cost of T-bills in the future as it will be if we don’t solve the ever-growing problem of mandatory expenditures.’ ”

If the essence of winning a chicken game is to convince your opponent that you are insane and will not turn away from a head-on collision, the GOP are qualified players. Worse is the feeling that they believe their own arguments. In any case, Gingrich and Domenici are important enough so that their words, with the world financial system poised on the edge of collapse, could easily detonate panic selling of U.S. dollars and U.S. government securities, both at home and especially abroad. As for Domenici’s 10-person camarilla, it adds up to sedition.

Domenici later borrowed a minute of time from another congressman to sheepishly stipulate that he did not want to default on T-bills after all. Maybe some of Domenici’s staff were still long on government paper. In any case, Domenici’s ravings were soon trumped by Rep. Christopher Shays (R-Conn.), a guiding light of the 154 GOP House members on record for keeping the \$4.9 trillion debt limit unless the United States is locked onto a trajectory toward a balanced budget by 2002 or sooner. Shays articulated his creed: “If Newt Gingrich got down on bended knee and asked me to vote for the debt ceiling, I would tell him, ‘no way.’ I will not vote to increase the debt ceiling until this President weighs in on a balanced budget amendment in seven years. . . . But under no circumstances, even at risk of recall, would I vote to increase the debt ceiling.” What Shays appears to really want is a balanced budget so fast that no increase in the debt ceiling will be needed. There is a strong millenarian “end-time” flavor here, with borrowing as original sin and the balanced budget as the promised New Jerusalem. The criminal insanity of the balanced budget amendment has been stopped for the moment, but the “154 tyrants” want to get the same results with national default. This apocalyptic mentality was pointed up by Shays’s co-signer Rep. John Shadegg (R-Ariz.), who

also wanted the government to get along on current cash-flow, with no increase in debt. “Why is it we cannot balance the budget in one year?” Shadegg asked.

## Shays’ Rebellion

In 1786, mobs from the western counties of Massachusetts launched an armed rebellion around the issues of debt and taxation. This was the period of the Articles of Confederation, and of the free-trade regime foisted on America by Lord Shelburne. The leader of the insurrection was one Daniel Shays, a former Army captain. An attempt by the rebels to capture the arsenal at Springfield was repulsed by grape-shot, and eventually an expanded Massachusetts militia was able to restore order. Shays’ Rebellion was a British destabilization of the new republic. Among other things, it proved the inadequacy of the Articles of Confederation regime, since the central government showed itself wholly impotent in the crisis. The new Shays’ Rebellion is a British design to render impotent the U.S. federal government today.

As of Sept. 18, the U.S. public debt stood at \$4.873 trillion, leaving a slim margin of \$27 billion. According to Rubin, if the ceiling is not raised, the crunch will come in early November, when the Treasury must pay on Nov. 1 about \$9 billion in veterans’, military, and civil service retirement benefits, Medicare, and active duty military pay. On Nov. 3, some \$16.5 billion of Social Security funds must go out, followed by benefit checks of \$8.5 billion over the following few days. On Nov. 15, the Treasury must meet public debt interest payments of \$25 billion. These payments are in addition to \$4-6 billion the Treasury spends each day for pay to federal employees, defense contracts, grants to states and localities, and Medicare. The Treasury normally takes in \$3-4 billion per day in withholding taxes. If borrowing were impossible, the Treasury would begin to “disinvest,” or drain trust funds like Social Security, to keep going, but this could not last long.

## ‘A bunch of fascists’

On related fronts, the GOP has still not unveiled the detailed infamy of its proposed Medicare cuts, which it still wants to bootleg through with only one day of hearings. This high-handed dictatorship of House Ways and Means Chairman Bill Archer (R-Tex.) occasioned the comment of Rep. Sam Gibbons (D-Fla.) that the Republicans were “a bunch of fascists.”

Democratic presidential candidate Lyndon LaRouche has challenged the GOP to face up to the crisis by raising the capital gains tax to the 80-90% level for the duration of the crisis, possibly supplemented by a special surtax on derivatives speculation of 5% extra. This could be called the “Yuppie tax.” The only exceptions would be established by an investment tax credit for those investing in real production, job creation, new technology, machinery, health service delivery, and the like.

# Sinn Fein leader in U.S. to promote peace

by William Jones

Sinn Fein leader Gerry Adams warned that the mood in Ireland is growing less and less hopeful, as promised peace talks are moving nowhere fast, in a speech at Georgetown University on Sept. 14. Adams was in Washington for meetings with Clinton administration officials, in an effort to revive the flagging peace talks. "The optimism that was there one year ago has made way for, I won't say dismay, but at least disappointment," he said. "One would have thought 13 months would have been enough, but we haven't even started talking properly."

Adams explained that although there had been no hostilities during the last period, the British Army remains in Northern Ireland and Irish republican prisoners remain in the same miserable conditions in prison. In addition, he added, "the permanent state of emergency that has been in effect for 70 years was renewed in the last six months." Sinn Fein is calling for "fundamental change," Adams said. "We need total demilitarization," he insisted, i.e., the British Army should start leaving and the Unionists should also be disarmed. "The British establishment wants a settlement, but on their own terms. They want now to lower expectations and reduce the gains."

Ireland's Prime Minister John Bruton abruptly cancelled a crucial meeting set for Sept. 6 with British Prime Minister John Major, because of difficulties over a formula for all-party peace talks and the disarming of Irish Republican Army. Both sides agree that all-party talks should be held, involving representatives of the IRA and pro-British Protestant guerrillas. But Britain says that the IRA must hand in its weapons first. However, the IRA is not prepared to disarm unilaterally. "We need total demilitarization," Adams said. "There must be a release of prisoners, decommissioning of all weapons, an end to discrimination."

Intensive negotiations are ongoing with the White House, which has played a decisive role in setting the Irish peace process into motion. On Sept. 7, Britain sent a senior Northern Ireland minister, Michael Ancram, to spell out its side of the dispute to U.S. officials. Ancram said that Britain was anxious to ensure that the Clinton administration knew London's version of how the peace talks fell apart at the last minute. On Sept. 5, Sinn Fein chief strategist Martin McGuinness, who has held a series of preliminary talks with Ancram, began a five-day trip to the United States, to lobby support for Sinn Fein's policy of a united Ireland.

Adams stressed that the real problem in Ireland was not

the Irish parties, but the British. He noted that while there were still many Irish republicans in British prisons, there were no British soldiers in prison, despite the fact that there have been over 400 civilians killed by British forces. In fact, the only British soldier to have been imprisoned for murdering a civilian has since been released and returned to his unit. "I would like to see the British leave and Ireland reunited," Adams said, "but I prefer to argue for a negotiated agreement on the things we agree upon."

## An agreement is possible

At Georgetown, Adams expressed optimism about being able to reach an agreement with the Unionists. "The Unionists are only loyal to the Union because they see it as securing the status quo," he said. "This is not a religious conflict. . . . The Unionist faction has to be a part of the process. We should bank on accommodation in order to bring both of the factions home."

Adams related how the Irish republicans had been inspired during the 1960s by the civil rights struggle in the United States. "One man—one vote. This is what we were calling for. Now we must have a healing process, a system based on equality," he said. "If the British provided us a negotiating table, we would be able to reach an agreement with the Unionists."

