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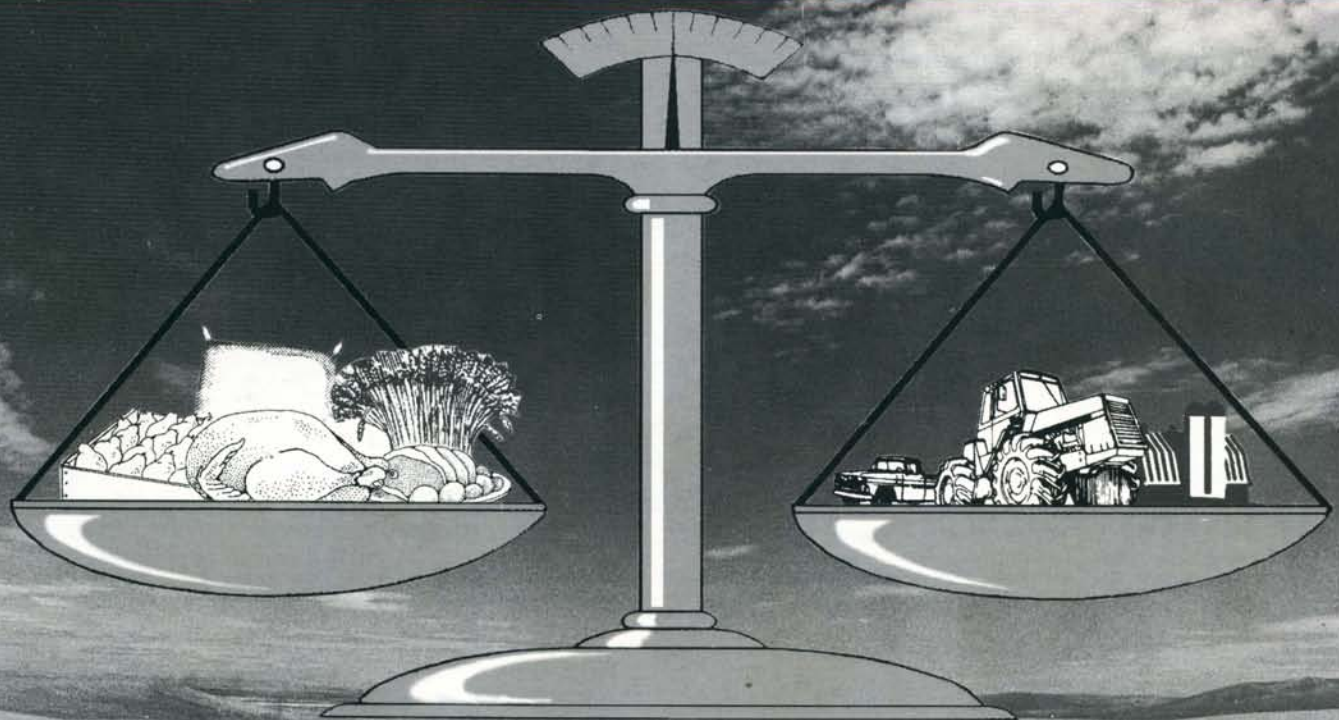
Executive Intelligence Review

March 8, 1996 • Vol. 23 No. 11

\$10.00

Breakthrough for LaRouche in primaries
Chirac dumps Gaullist military policy
British-backed terrorists on world rampage

**U.S. economic security
requires farm parity**



**THERE IS GOING TO BE
A RUDE AWAKENING!**

Russia's future: dictatorship, chaos, or reconstruction?



“There exists no possible solution to this crisis, either for Russia or for the world within the bounds of the previously accepted terms of dominant international economic and financial institutions.”

—Lyndon LaRouche

in “Prospects for Russian Economic Revival,” prepared for Feb. 20, 1995 hearings at the Russian State Duma.

What is LaRouche's authority on Russia?

- **On Oct. 12, 1988**, in Berlin, LaRouche issued his famous Food for Peace proposal, which included collaboration between the Soviet Union and a free, reunited Germany to overcome the growing economic crisis.
- **In November 1989**, LaRouche enunciated his Paris-Berlin-Vienna Productive Triangle, an infrastructure program for the economic reconstruction of post-communist Eurasia.
- **In October 1993**, LaRouche was elected to the Universal Ecological Academy for his contributions to the science of physical economy. The Academy was founded in May 1989 by a group of scien-

tists many of them veterans of the Soviet space program

- **In April 1994**, LaRouche, paroled in January after five years in prison, made his first visit to Russia, at the invitation of the Universal Ecological Academy.

WHY YOU NEED THIS REPORT: *EIR's* Special Report, issued in August 1994, includes **“Russia's Future: The Three Alternatives”**: Lyndon LaRouche's account of his six-day trip to Russia. **“A Reconstruction Strategy for Russia—And the World Economy”** by Lyndon H. LaRouche, Jr. **“Whither Russia: A Situation Report,”** by Brig. Gen. Paul-Albert Scherer (ret.) **“The Military in Post-Bolshevik Russia,”** by Konstantin George **“Have We Already Lost Eastern Europe and Russia?”** by William Engdahl

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From the Associate Editor

In a March 2 nationally televised Presidential campaign broadcast, Lyndon LaRouche developed his concept of *national economic security*. During the Depression and World War II, he said, the United States “built up, within two or three years, an industrial machine, to supply for the sinews of war, which was the greatest industrial machine on this planet. Out of a garbage heap; because we mobilized to do it. And we can do it again.” We did it by protecting our vital national industries; by ensuring full employment; by passing laws like the Hill-Burton Act, which said that every community must have hospital facilities accessible to it.

Our *Feature* this week analyzes one vital component of such a national economic security package: farm parity pricing. The Agricultural Adjustment Act of 1938 laid out the concept clearly: “It shall be the duty of the Secretary [of Agriculture] to give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair to both producers and consumers.” There you have the concept imbedded in the “general Welfare” clause of the Preamble to the Constitution.

In times past, the idea that government’s job was to “promote the general Welfare,” seemed obvious. So, too, did reasonable people oppose “free trade,” which Thaddeus Stevens, the Republican House majority leader, described in 1852 as a doctrine that “has never been reduced to practice, except among barbarian tribes.”

But today, we are held hostage by the British free traders. And suddenly, in this election year, the issue of free trade versus protectionism, which LaRouche and *EIR* have insisted upon for more than 20 years, is at the center of the political fight. Even the *New York Times* published a commentary by Prof. Alfred Eckes, titled “Who Says the Republicans Are Free Traders?” which says what *EIR* readers already knew.

As our *National* section makes clear, there can be no horsetrading with the ideologues of the Conservative Revolution. They must be defeated by a landslide in November. The strong showing by LaRouche in the Delaware and North Dakota primaries, proves that Americans will respond, if competent leadership is offered.

Susan Welsh

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The press counsellor for the Sudanese embassy in London traveled to the United States to attend the Schiller Institute's Presidents' Day conference Feb. 17-18, and to meet with policymakers in Washington.

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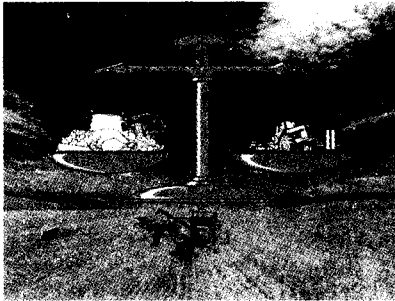
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In the span of 48 hours, over the weekend of Feb. 24-25, the stability of the Middle East and the Caribbean region was severely damaged by acts of irregular warfare—just as the 19-month peace process in Northern Ireland was shaken weeks earlier by a string of terrorist bombs, purported to have been carried out by the Irish Republican Army.

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The Daschle-Bingaman report is billed as "a set of comprehensive, specific Democratic proposals to address wage and income stagnation—to produce long-term, higher rates of economic growth, shared with working families in the United States," but errs fatally, by denying the reality of global economic disintegration.

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Deadly cure: currency board urged on Mexico's Zedillo

by Carlos Cota Meza

In the aftermath of his February trip to Great Britain and Switzerland, the Mexican government of President Ernesto Zedillo now faces the choice between applying protectionist economic measures, or falling into the abyss, by embracing the financial oligarchy's new "solution": to dismantle the national credit system and replace it with a foreign-controlled currency board, along the lines of what Argentine Finance Minister Domingo Cavallo implemented in 1991.

Mexico's policy dilemma mirrors the reality of the disintegrating international financial system, which is reaching a crossroads defined by its own dynamic of collapse. At least some sectors of the international financial oligarchy have realized that their "traditional policies" are no longer sufficient to keep their crumbling structure intact.

By "traditional policies," we mean the International Monetary Fund's (IMF) well-known conditionalities—floating exchange rates, currency devaluation, increased exports, wage freezes, and budget cuts, among others—implemented to guarantee payment of the cancerous foreign debt. In Mexico's case, following the December 1994 peso devaluation, in 1995 the application of these classic IMF conditionalities barely kept the "free market" economic model in place, at the cost of destroying the country's productive physical economy and exacerbating the national banking system's generalized insolvency. Inexorably, what is on the horizon for mid-1996 is another explosion of the Mexican debt bomb.

Faced with this crisis, the Mont Pelerin Society—a gang of bandits with academic credentials who call themselves neo-conservatives in the United States and neo-liberals in

most other places in the world—is organizing internationally with a proposal to eliminate central banks in most of the developing sector nations and replace them with currency boards. Argentine Minister Domingo Cavallo's reputation has been bolstered by the public relations line that his imposition of a currency board was what allowed Argentina to weather the "tequila effect" triggered by Mexico's 1994 peso devaluation.

There is no unanimous sentiment in favor of the currency board option for Mexico among the financial establishment, however. For example, during a recent trip to Mexico, former Federal Reserve chairman Paul Volcker publicly opposed the currency board idea, arguing that what Mexico needs is "a certain degree of flexibility in its exchange rate." Similarly, in statements made from Washington, Treasury Undersecretary Lawrence Summers advised that Mexico would do better to concentrate on strengthening its economy, rather than debating "secondary issues such as what type of exchange rate it should have."

The debate between protectionism of the national economy, and British-sponsored "free trade" havoc, is not unique to Mexico. It has been ignited in the U.S. electoral campaign, as well as in Russia's volatile economic and political climate, to name only the strategically most powerful places.

Zedillo in London

One of the most disturbing aspects of President Zedillo's recent tour of Europe was his private meetings with Bank of England Governor Eddie George. At the Bank's offices, he also met with William Purves, president of Midland Bank,

and Hongkong and Shanghai Bank Holding Co. Not only is HongShang Bank the historical controller of Asia's opium trade; today it also controls Hongkong's currency board. No official communiqué was issued following these meetings, but their effect is being felt in Mexico.

Thanks to the revelations published in the daily *El Financiero*, Mexicans learned that former students of University of Chicago professor Arnold C. Harberger, would be attending an exclusive meeting in Mexico. Supposedly speaking as private citizens, many of the Mexicans among these students, most of whom work for the central bank (Bank of Mexico), were going to analyze the "future" of the country's exchange rate policy.

The seminar, entitled Alamos Alliance III and run by the California-based Pacific Academy of Advanced Studies whose chairman is economist Clayburn LaForce, took place at the end of February at the posh Casa Pacífica ranch owned by the Robinson Bourghs family in the small town of Alamos, Sonora. Early in this century, the family, of Dutch descent, set up its own private bank at the ranch which, among other things, issued its own currency! The only scheduled speaker at the event was Bank of Mexico Governor Miguel Mancera Aguayo. Also in attendance were Roberto Salinas-León, chairman of the Mexican Mont Pelerin Society, and Carolina Bolívar, president of the Mont Pelerin-linked Ludwig von Mises Cultural Institute. Among the seven or more American "academics" attending were John Sweeney of the Heritage Foundation and Michael Walker, director of the Fraser Institute, both entities associated with the Mont Pelerin Society.

A large number of these individuals participated in the Mont Pelerin Society's mid-January meeting in Cancún, Mexico. The most highly publicized aspect of that event was the intervention of Johns Hopkins University professor Steven H. Hanke, the most vocal proponent of creating currency boards in Ibero-America.

Hanke's proposal

In an interview published in the Jan. 17, 1996 *El Economista*, Hanke went berserk against the Bank of Mexico, lauding Argentina's 1991 Convertibility Law which he personally authored, and attacked those who oppose currency boards. Hanke argued that contrary to a system based on central banks, with a currency board "the lender of last resort is foreign capital." Responding to the objection that without a central bank, all national monetary aggregates would have to be backed by foreign reserves (in Mexico's case, \$100 billion), Hanke said "a currency board can be created without having to cover 100% of old deposits with reserves. The new deposits are the ones that would have to be covered . . . in that sense, the only thing the currency board does is to establish total freedom to choose a currency and take away the government's monopoly over issuance of the legal currency."

In reality, what Hanke is proposing for Mexico is what

his book, *Currency Boards for Developing Countries*, calls "The Alternative: A Parallel Currency Approach." To establish a monetary system parallel to the national currency, Hanke says: "A parallel currency is one that circulates extensively alongside another currency at exchange rates determined by market forces. The parallel currency can have a fixed, pegged, or floating exchange rate with the other currency and can circulate legally or illegally."

To put a parallel currency into circulation, Hanke proposes: "An easy method is to give every resident an equal amount of currency board notes and coins as a one-time gift. . . . For example, a certain amount for the first person in each household, a lesser amount for each additional adult, and a still lesser amount for each child. . . . Residents who receive their distribution of currency can have their identity documents stamped or have their fingers dipped in indelible ink."

Hanke proposes the "legal" conversion of a central bank to a currency board in the following manner: Delegate to other institutions all the functions of the central bank, *except* supply of the monetary base; allow a brief period of a clean exchange rate, with no restrictions, for domestic currency; convert commercial bank deposits at the central bank into the currency of the currency board or into foreign instruments; establish a fixed exchange rate using the currency board's currency; guarantee foreign reserves equal to 100% of the domestic currency in circulation; and transfer the central bank's remaining assets to the currency board.

A crucial aspect of Hanke's proposal is that the currency board's board of directors would be made up of five individuals, three of whom would be foreign nationals appointed by the International Monetary Fund, and therefore considered trustworthy by foreign bankers!

To make the case for his model, Hanke discusses the first currency board created in 1849 in Mauritius, a British colony in the Indian Ocean. In 1900, other British colonies, and Argentina, adopted the same model. After 1900, "currency boards became the monetary arrangement of choice for British colonies and for some independent developing countries." Currency boards reached "their greatest extent in the 1950s, when much of Africa, the Caribbean, and South Asia had currency boards." In Eastern Europe, a currency board was set up in the northern region of Russia around Archangel and Murmansk in 1918 and 1919 and, Hanke reports, "kept an office open in London until 1920."

Historically, Hanke asserts, the currency board systems "have typically been successful in encouraging foreign investment"; in reality, the historical examples he chooses offer the worst cases of hyperinflation, civil wars, and bloody imposition of British looting practices.

Bank of Mexico under attack

Once President Zedillo's European tour concluded, the campaign against the Bank of Mexico began in earnest. There

are many reasons why the bank's elimination might be justified, but they are not the ones cited by the British Empire's financial pirates.

The IMF recently sponsored a conference entitled "Latin America's Central Banks within a New Legal Framework," held in Santa Fe de Bogotá, Colombia. Here, Ernesto Aguirre, an adviser at the IMF's legal department, chastised Mexico as the worst example of a country which granted autonomy to its central bank but then prevented the bank from handling monetary policy. According to the IMF, fights have erupted among financial authorities in those countries which have "constitutionally" created autonomous central banks.

Roberto Junguito, deputy director of Colombia's Banco de la República, spoke on behalf of the IMF. He asserted that "autonomous central banks will face serious difficulties in the future," and emphasized that "the executive branch should have no interference whatsoever in the decisions of a central bank; by the same token, no finance ministers, undersecretaries, or financial planning secretaries should be granted veto power."

According to some Mexican members of the Mont Pelerin Society, Ariel Buira, one of the Bank of Mexico's deputy governors, had a "strong exchange of words" with Steve Hanke at the offices of the *Financial Times* of London last year, which is why Hanke had not returned to Mexico until the Cancún conference in January. In July of 1994, Hanke and Sir Alan Walters had proposed that the peso be devalued and a currency board set up in Mexico. Buira and Sergio A. Ghigliazza, director of the Bank of Mexico's Monetary Studies Center, attended the Bogotá conference where, of the 17 central banks represented, 80% rejected the imposition of currency boards in their respective countries!

On the other hand, Francisco Gil Díz, another of the central bank's deputy governors, for the first time has spoken of "the need" to consider a currency board for Mexico to counter speculative attacks such as that of 1994. Gil Díz and Agustín Carstens, the central bank's director of Economic Research, recently presented a study to the American Economic Association in San Francisco, California, on "the causes" of the Mexican crisis. For this gang of Bank of Mexico officers, the crisis was due to "having maintained a fixed exchange rate without establishing a currency board."

Almost daily, more Mexican traitors embrace this scheme. Following the Alamos gathering, members of the Mexican Institute of Financial Executives showed up in Washington in the company of Steve Hanke and James Dorn of the Cato Institute. Hanke insisted that Mexico must create a currency board "before it is too late," adding that questions of "sovereignty" are irrelevant compared to the need to correct policies of Mexico's central bank which he called "one of the world's worst."

The "solutions" the IMF has imposed on Mexico to contain the banking system's growing insolvency, have not only exacerbated it, but have de facto fulfilled many of the "prereq-

uisites" Hanke demands for creating a currency board.

Everyone recognizes that all the emergency programs and the billions of dollars spent by the government to prevent the national banking system's collapse have failed. It is an open secret that the finance minister and the National Banking and Securities Commission are frantically working on new schemes to prevent a massive banking collapse. These new plans consist of effectively placing Mexican bank assets under *foreign control*, whereby the new foreign banks operating in the country will accumulate more capital than the foreign reserves held at the Bank of Mexico which for the most part come from IMF loans.

In practice, these new plans have consisted of handing over the four largest Mexican banks, controlling over 60% of the national banking and financial market, to foreign "partners," while smaller banks merge or simply disappear. The Mexican government is also seeking to sell to the same foreign banks the bank assets of which it gained control through the Bank Protection and Savings Fund (Fobaproa).

Banamex and Bancomer, Mexico's two largest banks controlling 50% of the market, began 1996 with the sale of their debt portfolios to the federal government. Due to "legal and accounting adjustments to be completed," Banamex has not yet sold \$15 billion of its debt portfolio to Fobaproa. Bancomer sold \$15.6 billion of its portfolio to Fobaproa and then immediately announced its "association" with the Bank of Montreal, founded in 1826, which acquired 16% of the Mexican bank with an option to increase this to 55%. Bank of Montreal, in turn, owns Harris Bank of Chicago, the fourth largest bank in the state of Illinois.

Forty-eight percent of Banco Inverlat, Mexico's fourth-largest bank, had already been absorbed by Fobaproa. The federal government has announced that Inverlat will associate with Canada's Bank of Nova Scotia, which will acquire 55% of its assets. Mexico's third-largest bank, Banca Servin, is owned by Adrián Sada González, a leading figure of the Monterrey Group. No information is available on the bank's status to date, but in 1995, it was the most important bank to join Fobaproa. It had sought a merger with Inverlat, but the Bank of Nova Scotia wouldn't agree to it. From all appearances, it is already under control of Bancomer-Bank of Montreal.

The remaining banks, almost all either totally or partially run by Fobaproa, are being dismantled, having their assets sold (bankers call this "disinvesting") to national or foreign insurance companies, brokerage houses, and the like. Moreover, the Finance Ministry has authorized 17 foreign multi-bank institutions to operate freely in the country. Also under way is the "conversion" of national bank assets to foreign financial instruments. New owners of Mexican banks, in addition to the 17 foreign institutions operating in the country, will back up new bank deposits with foreign exchange. Those same banks are the ones which will take out of the Mexican government's hands its monopoly over currency issuance.

Panic in the world's bond markets could pop the speculative bubble

by William Engdahl

During the last ten days of February, the world's major bond markets have been in what traders describe as "near panic selloff," in the sharpest decline since the bond market collapse of February-March 1994. According to informed financial market sources, the speculative bubble in world bonds, which had grown to staggering size in recent months, was a result of the effort of the Bank of Japan and the Japanese government to prevent a systemic collapse of the Japanese banking system, by injecting almost cost-free credit, in nearly unlimited sums, into the Japanese financial system since last summer. The Official Discount Rate of the Bank of Japan, the rate at which banks can borrow, went to an historic low of 0.5%. With the Bank of Japan printing yen at a record pace since September 1995, the classic ingredients for a new financial molotov cocktail were at hand.

"What has been driving the record levels of speculation in U.S. and European stock and bond markets since last autumn," observed Stephen Lewis, a leading London bond analyst, "has been the easy credit policy in Japan. Especially speculative hedge funds, like George Soros's Quantum Fund, have gone into Japan and made huge loans at 0.5% or so in yen, sold the yen for dollars or marks, and invested in bonds or stocks that pay many times that interest rate."

The risk was that the concerted Japanese effort to push the overvalued yen down against the dollar, and thus boost Japanese exports, would begin to fail, and the yen would again rise. "Two weeks ago it began to unwind," Lewis noted. "The yen suddenly rose from Y 107 to Y 104, despite Bank of Japan intervention to keep it down."