Adams had met earlier in the day with National Security Adviser Anthony Lake and Vice President Al Gore. Adams praised the role of President Clinton in securing the gains that had been made in the peace process. Adams explained how British TV had never been permitted to show him or to air his voice. Only when he appeared on the evening news in the United States was that ban lifted in Britain. "The engagement by President Clinton has sent an encouraging signal to Ireland," he said. "And President Clinton has promised that as long as he is President, he will be working to move the process forward."

Clinton's economic adviser on Northern Ireland, George Mitchell, is ready to help mediate the dispute. "We will play whatever role the parties themselves feel can be most useful," Mitchell told Reuters on Sept. 7. "We do not want or intend to try to take over the process or inject ourselves in any unwanted or counter-productive way."

During the question period, one student with a British accent argued that as long as the IRA has weapons, the British troops are justified in remaining. "But they will always make excuses to remain. They even tried to do that in this country once upon a time," Adams said.

The United States has committed to sparking the economic development of Ireland as the basis for a lasting peace. But this policy is threatened by Republicans in Congress who, intent on eliminating every element of a dirigist economic policy, are pushing to abolish the U.S. Commerce Department, which has played a key role in putting into place such an economic program for Ireland.

# Ruby Ridge hearings expose former LaRouche prosecutor

by Edward Spannaus

"I live to put people in jail," former federal prosecutor Henry Hudson once said. But combining his past record, with his performance at the Senate Judiciary Committee hearings on Ruby Ridge, one might justifiably conclude that it is Hudson himself who belongs in jail.

This additional exposure of Hudson's sleazy character is not the least of the benefits which have come out of the hearings which began on Sept. 6, probing the circumstances of the 1992 Idaho standoff and shootings involving the family of Randy Weaver. The hearings have also presented strong evidence that the FBI and the Department of Justice have engaged in a coverup of what happened at Ruby Ridge in 1992. The most compelling evidence to this effect came from FBI Special Agent Eugene Glenn, who was scapegoated by the FBI in order to protect higher-ups. Against the advice of lawyers who advised him to assert his Fifth Amendment privilege, Glenn gave testimony showing conclusively that top-level FBI officials were involved in formulating and approving the controversial "rules of engagement" for Ruby Ridge, and then that both FBI and DOJ investigators failed to seriously investigate what had happened.

Unlike numerous other FBI officials and supervisors who refused to testify before the hearings, Glenn said that he had been waiting for many months to tell his story, pointing out that he had not been asked about the formulation of the rules of engagement when FBI and Justice Department investigative reports were being prepared. This was in spite of the fact that Glenn had been the most senior FBI official on the ground in Idaho. Instead, Glenn had been disciplined and transferred, while the highest-ranking FBI official directly involved, Larry Potts, had been promoted.

Glenn also disclosed that FBI Hostage Rescue Team head Richard Rogers (one of those who declined to testify before the committee) had gotten a briefing before coming to Idaho, based on meetings that FBI and Justice Department officials had held after the shootout in which a deputy U.S. marshal was killed. This meeting included Henry Hudson, who was then the director of the U.S. Marshals Service.

This points directly to Deputy Assistant Attorney General Mark Richard, who supervises the Terrorism and Violent Crimes Section in the Department of Justice. Although Richard was directly involved in the DOJ chain of command on Ruby Ridge, he has managed so far to keep his name out of

the hearings. However, testimony so far indicates that he was almost certainly involved in the formulation of the fatal rules of engagement, and he was likely present at the DOJ Command Center on the day that an FBI Hostage Rescue Team sniper shot and killed Randy Weaver's wife, Vicki.

## Prosecutorial abuse

Hudson was called before the Senate Judiciary hearings on Sept. 12 as the head of the U.S. Marshals Service during the Ruby Ridge shootings. Prior to being appointed by President George Bush to head the Marshals in early 1992, Hudson had been the U.S. Attorney in Alexandria, Virginia, who had railroaded Lyndon LaRouche to prison in 1988-89.

Not only was Hudson caught in a number of lies while giving his sworn testimony at the Senate hearings, but a fellow former U.S. Attorney told the committee that a scheme concocted by Hudson would have constituted prosecutorial misconduct and abuse of the grand jury process.

During his testimony, Hudson had described a plan he had come up with in the summer of 1992, to have the indictment against Randy Weaver dismissed, and then to have him secretly indicted again. Hudson claimed that if Weaver had believed the indictment had been dropped, he would have come off the mountain where his cabin was, and then could have been arrested. Hudson presented this as his way of avoiding a confrontation with Weaver, but complained that his plan had been rejected by the U.S. Attorney in Idaho at the time.

Three days later, Maurice Ellsworth, the former Idaho U.S. Attorney, was questioned about Hudson's plan. "I do agree that I refused his plan," said Ellsworth. "I thought it was a stupid plan." Ellsworth said that he and his staff had concluded that there were several problems with the plan to dismiss the indictment and then re-indict Weaver secretly, and he explained why they would not do it. First, he said, "I didn't think it would work. Weaver had already made statements to the effect that he had been tricked once by the government, he was not going to be tricked again . . . and he had been tricked when the ATF [Bureau of Alcohol, Tobacco, and Firearms] arrested him in the first instance, we found out." Secondly, said Ellsworth: "I was very concerned about what the court would do with that. The government is all the time being accused of duplicity and those kinds of things. And I was afraid that if we were to do that, that

ultimately the court would find that that was improper conduct on the part of the government, to be a misuse of the grand jury to have dismissed the indictment and then re-indicted him secretly.”

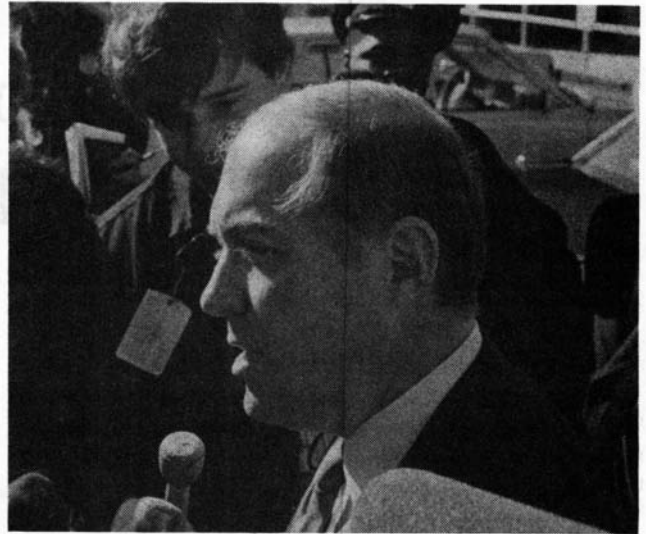
Ellsworth also stressed that Hudson, as a former U.S. Attorney, knew that “if he felt so strongly that they had a great plan,” that there was a procedure for resolving such disputes within the Justice Department. “He had a remedy,” Ellsworth concluded, “if he felt that that was the best plan under the sun to get Mr. Weaver down,” but Hudson obviously had not pursued it.

### Another potential bloodbath

Hudson was also caught in a couple of direct lies during his testimony, as we reported last week (*EIR*, Sept. 22, p. 63.) Hudson’s testimony directly contradicted a contemporaneous FBI summary of his statements made to FBI investigators in November 1993. The FBI summary reported that Hudson had been briefed by his deputy John Twomey that Randy Weaver’s son Sammy had been shot by a marshal. Hudson denied knowing this, and complained that the FBI summary was “inaccurate.”

Hudson also told another lie, in order to avoid bringing up his most notorious case of prosecutorial misconduct, the LaRouche case. When Idaho Sen. Larry Craig asked Hudson if he had ever been involved in another situation where 400 law enforcement agents were deployed, Hudson denied it—and not just once, but twice. What Hudson, and doubtless many senators as well, did not want to touch, was the 400-man raid against the headquarters of organizations associated with LaRouche in Leesburg, Virginia, Oct. 6-7, 1986. Hudson had no such reticence back then: He held a press conference to mug for the cameras and gloat over the raid.

But that raid itself almost turned out very different; the parallels with the Weaver case are eerie. The FBI’s Hostage Rescue Team (HRT), which has come under scrutiny in the Waco and Weaver hearings, was likewise deployed for Hudson’s Leesburg raid. An FBI document from about ten days before the Leesburg raid declares that the FBI wants “to minimize the impression that an ‘assault operation’ is being conducted,” but that “such necessity will be planned for as a contingency need through HRT stand-by and State Police tactical team availability at a remote command post.” A week before the raid, the HRT’s Delta Team conducted an aerial reconnaissance of potential raid sites in and around Leesburg, according to official FBI documents. On the day of the raid, the HRT was again used for reconnaissance, and the HRT team was deployed on “standby” at the staging area (the 4-H fairgrounds), only a few miles from the farm which was used for LaRouche’s residence. An HRT helicopter and crew (just as at Ruby Ridge) was deployed, and, as part of the hype, an HRT team led a bomb-sniffing dog through the besieged office buildings, after sledge-hammer wielding FBI agents had broken into the headquarters of the publishers and distrib-



*U.S. Attorney Henry Hudson in Alexandria, Virginia, Jan. 27, 1989, after the sentencing of Lyndon LaRouche and associates in a railroad trial.*

utors of LaRouche’s writings.

Much more was planned. *EIR* has evidence that a bloody assault on LaRouche’s residence was being prepared for the evening of Oct. 6, but was called off after LaRouche sent a telegram warning of this to President Reagan.

Instrumental in this projected bloodbath were some close cronies of Hudson, who have themselves since been convicted of crimes and imprisoned. One of them, Loudoun County Sheriff’s Deputy Donald Moore, also designated as a “Special Deputy U.S. Marshal,” boasted that he was ready to go in and personally “take out” LaRouche during the raid.

Along with the HRT, an armored personnel carrier was also deployed at the 4-H fairgrounds. This APC was owned by an outfit known as Armored Response Group U.S. (AR-GUS), an illegal joint venture of the Loudoun County sheriff and one “Generalissimo” Herbert Bryant. Like Moore, Bryant had been appointed a Special Deputy U.S. Marshal; Bryant was also president of a fundraising group called the U.S. Marshals Association. When Bryant was arrested by police in the District of Columbia in September 1992, he was immediately released by police after Henry Hudson’s Marshals Service vouched for him; this was later publicly confirmed by Hudson’s Deputy Director John Twomey.

On Aug. 31 of this year, Bryant was sentenced to six months in jail for impersonating a law enforcement official and making false statements at the time of his arrest on the gun charges. Along with former deputy Moore, and Cult Awareness Network (CAN) kidnapper Galen Kelly, Bryant becomes the third member of the “Get LaRouche” task force to go to jail. If anyone wanted to pursue Henry Hudson’s perjury before the Senate Judiciary hearings, this former prosecutor could easily become the fourth.

# FBI embroiled in crime lab scandal

by Leo F. Scanlon

An eight-year campaign by Dr. Frederick Whitehurst, a top-ranked FBI explosives expert, has finally prompted the Department of Justice (DOJ) to investigate allegations of improper and biased work by the FBI crime laboratory. Whitehurst's charges hit the front pages when the defense attempted to call him in the O.J. Simpson murder trial, but he had already been a witness for the defense in the World Trade Center bombing case. His accusations cast doubt on key evidence in a string of high-profile explosives investigations and prosecutions which turned on evidence developed in the FBI crime lab.

According to internal memos made available to news media, Whitehurst charged that there were ongoing problems in the laboratory procedures, including "fabrication of evidence, perjury, and misconduct" in the 1991 trial of Walter Leroy Moody, convicted of the bombing murder of U.S. Judge Robert Vance in Atlanta. That case was prosecuted by current FBI Director Louis J. Freeh.

Whitehurst is being given unusual treatment by the DOJ, which has allowed him to meet with defense attorneys and testify in cases which the government is currently prosecuting. The FBI bureaucracy is less happy with him, however. In the wake of his January 1994, DOJ-approved interview with defense attorneys in the World Trade Center bombing case, Whitehurst was transferred to a position of "trainee" in the paint analysis section of the lab. Whitehurst, a 13-year veteran of the agency, holds a doctorate from Duke University and was the FBI's top explosives residue expert for years.

Since 1989, Whitehurst has been complaining to his superiors in the FBI, and to the DOJ Inspector General, that the procedures for adjudicating disputes among scientists at the lab were flawed, and that test results have been systematically skewed to produce evidence favorable to prosecutors. According to a DOJ spokesman, Whitehurst points out that in many cases, the interpretation of the results of a lab test is based on the best estimate of the scientist doing the analysis, or on a statistical probability factor which is applied to the test results. When scientists disagree as to the significance of a particular finding, a procedure is invoked to adjudicate the disagreement, and (theoretically) come to an unbiased consensus.

## A systemic problem

In practice, according to Whitehurst, this procedure is skewed to suppress analyses which would lead to conclusions unfavorable to the prosecution. The implications are that this problem taints all sensitive analytical work done by the laboratory, not merely a few high-profile cases, and it is also implied that this reflects a systemic problem in the upper levels of the federal prosecutorial apparatus.

A routine audit conducted last year discovered instances of discrepancies in tracking cases and handling evidence in the lab. The audit found that the FBI could "strengthen accountability of requests and specimens, enhance quality assurance practices, and provide safer conditions for its employees," recommendations which hint at the deeper problems highlighted by Whitehurst. An FBI internal review of Whitehurst's charges found—no surprise—his claims to be groundless. Whitehurst points out that this was inevitable, because the internal review process is precisely what has become politicized and biased. The controversy was brought to the attention of the DOJ in July, and a DOJ Inspector General investigation was begun in August. Apparently, the DOJ had concluded that the FBI was not capable of cleaning up its own house. The DOJ decision to allow Whitehurst to meet with defense attorneys in the World Trade Center case in 1994, indicates that his charges are taken seriously.

Whitehurst's charges are widely acknowledged to have merit by law enforcement specialists, and strike at a key element of the "rush to judgment" railroad run by the "old boys" network within the DOJ criminal division and the FBI. Despite press attempts to portray the scandal as a threat to FBI Director Freeh, an honest review would further Freeh's efforts to clean up the federal law enforcement apparatus.

An illustration of this point came from Christophir Kerr, a 23-year FBI veteran and executive board member of the FBI Agents Association, who excoriated the FBI "old-boy" network in an op-ed in the Sept. 5 *Washington Times*. Writing about the scandal surrounding the FBI internal investigation of the Ruby Ridge, Idaho disaster, Kerr said that "few in the ranks were surprised to learn that the recent Ruby Ridge inquiry was 'fixed.' It has been an open secret for years that [the FBI's] internal investigations are generally run backwards. The facts are often 'developed' to support a predetermined outcome. In the perhaps apocryphal exhortation attributed to J. Edgar Hoover, 'Fire that man! No, get the facts. Then fire him!' "

Kerr attributes this attitude to "a relatively insular, 'close-knit' group" of bureaucrats who are in the "career path," i.e., fundamentally committed to "career advancement" as a profession. This phenomenon is the breeding ground for the corruption which is now shown to be widespread in the upper level of the federal law enforcement bureaucracy. As an independent tribunal reported (see *EIR*, Sept. 15, p. 54), politically motivated prosecutions are the stock-in-trade of too many DOJ officials.