Losses for the high rollers

That yen reverse apparently triggered a financial debacle for the highly leveraged speculators like Soros. To avoid losses should the yen rise even more, they were forced to sell dollars and buy yen. That, in turn, increased the pressure. Then, on Feb. 15, Japanese Finance Minister Wataru Kubo made a statement which created panic in the world bond markets. He said that the record low interest rates in Japan were "affecting the lives of elderly people living on pensions. It is important that we take them into consideration in making monetary policy." Speculators had bet that Japanese interest

rates would remain so low at least until 1997.

Despite Kubo's immediate denial that Japan was about to raise interest rates, financial markets went into panic. Large holders of U.S. and European bonds, who had bought the securities on cheap money borrowed in yen, began selling.

According to reports in the Feb. 25 London *Sunday Telegraph*, the world's largest hedge fund speculator, George Soros of Quantum Fund, who claimed to have won \$1 billion in September 1992 speculating against the British pound, had recently gambled on falling U.S. interest rates and a rise in U.S. bond prices, as well as a further rise in the dollar against the yen. When just the reverse took place, Soros reportedly took a loss of \$1.6 billion.

The confirmation for many of a global bond market panic was sounded in the Feb. 22 *International Herald Tribune*, which interviewed William Gross, manager of the world's largest bond market mutual fund, the \$65 billion Pacific Investment Management Co. (PIMCO) of California. Gross declared that bond investors now feared that their bond investment would be devalued by the concerted push by major governments, from Japan to the United States to the European Union, to inflate their way out of the present economic crisis by printing huge sums of money. In these circumstances, Gross commented, "it is time to bail out."

The comments by Gross, one of the most optimistic investors in bonds in recent years, reportedly triggered an avalanche of selling, which, because much of the bond market speculation was made in borrowed money, itself triggered more panic selling to cover growing losses.

'Unprecedented scale' of speculation

Commenting on these developments, on Feb. 25, the London *Financial Times's* financial commentator, Barry Riley, asked, "Would the shake-out prove to be just a dress-rehearsal for the next global financial crisis, or would it turn out to be the real thing?"

Noting that indications were that the worst might be over for the moment, Riley cautioned, "Such speculation [in global bonds, stocks, gold] . . . is not in any way new. But its scale

is unprecedented. Funds running into trillions of dollars are now dedicated to short-term position-taking in markets around the globe. The key gamblers include the notorious hedge funds, the proprietary trading desks of banks and global bond and currency funds.”

Riley, like Lewis and other analysts, identified the reflation policy of the Bank of Japan as at the heart of this latest manifestation of the global financial bubble. “Since September,” Riley noted, “the Bank of Japan has been holding the U.S. dollar above Y 100 through massive intervention on foreign exchange markets, and by printing money fast enough to hold Japanese interest rates at 0.5%.”

But in their effort to prevent full collapse of the fragile Japanese financial markets, the Japanese authorities inadvertently destabilized financial markets in the rest of the world, from South Africa to Germany, and above all in the United States, where interest rates on 30-year bonds rose at an alarming rate from 6.01% in mid-February, to 6.48% by Feb. 28—a huge increase.

The broader impact

But, as large as these bond markets are, the danger is not limited to them alone. Rising interest rates are the consequence of having more bond sellers than buyers on a given date. If those rates continue to climb, in Europe as well as the United States, the falling levels of real economic production will turn, in the coming months, into a full-scale depression, as the 30-year process of financial deregulation and speculative buildup, at the expense of real economic investment, can no longer be sustained. The recent collapse of Europe’s largest shipbuilder, Bremer Vulkan, is merely a hint of what would follow.

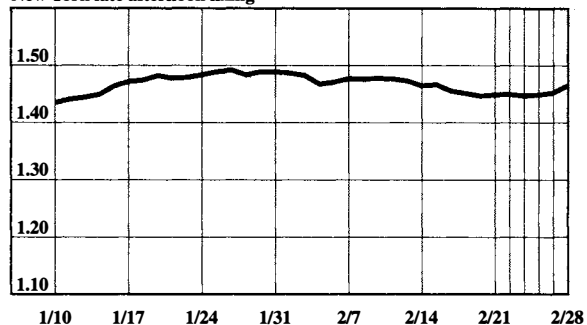
Given the heavy Japanese investment in the United States’ bond and stock markets, by far Japan’s largest foreign investment markets, the potential consequences of a major crisis in the yen at this point would immediately threaten a chain-reaction collapse of not only the \$3.5 trillion of bonds traded in the U.S. secondary market, but, under rising interest rates and a worsening economy overall, the hyperinflated Dow Jones and other major stock market levels would likely collapse in chain-reaction. The total market value today of all stocks traded on the New York Stock Exchange is a staggering \$6 trillion.

A simultaneous collapse of both U.S. bonds and stocks would, in turn, most certainly lead to wholesale liquidation of some \$1 trillion of American stocks and bonds held by foreign central banks and investors, which, in turn would trigger what is being called in Europe the ultimate “financial Chernobyl” scenario on global financial markets. Little wonder that financial investors have been more than nervous in recent days. As Riley cynically concludes: “The world’s financial centers are full of worried gamblers weighing their options. How long have they got before the real crisis hits? No problem: Each one will hit that panic button first.”

Currency Rates

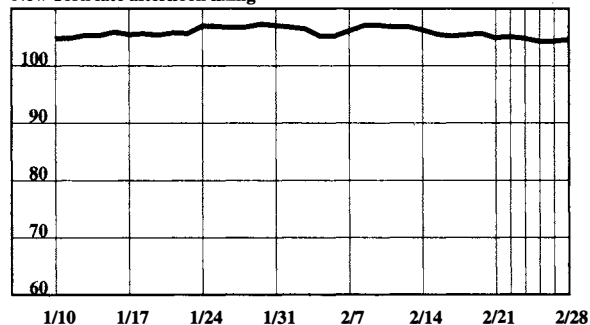
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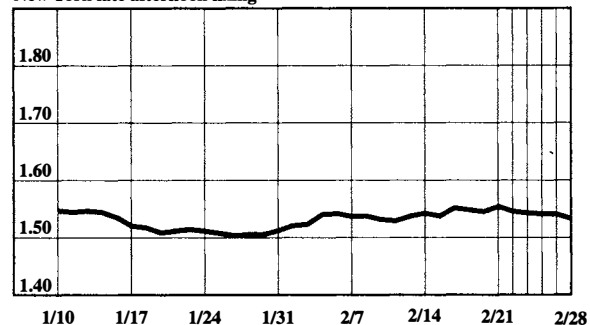
The dollar in yen

New York late afternoon fixing



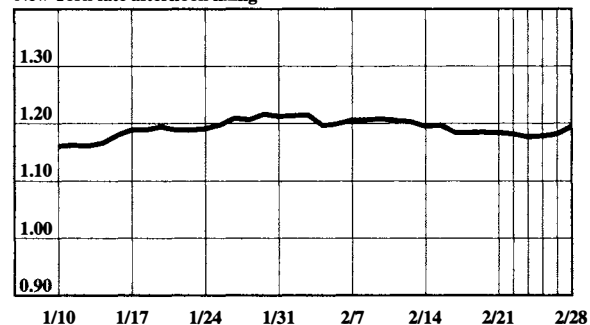
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



End of the line for U.S. fusion program?

by Mark Wilsey

In the current environment of shrinking budgets, U.S. fusion policymakers seem to have conceded that at current funding levels, any timeline for the development of fusion energy must be given up, and that the United States may cease to be the world's leader in fusion research.

In January, the Fusion Energy Advisory Committee (FEAC) of the Department of Energy issued its report on "a restructured fusion energy sciences program." The report was requested by DOE Director of Energy Research Martha Krebs, in order to help determine what could be salvaged of the U.S. magnetic fusion program, which was savaged by Congressional budget cuts this year.

The budget for fiscal year 1996 is \$244 million, some \$113 million lower than the FY 95 funding level, and far short of the administration's \$366 million request. Congress has indicated that there is little prospect for increased funding for fusion over the next several years, and the DOE is now forced to drastically down-size the magnetic fusion program. However, it is clear that the viability of the program could be placed at risk.

In December 1995, the FEAC began deliberations on a strategic plan for fusion research. It was asked to formulate a policy for restructuring the U.S. fusion program to fit funding levels ranging from \$200-275 million, and to recommend what elements of the program should be preserved. The DOE was already planning a "bare bones" operation of its fusion facilities, meaning no upgrades to the machines, and perhaps limiting operations to only a few weeks or days.

The FEAC report

The bulk of the FEAC report dealt with what would be the likely scenario if the fusion budget for FY 97 was \$250 million. A major consequence would be that the Tokamak Fusion Test Reactor (TFTR) at the Princeton Plasma Physics Laboratory (PPPL) would have to cease operations, thus "foregoing the remaining unique scientific output possible from that facility," the FEAC reports.

This would be a double blow to Princeton. It was hoped that the TFTR could be pressed into a couple of more years of service, because its replacement, the Tokamak Physics Experiment at Princeton, was canceled last year.

The FEAC report reflects the DOE's effort to reorient the fusion program to pursue basic plasma science research. This to be done through increased theoretical work, computational

simulations, and alternative fusion concepts. To that end, the FEAC recommends that Princeton could provide the leadership for such a restructured fusion science program, so that, somewhere down the line, if funding remains constant, there may be an opportunity for "one or two smaller but scientifically aggressive new facilities," one of which takes advantage of the infrastructure at PPPL, FEAC envisions.

The rest of the FEAC's scenario for FY 97, with the shutdown of the TFTR, would call for smaller facilities, the DIII-D at General Atomics in San Diego and C-Mod at the Massachusetts Institute of Technology, to be pressed into "maximal productive utilization." They also foresee, again depending on funding, that there could be some future upgrades to DIII-D and C-Mod.

At \$275 million in FY 97, a funding level that the FEAC would like to recommend, it would be possible to operate the TFTR for another year and meet U.S. obligations on the International Thermonuclear Experimental Reactor (ITER). However, at \$200 million, there would not only be a further reduction in U.S. contributions to the ITER, but that funding level would likely reduce the U.S. program to only one major operating facility.

What about the ITER?

The ITER project is an international program among the United States, European Union, Japan, and Russia. It will be a huge machine, designed to experiment with sustained burning plasmas under reactor conditions.

Currently, the ITER is in its engineering design phase, which runs until 1998. The United States is firmly committed, by international agreements, to this work. The U.S. share comes to more than \$80 million in FY 96. However, with the reduced budget, the United States can put in \$60 million or less, the shortfall to be covered either by deferring payments or by modifying the fusion work to make use of other program resources.

The FEAC recommends that the United States continue to participate in the engineering design phase of the ITER, but at a lower level. But what happens after 1998, when ITER's construction phase begins, and the U.S. share increases to hundreds of millions of dollars per year? In the current budget climate, it is clear to the FEAC that the United States is "very unlikely to participate as a full partner in ITER." It suggests that the United States may have to participate as a "limited financial partner."

Last summer, the President's Committee of Advisers on Science and Technology issued a report which examined the U.S. fusion program. Part of its recommendations was that the United States should try to talk down the cost of the ITER. But even if the costs were reduced 40-60%, the United States still could not pay its share. The dilemma is, that should the United States back out of the ITER, it would send a message that it is not a reliable partner, and could lead to a collapse of the project, damaging fusion research efforts worldwide.

Behind the myth of 'exploding social expenditures' in Germany

by Lothar Komp

Official unemployment in Germany has passed the 4 million mark, a postwar record high. Every productive sector of the economy is being squeezed by the European Union's Maastricht Treaty, with its demands for free-market austerity and fiscal conservatism. According to the daily barrage of media propaganda, the problem is simple: "Social expenditures are too high." That propaganda—the German version of Newt Gingrich's Conservative Revolution—is an outright fraud.

About 3 million industrial jobs have been eliminated in Germany since 1991, and, according to the agenda of the influential head of the German section of the business consulting firm McKinsey, Herbert Hentzler, another 3 million industrial jobs will have to be eliminated by the year 2000. Long-standing symbols of German postwar economic successes are in crisis. Since the assassination of Deutsche Bank Chairman Alfred Herrhausen on Nov. 29, 1989, Deutsche Bank has plunged into one disaster after the other. Simultaneously, almost every operation of the biggest German industrial group, Daimler-Benz, has turned into a catastrophe.

One current popular myth in Germany, is that the reason for all of this, is that the German employee, in these times of globalization, has to compete with cheap labor from the Czech Republic, China, or Thailand. Therefore, the propaganda line says, labor costs in Germany have to be cut down, and labor market regulations have to be swept aside. Every day, new proposals are being put forth to cut public expenditures for health and social programs, accompanied by admonitions that the "welfare State" can no longer be afforded.

However, as we shall show, the real reason for the destruction of Germany's economic strength is not "exploding social expenditures," but rather a disintegrating global financial system, which is not being helped by the incompetence of the German political and economic leadership. While the big German banks are adjusting their operations in order to satisfy the demands of the gigantic bubble on the global financial markets—currently about \$3 trillion of turnover every day—credit for small and mid-size industry (the *Mittelstand*) is no longer seen as a "profitable investment."

Costs of economic incompetence

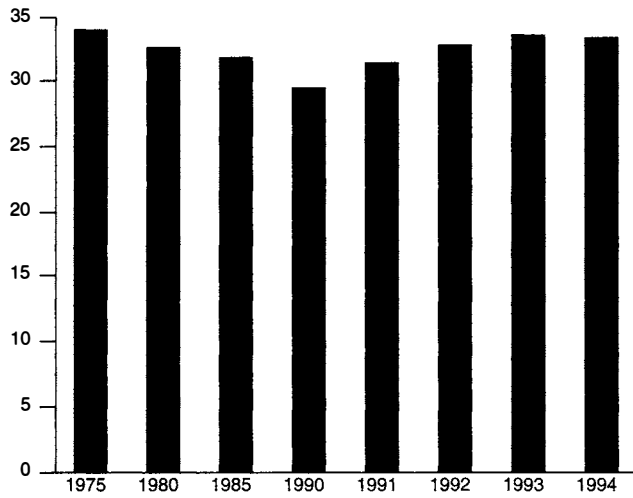
Let's first take a look at the development of social costs in the last 30 years. In 1994, overall social program expenditures in Germany were DM 1,106 billion (\$763 billion), which at first glance might seem to be a gigantic figure. However, once social expenditures are compared with economic figures such as Gross Domestic Product, any initial appearance of "explosive" growth is dispelled (**Figure 1**). Social expenditures in 1975 stood at 34% of GDP, just about the same as in 1994. An increase of social entitlements, compared to the overall economic activity, never happened.

Were the costs of unemployment benefits subtracted from social program budgets, then social expenditures measured as a percentage of GDP would be seen to have sharply fallen during the past 20 years. In this respect, there are three categories to look at: welfare payments, early retirement programs, and unemployment benefits. The primary engine that generates an increase in the number of people receiving welfare, is the failure of economic policies for dealing with mass unemployment (**Figure 2**). While unemployment figures went up from almost zero to now 4 million, the number of welfare recipients took a leap up toward 5 million. This is not hard to understand, since many long-term unemployed persons shift from the unemployed category onto the welfare rolls after 2-3 years. Welfare payments today total about DM 60 billion (\$41 billion) per year.

The different forms of early retirement schemes that were used to soften the blow of mass job eliminations, have now reached a yearly cost of DM 20 billion (\$14 billion). Such schemes were invented years ago, on the government's assumption that a recovery was "just around the corner." Today, there are now more than DM 100 billion (about \$70 billion) per year of outlays by the Federal Labor Office, mainly for unemployment payments, financing of education programs for the unemployed, and similar measures. Altogether, it can be stated that about one-sixth of all social expenditures in Germany today are a direct consequence of mass unemployment. Up to DM 180 (\$124 billion) per year in social expenditures would be saved, once an approach of creating millions of new productive jobs by great infrastruc-

FIGURE 1
German social expenditures

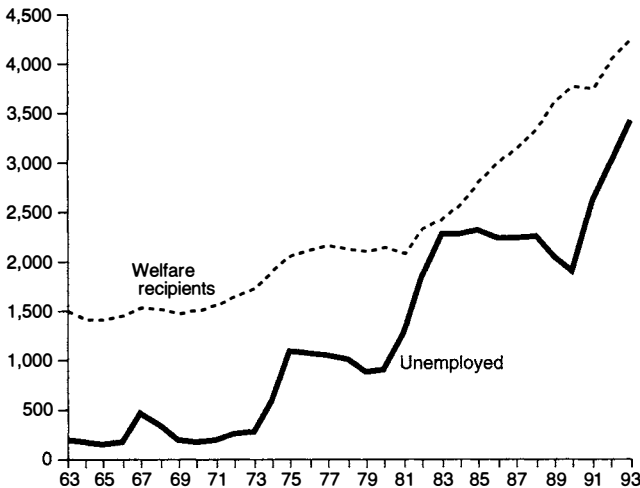
(in percent of GDP)



Sources: German Federal Statistical Office; EIR

FIGURE 2
Unemployment and welfare benefit recipients in Germany

(in thousands)



Sources: German Federal Statistical Office; EIR.

ture and technological projects, as defined in Lyndon LaRouche's "Productive Triangle" program for Europe, were to be enacted.

Now, what about "exploding health expenditures"? Looking first at hospital beds per capita (**Figure 3**), it can be seen that already in 1975, the buildup of German health infrastructure had gone into reverse. This continues at an

FIGURE 3
Hospital beds in Germany

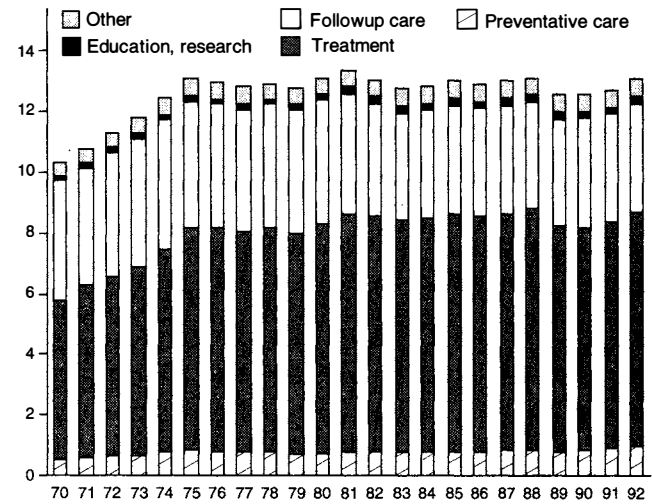
(per 10,000 population)



Sources: German Federal Statistical Office; EIR.

FIGURE 4
Health expenditures in Germany

(in percent of GDP)



Sources: German Federal Statistical Office; EIR.

alarming rate today. Because of this reversal, the growth of total health expenditures measured in GDP terms came to an abrupt halt in 1975 (**Figure 4**). Today, health expenditures are about 13% of GDP, exactly the same as in 1975.

The majority of social expenditures, about DM 450 billion (\$314 billion), are pension payments, including more than DM 371 billion (\$255 billion) coming from the State

social security agency. These pension payments are not some kind of generous gifts for indigent persons, organized by the State out of taxpayers' money. Pension payments are basically financed out of contributions from currently employed people, and are given in precise proportion to the social security contributions each pensioner had paid in earlier. Therefore, pension payments in Germany are property-like entitlements that are constitutionally guaranteed. Of course, should the physical economy collapse, the pension system will also.

Attacks on the pension system

So far, the budget-cutters in Germany are carrying out a two-pronged attack against the pension system. First, their daily warning cries of the alleged unsustainability of the public pension system have led to the growth of private pension schemes, such as life insurance policies. As an example, the life insurance companies based in Luxembourg recently reported a 450% increase in new policies during 1995, primarily from German and Belgian customers. Meanwhile, Deutsche Bank's chief economist Norbert Walter is campaigning for transferring the pension funds of German companies into the global financial bubble. He had already attacked the "collective" pension systems in his book *The New Wealth of Nations*, explicitly including the old-age pension programs of private companies, where the pensions for the former employees are financed out of their current income. A recent study by Deutsche Bank Research, directed by Walter, has discovered an "additional financial market potential" of DM 260 billion (\$179 billion), if all the old-age annuities of private German companies were not financed out of pension plan income, but out of financial market earnings such as interest rates. (Currently, speculative investment of private firms' pension funds is prohibited.) Of course, the ultimate goal of Walter's gang is to impose an analogous solution for all "collective" pension payments. It can easily be seen that another giant financial bubble would have to be built up, of around DM 10 trillion (\$6.8 trillion), in order to finance all German old-age payments out of interest rates, dividends, or other capital gains.

The real historical record

Despite all the propaganda about "exploding social costs," the Conservative Revolution maniacs are not really concerned with making companies "more competitive on world markets." Their real aim is to destroy the power of nation-states to develop the productivity of the labor force by investing in education, health care, transport and energy infrastructure, and so on. The development of German industry during the 19th century is full of examples of such a successful approach, including the education reforms by Wilhelm von Humboldt and the efforts by Friedrich List to integrate and overcome the parochialism of 41 separate

German kingdoms and principalities, by means of railways and the Zollverein customs union.