---

## Book Reviews

---

# Newt Gingrich: Can he tell fact from fiction?

by Nancy Spannaus

---

### **To Renew America**

by Newt Gingrich  
HarperCollins, New York, 1995  
260 pages, hardbound, \$14.40

---

### **1945**

by Newt Gingrich and William R. Forstchen  
Baen Publishing Enterprises, Riverdale, N.Y.,  
1995  
382 pages, hardbound, \$24

---

Newt Gingrich the sloganeering moralist, or Newt Gingrich the cynical futurologist, which would you prefer? Your answer will determine which of these two over-priced productions from Gingrich, Inc. you might want to subject yourself to.

There is no question but that both of Gingrich's books, if read with a clinical eye, give you an insight into aspects of the mind of the Squeaker of the House. Both clearly disqualify him from any serious consideration as a historian, although they advertise this as a qualification of the author. This guy doesn't know what the American Revolution was all about, and not much of anything else.

### **American slogans**

Gingrich's *To Renew America* is intended almost as a political platform. It outlines the areas of the "Contract on America," in combination with a certain amount of personal reflection. It substantiates over and over again that Gingrich doesn't have any understanding of the historical or philosophical significance of his own nation, much less any others.

"American civilization" is the principle which Gingrich puts forward as the ideal. But what is that? This alleged history professor (what a testament to incompetence!) describes it as comprised of five basic elements:

"1. The common understanding we share about who we are and how we came to be

"2. The ethic of individual responsibility

"3. The spirit of entrepreneurial free enterprise

"4. The spirit of invention and discovery

"5. Pragmatism and the concern for craft and excellence as expressed most recently in the teachings of Edwards Deming."

Now, you might think that American civilization should be defined with some reference to our revolutionary break with Great Britain, but that is not something which Gingrich puts any emphasis on.

In fact, the source he refers to as his favorite American historian is very instructive, since that source sees the American Revolution as being totally within the British radical empiricist tradition.

### **Complete distortion**

Gordon S. Wood, author of *The Radicalism of the American Revolution* and *The Creation of the American Republic*, is Gingrich's favorite historian. In *The Radicalism*, Wood states in the introduction: "There should no longer be any doubt about it: The white American colonists were not an oppressed people, they had no crushing imperial chains to throw off." That statement alone shows he doesn't understand the difference between imperialism and republicanism. He obviously considers the statements of our Founding Fathers against the British monarchy as purely rhetorical, or false.

Wood describes England of the 18th century as a "republicanized monarchy," and sees the American Revolution as in continuity with it. Specifically, he defines republicanism as the tradition of the Enlightenment, particularly the Enlightenment ideas of imperial lackey John Locke. Locke, in his view, is the quintessential representative of "freedom." And what is his view of freedom? The lack of inhibitions to do anything you want.

I'll be more specific. Wood describes the phenomenon of American republicanism as coming into its own in the Jacksonian era—the era of populist democracy, which, in fact, led to the destruction of the American System of political-economy for some decades. At that time, he says, Locke's ideas were more fully dominant. Locke's idea of the mind being a *tabula rasa*, a blank sheet, meant that, in Wood's words, "minds can be molded and manipulated by controlling people's sensations." Thus, people can be defined by their experiences, with no moral inhibitions whatsoever. A perfect description of British liberal radicalism of the Adam Smith type.

In fact, Gingrich positively refers to Adam Smith's view of liberty in his speeches, praising *The Theory of Moral Sentiments*, the work in which Smith says that people don't have to be concerned with the moral consequences of their actions, but should concentrate on fulfilling their desires, and leave the result to God. This is as anti-American as Adam Smith's theory of free trade, a policy which the American Revolution was specifically fought against.

Now, we can take a look at the "principles" which Gingrich says do define this nonexistent entity called American civilization, and see how nonsensical they are. Our "common understanding" of where we came from, is a vacuous concept—especially when divorced from our historical struggle against British imperialism. "Individual responsibility" is a value of all western civilization, in the positive sense of the individual's being made in the image of the Creator, and responsible for history. But Gingrich doesn't mean it that way, of course. He means to say that, if you don't make it in society, it's your fault—even if the laws, the economy, and other things are stacked against you.

"The spirit of entrepreneurial free enterprise" might be considered an American value by many, but it has the spin of the British free-trade ideology Gingrich loves. "Pragmatism and the concern for craft and excellence" is a sneaky apology for the same amorality of Adam Smith.

The only value which one could wholeheartedly endorse from Gingrich, is "the spirit of invention and discovery," a subject upon which our best President, Abraham Lincoln, wrote a wonderful stump speech, upon the difference between man and animals. But there again, the value is not simply American, except insofar as America attempted to represent the best of western Christian civilization.

In effect, Gingrich is defining "American civilization" in order to appeal to a British free trade chauvinism—not the American tradition.

## The novel

Gingrich's novel, *1945*, has been the subject of a great deal of ethical discussion, and, yes, the "sex kitten" scene is still there in the opener. In reality, the scenario—which has Hitler's Germany surviving World War II and embarked upon a nuclear race with the United States, and upon the openings of World War III—does have some fast-moving action in some parts. But by the book's conclusion, Gingrich's own personality as a cynical futurologist hits you over the head.

It is notable that the novel includes a fair number of historical characters, despite its disclaimer that "any resemblance to real people or incidents is purely coincidental." (Perhaps that statement goes better with the political book.) The evil hero is Otto Skorzeny, and the British prime minister is Winston Churchill. The most outrageous "real" fictional character, however, is the evil German nuclear bomb

specialist, who is given the name Friedrich von Schiller. Schiller, the German poet of freedom, who fought for the ideas of the American Revolution in Europe and for Classical beauty, is utterly defamed by this reference—and it could not have been by accident.

So, where does the cynical futurology come in? Well, after the Nazis have succeeded in destroying the U.S. nuclear facility at Oak Ridge, Tennessee, the scene shifts to Washington, D.C., where the government leadership is trying to figure out what to do next. And what is the proposal? A new form of systems analysis geared to overcome bureaucracy! It reads like a printout of the gobbledygook from Alvin and Heidi Toffler.

From the mouth of one "General George Catlett Marshall," comes the following ideological spiel:

"I do have a new model—a new paradigm—on how a modern democratic state should organize itself to make a surge-effort in war. This is radical stuff . . . and I'm going to need a cadre of thinkers, thinkers who can take my ideas and run with them and build on them. . . .

"By that I mean, give them the greatest possible freedom to shape the very goals they pursue. . . . Or to put it yet another way, to *call* the shots, not just make them. Consider: We won the Great Pacific War as fast as we did by assembling first-rate teams without regard for the organizational provenance of the team members. Then we set them goals and arranged things that they could charge forward full-bore, with no bottlenecks, or bureaucratic jerks, or surprise budgetary constraints allowed to get in the way."