It is useful to look at the establishment of social security systems in the late 19th century. After the end of the 1860s, a worldwide financial speculation bubble developed, which by 1873 had resulted in a wave of bank collapses and stock market crashes around the world. Berlin stock market prices collapsed by half during 1873, and trust in the blessings of Adam Smith's "invisible hand" was fading away. The State was called upon to nationalize railway lines and to defend private business against cheap British imports. However, one of the most important—and successful—State interventions at that time was the introduction of mandatory social security for every working household, something which did not exist anywhere in the world prior to that time.

This was a period when rapid growth of cities had caused catastrophic hygienic situations. In 1866, and again in 1871, cholera epidemics killed many thousands of people in Berlin alone. Average life expectancy in Berlin was less than 30 years; infant mortality stood at 50%. Only in 1873 did the construction of a modern sanitation system finally begin. One year later, mandatory vaccination was introduced. Hospitals and medical research centers were established. While the population density in Berlin increased from 14,000 (1871) to 33,000 (1910) per square kilometer, the number of hospital beds per capita did not merely keep pace, but increased from 24 to 63 per 10,000 inhabitants. In 1883, the health insurance law, the first of the social security laws enacted under Bismarck, guaranteed free medical treatment and medicine for the industrial workforce. Later, health insurance was extended to other economic sectors, such as agriculture and transport. Mandatory accident insurance followed in 1884. And finally, in 1889, the pension system was introduced, guaranteeing a pension for every employee who reached 70 years of age, or had become disabled. Already at that time, free-market liberal propaganda was groundlessly warning about the ruin of German exports due to social expenditures. However, supported by the rapid buildup of infrastructure and new branches of industry—for instance, chemical products and electrical manufactures—German companies took over, step by step, export markets from Britain, which refused to introduce a health security system until 1911.

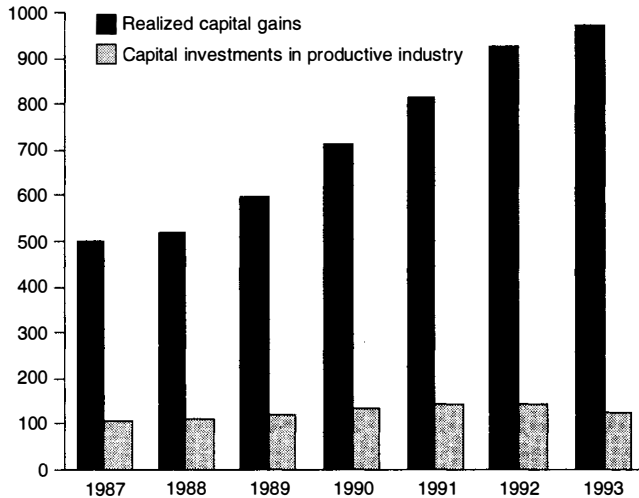
Financial bubble kills jobs

Contrary to the media hype about "exploding social costs," there are other categories of costs that really do show an alarming growth rate. What are the costs to the German economy, caused by the reorientation of big German banks toward short-term speculative profit? Or, to refer to examples recently emphasized by LaRouche: How much would it cost to reestablish the German education system that was essentially destroyed in the 1970s by Willy Brandt's re-

FIGURE 5

Interest payments versus productive investments

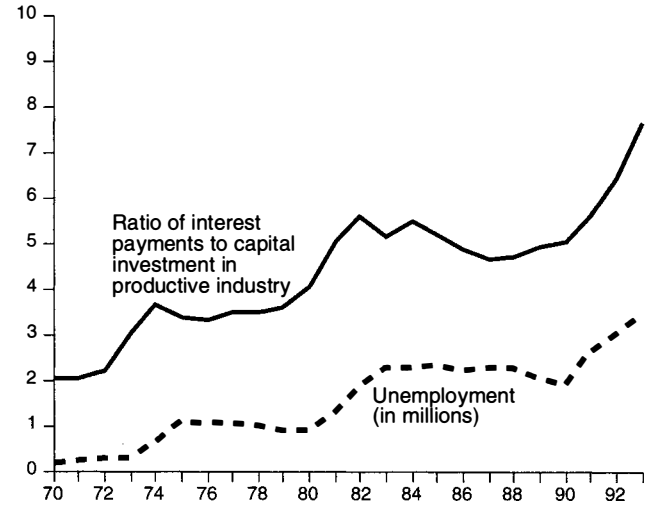
(in billion DM)



Sources: German Federal Statistical Office; EIR.

FIGURE 6

Interest dominance versus unemployment 1970-93



Sources: German Federal Statistical Office; EIR.

forms? What is the yearly economic damage caused by the destruction of the education system? What about the destruction of the giant AEG electrical firm, which for many decades served as a technological engine for the whole German economy?

Although it might be difficult to measure such costs, there are some other effects of the “post-industrial” utopia and the global financial speculation, however, which can easily be concretized. Already, the German industrial sector has to spend DM 180 billion (\$124 billion), that is, 10% of total costs each year, on “special services,” which are identified by the Federal Statistical Office as “advertising, marketing, agents’ commissions, examinations, consultations, legal fees, insurance premiums, and others.”

If we look at the German chemicals sector, in 1993 we see “special services” costs of DM 28 billion (\$19 billion), more than half of the entire personnel costs (including wages, payroll taxes, and social security payments) of DM 52 billion (\$30 billion).

Another disaster for all German export-oriented industries in recent years, has been the foreign exchange gyrations caused by global financial speculation. Let’s assume that the most important German export branches, that is, those which produce machines, cars, electrical and chemical products, had eliminated 100% of their social costs during 1995. Social costs are basically social security payments, plus some additional social benefits paid by employers. With such a brutal cut in social expenditures by private businesses, total costs would have been reduced by about 4.5%. However, the foreign exchange speculation losses during Febru-

ary 1995 alone outstripped any cost savings that might have made even if the social benefits had been smashed in that way. In that single month, the foreign exchange value of the U.S. dollar, the British pound, and the Spanish peseta fell by 5% against the deutschemark, and the Italian lira fell by 10%.

Actually, explosive growth rates in Germany can indeed be observed—in interest payments. Each year, a flow of interest payments and other capital earnings of about DM 1,000 billion has to be commandeered inside Germany, just in order to fulfill financial obligations. This figure doubled in the six years from 1987 to 1993. At the same time, investment into agriculture, mining, industry, and construction has stagnated, and, since 1991, have even decreased (Figure 5). The ratio of interest-rate payments to the above-mentioned categories of productive investments, here described as “interest rate dominance,” since 1970, has increased in close correspondence with unemployment figures (Figure 6). Whenever interest payments become increasingly dominant over productive investments, several hundred thousand jobs were destroyed. This did not occur continuously, but in a series of shocks, as in 1972-75, 1979-83, and since 1990.

The cancerous growth of the international financial bubble, which is reflected in these shocks, is the primary cause of the burgeoning mass unemployment. Rather than a radically destructive “restructuring of the social State,” what is actually necessary is the bankruptcy reorganization of the global financial system, to allow millions of new productive jobs to be created.

Business Briefs

Nuclear Energy

Indonesian government split over reactor

Indonesia's plan to build a nuclear plant has led to an open conflict in the government, the Jakarta newspaper *Kompas* reported on Jan. 31, according to the U.S. Foreign Broadcast Information Service. Minister for Research and Technology B.J. Habibie, who is close to President Suharto, is insisting that construction will start in 1998, and that the need to industrialize means that "other technology cannot supply our demand for energy."

However, Minister for the Environment Sarwono told journalists on Jan. 29 that "it was too premature to say a nuclear plant will be constructed," because there has not been an analysis of the "environmental impact." The non-governmental organization apparatus is gearing up to stop it.

Africa

Cardinal: West should cancel the debt

Cardinal Hyacinthe Thiandoum, archbishop of Dakar, Senegal, called for a debt moratorium for Africa, and said that it is in Western interests to support such a policy, in an interview with the Italian newspaper *30 Days* in late 1995. The call echoed *Ecclesia in Africa*, a document produced by the Vatican's 1994 Synod on Africa.

Asked if the demand for a debt moratorium were realistic, the cardinal answered: "Yes, it is, because this debt—on whatever terms—is attacking and undermining the economies of our countries. Every time a serious attempt at launching an economic policy is made, it drowns in a bottomless pit of foreign debt. The interest burden on this debt continues to grow so dramatically that Africa will never ever be able to shake off the noose around its neck. It will never be able to rise above it, and if Africa does not rise above it, the world will never have peace. For, if there is no peace in a continent as big as Africa, it is hard to imagine all the disorder that could

be triggered on a world scale. So, if Western countries maintain this debt, making no attempt to reduce or annul it, they are going against their own interests."

Quoting from Pope John Paul II, the cardinal called the raw materials multinationals "brigands preying upon" Africa. "Their names are well known," he said. "The brigands are people who covet Africa's thieves, without giving anything in return. The problem is that thieves and brigands work at night, but these multinationals operate in the light of day and for all to see. But no one cares. . . . What is really appalling is that these profiteers, hiding behind their anonymity of their boards of directors, do not even realize the horrors they perpetrate. And the leaders of our countries must also stop being the accomplices of those who would like the continent to stay on its knees so that they might continue to exploit it. All of this must cease, and as soon as possible."

Shipbuilding

German Vulkan yard files for bankruptcy

Germany's Vulkan shipyard, which employs 23,000 workers, filed for voluntary bankruptcy on Feb. 21. Vulkan mistakenly counted on an uncertain European Union (EU) loan when it signed a contract roughly \$62 million below "market price," for the amusement cruiser *Costa II*. The affair underscores the fact that building of freighters has become a minor aspect of the European shipbuilding industry.

Especially since the oil crisis of 1973, the EU has promoted a continuous decrease of employment in Europe's shipbuilding industry, which has shrunk from 460,000 workers in 1975, to less than 80,000 today. Recently, the EU signed (but has not yet ratified) an international OECD accord with the United States, South Korea, and Norway, that prescribes timetables for ending direct government subsidies to shipyards. Most shipyards in the EU are surviving only through government or EU support.

The German daily *Frankfurter Allgemeine Zeitung*, in its lead editorial by free-

trade advocate Hans D. Barbier on Feb. 22, said the Vulkan failure was good news, and blamed high labor costs.

The London *Financial Times* urged Vulkan to follow the example of Poland's low-wage shipbuilding sector. But Vulkan is facing the British model, imposed by the Brussels Commission and the banks: In 1946, Britain built 40% of the world tonnage in ships; 50 years later, it produces 1%. German shipyards controlled a world market share of 5.4% in early 1996. If the voluntary bankruptcy of Vulkan succeeds, and it fires half of its workforce, total tonnage produced in Germany will fall to 3% of world output.

Petroleum

British escalate 'oil war' against Russia

British-linked Chechen forces blew up a gas pipeline on the Chechen-Dagestan border, and an oil refinery in Grozny, the capital of Chechnya, on Feb. 22, the British Broadcasting Corp. reported. The BBC said that this would jeopardize Russia's negotiations with the (British Petroleum-centered) oil consortium in Azerbaijan, for oil to be transported through pipelines in Russian territory, and that, instead, Azeri oil might now have to go through Georgia and Turkey.

The Chechen attack is the first-ever on a trunk pipeline from Azerbaijan into regions of the Russian Federation, indicating that British-backed networks are escalating their "oil war" against Russia. This border area is populated by Lezgins, and there has been talk in British and related "circles" recently, that a new independent region, "Lezgistan," would soon be created.

U.S. Presidential candidate Lyndon LaRouche said that behind the "Chechen liberation war" against Russia, is really a British-backed "oil war" to destabilize Russia, in an interview with the weekly radio program "EIR Talks" on Feb. 21.

Jonathan Lee, from the Center for Global Energy Studies in London, told BBC, "This is the last thing the Russians want, because it will make their negotiations with the Azeri oil consortium all the more difficult." He said

the decision on which pipeline route would be chosen, would be made over the next year.

Meanwhile, the Feb. 12 London *Financial Times* reported that the Russians are invoking an old position on the Caspian Sea's legal status, and this may prevent fulfillment of a contract (signed in 1994, by a consortium led by BP) to extract oil off the coast of Azerbaijan. The Russian stance, a reversion to the "previous tough stance on the Caspian," holds that any drilling should be subject to approval from all states bordering the sea. The paper said this position has "also won support from Iran." One British official threatened: "We hope Russia does not go back to that line, because it could damage its own interests by doing so." The official said that western companies might be forced to rely entirely on a pipeline through Georgia and Turkey.

Infrastructure

Kohl urges high-speed rail link to Russia

German Chancellor Helmut Kohl stressed the importance of German-Russian relations, and specifically endorsed the construction of high-speed rail links between Russia and the European Union, at a press conference following his meeting with President Boris Yeltsin, during his visit to Russia on Feb. 19-21.

"We always said that in the planning of international ties, account should be taken of linking Moscow and Petersburg to high-speed railroad lines," Kohl said. "I believe such a line could start in London, cross the Channel, then go to Paris, Mannheim, Frankfurt, Berlin, Warsaw, Kiev, Moscow, and St. Petersburg. It would be good for the European railway network to encompass all these cities."

"I think it is very important that the European Union intends to finance, this year, this European railway project," Kohl added. "This is a concept clearly understood by all responsible people."

Kohl also said that he strongly disagrees with those who say "that it is senseless for Germany and other countries to invest, con-

sidering the nature of the problems facing Moscow and Russia, their hopes and funds, that the result would be negative all the same. I think this is an idiotic approach, which is totally unacceptable to me."

Organized Crime

Mafia role in Russia is huge, says expert

The Russian mafia dominates 20-45% of Russia's export trade, according to Vienna-based Russian expert Vladimir Pankov, the Vienna *Wirtschaftswoche* reported on Feb. 6. Some "20% of oil production, 34% of fertilizers, and 45% of non-ferrous metals are illegally exported. Pankov estimates the volume of capital exported to the West via mafia machinations at \$30-40 billion in 1994," the paper said. Much of this is U.S. dollar-based, and facilitated by the New York Federal Reserve sales in 1994-95 of over \$40 billion in newly minted notes to dubious, speculation-oriented Russian private banks.

Lyndon LaRouche noted that the "Russian mafia" is a certain section of the old Soviet apparatus, which enforces the deals with the mafia, in an interview with "EIR Talks" on Feb. 9. The funds are laundered through European banks, including ones in London, in return for drugs, which are then pushed in Russia, he said.

At an October 1995 Anti-Mafia Conference in Vienna, Michael Sika, an Austrian law-enforcement official, stated, "In Austria, four of Moscow's biggest criminal organizations are active. Their heads, who live in Austria, control virtually unlimited financial means. Companies are founded, intermeshed with each other, dissolved, with large sums of money transferred, parked, laundered, and then invested." The head of Moscow's Stolichny Bank, a prime recipient of Federal Reserve dollars, runs the banks' international dealings out of Vienna.

An Austrian Interior Ministry source told *EIR* that the inclusion of Austria on the U.S. list of countries referenced as negligent offshore banking centers, produced extreme nervousness in Vienna's financial elite.

Briefly

GERMAN unemployment "could soon reach the horrible 6 million level of the Weimar Republic," if the government tries to impose the Maastricht criteria for currency union, Dieter Spoeri, economics minister of Baden-Württemberg, told the daily *Süddeutsche Zeitung* on Feb. 19.

THE RUSSIAN Labor Ministry published a report in late February which documents that, despite a nominal 100% increase in incomes over the levels of 1994, real wages dropped by 24% nationwide during 1995, the Austrian daily *Die Presse* reported in its Feb. 18-19 issue.

CHINA approved large-scale production of a "bullet train," with the high-speed Dongfeng-11 diesel locomotive, the official Xinhua news agency said, according to Feb. 20 wire reports. A key state project under the 1990-95 Five-Year Plan, the locomotive can go 110 miles per hour.

AFRICA cannot pay its debt, Vijay Mahan, the deputy secretary general of the Organization of African Unity, said in Addis Ababa on Feb. 14. "Africa cannot continue to pay this debt and pursue meaningful development," he said. "Africa's external debt . . . continues to be the single most important obstacle to the continent's development efforts."

MALAYSIA Prime Minister Mahathir Mohamad pledges to continue megaprojects, despite a rise in the current account deficit. But the projects show the problem with his British-influenced approach: a new "Federal Administrative City," Putrajaya, and a new international offshore financial center on Labuan Island, which is meant to compete with other fast-money "tax-havens."

GREECE was struck by transport, bank, and Olympic Airways workers on Feb. 22, who were protesting the austerity program of the previous government which has been continued by Prime Minister Spiro Simitis. A 10% increase in salaries is among the unionists' demands.

National economic security depends on farm parity

by Marcia Merry Baker, John Hoefle, Anthony K. Wikrent

For over 60 years, the United States has had an agriculture policy concept, called parity, “on the books” in some form. Although it has not been implemented for about the past three decades, it calls for maintaining the economic health of the domestic farm sector, as a national economic security concern.

In this economics feature, we have assembled the need-to-know facts on the thinking behind agricultural parity policy, as a reference for policymakers confronted with today’s food shortage crisis and economic breakdown.

Even now, when the Senate voted up on Feb. 7, radical, pro-free trade, anti-national farm and food legislation sponsored by the Conservative Revolutionaries, called the “Agriculture Transition Act” (“Freedom to Farm Act” in the House), the draft law specified, at the behest of Senate Minority Leader Tom Daschle (D-S.D.), that when it expires in 2002, seven years from now—unless renewed or replaced—U.S. agricultural law will continue to revert to parity policy, as stated in the permanent legislation, “The Agriculture Act of 1949,” as is currently the case. Daschle said that at least this would give the country a chance to re-write and replace the new “Freedom/Transition” law. At the end of 1995, the 1949 permanent farm legislation came into effect, because no superseding law was passed last year; and, by consensus of the administration and Congress, it has not been implemented.

But, whatever the House decides in its upcoming votes, the fact is that the pace of the food and economic crisis already under way will not wait for seven years to be rectified. Models for government policy for domestic development, such as the tried and true parity approach for food—which is equally applicable for other strategic commodities, such as oil—are essential right now, to reverse the catastrophe of decades of takedown of national economies.

Put farmers on a ‘par’

In its simplest form, agricultural parity policy refers to the government mandating, and taking action (which can be of many, varied kinds), to see that the price



An Iowa farmer and his children. The parity approach, based on national economic self-interest, guarantees that the farmer will be able to continue producing, with a decent living standard for his family, and enough profit to modernize his equipment as need arises. This is the opposite of the free trade approach.

farmers receive for their commodities output gives them a purchasing power that is on a par with some level that policy-makers deem good for the economy generally. This provides for the national food supply, and in so doing, maintains demand for farm sector inputs, which, in turn, means orders for the output of the other sectors of the economy: manufacturing, infrastructure, health, education, and others. Thus, the parity approach, based on domestic economic self-sufficiency or national economic self-interest, is the opposite of the free trade, free market approach.

The U.S. agricultural parity policy was first codified in 1933, and institutionalized in 1938 and later laws (see short history below). In the midst of the Great Depression, policy leaders decided that the pre-World War I period for farming and the general economy represented desirable characteristics of economic soundness and “reproducing” capacity, that would be good to maintain. In other words, farmers had a certain ability to invest in equipment (whatever the latest technological mode) and to maintain their households at the needed physical and cultural level for guaranteeing productive activity in the future.

For various reasons, the purchasing power of prices received by farmers, averaged over 1909-14, was designated as the parity “base period.” Then, government actions were taken when necessary to see that desired degrees of parity were in effect for farmers engaged in producing various designated “basic” and “non-basic” commodities. This approach resulted in spectacular production increases during World War II.

FDR takes pride for parity

President Franklin Delano Roosevelt liked to claim special credit for seeing parity achieved for farmers. On April 2, 1943, he said in a letter to the Senate:

“In the past, no one has fought harder than I to help the farmers get parity prices for their crops. With pride, I recall that the parity idea was first put into law during my administration. And by the act of Oct. 2, 1942 [the Steagall Amendment], the farmers were guaranteed 90% of parity prices for all basic crops, not only during the war, but for at least two years from the first day of January following the declaration of the termination of the war.”

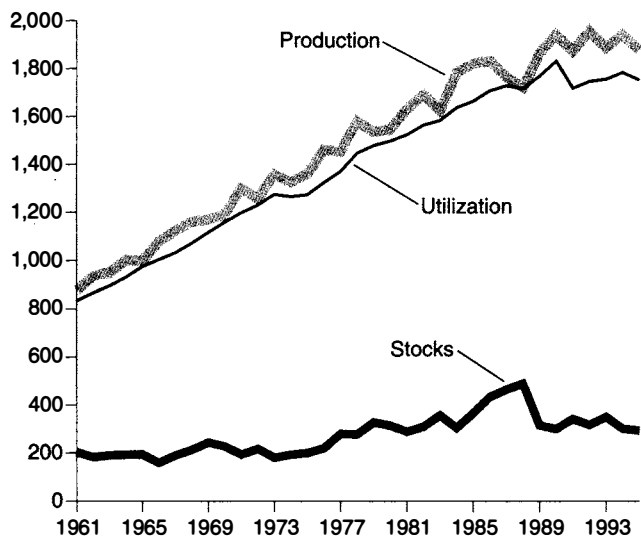
(This letter was a veto message to the Senate for S. 660, the “Bankhead Amendment,” concerning agriculture commodity prices, because the President wanted to prevent price inflation, over and above parity, during World War II.)

Today’s food shortages crisis

The need for restoring and expanding food output today is urgent. People are usually familiar with the world food supplies crisis in terms of grains shortages, the way it is most frequently portrayed in the popular media. As shown in **Figure 1**, grains output globally (of all types, including wheat, rice, and corn) has leveled off in the 1990s. In millions of metric tons, world grain output has not gone over the level of 2,000 million, whereas, for decent nutrition, well over 3,000 million is what would be required to provide a good diet for everyone. The falloff in grains output means,

FIGURE 1
World grains production, utilization, and stocks, 1961-95

(millions of metric tons)



Source: FAO Agrostats.

as **Figure 2** shows, that world grains production per capita is plunging.

Figure 1 also shows the leveling off of grain “carryover” or reserve stocks (to around 200 million tons worldwide), which means that stocks, as a percentage of recent average annual consumption, are declining. Estimates of the ratio of worldwide grain stocks, to use (shown as “utilization,” i.e., for all purposes, including direct consumption, waste, live-stock feed, and industrial), now stands, as of 1996, at about 13% and falling.

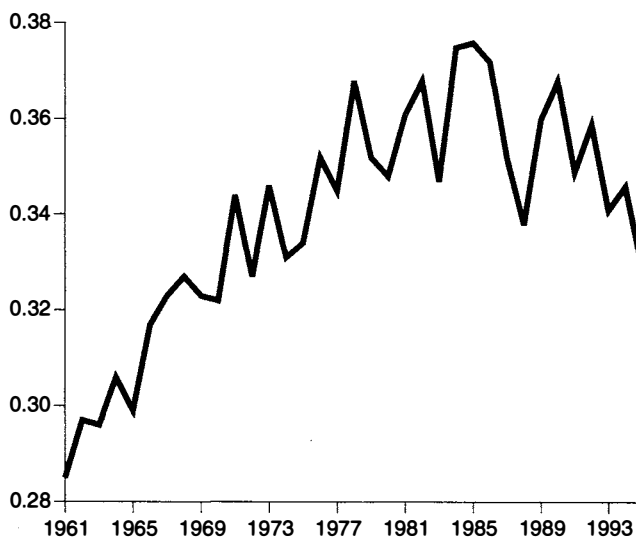
The U.S. government announced in 1995, that for the first time since World War II, it has no stocks of grains for foreign food-relief use. In 1995, the European Union put a tax on EU-originated grain for export, to deter outflows of grain from the EU domestic market. This winter, many other nations, such as Romania, forbade grain exports outright, to attempt to meet domestic bread needs.

But this decline in grains output and supplies is, in fact, a sign that less food of all types is being produced and is available per capita, especially, meats and other animal protein foods (dairy, eggs) tied to grains feed.

Table 1 lists the 40 countries, in what the U.N. calls the “developing sector,” that have seen a decline in per capita output of food since 1980. Declines of 40-50% occurred in African nations, e.g., in Somalia, Angola, Liberia, and Malawi. Other nations in Africa, as well as in Ibero-America, experienced a 10-40% decline. The Philippines has had a 10% decline, and output per capita is falling elsewhere in Asia.

FIGURE 2
World grains production, per capita

(metric tons per capita)



Source: FAO Agrostats.

Declines of this magnitude represent lack of food on a scale signifying economic disintegration and genocide. In recent *EIR* statistical reports, we have shown what declining food output has meant in terms of food import-dependence (see Dec. 8, 1995, *Special Report*, “Who Is Responsible for the World Food Shortage”). In January 1996, Russian Agriculture Ministry officials announced that the nation is now 40% dependent on imports for food supplies.

The obvious point is that there is no food to be had. The rise in per-ton grain import prices is preventing many nations from acquiring food. Very temporarily, some nations are purchasing food because others cannot afford it. If, as of tomorrow, all import-financing problems were solved, the food would not be available at any price, because it is not being produced.

What are world government leaders doing about this? On the level of sounding the alarm, the food shortages crisis is being addressed by the United Nations Food and Agriculture Organization, which, for the first time in its 50-year history, is hosting an emergency world food summit, in Rome in November 1996. So far, 50 heads of State are pledged to attend, and to help sponsor the event.

But what are the proposed “solutions”? Typical of the thinking of U.N. agencies, such as the World Bank, and private operations such as the Worldwatch Institute, is the list of “strategies” published early this year by the Washington, D.C.-based International Food Policy Research Institute (IFPRI, founded, like Worldwatch, in 1974, as a front for private commodities and financial interests). In a January release on

TABLE 1

Decline in per-capita food production, 1980-94

Nation	Percent	Nation	Percent	Nation	Percent	Nation	Percent
Decline of more than 40%		Decline of 21-30%		Decline of 10-20%		Decline of less than 10%	
Somalia	53.1	Burundi	29.5	Niger	20.4	Peru	9.3
Malawi	47.1	Mozambique	23.6	Sierra Leone	20.0	Honduras	9.0
Liberia	46.1	Tanzania	23.5	Ethiopia	19.7	Mali	8.7
Angola	40.5	Namibia	22.5	Lesotho	18.5	Ivory Coast	8.6
Decline of 31-40%		Congo	22.2	Kenya	17.5	El Salvador	6.8
Nicaragua	37.3	Swaziland	21.3	Sudan*	17.2	Zaire	6.7
Rwanda	36.3	Madagascar	21.3	Mauritania	16.9	Guatemala	1.5
Cuba	35.0	Cameroon	21.0	Zimbabwe	16.4	Bangladesh	0.4
Haiti	33.9	Gabon	20.5	Sri Lanka	13.5		
Afghanistan	33.8			Zambia	13.3		
Botswana	32.1			Philippines	10.4		

Note: Since the time period shown on this chart, Sudan has now become food self-sufficient, by, among other measures, striking a balance between cash crops and sufficient staple crops, in the high-technology Gezira region, to guarantee a security buffer against swings in annual crop output because of weather variability.

Source: U.N. Food and Agriculture Organization, "Quarterly Bulletin of Statistics," and U.S. Department of Agriculture, Economic Research Service.

"Rising Food Prices and Falling Grain Stocks: Short-Run Blips or New Trends?" IFPRI advised food-short nations:

- Hold small grain stocks to provide some insurance against price spikes.

- Use foreign exchange insurance or special credit arrangements, such as the International Monetary Fund's Compensatory Financing Facility, to finance needed imports.

- Use world futures and options markets to hedge against future price increases.

- Invest in transportation, communication, and agricultural research to ensure competitive rural markets and enhance the capacity of farmers to respond to changing prices."

And also, the U.N., IFPRI, and similar organizations promote low-technology, low-input types of farming methods (now termed, officially, by the U.S. Department of Agriculture, "low-input sustainable agriculture," or LISA), along with population reduction, in the name of proclaiming the "sustainable economics" approach to the crisis. Worldwatch Institute director Lester Brown, in his *State of the World, 1996* annual report, released in January, published a list of nations that he regards as having achieved "stability" of population with their lowered mode of economic base, which featured, for example, Romania.

What free market?

Thus, all the alarm expressed over food shortages and agriculture output problems, is serving as a coverup for the real process under way, in which farm sectors—along with national economies generally—have been deteriorating for 25-30 years, for lack of infrastructure, repair, and technology improvements. At the same time, outright looting of national farm and food sectors has occurred, as, in the name of "free

trade" through the imposition of the General Agreement on Tariffs and Trade (GATT) Uruguay Round/World Trade Organization, and North American Free Trade Agreement (NAFTA) and other trade agreements, networks of private finance and commodities companies have tightened their control over food production and supplies.

Table 2 gives the world's top 50 food manufacturing companies (food handling, processing, storing, and trading), ranked by dollar value of annual food sector, and annual total sales. Thirty-eight out of the 50 names are headquartered in the United States, Canada, Britain, Australia, and Switzerland, and are part of groupings of food cartels controlled by Anglo-Dutch financial interests. Only 12 are based in other countries, principally Japan.

Cartels of these named companies, and a few junior partners, control up to 90% of various commodities in world trade, and similar degrees of domestic market control in many nations. For example, of the approximately 200 million tons of grains traded internationally, 90% of this commerce is carried out by a handful of grain cartel companies: Cargill, Archer Daniels Midland/Töpler, ConAgra, Louis Dreyfus, Pillsbury (owned by Grand Metropolitan), Continental, André.

In meat processing, the world's slaughtering and trading cartel is led by IBP, Cargill, ConAgra, and a few others.

The world dairy cartel is led by Unilever, Nestlé's, Philip Morris (Kraft), and the London-controlled New Zealand Dairy Board.

International fruits and vegetable trading cartel names include Chiquita (formerly United Brands), Grand Metropolitan (Green Giant), and a few others.

As ratios of farm inputs and food outputs declined in na-

TABLE 2

Ranking of world's largest food manufacturing companies shows British cartel domination, 1990

Company	Location of headquarters	Processed food sales (billions \$)	Total sales (billions \$)	Major products
1. Nestle S.A.	Switzerland	31.0	32.0	Diversified; restaurants
2. Philip Morris/ Kraft General Foods/ Suchard	United States	29.8	47.0	Foodstuffs, beer, tobacco
3. Unilever	United Kingdom/Netherlands	17.2	34.4	Diversified foods, soap
4. ConAgra	United States	15.3	19.8	Foodstuffs, meat, poultry
5. Kirin Brewery	Japan	11.2	11.4	Beer, soft drinks
6. RJR Nabisco	United States	9.9	16.9	Foodstuffs, tobacco
7. IBP	United States	9.5	9.5	Meat
8. Anheuser-Busch	United States	9.3	9.7	Beer, snacks
9. Pepsico	United States	9.0	15.2	Soft drinks, snacks, restaurants
10. Grand Metropolitan	United Kingdom	8.8	14.5	Diversified foods, restaurants
11. Coca-Cola	United States	8.5	8.9	Soft drinks, fruit juices
12. Taiyo Fishery	Japan	8.1	9.0	Seafood products
13. Cargill	United States	7.9	43.0	Meat, grains
14. Allied-Lyons	United Kingdom	7.6	7.6	Beverages, restaurants
15. BSN	France	7.5	8.0	Snacks, bakery, beverages
16. Archer Daniels Midland	United States	7.3	7.9	Food products, grains
17. Sara Lee	United States	7.1	11.7	Frozen food, meals
18. Mars	United States	7.0	8.0	Confectionary, pet food
19. Snow Brand Milk Products	Japan	6.6	6.6	Dairy products
20. Borden	United States	6.5	7.6	Dairy, pasta, adhesive
21. Hillsdown Holdings	United Kingdom	6.5	7.0	Poultry, flour, seafood
22. Gruppo Ferruzzi	Italy	6.4	29.3	Sugar, vegetable oils
23. Ralston Purina	United States	6.1	6.7	Pet food, cereal, food products
24. Bass	United Kingdom	6.1	6.1	Beverages
25. H.J. Heinz	United States	5.9	6.0	Diversified food products
26. Campbell Soup	United States	5.8	6.0	Soups, prepared food
27. Elders	Australia	5.8	8.4	Beer, food products, meat
28. Asahi Breweries	Japan	5.7	5.7	Beer
29. Quaker Oats	United States	5.6	5.7	Cereal, food products
30. CPC International	United States	5.1	5.1	Fats and oils, corn milling
31. Guinness	United Kingdom	5.1	5.2	Beer
32. Cadbury Schweppes	United Kingdom	4.8	4.8	Confectionary, beverages
33. Kellogg	United States	4.7	4.7	Cereal, prepared foods
34. Dalgety	United Kingdom	4.6	8.0	Meat products
35. Seagram	Canada	4.6	4.6	Beverages
36. General Mills	United States	4.5	6.1	Foodstuffs, flour, restaurants
37. United Biscuits	United Kingdom	4.4	4.6	Cookies, snacks
38. Nippon Meat Packers	Japan	4.3	4.3	Meat
39. John Labatt	Canada	4.2	4.2	Beer, dairy products, fruits juices
40. Tate & Lyle	United Kingdom	4.1	5.7	Sugar
41. Associated British Foods	United Kingdom	4.0	4.2	Bread, flour, foodstuffs
42. Coca-Cola Enterprises	United States	3.9	3.9	Soft drinks, fruit juices
43. Sapporo Breweries	Japan	3.8	4.0	Beer
44. Chiquita Brands	United States	3.8	3.8	Fruits, vegetables
45. Unigate	United Kingdom	3.7	3.9	Dairy products, fresh food
46. St. Louis	France	3.7	3.7	Sugar
47. Heineken	Netherlands	3.6	3.7	Beer
48. Nippon Suisan	Japan	3.5	3.8	Seafood
49. Ajinomoto	Japan	3.2	3.5	Soups, sauces, coffee
50. Itoham Foods	Japan	3.2	3.2	Meat products
Subtotal				
Swiss/Anglo*/Dutch		\$298.6	\$412.1	
Japan		49.6	51.5	
France		11.2	11.7	
Italy		6.4	29.3	
Total: 50 companies		\$365.8	\$504.6	

* Includes U.S.-based companies that are politically part of the British cartel grouping.

Source: USDA Economic Research Service, "EC 1992: Implications for World Food and Agricultural Trade" (Report number AGES 9133, October 1991).

tions the world over in recent years, private financial and commodities interests have massively moved into these cartel food company positions in the food chain, from which to hoard and make huge profits from scarcity.

The soaring 1995-96 profit rates of many of these companies reflect this. On Jan. 15, Cargill, Inc. reported earnings for the first half of its 1995-96 fiscal year up 57% over a year ago. IBP net earnings were up 41% in 1995, over 1994.

In late 1995, two special *EIR* economics reports documented the London-based political control over these strategic food cartels, and the degree of concentration of their control ("Commodities Hoarding Signals Imminent Financial Collapse," Sept. 15, 1995; and "Who Is Responsible for the World Food Shortage," Dec. 8, 1995).

Hunger means 'export bonanza' for cartels

As world shortages of basic foodstuffs worsen by the season, these cartels are on the move to profit from the "final round" of world food trade, as economies die, by mobilizing products from the United States and a few other source locations, and dominating what trade still takes place during financial decline. This is most obvious in the new means created for speculating in scarce foodstuffs, such as the new fluid milk futures trading in Chicago, and new types of corn price indices.

The Agriculture Department's annual public policy meeting, the "Agriculture Outlook Forum '96," just concluded in Washington over Feb. 21-22, featured this export bonanza theme: It was titled, "Meeting the Challenges of International Trade." The conference focussed on the great gains to be expected in the Asian market for the "United States"—meaning, for the Anglo-Dutch food cartel companies. "Pinpointing Specialty Markets in Asia," is the cover feature of the December 1995 USDA magazine *AgExporter*, referring to where markets show most promise for such goods as fruit juice (Cargill) and "health foods" (Archer Daniels Midland).

How does it work? Look at meat: In 1995, the United States became a net meat exporter for the first time, after years of being a net meat importer (through beef from Argentina, lamb from Australia and New Zealand, etc.). IBP, ConAgra, and others in the meat cartel are now systematically *underpaying* U.S. livestock farmers, and selling at massive profits in Asia.

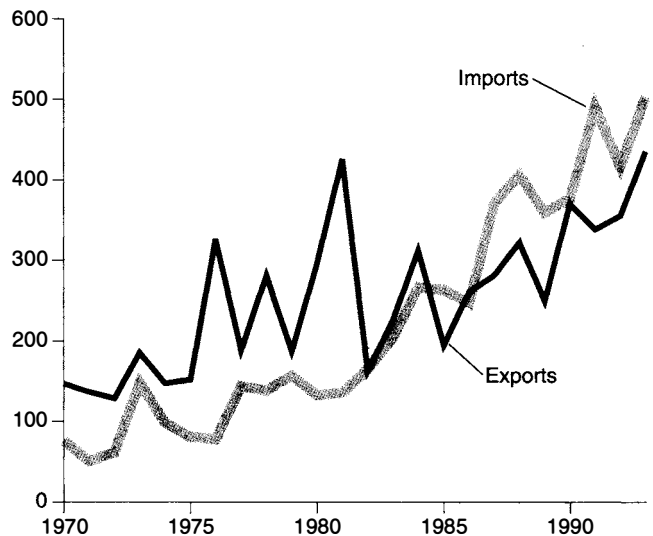
In fruits and vegetables, Chiquita is "making it both ways," by profiting off importing produce into the United States from underpaying for commodity production in Mexico, the Caribbean, South America; and also exporting produce of various kinds from the United States to Asia.

There are many other examples of this process. The World Bank, IMF, and others praise such trade as "innovative" HVCs ("high value commodities") as the wave of the future, as opposed to bulk commodity trade, such as grain sales, for which impoverished countries do not have the money. For

FIGURE 3

United States now a net importer of onions

(millions of pounds)



example, in their World Bank Discussion Paper, 1993, entitled "Exporting High-Value Food Commodities—Success Stories from Developing Countries," there is praise and documentation of such impoverishing practices as the huge tomato exports to the United States from Mexico, or the fresh vegetable exports from Kenya to western Europe.

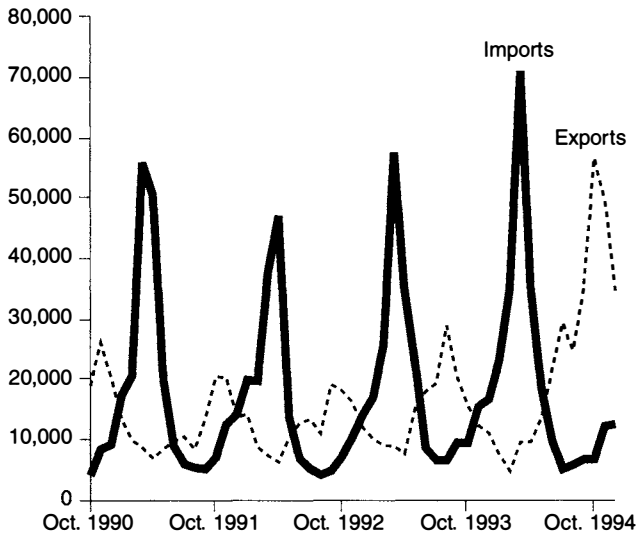
U.S. becomes a net importer of onions

The lowly onion demonstrates the takedown of the U.S. agriculture system. If you look at the gross volume of production of grains and other staples in the United States, you may conclude (wrongly) that, "things are okay," in terms of per capita output, here. There seem to be plenty of bushels of grain, tons of meat and milk, etc., being produced annually. But this masks the actual undermining of the farm sector, and the economy generally. *EIR* will document this in depth in a future report.

For our purposes here, look at specific commodities, and how the United States has become a net importer of dozens of ordinary foods because of free trade for the food-trading companies of the London-centered cartels. Among the vegetables, take, for example, onions.

Figure 3 shows how the United States, once a net exporter of onions (mostly to Canada and Japan), is now a net importer, beginning about 10 years ago. The rationalization you will hear from the free trade advocates, is that "free trade provides the U.S. consumer with 'off-peak season' fresh produce"; and you can see in **Figure 4** the pattern of foreign onion imports coming into the United States around February and March, before the lower-latitude U.S.-grown onion harvests start

FIGURE 4
Onions, monthly imports and exports
(metric tons)



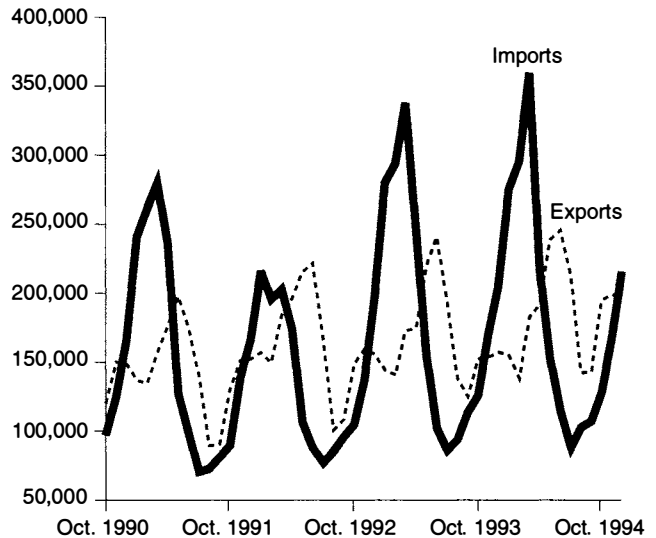
(mostly Florida and California, but also Arizona and Texas), and then the mid- to upper-latitude U.S. crops come in.

So much for the rationalization. In reality, the United States has a wide range of climate, and soil resource base; given a half-decent transportation grid, there is no reason for onions to be imported into the United States at any time of year. The same is true for other nations. Even locations with more restricted latitudes, resources, and transport can find an onion that will “adapt.”

The onion, *Allium cepa*, is a biennial, bulbous member of the lily family. What is usually eaten, is the base part of the leaves, which means harvesting the plant in its first year. For the plant to produce a good bulb, it requires a specific day length. Most onions prefer a temperate climate, but they aren't a fussy breed. There are varieties bred for southern latitudes, and for northern latitudes, and all they require, is to grow in conditions for which they have been bred.