As another character identifies, this is a printout of "industrial-organizational ideas." They are of precisely the sort that Gingrich and his army of destroy-the-government revolutionaries are using today, when they claim that "bureaucracy" is the problem, instead of bad policies. It's organization-speak of an ideological kind.

## Recommendation

I recommend you buy neither of these books.

To hear Gingrich's moralistic sloganeering, you need only turn on your television. There's hardly any difference between *To Renew America*, and his rants and raves on camera.

To learn of Newt's sexual fantasies, war dreams, and organizational blueprints, you also need only hear his speeches, or read a brief profile, such as that in a recent issue of *Vanity Fair*.

Newt Gingrich doesn't know what it is to be an American. That tells you something about our educational system, and about those who have been sucked in by his rhetoric. It tells you that we had better do some serious reflection and study as a nation, if we are going to restore ourselves as a sovereign republic, committed to the welfare of our posterity, and all mankind.



## Welfare proposal passes the Senate

The Senate passed a welfare reform proposal sponsored by Senate Majority Leader Bob Dole (R-Kan.) by a vote of 87-12 on Sept. 19, after adopting a series of compromises aimed at bringing on board enough conservative Republicans and moderate Democrats to ensure passage. The "reform" would undermine welfare relief and eliminate the government commitment to provide a social safety net for the poor that has been in effect for the last 60 years.

Divisions among Senate Republicans made it impossible for Dole to bring up the bill before the August recess. When the Senate returned, Dole tried to make the legislation more palatable for conservative Republicans by adding a "family cap," championed by Sen. Phil Gramm (R-Tex.), in which states would not be allowed to give higher cash payments to welfare families who have more children, and providing a "bonus" for states that reduce out-of-wedlock births. The "family cap" was rejected by the Senate on a vote of 66-34, with Senate Budget Committee Chairman Pete Domenici (R-N.M.) leading the charge to eliminate the "cap," arguing that it would punish innocent children and could lead to an increase in abortions.

With Democrats objecting to the deleterious effect of the legislation on children, Dole added \$3 billion for child care to welfare mothers who go to work. Dole also offered further concessions to Democrats, creating an emergency fund for states that need help because of a recession or increase in poverty, and adding money to be used for welfare during periods of high unemployment.

The Dole measure would require welfare recipients to find jobs or enter training within six months of receiving

benefits, and restricts the aggregate time on welfare to five years. If they can't find jobs, they must "volunteer" for community service work.

Responsibility for maintaining welfare has largely been turned over to the states. The bill would create a \$16.8 billion block-grant program, to be distributed as the individual states deem necessary. Generated by the anti-immigrant bias among Republicans, the bill prohibits virtually all non-citizens from receiving Supplemental Security Income funds, bars new immigrants from safety net programs such as Aid to Families with Dependent Children for five years, and, in determining welfare eligibility, requires the income of the applicant's sponsors to be "deemed" available to the immigrant for the first five years they are residents.

The House version prohibits states from giving cash grants to women who have babies while on welfare and to teenagers who have babies out of wedlock. President Clinton has indicated that he would sign the Senate version, but White House Chief of Staff Leon Panetta, on "Face the Nation" on Sept. 17, warned that the welfare reform measure would face a presidential veto if, during conference committee, it moved nearer to the more draconian House version.

## Democrats demand hearings on Medicare

Democrats are demanding extensive hearings on Medicare before considering Republican proposals to cut the program. Republicans allowed only one day for hearings, on Sept. 21, fearful that scrutiny may further erode any public support the legislation has currently.

Because of a failure by the Repub-

licans to be specific, there is serious doubt that their proposed cuts would lead to the reductions they claim. On Sept. 15, House Minority Leader Richard Gephardt (D-Mo.) said that the Republican plans were "a dense fog of unspecified savings, unverified numbers, and unrealistic promises." The Congressional Budget Office has been unable to evaluate what savings the Republican proposal would actually achieve.

The House and the Senate have separate plans, but are in agreement in requiring an increase in the Medicare premium from \$46.10 a month now, to about \$90 a month by the year 2002. Both would also make deep cuts in payments to hospitals and doctors.

The Republican goal is to find \$270 billion in savings in Medicare over seven years. Republicans readily admit that they still have to reduce spending by \$30 billion to reach that goal. The House proposal is still roughly \$80 billion short of its target. The goal of the Republican proposal is to convince 37 million elderly Americans on Medicare to switch from the fee-for-service system to health maintenance organizations and private plans.

Meanwhile, House Speaker Newt Gingrich (R-Ga.) appeared together with "outsider" Ross Perot at a national town hall meeting on Sept. 15, to plug the Republican Medicare proposal. The meeting was broadcast by satellite by the U.S. Chamber of Commerce. Both Perot and Gingrich claimed that the Medicare "reform" proposal was not a proposal to "cut spending below the current area," but rather an attempt to "fix" Medicare.

Later in the day, President Clinton warned a group of senior citizens in the Old Executive Office Building, "If these health care cuts come to my desk, of this size, I would have no choice but to veto them."

## Commerce bill may split Republicans

Republican attempts to dismantle the U.S. Department of Commerce have created divisions within party ranks. Freshmen Republican Conservative Revolution ideologues, who want to put a "for sale" sign on the department, have been taken aback by the plethora of new agencies created by their more senior Republican colleagues, who recognize that the functions of the department must be preserved. Conflicts within the Republican Party over how far the dismantling should go could derail the entire measure.

The authorizing committees responsible for the department have reported out legislation creating 12 or 13 new agencies to take over the various responsibilities that the Commerce Department has had.

On Sept. 14, the House Transportation and Infrastructure Committee voted to replace Commerce's Economic Development Administration with regional commissions. The House Science Committee voted to make the National Oceanic and Atmospheric Administration (NOAA) into an independent agency, the National Marine Resources Administration. The House Ways and Means Committee has voted to create a new U.S. Trade Administration.

Unhappy with the way the committees were handling the legislation, House Commerce Committee Chairman Thomas Bliley (R-Va.) succeeded in passing a measure out of his committee on Sept. 19 that would maintain very few of the traditional Commerce functions, placing the NOAA under the Agriculture Department, and creating a U.S. Trade Administration under the U.S. Trade Representative to handle trade issues. Democrats on the Bliley committee complained that they had not received

copies of the 143-page legislation until the night before, and therefore had no idea of what provisions it contained.

## Farm bill targets farmers, children

Senate Agriculture Committee Chairman Richard Lugar (R-Ind.) made a plea to his party colleagues at a Capitol Hill press conference on Sept. 13, to pass one of the farm proposals aimed at cutting farm subsidies and other farm programs by \$48 billion by 2002. There are deep divisions among Republican committee members over how draconian the cuts should be and over which items should be targeted. Senate Democrats stand united with the White House in opposing any major farm-program cuts.

Lugar claimed that there are only three paths to reaching the budget reduction goal: his proposal of reducing target prices; the proposal of House Agriculture Committee Chairman Pat Roberts (R-Kan.), which would eliminate price supports and replace them with a welfare grant; and the proposal of Sen. Thad Cochran (R-Miss.), which would reduce the amount of acreage on which price support payments are made.

The House has already approved proposals to cut child nutrition programs by \$30.1 billion under the farm bill. But farm-state Republicans are balking, and several Republicans on the Agriculture Committee have shown more favor to the Cochran proposal for decreasing the amount of land on which federal subsidies will be paid. Lugar judges the chances for his bill in committee at no better than 50-50. If the measure cannot be passed through the Agriculture committees, Lugar warns, the task of writ-

ing a farm bill will then fall to the Senate Budget Committee, where there will be perhaps even less desire to maintain family farming.