In the United States, onions can be harvested year round from three crops, which are referred to as the spring crop, the summer nonstorage crop, and the summer storage crop. Geographically, as of 1993, according to the USDA: “Spring onions are harvested from March to July, beginning in Texas and moving northward to Georgia, Arizona, and California. Summer nonstorage onions appear during May to September, beginning in Texas and moving as far north as Washington. Spring and summer nonstorage onions are considered sweeter and milder than storage onions, but can be put away for only several weeks. Storage onions harvested in the northern states around August and September can be kept in ‘common stor-

FIGURE 5
Vegetables, fresh and frozen
(metric tons)



age,’ meaning without the aid of refrigeration, for up to six months.”

So, why the imports of onions? Same as the exports of onions and onion products, and international trade in other common, garden-variety foods: The produce cartel, led by Chiquita, and other famous-name companies, want it that way, and the public has let the economy go.

In free trade lingo, products come to be traded internationally because there is supposedly “competitive advantage” between differing natural resources regions. The onion shows that is a lie.

Figure 5 shows the monthly “off-peak” pattern of imports and exports for all vegetables—fresh and frozen—into the United States, in metric tons. Imports exceed exports overall. And in dollar value, those profiting are only the trade cartel companies. We will not disaggregate the total vegetable trade shown, but take just one more springtime favorite— asparagus.

Figure 6 shows that since 1990, the United States has become a net importer of asparagus. Go to your grocery store, and you will see that it now comes from Peru and Chile— shipped from 4,000 miles away. The monthly import pattern of “pre-season, specialty” asparagus is shown in Figure 7. The vegetable is also available in jars and cans from China, Peru, and Belgium.

It should be noted that one of the reasons that *green* asparagus is eaten in the United States these days, instead of lavender-tipped white asparagus, which is sweeter and more delicate, is that the former “travels” better and lasts longer for

FIGURE 6
U.S. asparagus imports exceed exports
 (millions of pounds)

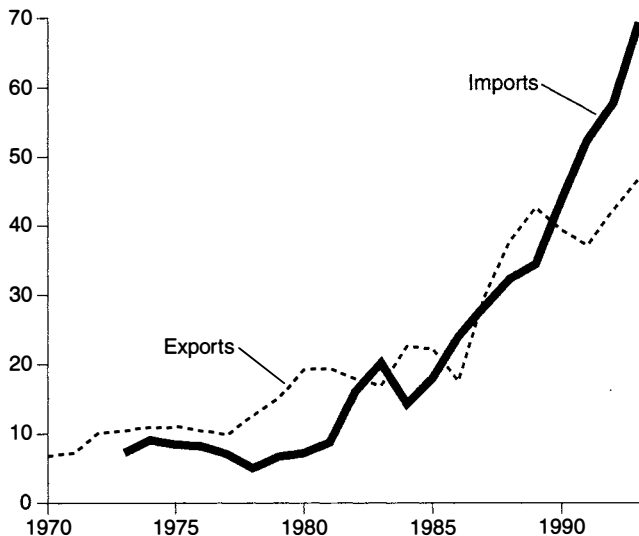
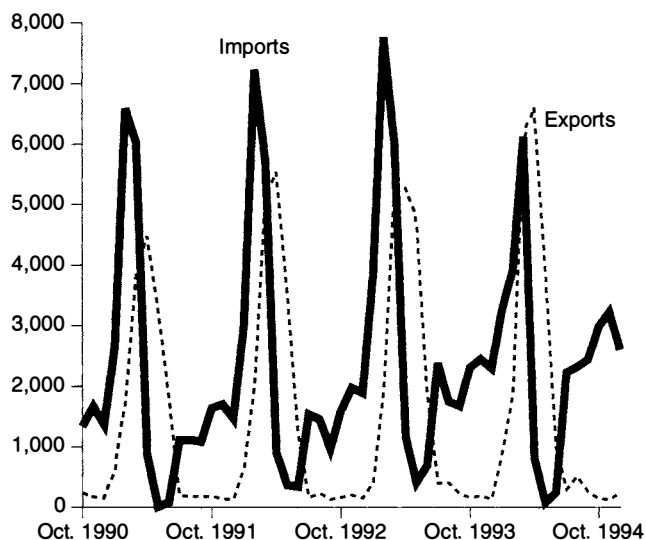


FIGURE 7
Asparagus, monthly imports and exports
 (metric tons)



long-haul free trade. The white asparagus is grown under protection from the light, and is more perishable. Thus you don't find it in your grocery store at all.

Many other types of fruits and vegetables have likewise been phased out of the U.S. food chain, as free trade has taken over. Meantime, U.S. horticultural exports and imports overall (fruits, vegetables, flowers) is running at \$10 billion—which is the base flow for profiteering by the produce cartel.

The increased volume of fruit and vegetable imports have now reached the stage where the thinned ranks of growers still remaining in operation in Florida and other states, have prompted state officials to take rearguard, defensive action; Florida officials are now stopping trucks with foreign produce at the state border.

In the late 1980s, Florida typically supplied 45-50% of the U.S. supply for October through June of six fresh winter vegetables: tomatoes, bell peppers, cucumbers, eggplant, snap beans, and squash; and Mexico supplied 35%, with the remaining 10-20% from California and other locations. However, as of 1994-95, Florida's share dropped down to 36% and is still falling relative to Mexico.

As USDA horticulture economist John M. Love had to acknowledge Feb. 22, in his speech to the USDA Outlook conference on "Challenges of International Trade for U.S. Horticulture," "Florida growers are concerned about the impact on domestic grower prices from increased U.S. imports of fresh vegetables from Mexico. In January 1996, the Florida state government began inspecting all foreign produce

coming into the state [focussing on any labeling and sanitary violations]. . . Also, Florida growers are seeking more frequent monitoring of incoming produce at the U.S.-Mexico border as a means for more timely tariff protection."

Parity, not 'market'-based policy

From the foregoing profile of breakdown of the ability of the world's food system to meet needs, and the example of the onion, it is clear that only policies contributing to the buildup of national farm sectors can result in food security. Any alternative policy—such as the Conservative Revolution's "Freedom to Farm Act," which supposedly will liberate farmers to be able to freely respond to "market cues," in the jargon of the Heritage Foundation—is wrong. There is nothing to debate about it. The bill should be killed.

What we provide in this report are summaries of the U.S. parity-based agriculture policy: the citations, dates, and "language" of the laws, the procedures for calculating parity, details of the calculations in terms of illustrating farm sector needs, and how lack of parity (or some reasonable percentage of it) is now reflected in the crisis in U.S. rural areas, and in the food supply. The model of agricultural parity applied earlier this century in the United States is applicable to any nation, and it is urgently needed now in the United States.

Finally, it should be noted that from a national economic security point of view, it is clear that the parity approach is no hand-out to farmers—a common lie that is spread. It is a mutual-benefit approach aimed at the health of the overall economy.

Parity law is based on economic security

by M.M. Baker, F. Huenefeld, R. Baker

The term "parity," besides referring to fairness generally, has become a twentieth-century dictionary-entry word, referring specifically to an agricultural policy that mandates farm commodity price levels that will provide some specified degree of purchasing power for family farmers, which they should have for the good of the economy.

Parity pricing was first codified in U.S. law in the Agricultural Adjustment Act of 1933, continued in the Agricultural Adjustment Act of 1938, and enacted in the Agricultural Act of 1949, which, until today, remains the standing legislation, or "permanent law," to which agricultural policy reverts in the absence of superseding measures by Congress. These acts also contained other authorizations, but here we focus



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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

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on the parity policy concept.

Federal interventions to maintain some degree of parity pricing, for at least selected commodities, continued into the 1960s. However, as of the 1970s, a so-called "market price"-based approach came to dominate policymaking. This was reflected in the series of five-year farm bills, enacted successively to override reversion to the 1949 permanent parity legislation. As of January 1996, the 1949 law came back into effect; however, all parties in Washington concurred with ignoring it, while working on passing a new, overriding law.

Today, legislation (the seven-year "Freedom to Farm" Act) is pending, that would eliminate any form of federal intervention to support farm prices at a level to provide for the national interest. The new, draft legislation is aimed at "pure" free trade—in other words, complete liberty for the companies and interests of the international food cartels.

The 1933 act

The Agricultural Adjustment Act, signed into law on May 12, 1933, began with a "Declaration of Emergency," because of the low prices ruining the nation's farm sector at that time, and the implications for food shortages. It then gave a three-point "Declaration of Policy," before proceeding with specifics. The idea of parity becomes clear from the text (48 U.S. Statutes at Large 31):

Title I: Agricultural Adjustment

Declaration of Emergency

That the present acute economic emergency being in part the consequence of a severe and increasing disparity between the prices of agricultural and other commodities, which disparity has largely destroyed the purchasing power of farmers for industrial products, has broken down the orderly exchange of commodities, and has seriously impaired the agricultural assets supporting the national credit structure, it is hereby declared that these conditions in the basic industry of agriculture have affected transactions in agricultural commodities with a national public interest, have burdened and obstructed the normal currents of commerce in such commodities, and render imperative the immediate enactment of Title I of this Act.

Declaration of Policy

Sec. 2. It is hereby declared to be the policy of Congress—

1. To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power, with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco, shall be the pre-war period, August 1909-July 1914. In the case of tobacco, the base period shall be the postwar period

August 1919-July 1929.

2. To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets.

3. To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the prewar period, August 1909-July 1914.

The 1938 act

From the Agricultural Adjustment Act of 1938 (52 U.S. Statutes at Large 31):

An Act

To provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce and for other purposes. . . .

Sec. 2. It is hereby declared to be the policy of Congress to continue the Soil Conservation and Domestic Allotment Act, as amended, for the purpose of conserving national resources, preventing the wasteful use of soil fertility, and of preserving, maintaining, and rebuilding the farm and ranch land resources in the national public interest; to accomplish these purposes through the encouragement of soil-building and soil-conserving crops and practices; to assist in the marketing of agricultural commodities for domestic consumption and for export; and to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide an orderly, adequate, and balanced flow of such commodities in interstate and foreign commerce through storage of reserve supplies, loans, marketing quotas, assisting farmers to obtain, insofar as practicable, parity prices for such commodities and parity of income, and assisting consumers to obtain an adequate and steady supply of such commodities at fair prices. . . .

Title III. . . .

1. "Parity," as applied to prices for any agricultural commodity, shall be that price for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities for which the base period is the period August 1909 to July 1914, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, and freight rates, as contrasted with such interest payments, tax payments, and freight rates during the base period. [Base period for tobacco set at August 1919 to July 1929.]

"Parity," as applied to income, shall be that per capita net income of individuals on farms from farming operation that bears to the per capita net income of individuals not on farms

the same relation as prevailed during the period from August 1909 to July 1914. . . .

[Detailed instructions were provided for how to implement the stated objectives.]

In carrying out the purposes of this Act, it shall be the duty of the Secretary [of Agriculture] to give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair to both producers and consumers.

The 1949 act

From the Agricultural Act of 1949 (63 Statutes at Large 1041):

Title I—Basic Agricultural Commodities

Sec. 101. The Secretary of Agriculture is authorized and directed to make available through loans, purchases, or other operations, price support to cooperators for any crop of any basic agricultural commodity, if producers have not disapproved marketing quotas for such crop, at a level not in excess of 90 per centum of the parity price of the commodity nor less than the level provided in subsections (a) [for tobacco, corn, wheat, and rice], (b) [for cotton and peanuts], and (c) [more conditions for tobacco] as follows:

(a) For tobacco (except as otherwise provided herein), corn, wheat, and rice, if the supply percentage as of the beginning of the marketing year is [left-hand column]:

The level of support shall be not less than the following percentage of the parity price [column on right]:

Not more than 102	90
More than 102 but not more than 104	89
More than 104 but not more than 106	88
More than 106 but not more than 108	87
More than 108 but not more than 110	86
More than 110 but not more than 112	85
More than 112 but not more than 114	84
More than 114 but not more than 116	83
More than 116 but not more than 118	82
More than 118 but not more than 120	81
More than 120 but not more than 122	80
More than 122 but not more than 124	79
More than 124 but not more than 126	78
More than 126 but not more than 128	77
More than 128 but not more than 130	76
More than 130	75

Titles II and III directed that similar sliding scales be applied to other commodities, as specified. For certain commodities, such as wool (including mohair), tung nuts, honey, and Irish potatoes, the parity scale began at 60% and went to 90%. For other commodities, including milk, butterfat, and other dairy products, the scale went from 75% to 90%. In addition, the secretary of agriculture was authorized to take action for any other non-designated, non-basic commodity, to provide price support "at a level not in excess of 90 per centum of the parity price for the commodity."

'American System' behind parity policy

The origins of twentieth-century U.S. agricultural parity policy go back to the national development economics, or "American System" thinking of the nineteenth century, specifically as seen in the works of Henry Carey, the leading American economist associated with the circles of Abraham Lincoln, and of Treasury Secretary Alexander Hamilton and his famous *Report on Manufactures* (1791).

Put simply, the idea of agricultural parity policy, is that assuring farmers a price for their product that gives them the purchasing power to have an income enabling them to live at a decent level of physical comfort and educational and cultural achievement, and to invest in their farm's "reproductive" powers (the term often used at the turn of the last century, to describe essential farm inputs of all kinds, including machinery, seeds, chemicals, water sources, fuel, and supplies), will thus guarantee a reliable food supply for the whole society, and will set up a healthy demand for the products of factories and cities.

Thus, there is a "harmony of interests," in benefits to all parts of the nation from an agricultural parity policy. The parity policy is no "handout" to farmers; it works for the common good. And the parity concept is applicable to any strategic commodity or sector of the national economy, for example, fuels.

Moreover, by definition, a parity agricultural policy implies that international "free trade" is, on principle, undesirable. Free trade is axiomatically opposed to the buildup of domestic economic output potential; it is a modern-day version of colonialism. What is consistent with parity goals, is international trade based on mutual interest in the buildup of respective national economies.

Carey's 1851 book *The Harmony of Interests*, treats these ideas at length. This excerpt from chapter 26, "How Protection Affects the Government," indicates the approach:

"The American system is based upon agriculture, the work of production, and its object has been that of producing prosperous agriculture, by bringing the consumer to take his place by the side of the producer, and thus establishing that great commerce which is performed without the aid of ships or wagons. By aid of that system the original 13 states have planted numerous colonies, all of which have grown and thriven, giving and receiving strength, while those of England, so long the subjects of immense taxation, are now everywhere a cause of weakness. . . .

"The *free trade* of England consists in the maintenance of

monopoly, and therefore, is it repulsive. The protective system of this country looks to the breaking down of monopoly, and the establishment of *perfect free trade*, and therefore is it attractive."

On a par

The word "parity" means "on a par," and can be found in various types of economic and financial legislation. For example, there is the famous March 14, 1900 act giving instructions to the U.S. Treasury on keeping money at par value, "That the dollar consisting of twenty-five and eight-tenths grains of gold nine-tenths fine, as established by section thirty-five hundred and eleven of the Revised Statutes of the United States, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a *parity* of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such *parity*."

What gave rise to the 1930s agricultural parity legislation, were the repeated, severe depressions in the U.S. farm sector around the turn of the century. By the 1890s, about 60% of the U.S. population was no longer living on the land, and depended on the farm sector to eat. But farmers were repeatedly devastated. It was obvious that rescue measures were necessary to secure the nation's food supply. It was also clear that farming cannot be "turned off and on." The nature of agriculture is characterized by seasonality, long lead times required for developing soils, livestock, and orchards, and critical need for timely inputs and capital improvements.

The impact of the 1893-96 depression on agriculture was severe. Conditions finally improved for most farm regions in the 1910s, and farm commodity prices continued high during World War I. However, following the war, farmers were squeezed once again by a sharp drop in prices they received, and by higher costs. By 1920, 70% of the U.S. population did not live on the land, and was dependent on the stricken farm sector for food.

There was much debate and various farm relief actions in the postwar 1920s period, during which time the parity policy gained increasing prominence. A "farm bloc" coalesced in Congress, of concerned senators and representatives, and the "bloc" consulted regularly with everyone, from Bernard Baruch to Thomas Alva Edison, about what to do. The first bloc meeting was reportedly on May 9, 1921, at the offices of the American Farm Bureau in Washington, D.C., to decide on farm program action. It was hosted by Sen. W.S. Kenyon (Iowa), and included 12 U.S. senators, six from each party. Attending were, Senators Kenyon, Capper, G.W. Norris (Neb.), F.R. Gooding (Iowa), E.F. Ladd (N.D.), Robert M. La Follette (Wisc.), E.D. Smith (S.C.), J.B. Kendrick (Wyo.), Duncan U. Fletcher (Fla.), Joseph E. Ransdell (La.), J.T. Heflin (Ala.), and Morris Sheppard (Tex.). Twen-

ty-two other senators joined the group. The meeting set up four committees—transportation, Federal Reserve Act, commodity financing, and miscellaneous agricultural bills.

The first round of relief measures focused on assisting farmers to pool their product going to market. In 1922, the Capper-Volstead Cooperative Marketing Act encouraged farmers to set up cooperatives to handle large volumes of their products and gain influence in the market. The Cooperative Marketing Act of 1926 directed the USDA to advise farmers how to form cooperatives. The Agriculture Marketing Act of 1929 established the Federal Farm Board, authorized to take various actions (such as making loans to product stabilization boards) to try to prevent declines in farm commodity prices.

However, by 1932, the net income of farm operators was less than one-third of what it had been in 1929. The Great Depression struck first in the farm sector. Farm prices fell more than 50%, while prices farmers had to pay for goods fell 32%. How could they continue to produce? And how could the 75% of Americans not on the land get food, if the 25% of population in farming were ruined?

Moreover, the persistent monopolistic actions from cartels of private-interest food companies made a mockery of farmers' attempts to band together to influence "the market." The "oil trust" is legendary. As of the early 1900s, there was a "meat trust," made up of five dominant meat-packing giants: Swift and Co., Armour and Co., Nelson Morris and Co. (later Morris and Co.), Cudahy Packing Co., and Schwarzschild and Sulzberger (which became Wilson and Co.). This was the era of some of the most famous anti-trust investigations and actions in U.S. history—the precedent for what is required today against the neo-British Empire food control networks.

Following the election of President Franklin Roosevelt, who had committed himself to rescuing the family farm sector and food supply, the parity tool was first introduced as policy for economic security. The following series of laws ensued, spelling out the formulas and the benchmark period (1909-14) for setting parity levels for farmers, and the various kinds of related measures for maintaining levels of parity, including commodity supply management through acreage reduction, financial incentives, and other devices.

Series of parity laws

1933: The Agricultural Adjustment Act was approved on May 12, which was the first legislation directing government action based on parity for agriculture. Notable among the subsequent laws:

1937: The Agricultural Marketing Agreement Act, authorizing marketing agreements and orders for milk and fruits and vegetables of certain types, reenacting import controls ("Section 22").

1938: The Agricultural Adjustment Act of 1938, estab-

lishing a system of acreage allotments and marketing quotas for specified commodities. Required price supports on cotton, corn, and wheat at 52-75% of parity, permitting price support for all other farm goods.

1941-45: Under various acts of Congress, the "basic" commodities were specified (cotton, corn, rice, wheat, tobacco, and peanuts), subject to acreage allotments and marketing quotas. Supports were raised to 90% of parity, until such time as the war had been over for two years (which turned out to be Dec. 31, 1948). A long list of perishable items (including hogs, eggs, chickens, milk, butterfat, turkey, and soybeans—the so-called "Steagall commodities," after the 1942 amendment, named after its sponsor) were also to be supported at 90% of parity.

1945: On May 24, just after the defeat of the German Army, War Administrator Jones sent this account to Congress: "The United States has produced 50% more food annually in this war than in World War I. With 10% fewer workers on farms, and with national population up one-third, our people have had 10% more food per capita during this war than the 1917-18 period." Unparalleled output per farm worker resulted in a 42% increase in gross farm production from 1939 to 1944 in the Plains states, producing enough food to feed an additional 50 million people (over the 1935-39 average).

1949: The Agricultural Adjustment Act froze basic commodity prices at 90% of parity for another year, then set sliding scales of 75-90% and 60-90% of parity, depending on the food, and depending on its supply volume each year. Farm labor costs were added to the parity calculation. And a new, "dual parity" system was devised.

Parity policy phased out

1951-54: Price supports were kept at 90% of parity during the Korean War, but the Agricultural Act of 1954, at President Eisenhower's request, permitted price supports for basic commodities to shift over to the lower, sliding scale, and dual parity was ended as of Jan. 1, 1956.

1956: President Eisenhower vetoed bill calling for restoration of 90% of parity supports.

1961-63: The Kennedy administration in 1961 raised support levels administratively on many commodities. Kennedy also requested Congress to enact companion farm production controls (and marketing limitation authority), but this was killed in committee the first time around. With various changes, production controls of various kinds were passed over 1962-63.

1961: President Kennedy's first executive order on Jan. 20, right after his inauguration, was to direct the secretary of agriculture to expand the program of food distribution to needy persons. A pilot food stamp plan was also started. The school lunch program was expanded, as well as foreign food relief.

1965: The Food and Agriculture Act of 1965 established

several means of production controls.

1970s: This was a decade of decline in the percentage of parity price American farmers received for their output. The decade also witnessed a simultaneous buildup of cartel company control of strategic food commodities flows (shipping routes, storage, processing, and trade facilities), and political control in Washington, tied to London political and financial interests.

1974: On Dec. 10, the U.S. National Security Council, under Secretary of State Henry Kissinger, released “National Security Study Memorandum 200,” a 200-page study entitled “NSSM 200: Implications of Worldwide Population Growth for U.S. Security and Overseas Interests,” which stated that population growth and food production in 13 strategically located nations was a threat to U.S. security. It implicitly endorses famine.

1975: A book, *Famine 1975: America’s Decision Who Will Survive*, was released by Paul Paddock, an official in the Kissinger State Department, and his brother William Paddock, a consultant to the U.S. government. Chapter nine, “Herewith is a proposal for the Use of American Food,” read: “The exploding populations in the hungry nations combined with their static agricultures make famines, in many, inevitable. Their future contains a mounting increase of civil tensions, riots, and military takeovers as the growing scarcity of food forces prices higher and higher. . . . Therefore the United States must decide to which countries it will send food, to which countries it will not.”

1980s-90s: The decline in parity price percentage for U.S. farmers continued. Farm policy debate and five-year farm laws shift to endorsement of “market”-based measures, even while control of markets is consolidated still further in the hands of British-centered political and financial interests, and worldwide food shortages reach crisis stage.

1980: House Agriculture Subcommittee held a hearing on Sept. 18, on ending parity as an economic reference, which was reviewed by the Government Accounting Office in its 1979-80 study “An Assessment of Parity As a Tool for Formulating and Evaluating Agricultural Policy.” Giving pro-parity testimony was economist Lyndon LaRouche—who, through national television broadcasts, made this a national issue in the 1980 Presidential election, and in subsequent campaigns. Associates of the National Organization of Raw Materials, including Vince E. Rossiter and Charles Walters, also testified for parity policy, and estimated that there is a 7:1 gain to the American economy for every dollar invested in agriculture.

1987: USDA public information document, “Price Parity—An Outdated Farm Policy Tool,” (USDA, Bulletin 531, by Lloyd Teigen) typifies the thinking promoted by the USDA, popular media, and agricultural business schools. A typical 1993 USDA anti-parity study was “U.S. Agriculture Continues Trend Toward Market Orientation” (USDA ERS No. 25, June 1994).

Calculating parity prices: Begin with the ‘market basket’

by M.M. Baker, F. Huenefeld, R. Baker

U.S. Department of Agriculture statisticians have been calculating farm parity prices for 63 years, from the first legislation in 1933, to the present. Though specific items included have changed over that time period, the basic formulas have remained the same. Today, parity prices are computed according to the 1938 Agricultural Adjustment Act (provisions of Title III, Subtitle a, Section 301 (a)), as amended by the Agricultural Acts of 1948, 1949, and 1956, and other directives.

To understand the approach, however, it is helpful to go back to the period of World War II, to the explanations prepared then by the USDA for the general public, in order to make clear to people how and why parity worked to aid the wartime production effort, while at the same time it did not result in windfall profits for farmers, nor inflated prices to consumers.

A USDA pamphlet, “Farm Parity Prices and the War,” published in November 1942, begins with this introduction: “What does ‘parity price’ mean?”

“Parity price means a price for the farmer’s product which will give it an exchange value, for things the farmer needs to buy, equivalent to that in a specified base period. The base period mostly used as ‘par’ has been the five pre-war years, 1909-14. . . .

“How parity price is calculated

“1. A base price for the period 1909-14 is determined. This is done by averaging the prices reported by farmers, to the Department of Agriculture, for the 60 months beginning August 1909 and ending July 1914. For example, the average price of cotton during this period was 12.4¢ a pound; wheat averaged 88.4¢ a bushel; corn 64.2¢ a bushel.

“2. An index of prices paid, including taxes on real estate and interest paid, is calculated. In this are reckoned the prices of items used in family living and in farm production. [See **Table 1** for the full list of these items as it was kept in 1971-73, which was updated from time to time compared to earlier years.] The estimated quantity of each commodity used by farmers is used to weight both the prices paid in 1910-14 and current prices, in order to obtain the necessary ratios or indexes of prices paid. The tax and interest data are calculated as rates per acre and converted into index form.

“To obtain the final ‘index of prices paid, interest, and taxes,’ the index of prices paid for commodities used in living is given a weight of nearly one-half, and the indexes of commodities used in production and interest and taxes per acre are likewise given a weight of about one-half. . . .

“3. The third step in calculating parity prices is to adjust the base-period prices by the index of prices paid, interest, and taxes; in some cases adjustment is also made for seasonal variations from the base-period averages. . . .

“Parity prices, of course, change as the index of prices paid, interest, and taxes change—that is, parity is a relative, rather than a fixed-price concept.

“For several commodities, chiefly fruits and vegetables which have only recently come into general use or for which earlier data are not available, the base period specified in the law is August 1919-July 1929. Parity for these commodities, as well as for tobacco, is calculated in the same way as for others, except that allowances for interest and taxes are not included in the index used and, of course, the different base period is used.”

The pamphlet presents graphs of the relationship of farmers’ prices paid, prices received, and the parity ratio, from 1910-42, for several commodities. But one example completes the explanation here.

“In the case of potatoes, for example, for the month of January 1942, the average base price in the postwar [World War I] period cited was 113.8¢ per bushel; the index of prices paid by farmers for that period was 91. Hence, $113.8 \times .91$ gives 103.6¢ per bushel as the parity price of potatoes in mid-January 1942.”

The ‘weightings’ and the changes

Since the time of this simple 1940s explanation of what is involved in calculating parity, there have been periodic changes in the make-up of the “farmer market basket” lists of both family living and production input items, and in weightings of these items. Likewise, the mix of commodities produced by farmers, for which the prices they receive has been kept, has changed over time.

Table 1 gives a partial list of commodities for which prices to farmers are kept. Over a period of decades, the composition and relative importance of these commodities has changed. Some examples are the rise in importance of soybeans; the decline of lamb and mutton; the increase in broccoli, and the decline in such crops as turnips. These shifts have been taken into account.

For the “prices paid by the farmer” side of the parity equation, it is obvious that changes in the items listed should become necessary, as new inventions, materials, and commodities become available. Table 1 lists a total of 310 items, whereas in 1943, there were only 174 items in all.

First, notice that the prices are weighted overall at about 30% for “family living” expenses, including 8.8% for medical, health care, education, and recreation, and about 57% for

production, with interest at 4%, taxes at 2.8%, and wage costs at 5.2%. This contrasts with the 50-50 weighting of family living expenses to production costs, which was used for parity calculations during World War II, as noted above.

As of the 1970s, production costs came to include more agricultural chemicals, machinery, and related items, because the farm production cycle had become more technologically intensive. Such items as plastic tubing (part of the PVC “plasticulture” revolution) were unheard of in the 1940s.

In 1943, the basic farm family food items totalled 22, including lard, rolled oats, and other staples that were later dropped. The 1971-73 list of 40 food items includes orange juice concentrate, margarine, and other items that were new or uncommon in earlier times.

Differences in the housing and furnishings lists include coal for home heating in the 1940s, which was dropped in the 1970s; and the addition of home air conditioners. There were no separate listings at all for agricultural chemicals in the 1940s, apart from fertilizers, whereas the 1970s lists include seven.

More radical changes

Since the 1970s, apart from the expected changes over time in weightings and composition of the “farmer’s market basket,” the most recent proposals and practices of the USDA for calculating parity prices are more extreme. A base weighting period of 1990-92 has been brought into use as an alternative to the 1910-14 base period calculations—which are still done. And the indexes are now based on moving average weights, rather than fixed weights, as shown for 1971-73.

In the 1990-92-based lists, the Consumer Price Index (CPI) replaces the list of “family living” commodities, and is weighted (on average) at about 19% for the overall prices-paid ratio. The production component of items is weighted at 65.6%. New subcomponents of this production list include, for example, a total of six herbicides (together weighted at 2.1%), six insecticides (less than 1%), seven fungicides, and other chemicals.

In addition to the CPI and production lists, new components, called “other services,” are added (weighted at 9.7%), including business computers, office supplies, and contract labor. Another new component is rent, weighted at 8%.

An overview of how the calculations of parity have been made in the past 25 years is available from two USDA publications:

1. “Revised Prices Received and Paid Indexes, United States, 1975-93; for Base Periods 1910-14=100 and 1990-92=100,” by the USDA, National Agricultural Statistics Service, Bulletin No. 917, 1993; 52 pages, reissued Feb. 15, 1995.

2. “Reweightings and Reconstructing USDA’s Indexes of Prices Received and Paid by Farmers,” USDA, National Agricultural Statistics Service, Economics Statistics Branch, Report No. ESB-95-01, January 1995, 52 pages (currently under revision).

TABLE 1

The farmer's market basket

(Materials included in the index of prices paid by farmers, 1971-73)

Group and commodity	Relative weight in determination of parity price (%)	Group and commodity	Relative weight in determination of parity price (%)	Group and commodity	Relative weight in determination of parity price (%)	Group and commodity	Relative weight in determination of parity price (%)
Family living	30.4	Women's hose	.07	Gypsum board	.30	New autos, medium priced, standard size	.24
Food	6.4	Women's shoes	.13	Electric cable	.18	Used autos	1.06
Flour	.09	Women's handbags	.03	Water pump, deep well	.19	New pick-up trucks	.27
White bread	.25	Girls' coats, heavy	.02	Iron pipe, galvanized	.11	Used pick-up trucks	.09
Soda crackers	.15	Girls' dresses	.03	Plastic tubing	.08	Gasoline, regular	1.51
Corn flakes	.18	Girls' anklets	.02	Copper tubing	.11	Lubrication	.19
Round steak	.55	Girls' shoes	.05	Kitchen sink	.08	Auto tires	.33
Hamburger	.40	Men's winter coats, or topcoats	.06	Bath tub	.11	Storage batteries	.06
Bologna	.21	Men's chore jackets	.04	Toilet	.08	Motor tune-up	.35
Pork chops	.36	Men's suits	.08	Wall paint, interior	.12		
Bacon, sliced	.23	Men's sport coats	.03	House paint, exterior	.12	Medical and health care	2.1
Frying chicken	.21	Men's slacks, dress	.06	Mixing faucet, sink	.03		
Frozen haddock	.15	Men's slacks	.03	Nails	.03	Education, recreation, and other	6.7
Fluid, whole milk	.49	Men's slacks	.03	Screen wire	.04		
Cheese, American	.20	Men's overalls	.09	Kitchen cabinets	.20	Production	57.6
Ice cream	.12	Men's shirts, dress	.06	Sheets	.07		
Eggs	.19	Men's shirts, sport	.05	Bath towels	.03	Feed (22 items)	11.8
Potatoes	.15	Men's shirts, work	.03	Kitchen curtains	.09	Corn	2.11
Navy beans	.14	Men's underwear, short	.03	Living room set	.31	Oats	.17
Head lettuce	.19	Men's undershirt, T-style	.02	Lounge or recliner chair	.05	Barley	.10
Tomatoes	.09	Men's underwear, thermal knit	.02	Floor lamps	.03	Sorghum	.11
Apples	.18	Men's socks, work	.03	Dining room set	.05	Alfalfa hay, baled	.68
Bananas	.05	Men's shoes, dress	.10	Dinette set	.02	Other hay, baled	.55
Oranges	.09	Men's shoes, work	.04	Bedroom sets	.08	Laying mash	1.14
Canned corn	.08	Men's overshoes	.02	Innerspring mattress and box springs	.03	Chick starter	.22
Canned peas	.06	Men's hats, felt	.02	Nylon carpet	.23	Broiler grower	1.36
Orange juice, canned	.03	Men's gloves, work	.03	Linoleum	.02	Turkey grower	.09
Pineapple, canned	.04	Boys' jackets, lined	.01	Dinner plates	.05	Dairy feed, 14%	.45
Peaches, canned	.06	Boys' sweaters, pullover	.01	Electric ranges	.12	Dairy feed, 16%	1.26
Peas, frozen	.06	Boys' dress outfits	.01	Refrigerator	.12	Dairy feed, 32%	.31
Orange juice, concentrate	.06	Boys' jeans, denim	.07	Home freezers	.05	Hog feed, 14-18%	.80
Sugar	.09	Boys' shoes	.07	Washing machines	.11	Hog feed, over 29%	.98
Sirup, cane	.08	Fabric, gingham	.16	Clothes dryers	.04	Beef feed, over 30%	1.04
Gelatin, dessert	.08			Vacuum cleaners	.04	Soybean meal, 44%	.22
Vegetable shortening	.10	Housing (60 items)	7.8	Sewing machines	.04	Cottonseed meal, 41%	.07
Margarine	.08	Brick, common	.37	Lawn mowers, power	.12	Middlings	.01
Butter	.08	Blocks, concrete	.19	Electric toasters	.02	Corn meal	N.A.
Coffee	.24	Portland cement	.18	Electric irons	.02	Stock salt	.07
Cola drinks	.18	Lumber, pine 2 x 4s	.10	Handsaw, electric	.02	Liquid molasses	.06
Peanut butter	.21	Lumber, firs 2 x 4s	.15	L.P. gas	.41		
Catsup	.14	Air conditioners	.16	Furnace or fuel oil	.37	Feeder livestock (4 items)	11.7
Clothing (41 items)	2.2	Asbestos siding	.02	Electricity	.94	Dairy cows	1.06
Women's coats, heavy	.08	Dressed boards	.12	Telephone service	.42	Cattle and calves	9.14
Women's sweaters	.04	Drop siding, pine	.21	Laundry detergent	.18	Hogs	.76
Women's suits, 2-piece	.23	Flooring, yellow pine	.03			Baby chicks	.74
Women's dresses, casual	.14	Flooring, oak	.09	Auto and auto supplies (11 items)	5.2		
Women's blouses	.08	Plywood, interior	.10	New autos, intermediate size	.35	Seed (15 items)	1.8
Women's slips	.01	Doors, interior	.08	New autos, low priced, standard size	.75	Corn, hybrid	.78
Women's girdles	.01	House windows	.17			Wheat	.14
Women's panties	.06	Shingles, asphalt	.16			Oats	.07
Women's nightgowns	.04	Insulating sheathing	.04				

continued

TABLE 1

The farmer's market basket (continued)

(Materials included in the index of prices paid by farmers, 1971-73)

Group and commodity	Relative weight in determination of parity price (%)	Group and commodity	Relative weight in determination of parity price (%)	Group and commodity	Relative weight in determination of parity price (%)	Group and commodity	Relative weight in determination of parity price (%)
Barley	.05	Hoes	.01	Nails	.10	Row crop cultivators, 2-row	.03
Grain sorghum, hybrid	.07	Pitchforks	.01	Exterior paint	.09	Com planter, 4-row	.18
Soybeans	.23	Shovels	.01	Shingles, asphalt	.09	Grain drills, plain	.03
Potatoes, Irish	.08	Hand sprayer	.01	Galvanized iron pipe	.10	Grain drills, with fertilizer attachment	.02
Cottonseed	.06	End wrench, adj.	.06	Insulating board	.03	Grain drills, press	.03
Peanuts	.04	Chain saw, gas	.08	Pump, deep well jet	.14	Mowers	.18
Rice	.03	Electric drill	.04	Power sprayers	.07	Mower conditioners	.10
Alfalfa, certified	.10	Acetylene welder	.03	Autos and trucks (8 items)	2.5	Pick-up balers	.17
Red clover	.04	Motor oil, non-detergent	.06	New autos, intermediate size	1.3	Forage harvester, P.T.O., flail type	.11
Ryegrass, annual	.06	Motor oil, heavy duty	.09	New autos, low priced, standard size	.27	Forage harvester, P.T.O., with pick-up attachment	.05
Tall fescue	.03	Motor oil, all weather	.08	New autos, medium priced, standard size	.09	Com picker	.14
Sudan grass	.02	Grease, 35 lb. pail	.08	Used autos	.22	Wagon boxes	.08
Fertilizer (16 items)	4.2	Anti-freeze	.04	New pick-up trucks	1.18	Wagon or trailers	.21
5-10-10	.16	Auto tires, bias-belted	.05	Used pick-up trucks	.42	Hammer mills	.14
5-10-15	.19	Auto tires, conventional	.05	Trucks, new, 1.5-2 ton	.09	Manure spreaders	.06
6-24-24	.41	Truck tires, 6 ply	.13	Trucks, used 1.5-2 ton	.09	Grain elevators	.15
8-32-16	.13	Truck tires, 10 ply	.09	Tractors and self-propelled machinery (10 items)	4.5	Manure loaders, tractor	.06
10-10-10	.54	Tractor tires	.27	Tractors, 30-39 P.T.O., M.P.	.64	Milk coolers	.25
10-20-10	.14	Storage batteries, 6 volt	.03	Tractors, 50-59 P.T.O., M.P.	.61	Farm services and cash rent	7.4
18-46-0	.53	Storage batteries, 12 volt	.10	Tractors, 70-79 P.T.O., M.P.	.30	Cash rent per acre	2.22
16-20-0	.07	Spark plugs	.05	Tractors, 90-99 P.T.O., M.P.	1.48	Custom tillage per acre	.10
0-20-20	.12	Oil filter	.11	Combines, small	.25	Custom planting	.10
Ammonium nitrate	.48	Water heater	.02	Combines, medium	.49	Custom harvesting com per acre	.45
Anhydrous ammonia	.42	Lubrication, auto	.04	Combine-com head	.14	Custom harvesting small grain per acre	.61
Nitrogen solution, 32%	.40	Relining brakes, labor and materials	.09	Windrower	.13	Custom haying per acre	.53
Ordinary superphosphate (0-20-0)	.04	Milk pails	.03	Cotton picker	.23	Transportation	1.16
Concentrate superphosphate (0-45-0)	.13	Baler twine	.13	Other machinery and implements (26 items)	2.7	Piece rate labor	.85
Muriate of potash, 60%	.24	Rope	.02	Plows, moldboard, 2 bottom	.07	Telephone monthly bill	.42
Limestone	.19	Wire	.04	Plows, moldboard, 3 bottom	.16	Insurance	.95
Agricultural chemicals (7 items)	1.7	Magazines	.04	Disk tandem, 9-11 ft.	.14	Interest	4.0
Atrazine	.66	Fruit boxes	.13	Disk tandem, 12-14 ft.	.10	Taxes	2.8
2-4, D	.43	Lug boxes	.06	Hoe, rotary	.04	Wage rates	5.2
Toxaphene	.14	Vegetable crates	.06	Field cultivators, 10-12 ft.	.03	Total—commodities, interest, taxes, and wage rates	100.0
Carbaryl	.07	Open mesh bags	.06	Field cultivators, 17-19 ft.	.03		
Parathion	.21	Building and fencing (21 items)	3.6	Row crop cultivators, 4-row	.08		
Aldrin	.07	Wood posts	.12				
Zineb	.12	Rough boards	.13				
Fuels and energy (5 items)	3.5	Barbed wire, 2 point	.05				
Gasoline, tank truck (bulk)	1.47	Barbed wire, 4 point	.06				
Gasoline, filling station	.63	Field and stock fence	.08				
Diesel fuel	.51	Fence staples	.05				
L.P. gas	.13	Electric fence charges	.02				
Electricity	.77	Portland cement	.32				
Farm and motor supplies (35 items)	2.2	Concrete blocks	.39				
Nail hammers	.02	Lumber, pine 2 x 4	.25				
		Lumber, fir 2 x 4	.31				
		Dressed boards	.07				
		Plywood, interior	.18				
		Roofing, galvanized steel	.90				

Thirty-year decline of U.S. farm parity ratio

by Marcia Merry Baker and Robert Baker

Three things stand out about the “parity ratio” for 1910 to 1993 (see **Figure 1**). On the “high” side, farmers were at or above 100% of parity prices during both world wars—1918-22 (reaching 120%), and 1940-46 (reaching 115%). On the “low” side, farm prices plunged sharply in the early 1930s, with the onset of the Great Depression. At that time, farm prices dropped below 60% of parity.

However, the most striking trend is the 40-year decline in the parity price ratio, beginning in the mid-1950s, from about 90% of parity, down to the current level of 50% or less. The 1973-74 spike in the ratio (during the “Great Grain Robbery” sale of U.S. grain to Russia, orchestrated by the grain cartel companies) was just a momentary event.

Up until the mid- to late-1960s, farmers of many commodities still received 75-80% of parity for their output. But during the three decades since, the parity ratio has fallen to unprecedented lows.

Table 1 gives a breakdown of the parity price ratio for individual commodities as of January 1996. This is shown on the far-right-hand column. In meat, calf prices are at 32% of parity. Beef cattle prices are at 40% of parity. Citrus parity prices are low—lemons (8%), oranges (30%), grapefruits (23%). Rice is at 38% of parity. (The left-hand column gives the price for the commodity in 1910-14, adjusted downward to take into account any government-to-farmer price support today.)

There are more commodities for which parity prices are calculated (vegetables, nuts, etc.), which are not listed in **Table 1**; overall, the prices received by the grower for these commodities are likewise at less than half of parity levels.

Even though market prices for such commodities as corn and wheat have almost doubled in the last year, nevertheless, in purchasing power, these grain prices give the farmer only half the purchasing power that grain prices did in the parity base-period. How has the farm sector survived low prices? It hasn't.