## Senate panel restores health, education funds

A Senate Appropriations subcommittee responsible for the departments of Labor and Health and Human Services, eliminated a number of riders attached to the House version of spending bills for these departments. Senate subcommittee chairman Arlen Specter (R-Pa.) warned that "the money allotted is totally insufficient to deal with this country's problems."

The Senate bill provides \$32 million more than the House for the Occupational Safety and Health Administration, and matches last year's allocations for the National Labor Relations Board. At the same time, however, the Specter subcommittee approved deep reductions in job training programs. Unlike its House counterpart, the Senate bill will not prohibit the funding of the Surgeon General's office, but a fight over this issue is expected when the bill reaches the floor. In addition, the Senate panel restored money for heat subsidies for low-income families, which had been zeroed-out in the House version, and for President Clinton's Goals 2000. The panel also eliminated riders that would restrict abortions, fetal research, federal pensions, labor laws, and worker safety regulations.

This is not, of course, the end of the story. "The riders are not dead," said House Appropriations Committee Chairman Bob Livingston (R-La.). After consideration by the full Senate, it will have to be reconciled with the more draconian House version.

# National News

---

## LaRouche files for federal matching funds

Democratic presidential primary candidate Lyndon H. LaRouche filed for federal matching funds at Federal Election Commission (FEC) headquarters in Washington on Sept. 15. The submission, made through LaRouche's primary campaign committee, the Committee to Reverse the Accelerating Global Economic and Strategic Crisis: A LaRouche Exploratory Committee, consisted of 683 contributions from individuals from 22 states, in amounts of \$250 or less, for a total amount of \$146,650. An FEC representative informed the campaign that the submission should be processed within about two weeks.

Seven other presidential candidates have been approved for matching funds so far. Matching funds qualification facilitates candidates' placement on many state ballots, eliminating onerous petitioning requirements in some cases, and in others, helping to circumvent obstructionist tactics by partisan secretaries of state or state electoral agencies.

LaRouche is the world's leading advocate of the American System of political economy, having revived the system of economics first implemented under the authority of President George Washington and his Treasury Secretary Alexander Hamilton. LaRouche has called on the government of the United States to put the Federal Reserve System and attendant banks and financial institutions into the equivalent of Chapter 11 bankruptcy reorganization.

---

## Federal budget cuts could kill D.C. Metro

The Metro transit system of Washington, D.C. indicated on Sept. 8 that it could lose tens of thousands of riders and tens of millions of dollars in revenues if the federal government workforce is cut significantly over the next few years, according to the *Washington Post* on Sept. 14.

About 36% of the 475,000 people who

use Washington, D.C.'s subways and buses on weekdays are federal employees, by far the largest group of riders. The U.S. budget for the next seven fiscal years, approved as budget resolutions by the House and Senate, proposes slashing 60,000 or more federal employees. This year, the D.C. Metro system already ran an \$8 million deficit. If the federal layoffs go through, that deficit could soar to \$36 million by 1997. At that point, the D.C. Metro system would have two alternatives: Raise fares by 30¢ to \$1.40—but higher fares will drive away more than 40,000 riders, according to a report, thus creating a new Metro deficit. The other alternative would shut down parts of the transit system to "save" money.

---

## First conference at James Baker Institute

The James Baker III Institute for Public Policy at Rice University in Houston, Texas will hold its first annual conference on Nov. 13-14. Participants at the conference, entitled "Foreign Policy Challenges at the End of the Century," include former President George Bush, former Japanese Prime Minister Noboru Takeshita, former U.S. Defense Secretary Richard Cheney, Gen. Colin Powell (ret.), and former foreign ministers Hans-Dietrich Genscher of Germany, Roland Dumas of France, Aleksandr Besmertnykh of Russia, Taro Nakayama of Japan, and Uffe Elleman-Jensen of Denmark.

There will be three panel discussions: "Economic Reform in Russia and China," "Politico-Military Factors and the Future of Warfare," and "The Role of Cultural, Ethnic, and Religious Factors in World Affairs." Panelists include former Bush administration officials Ambassadors Paul Wolfowitz and Michael Armacost. Edward Djerejian, the former Bush administration Assistant Secretary of State for Near East Affairs, is the Baker institute's director.

On Nov. 13, the first Enron Prize for Distinguished Public Service will be given to an undisclosed outstanding American, made possible by a gift to the institute by the corporation. Enron board members include Wendy Gramm; consultants to the firm on

Mideast and Indian affairs include George Bush, James Baker III, and two of Bush's sons.

---

## USAID tells Honduras to limit family size

The U.S. State Department's Agency for International Development has issued a document telling Honduras to limit the size of its families, reducing the birth rate from five to two children per woman, wire services reported on Sept. 14. The document, entitled "Honduras Today and Tomorrow," argues that if Honduran population growth continues at its current rate, it will place an unfair burden on the State to provide services, schools, etc. The report's premise is that people cause poverty. It praises as a "great achievement," the fact that the fertility rate has dropped from seven to five children per woman in recent years.

The document provoked a harsh response from Honduran government and Catholic Church leaders. President Carlos Roberto Reina stated that the right to give and take life belongs "exclusively to God." Msgr. Oscar Andrés Rodríguez, president of the Latin American Bishops Conference (CELAM) and archbishop of Tegucigalpa, charged that the USAID "promotes a [form of] imperialism, irrespective of [Honduras's] dignity and sovereignty." Honduras needs help "in developing, not the elimination of its population."

---

## 'Pike' judge stops all U.S. extraditions

U.S. District Court Judge Royce A. Lamberth has ordered the U.S. government to stop extradition of criminals to foreign countries, in effect outlawing U.S. extradition treaties with all other nations. According to an Associated Press report on Sept. 16, Lamberth had previously ruled that U.S. extradition law is invalid because it is carried out by the Executive branch. On Sept. 15, Lamberth rejected a government motion to stay his ruling pending an appeal,

and ordered all extraditions blocked.

The ruling comes at a time when narcotics cartel representatives in Colombia are arguing against the repeal of a law that prevents Colombians from being extradited to the United States to face trial for crimes against U.S. laws.

On April 19, 1993, Judge Lamberth sentenced Schiller Institute activists Rev. James Bevel and Anton Chaitkin to jail for the crime of "climbing" on the statue in Washington, D.C. honoring Scottish Rite masonic leader and Ku Klux Klan founder Albert Pike. Lamberth refused to recuse himself, despite revelations that he had been a member of the "Albert Pike" lodge of the Scottish Rite's youth group.

## Magistrate backs FBI against LaRouche

At the end of August, a federal magistrate issued a recommendation to terminate, in the FBI's favor, a 20-year-old civil rights case filed against the Bureau by Lyndon LaRouche and members of the National Caucus of Labor Committees (NCLC). The case, *LaRouche et al. v. Webster et al.*, filed in New York in 1975 and amended in 1982, seeks declaratory and injunctive relief against the FBI's disruptive dirty tricks and bogus investigations of LaRouche and the NCLC.

The FBI's probes, conducted during the 1970s, were designed to eliminate LaRouche, and squelch the political movement then forming around his ideas. The LaRouche plaintiffs ask for a permanent injunction to prevent the FBI from releasing to the public the poisoned fruit of its illegal probes, e.g., tens of thousands of FBI documents filled with lies, defamations, and disinformation.