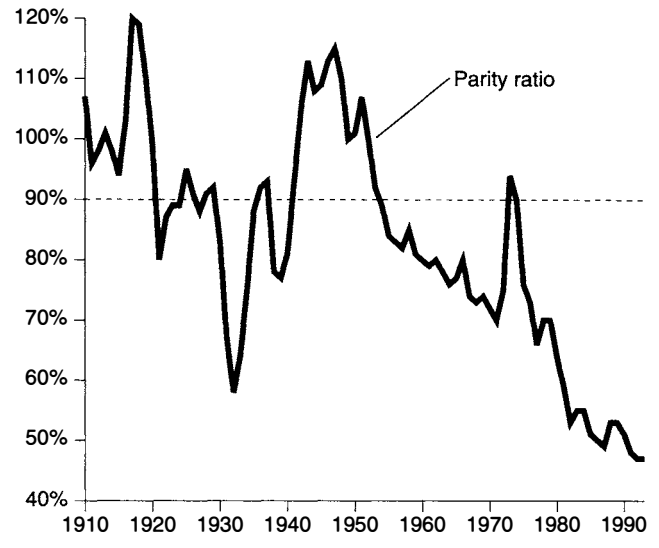
U.S. farm sector disintegrating, 1970s-90s

Figure 2 shows the trends, over the mid-1970s to the mid-1990s, of prices received by farmers for their commodities, as compared with trends of prices they had to pay out for family living expenses, production costs, and production costs inclusive of taxes, wages for hired help, and interest

FIGURE 1

Farmers' income does not cover costs of production, 1970s-90s

(percentage of 1910-14 parity)



payments on debts. An index line is shown for each of these, pegged to the 1910-14 parity period.

Begin with the prices received by farmers. It is dramatic that while the level of prices farmers received for “all farm products” rose during the late 1970s, from an index level of about 450 in 1977, up to 600 in 1979, thereafter, the price level has remained nearly constant, hovering around 600. In contrast, the other indices are all rising.

For example, production costs rose steeply in the late 1970s, reflecting the increased fuel costs from the 1970s “Great Oil Shortage” hoax, and then remained at a level substantially higher than prices received. Family living costs rose even higher. And, higher still, were production costs, including interest payments on debt, taxes, and wages (for hired farm work).

It has been principally because of this “squeeze” put on the U.S. farm sector, that the food cartel companies have been posting super-high profits during this time period, along with the looting of foreign farm sectors, especially in poor countries. The mergers and acquisitions craze has featured food-related companies as “sure bets,” because “people have to eat.” And, in the course of it all, the London-centered financial control has intensified in the U.S. and world food cartel system (see **Table 2**, p. 20). As of 1995, Britain is now the largest foreign investor in the United States, and much of this is in strategic commodities, especially food.

The consequences to the productive potential of the U.S. farm sector have been extreme. The 1970s-90s period has seen a decline in all essential economic ratios of productive potential in rural, agricultural areas—power in use, transport

TABLE 1

Many U.S. farm commodity prices are only half of parity, or less

Farm commodity and unit ¹	Base price (1910-14) adjusted	Parity price based on data for January		Average price received by farmer, as a percentage of parity for January	
		1995	1996	1995	1996
		Dollars		Percent	
Basic commodities					
All wheat, bu.	0.618	8.54	8.98	43	54
Corn, bu.	0.411	5.78	5.97	38	54
Rice, cwt	1.70	23.90	24.70	29	38
Cotton, lb.					
American Upland	0.114	1.58	1.66	50	46
Extra Long Staple	0.152	2.05	2.21	50	46
Peanuts, lb.	0.0444	0.613	0.645	42	45
Tobacco, ² burley	0.260	3.6	3.78	51	49
Designated nonbasic commodities					
All milk, sold to plants, cwt	1.92	27.10	27.90	46	50
Honey, extracted, lb.	0.0812	1.17	1.18	N.A.	N.A.
Other nonbasic commodities					
Barley, bu.	0.373	5.17	5.42	40	60
Cottonseed, ton	14.90	203.00	216.00	47	45
Dry edible beans, cwt	3.26	45.30	47.40	49	43
Flaxseed, bu.	0.740	10.60	10.80	45	48
Oats, bu.	0.229	3.21	3.33	38	58
Potatoes, cwt	0.565	11.60	12.60	42	50
Rye, bu.	0.281	3.83	4.08	N.A.	N.A.
Sorghum grain, cwt	0.642	8.93	9.33	41	63
Soybeans, bu.	0.886	12.40	12.90	44	54
Sweetpotatoes, cwt	1.35	19.00	19.60	N.A.	N.A.
Apples, fresh, lb.	0.0286	0.387	0.416	52	62
Citrus, ³ box					
Grapefruit	0.671	9.96	9.75	22	23
Lemons	1.23	16.30	17.90	30	8
Limes (Fla.)	1.41	20.40	20.50	39	138
Oranges	0.824	12.40	12.00	25	30
Tangerines	1.94	27.40	28.20	63	47
Temples (Fla.)	0.674	10.30	9.79	43	63
Beef cattle, cwt	10.10	141.00	147.00	48	40
Calves, cwt	13.00	180.00	189.00	47	32
Hogs, cwt	6.89	97.40	100.00	38	42
Lambs, cwt	10.20	142.00	148.00	48	N.A.
Sheep, cwt	4.09	56.60	59.40	58	16
Eggs, doz.	0.0931	1.30	1.35	44	56
Turkeys, live, lb.	0.0586	0.838	0.851	47	n48

¹ Listed here is a selection from among 78 different farm commodities for which the USDA keeps statistics for parity price calculations. Other commodities include wool and mohair, hops, olives, stone fruits (peaches, apricots, cherries, nectarines), avocados, nuts, and many vegetables.

² Prices are monitored for 11 different types of tobacco, the bulk of which is burley.

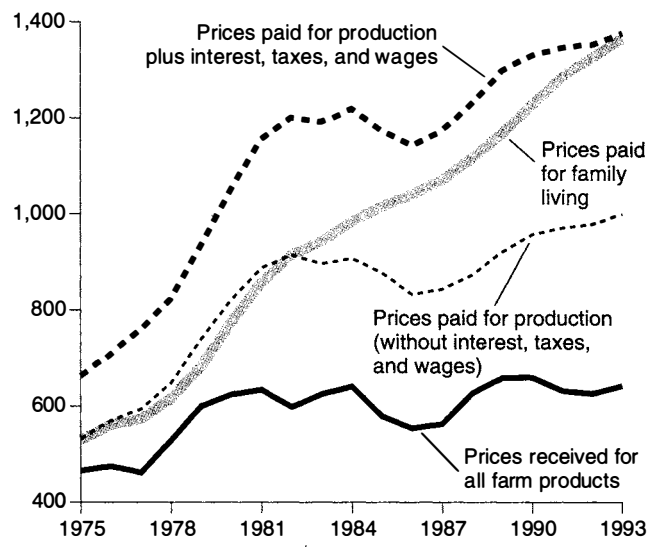
³ On-tree equivalent.

Source: U.S. Department of Agriculture, National Agriculture Statistics Service, January 1996, *Agricultural Prices*.

FIGURE 2

Prices farmers pay exceed prices farmers receive, 1975-93

(index 100 = 1910-14)

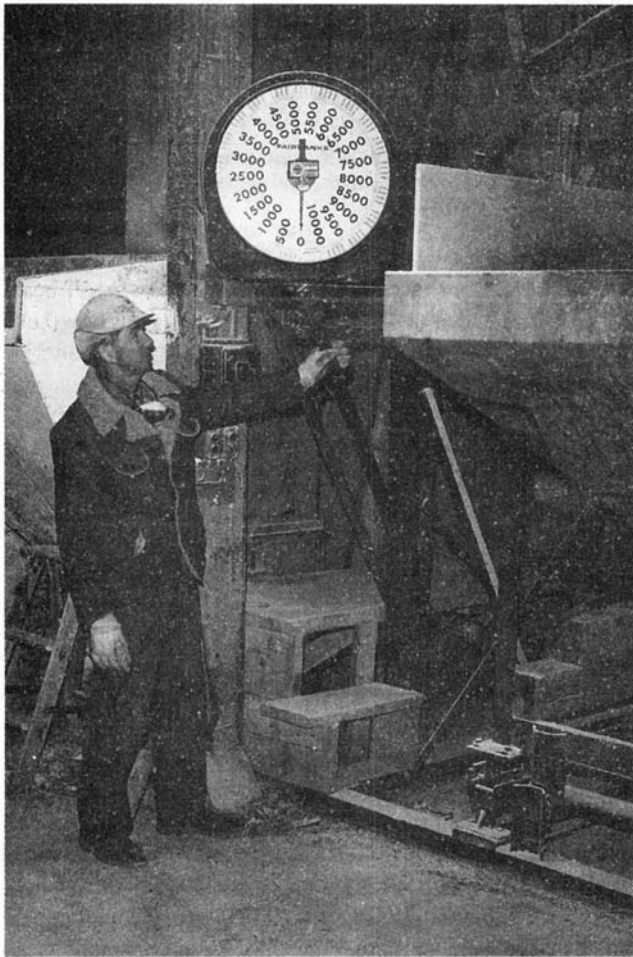


density, soil fertility improvements, and water supplies per square kilometer.

Vital services ratios are all declining in rural areas, such as the availability of hospital beds per 1,000 people (the stated goal of postwar legislation such as the 1949 Hill-Burton hospital-building law), doctors per 100,000 people, and educational and cultural facilities. For example, the current standard for physician-to-population ratio should be somewhere around 250 doctors per 100,000 people, or 1 doctor per 400 people. There are rural areas in Alabama now, where there is only 1 doctor per 6,500 people. These ratios have all been in decline since the 1970s, the period when certain productive potentials peaked, because of the economic buildup decades earlier.

In the 1970s-90s period, the low commodity prices, plus the debt service and other costs, ruined U.S. family farms. The official statistics note that the number of U.S. farms dropped from about 2.7 million in 1969, down today to fewer than 1.8 million—a loss of over 1 million farms. The farm “population” (families, farm district residents) in 1970 was about 9.7 million people, which was 5% of the total U.S. population. Now, the farm population is down below 4.5 million people, less than 2% of the total U.S. population. Farming involves less than 3% of the total U.S. labor force.

While at key times earlier in the century, the decline in the percentage of Americans living and working on farms represented productivity gains and economic advance, the 1970s-90s decline shows economic decay. The only reason family farms still exist on the scale that national economic emergency policies could rescue and build up the farm sector,



A New Jersey dairy farm. Since 1969, the number of U.S. farms has dropped from 2.7 million to fewer than 1.8 million, as farmers are forced off the land. The average age of U.S. farmers is now 57 years: The younger generation is seeking work elsewhere.

is because of “off-farm income” that has come to support rural households and farmsteads. Husbands, wives, children, relatives, and friends are all working off the farm, in addition to farming their land.

Land in some of the farms lost was consolidated into larger operations; other land lies untilled and untended. In addition, commodities cartel-backed legislation in the 1980s resulted in the lock-up of close to 40 million acres in the Conservation Reserve Program. This, plus other types of set-aside land, is over 10% of the U.S. crop acreage base.

Less land in use, and fewer people farming means less need for rural towns and services. “Ghost towns,” with vacant main streets, now exist in place of once-active rural centers. There has been a mass shutdown of local stores, spare parts and repair shops, libraries, and local banks. Where there were once churches, choirs, and schools, with several clerics and administrators, there now may be three

churches per one pastor.

This shutdown process is reflected in the increased suicide rates in rural areas. The outflow from farm counties, of people going elsewhere in search of work, has resulted in a net loss of population for hundreds of rural counties, to the point they now meet the low-density criteria for being “wilderness areas.”

The average age of farmers remaining in operation has gone up to 57 years. The average age of farm machinery and other equipment on the farm has likewise risen. The density of rail network per unit farm area declined so sharply, as did the fleet of rolling stock, and number of operators, that, as of the 1995 corn harvest, millions of bushels of the crop could not be moved out of northern Iowa and southern Minnesota—the heart of the U.S. corn belt. The corn was piled on the ground and left to rot.

All these factors combined are now resulting in falling U.S. output, as well as falling output potential. The level of the average annual U.S. corn crop is now at the level of annual domestic use, which means there is little or nothing for reserves, exports, or food aid, unless there is a trade-off with domestic use. And there is no “margin” for bad weather, or economic shocks, in the various farm subsectors.

In the short run (the next several months), the tight supplies, and rising prices of corn, spell trouble for the few thousands of remaining family farmers in livestock production. Look, for example, at hogs and pigs.

In 1980, there were 666,550 farms producing hogs; in 1995, this number dropped by 73%, down to 182,700 hog-producing farms. As far as the national inventory of hogs, which stood at 60.190 million head in 1995, about 60% of these are produced on farms sending over 1,000 head to market per year. In contrast, just eight years ago, in 1988, farms of that size accounted for 36% of the hogs produced, and the rest came from smaller operators. Today’s rising corn prices will set in motion problems for those family farmers who have tried to remain in livestock production, forcing them to switch to grains output, or leave farming altogether. Hog prices today are running at about 42% of parity.

Food security from factory farms?

“Factory farms and biotechnology” are the answer to U.S. food security worries, is the response coming from the various food cartel-backed sources in Washington, D.C. and elsewhere. The reference is made to the multi-thousand-head milk cow factory farms, such as in California, run by a member of the Gallo wine family; or the gigantic multi-thousand-sow operations run directly by Cargill and other cartel firms. IBP, the world’s largest butchery company, has been under continuous federal investigations of all kinds, including for preferential dealings (payoffs) to IBP-selected, huge cattle feedlot operations, and other anti-trust practices. For hogs, IBP is currently planning a 5 million capacity hog abattoir on the

eastern seaboard. Maersk, the Danish shipping lines, is building the world's largest jumbo container ship, refrigerator-equipped for handling foods.

Similarly, Cargill and other cartel firms are dominating R&D work for the food chain, to serve cartel interests. "Leave food and nutrition biology to cartel scientists," is the message from Cargill and other commodity cartel spokesmen. This line will be put forth at a well-funded science and technology conference in Des Moines, Iowa on March 4-5. Called the "1996 National Forum for Agriculture: Friend or Foe—Technology and the Structure of Agriculture," the speakers include Steve McCurry, vice president, general manager for research of Cargill Inc.; G. Edward Schuh, dean, Hubert Humphrey Institute for Public Policy; Charles S. Johnson, president and CEO, Pioneer Hi-Bred International, Inc. (ranks with Sandoz, British Petroleum, and Cargill in the world crop seed cartel); and Dennis Avery, Hudson Institute.

These individuals and firms are part of the network controlling agricultural bioscience through controlling research funding and holding patents and licenses. Their research ranges from bio-engineered long-shelf-life fruits and vegetables (for long-haul free trade), to veterinary chemicals (various growth hormones), and livestock breeds (mostly based in England), to new cotton and grain strains, for which the companies demand and hold sweeping patents. The conference is part of their continuous publicity drive, arrogating the name of science. Topics include, "How Is Technology Affecting the Globalization of Agriculture?" and "Who Controls the Research and Development of Technology?"

If you eat, you need farmers

Whoever needs food, needs farmers—not cartel companies, or mythical "access to world markets"—for their daily bread. Therefore, the historical agricultural parity pricing approach of the United States, at whatever percentage of parity level a government may choose to back, based on its circumstances, is applicable in any nation. In fact, restoring this approach, along with other emergency economic security measures, is the only workable policy to revive the U.S. economy and food supply potential.

Look at how the parity pricing policy worked during 1940-50 (Figure 1), when the parity price ratio was above 100%. This summary description is from a section of the 1984 "The LaRouche Campaign" study, "The World Food Crisis of 1985":

World War II: The population is fed

"... Unparalleled output per farm worker resulted in a 42% increase in gross farm production from 1939 to 1944 in the Plains states, producing enough food to feed an additional 50 million people (over the average year from 1935-39).

"The number of hogs raised reached 84 million in 1944,

a 34 million increase over 1939. Cattle herds peaked at 86 million in January 1945, up from 73 million in 1918. Poultry production increased 35% between 1935 and 1945. While the number of cows increased only 1.5 million, production per cow zoomed from 4.1 thousand pounds of milk per cow in 1935 to 4.8 thousand pounds in 1945 (an increase of 15%). There was food to meet civilian, military, and Lend Lease requisition all at the same time.

"The most spectacular acreage increase was in oil-bearing crops—peanuts, soybeans, and others. The oil from these crops mixed with alcohol became a usable fuel for aircraft and farm machinery. Acreage for peanuts picked and threshed was 171% in 1942 over 1941. Production of soybeans harvested in 1942-44 was 338% of the production in 1935-39.

"Acreage of food grains (wheat, rye, and buckwheat) increased only 2.9% in 1944-45 over ten years earlier; acreage for feedgrains went up 6.7%. (With the shift to mechanized farming, the use of mules and horses stopped, freeing 50 million acres for crops, not all of which were needed.) Grain used for alcohol went from 25 million bushels in the pre-war years to 150 million bushels in 1944. All distilleries producing alcoholic beverages were stopped in 1942 and shifted to industrial production. Over half the increased production of industrial alcohol was used for the new synthetic rubber industry.

"Over 1.5 million men were given draft deferments for farm agricultural work, but this was insufficient, and by 1943 over 65,000 farm workers were brought to the United States from other countries, 45,000 of them from Mexico. In addition, 115,369 prisoners of war were let out to work on farms.

"The demand for farm machinery far outstripped the available supply for non-military production. Rationing of farm machinery continued from September 1942 until November 1944. New farm machinery in 1942 was only 83% of what it had been in 1940.

"The phenomenal productivity of the U.S. farmer came from his ability to apply new technologies, new machinery, and new farming methods—the result of a higher culture, better education, and a better standard of living. There were important technological and infrastructural improvements—dams, power systems, transportation improvements, in the interwar years which laid the foundation for the accelerated progress. Consumption of fertilizer doubled from 1930 to 1945. Between 1930 and 1940, farms using electricity increased 300%. Between 1941 and 1945, there were more than 600,000 new electrification installations on farms.

"Additional new technologies included the widespread use of the tractor, rubber tire, and tractor implements. Tractor use increased by 57% between 1940 and 1945, grain combines by 97%, corn pickers by 53%, and milking machines 109%."

A British hand is behind the world terror rampage

by Jeffrey Steinberg

In the span of 48 hours, over the weekend of Feb. 24-25, the stability of the Middle East and the Caribbean region was severely damaged by acts of irregular warfare—just as the 19-month peace process in Northern Ireland was shaken weeks earlier by a string of terrorist bombs, purported to have been carried out by the Irish Republican Army (IRA). And, while the mass media in the United States have been treating these events as isolated affairs, investigations by *EIR* suggest that all of these actions are part of an effort by the British Crown and its vast array of intelligence assets and collaborators, to bring to an end the fragile progress toward peace in some of the most troubled parts of this planet, and, in so doing, to wreck the Clinton Presidency.

In recent campaign appearances in Texas, and in a policy speech delivered on Presidents' Day weekend in Virginia, Democratic Party Presidential pre-candidate Lyndon LaRouche has stepped up his warnings to President Clinton, that his recent policy vacillations have provided the administration's enemies in London, and in the "Bush leagues" here in the United States, with a golden opportunity to conduct irregular warfare and crush the "outbreak of peace," from the Balkans, to Ireland, to the Middle East. Since the very beginning of the Clinton Presidency, there has been a "war and a half" between London and Washington—driven by the Clinton administration's break, albeit tenuous, with British geopolitics.

Playing the 'Fidel card'

On Feb. 24, Cuban Air Force jets shot down two civilian Cessna planes, which Cuba accused of flying over its airspace. The planes belonged to a Cuban exile group, based

in Miami, called Brothers to the Rescue. The shoot-down precipitated a diplomatic crisis between Washington and Havana, and has disrupted a year-long effort by the Clinton administration to devise a policy for normalization of relations.

In intelligence parlance, Brothers to the Rescue is a classic example of an "asteroid" operation—a group run by renegade "former" intelligence operatives, out to disrupt official U.S. government policy. The leading patron today of these "asteroids" is former President George Bush, whose son Jeb is a key figure in the right-wing Cuban exile circles in Miami. These "asteroid" intelligence operatives are very often far more closely tied to the British intelligence services than to anything operating in American interests.

Brothers to the Rescue was founded in 1989 by José Basulto, a Cuban-American veteran of the failed 1961 Bay of Pigs invasion, who, during the 1980s, was active in the Nicaraguan Contra operation of George Bush and Oliver North, which was, at its core, a guns-for-drugs crime enterprise.

During its initial years of activity, Brothers limited its actions to flights into the Caribbean, searching for boats of Cuban refugees attempting to reach the United States. In the past several years, the group has shifted its focus to more provocative actions, including violations of Cuban airspace and other efforts to destabilize the Castro regime. In January, a Brothers' plane flew over Havana and dropped anti-Castro leaflets on the city. The Cuban government has protested the Brothers' actions, and the Clinton administration earlier ordered the Federal Aviation Administration to probe the group's activities.

The shift toward more provocative actions—at odds with Clinton administration efforts at constructive engagement of Cuba to assist in the transition from communism, as spelled out in recent interviews by Special Presidential Adviser on Cuba Richard Nuccio—may be linked to reports that former CIA operations officer Theodore G. Shackley has been once again at work inside the Cuban community in Miami. Shackley was a pivotal figure in the Bay of Pigs fiasco, having run the Miami CIA station at the time. He was also a pivotal behind-the-scenes figure during the Reagan-Bush era in many of the “Bush league” covert operations. Shackley is presently a well-paid consultant to Dutch oil trader John Deuss, a front man for Royal Dutch Shell oil interests.