The federal magistrate, Sharon Grubin, argued, in essence, that since the FBI says it never did anything illegal when it conducted a domestic security investigation of the plaintiffs, and since there is no evidence that the FBI has reopened or will reopen that type of probe ever again, the case is now moot. Only if the plaintiffs show that they are about to be victimized again by the FBI, would there be reason to grant the relief

sought, she urged in her report to the judge. (Federal Judge Mary Johnson Lowe has presided over the case since December 1978, and will ultimately decide the outcome.)

The civil rights suit was filed after massive evidence had been gathered of FBI wrongdoing in its targeting of LaRouche and NCLC members. For example, the most extreme act of FBI lawlessness, directed at LaRouche and revealed in an FBI document dated November 1973, was its effort to induce the Communist Party, U.S.A. to "eliminate" LaRouche, at a time when Communist-linked hit squads were surveilling him.

## Britain's Redwood meets with Gingrich gang

John Redwood, the Thatcherite ideologue who made an unsuccessful challenge to Britain's John Major for Conservative Party leadership in July, spent five days in Washington in mid-September, meeting with "Conservative Revolution" activists in order to forge new links with radical "free traders" in the United States.

According to British press reports, doors were opened by John O'Sullivan, the British-born editor of *National Review* magazine. Redwood met unnamed financiers in New York, from whom he hopes to raise money for his new Conservatism 2000 think-tank.

Redwood praised Speaker of the House Newt Gingrich (R-Ga.), with whom he met, as the "great inspiration" for conservatives in Britain. "Whatever happens next, Newt Gingrich has changed world politics," Redwood wrote in the *Independent* newspaper on Sept. 13.

Commenting on Redwood's Washington visit in the same issue of the *Independent*, Vincent Cable, head of economics at London's Royal Institute of International Affairs, wrote, "The importance of Gingrich, for his transatlantic cousins, is that he represents a simple but powerful idea: that the wave of global economic liberalization unleashed in the Reagan-Thatcher years, was not a singular event, but the start of a bigger process, a libertarian revolution."

## Briefly

● **RICHMOND**, Virginia city councilman Henry W. (Chuck) Richardson resigned on Sept. 18 after being convicted of possession and distribution of heroin. A black, he is the city's longest-serving councilman, having taken office in 1977. According to a 1987 study of the political targeting of black leaders, more than 60% of the 6,700 black elected officials in the nation were either under investigation or indictment, or had recently been.

● **PRESIDENT CLINTON** will welcome Pope John Paul II on his arrival to the United States in Newark on Oct. 4, the White House announced on Sept. 15. The two will then meet privately. The pope will address the U.N. General Assembly on Oct. 5. Also, French President Jacques Chirac has accepted an invitation from President Clinton for a State visit on Nov. 3.

● **PETE WILSON'S** presidential campaign plans to set up its main office in Washington, moving the operations of campaign chairman Craig Fuller from Sacramento to the national capital. Fuller ran one of George Bush's campaigns, and was White House chief of staff under Bush in 1985-89.

● **DAIRY FARMERS** from as far away as Texas converged on the Upper Midwest Dairy Farmers' Forum on Sept. 15, in LaCrosse, Wisconsin, to protest the low price of milk. "Nearly 2,000 farmers told co-op executives they had better help raise milk prices or farmers will take matters into their own hands," reported the *Wisconsin Tribune*.

● **BISHOP** Walter F. Sullivan of the Roman Catholic Diocese of Richmond, Virginia, in a letter to pastoral leaders in the 131 parishes of the diocese, urged them to reject the efforts of the Christian Coalition to recruit Catholics and distribute voter guides in Catholic churches. The Christian Coalition is forming a Catholic Alliance to recruit more Catholic members.

## Editorial

### *The issue is international terrorism*

The Unabomber has been implicated in no fewer than 3 murders and 16 bombings. All of his (or their) targets are also targets of such environmentalist groups as Earth First! Nonetheless, it is important to see what we may call the Unabomber phenomena, in the context of what is now an ongoing, worldwide wave of terrorism, and not as an isolated incident.

There is a serious terrorist threat in Asia—not only in Japan, but in the Indian subcontinent also. And there is the case of the Aum cult, whose leader Shoko Asahara has had at least five meetings with the Dalai Lama; the Dalai Lama, who considers himself to be a God-King, has publicly recognized Asahara as a disciple.

In Europe, as we featured in the Sept. 8 *EIR*, there is the targeting of French President Jacques Chirac, which takes the form of irregular warfare.

What we are seeing is a combination of local wars, insurgencies, and terrorism, all based upon ethnic and religious warfare and environmentalism. It is against this backdrop, that we must evaluate the publication of the Unabomber Manifesto as a special supplement in the *Washington Post* on Sept. 19.

The Unabomber, together with Earth First! and other offshoots of the circle around Greenpeace and the World Wildlife Fund, are at the center of this form of international terrorism, as we have documented in a number of special reports. It is long overdue that this threat be countered effectively. President Chirac has taken the appropriate action necessary to deal with the eco-terrorists who were threatening the national security of France, both in France proper and in the Pacific.

“Environmentalism” and “ethnicity” are the two principal ideological paradigms used to deploy environmentalist and other terrorist dupes for waging irregular warfare against the institutions of the modern nation-state, and to stop scientific and technological progress.

For those familiar with the editorial line of the *Washington Post*, the fact that they published the Unabomber Manifesto in full is not that surprising. Yes, on

this occasion the text of the manifesto was published at the request of the Attorney General and the director of the FBI, in response to terrorist threats; but last month, *Time* magazine published a cover feature on the Unabomber of their own free will. The opening line of the cover story was: “There is a little of the Unabomber in all of us,” and the thrust of the article was how technology is making us all uneasy.

The Unabomber is part of an internationally deployed terrorist operation. But it is important to bear in mind that it is the Criminal Division of the U.S. Department of Justice which has jurisdiction over terrorist crimes such as those of the Unabomber. This is the division led by Mark Richard, whose *criminal* record in the Demjanjuk, Weaver, and LaRouche cases—as well as the events in Waco, Texas—should raise serious questions about the involvement of the DOJ’s “permanent bureaucracy” with Unabomber terrorism.

That being said, we should never forget the vicious role of Britain’s Prince Philip and the oligarchs whom he represents. The modern environmentalist movement was spawned by Bertrand Russell, a top British oligarch until his death. This is clear if one compares the Unabomber Manifesto to the following quotation from Russell’s 1951 book, *The Impact of Science on Society*: “Science can abolish poverty and excessive hours of labor. In the earliest human communities . . . agriculture was a technical advance . . . but the way that it was used should be an awful warning to our age. It introduced slavery and serfdom, human sacrifice, absolute monarchy and large wars.”

Compare this to the very first sentences of the Unabomber Manifesto: “The Industrial Revolution and its consequences have been a disaster for the human race. They have greatly increased the life-expectancy of those of us who live in ‘advanced’ countries but they have destabilized society, have made life unfulfilling, have subjected human beings to indignities, have led to widespread psychological suffering (in the Third World to physical suffering as well).”

# SEE LAROCHE ON CABLE TV

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

## ALASKA

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

## ARIZONA

- PHOENIX—Dimension Ch. 22  
Wednesdays—1 p.m.

## CALIFORNIA

- DOWNEY—Conti. Ch. 51  
Thursdays—9:30 p.m.
- E. SAN FDO. VALLEY—Ch. 25  
Thursdays—4:30 p.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 FDO. VALLEY—Ch. 27  
Thursdays—6:30 p.m.

## COLORADO

- DENVER—DCTV Ch. 57  
Wednesdays—10 p.m.

## CONNECTICUT

- BETHEL/DANBURY/RIDGEFIELD  
Comcast—Ch. 23  
Thursdays—5 p.m.
- NEWTOWN/NEW MILFORD  
Crown Cable—Ch. 21  
Thursdays—9:30 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*  
Wednesdays—5 p.m.  
*The LaRouche Connection*  
Fri., May 26—10 p.m.  
Tues., May 30—10p.m.

## INDIANA

- SOUTH BEND—Ch. 31  
Thursdays—10 p.m.

## MARYLAND

- BALTIMORE—BCAC Ch. 42  
Mondays—9 p.m.
- MONTGOMERY—MCTV Ch. 49  
Weds.—1 pm, Fri.—8:30 pm

## MASSACHUSETTS

- BOSTON—BNN Ch. 3  
Saturdays—12 Noon

## MICHIGAN

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

## MINNESOTA

- EDEN PRAIRIE—Ch. 33  
Wed.—5:30 pm, Sun.—3:30 pm
- MINNEAPOLIS—Ch. 32  
*EIR World News*  
Saturdays—9:30 p.m.
- MINNEAPOLIS (NW Suburbs)  
Northwest Comm. TV—Ch. 33  
Mon.—7 pm; Tue.—7 am & 2 pm
- ST. LOUIS PARK—Ch. 33  
*EIR World News*  
Friday through Monday  
3 p.m., 11 p.m., 7 a.m.
- ST. PAUL—Ch. 33  
*EIR World News*  
Mondays—8 p.m.

## MISSOURI

- ST. LOUIS—Ch. 22  
Wednesdays—5 p.m.

## NEW JERSEY

- STATEWIDE—CTN  
Saturdays—5 a.m.

## NEW YORK

- ALBANY—Ch. 28  
Capitol Cablevision  
Mon., May 22—9 pm  
Mon., June 5—9 p.m.

- AMSTERDAM—TCI Ch. 11  
Thursdays—5 p.m.
- BRONX—BronxNet Ch. 70  
Saturdays—6 p.m.
- BROOKHAVEN—(E. Suffolk)  
TCI 1 Flash or Ch. 99  
Wednesdays—5 p.m.
- BROOKLYN  
Cablevision (BCAT)—Ch. 67  
Time-Warner B/Q—Ch. 34  
(call station for times)
- BUFFALO—BCAM Ch. 18  
Wednesdays—11 p.m.
- CATSKILL—Mid-Hudson  
Community Channel—Ch. 10  
Wednesdays—3 p.m.
- HUDSON VALLEY—Ch. 6  
1st & 3rd Sunday monthly—2 p.m.
- ITHACA—Pegasys  
Tuesdays—8:15 Ch. 57  
Thursdays—7 p.m. Ch. 13  
Saturdays—4:45 p.m. Ch. 57
- MANHATTAN—MNN Ch. 34  
1st & 3rd Sun. monthly—9 am
- MONTVALE/MAHWAH—Ch. 14  
Wednesdays—5:30 p.m.
- OSSINING—Continental  
Southern Westchester Ch. 19  
Rockland County Ch. 26  
1st & 3rd Sundays—4 p.m.
- POUGHKEEPSIE—Ch. 3  
1st & 2nd Fridays—4 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.
- SCHENECTADY—P.A. Ch. 11  
Fridays—5:30 p.m.
- STATEN ISL.—CTV Ch. 24  
Weds.—11 p.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)  
NewChannels Cable—Ch. 13  
1st & 2nd Sat. monthly—3 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)

## PENNSYLVANIA

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

## TEXAS

- AUSTIN—ACTV Ch. 10 & 16  
(call station for times)
- DALLAS—Access Ch. 23-B  
Mon.—2 pm; Fri.—11:30 am
- HOUSTON—PAC  
Mon.—5 p.m.; Fri.—12 Noon

## VIRGINIA

- ARLINGTON—ACT Ch. 33  
Sun.—1 pm, Mon.—6:30 pm  
Tuesdays—12 Midnight  
Wednesdays—12 Noon
- CHESTERFIELD COUNTY  
Comcast—Ch. 6  
Tuesdays—2 p.m.
- FAIRFAX—FCAC Ch. 10  
Tuesdays—12 Noon  
Thurs.—7 pm, Sat.—10 am
- LOUDOUN COUNTY—Ch. 3  
Thursdays—8 p.m.
- MANASSAS—Ch. 64  
Tuesdays—8 p.m.
- ROANOKE—Cox Ch. 9  
Wednesdays—2 p.m.
- YORKTOWN—Conti Ch. 38  
Mondays—4 p.m.

## WASHINGTON

- SEATTLE—Access Ch. 29  
Fridays—8:00 a.m.
- SNOHOMISH COUNTY  
Viacom Cable—Ch. 29  
Wed., May 24—3 p.m.  
(or consult bulletin board)
- SPOKANE—Cox Ch. 25  
Saturdays—7:30 p.m.
- TRI-CITIES—TCI Ch. 13  
Mondays—11:30 a.m.  
Tue.—6:30 pm; Thu.—8:30 pm

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

# Executive Intelligence Review

U.S., Canada and Mexico only

1 year . . . . .	\$396
6 months . . . . .	\$225
3 months . . . . .	\$125

## Foreign Rates

1 year . . . . .	\$490
6 months . . . . .	\$265
3 months . . . . .	\$145

I would like to subscribe to  
*Executive Intelligence Review* for

1 year  6 months  3 months

I enclose \$\_\_\_\_\_ check or money order

Please charge my  MasterCard  Visa

Card No. \_\_\_\_\_ Exp. date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_

Phone ( \_\_\_\_\_ ) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

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



# Help Make A new Golden Renaissance!



## Join the Schiller Institute!

Every renaissance in history has been associated with the written word, from the Greeks, to the Arabs, to the great Italian 'Golden Renaissance.' The Schiller Institute, devoted to creating a new Golden Renaissance from the depths of the current Dark Age, offers a year's subscription to two prime publications—*Fidelio* and *New Federalist*, to new members:

*Fidelio* is a quarterly journal of poetry, science and statecraft, which takes its name from Beethoven's great operatic tribute to freedom and republican virtue.

*New Federalist* is the national newspaper of the American System. As Benjamin Franklin said, "Whoever would overthrow the liberty of a nation must begin by subduing the freeness of speech."

Join the Schiller Institute and receive **NEW FEDERALIST** and **FIDELIO** as part of the membership:

- \$1,000 Lifetime Membership
- \$500 Sustaining Membership
- \$100 Regular Annual Membership

All these memberships include:

- 4 issues **FIDELIO** (\$20 value)
- 100 issues **NEW FEDERALIST** (\$35 value)

---

clip and send this coupon with your check or money order to:

### Schiller Institute, Inc.

P.O. Box 20244 Washington, D.C. 20041-0244

Sign me up as a member of the Schiller Institute.

- \$1,000 Lifetime Membership
- \$500 Sustaining Membership
- \$100 Regular Annual Membership
- \$35 Introductory Membership (50 issues **NEW FEDERALIST** only)

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_\_