Castro’s own game

There is another wrinkle to the Brothers to the Rescue affair. The group has also been penetrated by Castro’s own intelligence services. On Feb. 23, the day before the shoot-downs, a leading member of the group, Juan Pablo Roque, disappeared. A former Cuban Air Force pilot who had defected to the United States in 1992, Roque resurfaced several days later in Havana, denouncing the group. He reportedly delivered information to the Castro regime, indicating that the Brothers were planning an attempt to assassinate Castro.

Even before the re-defection, Castro had been increasingly flaunting his true anti-American posture. Castro, after all, remains the leading sponsor of the São Paulo Forum, a collection of narco-terrorist-linked leftist political parties, involved in destabilizing most of the countries of Ibero-America.

And, on Jan. 12-14, the Castro regime hosted a “Solidarity with the Third World” convention in Havana, during which it bestowed an award on Rafael Cancel Miranda, the Puerto Rican terrorist who fired shots on the floor of the U.S. Congress in 1954—an outrageous endorsement of anti-American terrorism.

Castro has also recently been flaunting his long-standing collusion with George Bush, through his protection of former Mexican President Carlos Salinas de Gortari, whose family is now under investigation by U.S. and Mexican authorities for involvement in drug-money laundering. Salinas was one of Bush’s closest allies and protégés, and remains, despite the drug-money allegations, a darling of Wall Street and London.

Hamas and Sharon in bed again?

Also on Feb. 25, Hamas suicide bombers carried out two terrorist attacks in Israel. One bus bomb attack in Jerusalem killed at least 26 people and injured dozens more during the morning rush hour. Coming just months before the Israeli elections, the terrorist attacks created a political crisis for both Israeli Prime Minister Shimon Peres and Palestinian Authority President Yasser Arafat, and have jeopardized further progress toward peace.

President Arafat has accused right-wing fanatics in Israel of collaborating with Hamas in the bombings, telling report-

ers that “it would take superman” to carry out such an attack without help from extremists inside Israel.

Arafat’s statements are not at all far-fetched. It is a not-so-well-kept secret, that during the period of the Likud governments in the 1970s and ’80s, segments of Israeli intelligence helped create Hamas as a “countergang” to the Palestine Liberation Organization.

Seizing the opportunity to defeat Prime Minister Peres in the May 29 elections, Likud hawk Ariel Sharon, an asset of London’s Hollinger Corp. intelligence front and one of the leading figures linked to the early sponsorship of Hamas, is now attempting to forge an alliance of four right-wing parties to beat the Labor Party and kill the peace process.

It is no secret that the primary weapon in the hands of opponents of the Middle East peace process—from London to the West Bank—is irregular warfare. In February 1994, months after the signing of the original Oslo Accords at the White House in September 1993, Jewish underground terrorists shot up a mosque in Hebron during Friday prayers, in a clear effort to derail the peace effort. The Jerusalem bombing in February 1996 took place on the anniversary of that Hebron attack. And, while the assassination late last year of Israeli Prime Minister Yitzhak Rabin, by a Jewish fanatic opponent of peace, gave new impetus to the peace process, there is widespread fear inside Israel that several more terrorist atrocities, claimed by Hamas or Islamic Jihad, could jettison the Israel-Palestine deal altogether.

Questions about the London bombing

The other major Clinton administration peace initiatives—in Northern Ireland and Bosnia—are also being jeopardized by irregular warfare, and, once again, the hand of the British is ever-present.

After the recent disruption of a 19-month cease-fire by the IRA, Washington and Dublin officials are now desperately scrambling to get the all-party peace process back on track. As *EIR* has already reported, there are serious questions about whether the recent bombings in London that punctured the peace, which had been stubbornly opposed by the John Major government despite massive U.S. pressures, was actually the work of the IRA. Historically, British SAS has always run “IRA” countergangs that have often been responsible for the most bloody atrocities.

According to one high-ranking U.S. law enforcement official, the recent London bombings, which nearly blew up two years of Clinton administration efforts to move the Major government toward a peace agreement for Northern Ireland, does not conform to known IRA profile. The bomb that blew up a train station near Canary Wharf was made of ammonium nitrate and fuel oil—the same ingredients used in the Oklahoma City bombing in April 1995. The IRA has never used this type of bomb. The second bomb, which went off in London several days later, was constructed from plastic explosives—also never used by the IRA.

Samper sends gestapo against his enemies

by Andrea Olivieri

Just two days after returning to Colombia from Washington, where he spent a week and a half lobbying Congress and the Clinton administration to decertify the Samper government in Colombia as “a cooperating partner in the war on drugs,” the president of the Ibero-American Solidarity Movement, Maximiliano Londoño, received a handwritten death threat, giving him 48 hours to come out publicly in favor of certification and drug legalization, and against extradition of Colombian drug traffickers to the United States, or “your children and your wife will die and your head will roll. CIA DEA snitches die like rats.”

Press coverage of the latest threat to Londoño has appeared in Venezuela and Argentina, and the U.S. State Department responded to a briefing on the case by deploring such tactics. That threat, the latest in a series of threats to which Londoño and his associates, such as *EIR* correspondent Javier Almario, have been subject for the past year or more, forms part of a pattern of harassment, intimidation, and outright assassination that the narco-regime headed by President Ernesto Samper Pizano is using against its political opponents, in a desperate attempt to prolong its stranglehold on political power in that country.

As respected journalist Diana Duque Gómez declared in a Feb. 29 newspaper column, in order to save the President “at all costs,” the criminal Samper regime “is applying the law of *omerta*, the mafia law of silence, or retaliation” to its enemies. First to fall was Dario Reyes in August 1995. Reyes was the chauffeur of Interior Minister Horacio Serpa Uribe, and was a leading witness for the prosecution against Serpa’s links to drug-money infiltration into the Samper Presidential campaign.

In November 1995, former Sen. Alvaro Gómez Hurtado was assassinated. He headed a large, and growing, bloc of political influentials demanding Samper’s resignation. On Feb. 1, a leading drug cartel witness against Samper, Elizabeth Montoya de Sarria, was assassinated. On Feb. 16, the son of Gen. Ricardo Emilio Cifuentes was murdered while on a brief visit to Colombia. One month earlier, General Cifuentes, commander of the II Army Division, had resigned his commission in a public statement which sent tremors through the Colombian Armed Forces: “The President of the Republic does not merit my support.”

The opposition daily *La Prensa* devoted its lead editorial on Feb. 28, entitled “Gestapen,” to blasting Samper’s use of

the Colombian political police, the DAS, to threaten, intimidate, and perhaps murder, his opponents. *La Prensa* is owned by the influential Pastrana family, whose scion Andrés Pastrana lost the Presidential race to Samper by a narrow margin in June 1994. Why is Andrés Pastrana hiding out in the United States, in fear of his life? asks the editorial: “ ‘We cannot guarantee his life,’ say the officers of repression, with blood in their smile. ‘We don’t want to see him around here. If he wants to come back, he might get killed.’ They said the same of Alvaro Gómez. Of the witness Elizabeth de Sarria. Of the son of General Cifuentes. . . .”

Beyond Samper

Just as Samper’s mafia tactics are now being exposed for all to see, another Cali Cartel ally is squirming in the limelight. The Ibero-American Solidarity Movement (MSIA) in Mexico is demanding that Colombia’s ambassador to that country, Gustavo de Greiff, be declared *persona non grata* and expelled from Mexico for being “one of the main cover-up artists of the narco-scandal in which Colombian President Ernesto Samper is involved.” An MSIA demonstration in front of the Colombian embassy in Mexico City on Feb. 27 received coverage in Mexico’s leading daily *Excelsior*, and also in the leading Colombian daily *El Tiempo*.

According to a press release issued by the Mexican MSIA, De Greiff—who was the chief prosecutor in Colombia at the time of Samper’s election to the Presidency and who personally moved to shut down an investigation into Samper’s known mafia connections “for lack of evidence”—is “an accomplice” in the crisis afflicting Colombia. “The fact that at this late date, [De Greiff] is acknowledged as ambassador in Mexico raises serious questions about our country, as it turns us into the garbage dump of the underworld,” says the press release. De Greiff is not only an avid proponent of drug legalization, but has been linked—both directly and through his daughter Monica de Greiff—to the Cali Cartel.

Questioned about the MSIA’s charges, De Greiff stated, “No matter what they say, I say it is all lies.”

The *El Tiempo* coverage of the Mexico City protest rally notes that *EIR* has produced a widely circulated document on “Why the Clinton Administration Must ‘Decertify’ Colombia,” which accuses President Samper of having installed a “narco-dictatorship” in Colombia. The *El Tiempo* journalist interviewed MSIA president in Mexico Marivilia Carrasco, who argues that U.S. certification of Colombia would constitute undue interference in that country’s internal affairs, because it would prop up the cartel’s government there. Further, adds Carrasco, “we oppose the political manipulation by U.S. senators like D’Amato and candidate Bob Dole, who have wanted to tar Mexico with the same brush as Colombia. The U.S. should not certify Colombia, but it should not confuse that country with any other country on the continent.”

Chirac reorganizes the French Army: Bonapartism, not Gaullist 'grandeur'

by Christine Bierre

Just as it took a "Socialist" President to turn France over to the financial oligarchy without provoking a mass revolt, so it has taken a "Gaullist" President to destroy what remained of Gen. Charles de Gaulle's republican military policy. The reorganization of the Army announced by President Jacques Chirac on Feb. 22 makes a travesty of the defense policies of de Gaulle, which for decades have been the pride of the French nation.

The centerpiece of the reorganization is the decision to abolish conscription and to go for a fully professional army. This is a powerful blow against the French republican tradition, in which conscription was conceived, not only as a necessity in order to have an army able to face up to any invasion of the national territory, but also as a means to develop patriotism among the citizens. The one-year obligatory draft was also conceived as an instrument for social integration of all sectors of the population, rich and poor, into the service of the nation.

A colonial expeditionary force

But beyond the issue of conscription, the entire mission of the French Army has been transformed by the reorganization. Indeed, the one concept that Chirac stressed repeatedly throughout his nationally televised interview, was the need to be able to "project" France's military forces to foreign theaters. Chirac regretted the fact that while the French Army totals 500,000 troops, France had "only" been able to contribute 10,000 troops to the Persian Gulf war effort, while the British, with a much smaller army, were able to deploy 40,000 troops. Basing himself explicitly on the British model, Chirac announced that he will reduce the total number of troops from 500,000 to 350,000, while increasing the number of forces to be "projected" up to 50-60,000.

What Chirac does not say, of course, is that it was perfectly normal that the French Army was not prepared to send more troops to the Gulf than it did, since de Gaulle had forbidden any "out of area" deployments, outside Europe. For de Gaulle, except in very specific cases such as crimes against humanity, any such deployment was tantamount to a colonial expedition, which he rejected as a matter of principle. Chirac's recent decision to integrate France into the NATO military command, is part of his force "projection" logic.

It is both the financial crisis and the strategic changes

in the world that prompted this restructuring, stated Chirac. Financially, in a period of budget deficits and austerity, France can hardly afford its present military effort. The changes announced by Chirac are aimed at reducing overall costs by 15%. On the strategic level, the French analysis is that the fall of communism, as well as the historical evolution among France's neighbors, has eliminated all threat of invasion of French territory. What remains, according to this analysis, is the strategic threat stemming from the various nuclear powers on the one hand, and a more diffuse threat coming from foreign theaters, which demands the increased "projection" capabilities of the French Army.

Fate of the nuclear 'force de frappe'

On the basis of this evaluation, and even though any serious analysis of the Russian situation points to a great danger of the reemergence of a violently anti-Western power in that country, Chirac will maintain a nuclear deterrent capability—the famous *force de frappe*—but at significantly lower levels. The previous three components of France's nuclear deterrent have now been reduced essentially to one: the strategic nuclear submarine force, made up of four submarines carrying a total of 16 MIRVed (multi-warhead) nuclear missiles, with six warheads each. The strategic missiles on the Plateau d'Albion, which constituted the land component of the deterrent and which have since become obsolete, will not be modernized, as was planned at one point, but will be simply abandoned. The site will instead house a Franco-German military academy.

The air component of the strategic forces (a combination of Mirage 2000 and Superetendard airplanes carrying long-range nuclear missiles) will remain, but as a complement to the submarine forces.

Finally, the Hades tactical nuclear missile (350 km range), which had provoked the hostility of the Germans, because, deployed in France, it threatened only their territory, will be entirely dismantled—an outrageous decision, since this mobile missile, which could travel 1,000 km per day if need be, could have been deployed elsewhere, in the context, for instance, of a European-wide defense system.

Very disturbing, in the light of the fact that France will be maintaining its nuclear deterrent, is the fact that Chirac has



The French republican conscript army is now a thing of the past, as Chirac sets up an expeditionary force for interventions in the context defined by the U.N.'s "new world order."

announced that all nuclear testing facilities, mainly on the South Pacific atoll of Mururoa, will be shut down, leaving the country with nowhere to carry out maintenance, modernization, and testing in the future. Finally, Pierrelatte and Marcoule, the factories producing the nuclear fuel, will both be closed down, although the government insists that it has all the fuel in stock that it needs for the future.

France and the 'new world order'

In terms of weapons programs, Chirac announced that all the main programs—Leclerc tanks, the *Charles de Gaulle* aircraft carrier, and Rafale airplanes—and all joint programs with Germany, with the exception of a transport plane, will be maintained. But in the light of the economic crisis, it is quite likely that they will be all delayed, as has been the case in recent years. The only area where there seems to remain a will to build something, is in the armaments industry, and this is only because dwindling weapons markets impose the requirement for a reorganization in order to face up to stiff international competition. There will be an emphasis on aeronautics, thanks to the merger of the two main aircraft companies, Aérospatiale and Dassault, as well as an emphasis on military electronics, built around a privatized Thomson and perhaps Matra.

Most important, concerning weapons programs, is what is glaringly absent from the reorganization: a policy to gear

up scientific-technological capabilities, in the area of directed energy and related systems. When questioned on the military systems of the future, Chirac warned that France's deterrence was still good for the next 50 years, and that any other talk would be science fiction. This is a thorough departure from de Gaulle's approach of putting France at the forefront of the most advanced scientific research, and ensuring that the military and the civilian economy alike would benefit from such research.

Behind the basic facts of the reorganization, it is the axiomatic change introduced by Chirac in the concept of the national defense, which indicate the world of difference which separates de Gaulle and the head of France's neo-Gaullist party today. While de Gaulle rejected the oligarchical geopolitical rules of the game, Chirac is adapting to those rules, and wants to beat out all the competitors. His economic turn of last October, toward British "free-market" austerity, and his military reorganization of today, both point in this direction. The reform of the French Army into a colonial army, is a suicidal adaptation to a world dominated by United Nations globalism, by the lack of respect for national sovereignty. It is only this supranational globalism—the "new world order"—which justifies the need for a world military *gendarme*, or for a series of *gendarmes*, to patrol and intervene militarily into crisis spots.

Chirac's rationale is undoubtedly the same as that of François Mitterrand during the Gulf war: France must participate in this new world order in order to get a share of the winners' "cake" of political influence. Chirac goes further than Mitterrand, however, in that he not only wants to bring France into that new order, but wants to prove that France, along with Europe eventually, can compete with the Anglo-Saxons for a bigger share of the cake. By adopting practices that General de Gaulle abhorred, Chirac is turning France into a medium-sized imperial power of the same nature as those which de Gaulle fought in his time. It is this petty arrogance of Chirac which was striking in his television address: his need to insist on the greatness of the French system, the greatness of its scientists, of its military technologies, all the while showing disregard for what truly made France great under de Gaulle. De Gaulle made of France a great nation, not because he built up its scientific, military, and civilian technology potentials—although he did. He made of France a great nation because, against the established powers, he had the courage to stand up for the Good, in defense of the inalienable rights of nations, of the poor, of the underdeveloped. He made France into a great nation because he transmitted to it a sense of a mission for the improvement of humanity. It is this ideal, coupled with an economic policy penalizing financial looting and favoring scientific research and productive investment in all areas, which created the basis for France's greatness. To this Gaullist idea of *grandeur*, Chirac has nothing to counterpose but a petty Bonapartiste conception of French arrogance and power.

British complete their coup in Burundi

by Linda de Hoyos

The President and prime minister of Burundi have jointly signed a letter to United Nations Secretary General Boutros Boutros-Ghali, stating that the Burundi government stands opposed to any deployment of U.N. peacekeeping troops into or near Burundi.

The letter signifies that the coup in Burundi, perpetrated against the elected government by the military, is, for all practical purposes, complete. The U.N. secretary general on Feb. 17 proposed sending peacekeeping troops to Burundi or into any neighboring country as a "rapid deployment force," should the slow genocide that has taken place in Burundi since October 1993 quicken to a bloodletting on the scale of Rwanda in 1994.

In September-October 1995, Burundi President Sylvestre Ntibantunganya had visited Washington and various other capitals to plead for precisely the kind of U.N. force he now rejects. His about-face demonstrates that the President, a leader of the ruling Frobebu party brought to power in the first national elections in Burundi in June 1993, is now completely at the mercy of Prime Minister Antoine Nduwayo, a leader of the opposition party who unconstitutionally assumed his present post (see *Chronology*) and who is suspected of being a controller of the Tutsi militias terrorizing the capital of Bujumbura. If a U.N. military intervention takes place, Nduwayo told the French daily *Le Soir* Feb. 6, "the whole country will blow up, because we will oppose these foreign troops, including myself as an ordinary citizen."

The Tutsi military—which ruled over Burundi since 1966 in a tyranny punctuated with the slaughter of hundreds of thousands—is now the power in Bujumbura again. Madeleine Albright, U.S. ambassador to the United Nations, unabashedly admitted as much, in an interview on Jan. 30 after a visit to Burundi. "The Tutsis, who are the minority, have combined in a government that also has a Hutu President, but basically the Tutsis are in the minority and they are trying to figure out how to run a country that is majority Hutu."

Albright's assessment knowingly omits the fact that not only is there a "Hutu President," but that Ntibantunganya officially heads an elected government, composed of popular parties that won 80% of the vote in elections. Employing a strategy of systematic assassination, the violent extirpation of all Hutus from the capital of Bujumbura, and massacres

of civilians throughout the country, the Tutsi military has virtually destroyed that government. The United States had originally been the primary backer of the 1993 elections in Burundi.

Systematic betrayal

The United Nations has aided and abetted the brutal return of the Tutsi military to power. Since the attempted coup against the first Hutu President, Melchior Ndadaye, in October 1993, the three Western permanent members of the U.N. Security Council have encouraged the successors of Ndadaye to negotiate, rather than defend themselves. In September 1994, a government convention was imposed on Burundi by which the Tutsi opposition party Uprona and its allies would control nearly half the cabinet. In successive campaigns—in December 1994, in February 1995, in September 1995, and again in December 1995—the military/Uprona combine has either forced major government changes or policy changes through unconstitutional means.

Compare the silence on Burundi with the international outcry and demands for sanctions against Nigeria, when the Abacha government hanged nine convicted murderers.

As *EIR* has so far been the only publication to document, the Tutsi military in Burundi is part of the same military force as the Tutsi Rwandan Patriotic Front, and Uganda's National Resistance Army of Ugandan President Yoweri Museveni. In fact, three of the known plotters of the coup against Melchior Ndadaye in Burundi, are at large in Uganda today.

The power behind this military combine lies outside Africa—in London, where British Minister of Overseas Development Baroness Lynda Chalker has overseen the British financial takeover of Uganda, and the reorganization of Rwanda and now Burundi as military and financial satellites of the British puppet-regime in Entebbe. Uganda is also the center of London military operations against Sudan.

The Tutsi military caste has emerged as London's key asset in east-central Africa, its unique qualifications stemming from the oligarchical worldview it shares with the House of Lords, the belief in its genetic superiority and right to rule. As such, Museveni (a Tutsi Hima himself) and his allies have shown themselves to be willing to impose any suffering on their population to create an environment for British geopolit-

ical and financial aims, for which Uganda has earned the title "IMF success story." The same is clearly expected from the now-ruling militaries of Burundi and Rwanda. Former Tutsi military dictator Pierre Buyoya is now a "special adviser" to the World Bank.

So far, no significant power has bucked London's design. In April 1995, when U.S. Ambassador to Burundi Robert Krueger denounced Tutsi military killings of civilians, he was publicly attacked as a "warmonger" by French Cooperation Minister Bernard Debré. Britain, France, and the United States have stated that they will not supply troops for any peacekeeping force in Burundi.

Will it hold?

Although the Uprona/military hold on the Burundi government and capital are now effectively complete, it is unlikely that the Tutsi military will succeed in restoring Burundi to its pre-1993 condition of tight-fisted rule over a cowed population. First the northwest, then the northeast, and now the southern sections of the country have become war zones. At the very least, London's gameplan and the acquiescence to it by Paris and Washington have hurled Burundi into civil war and economic collapse.

War does not seem to concern the Tutsi military. Tutsi militarist Pierre Buyoya told the *Libreville Africa*, No. 1, Jan. 7: "Peace is unfortunately threatened in Burundi, the level of violence is high, and there are dead and injured people almost everywhere, but this is nothing new. Actually, the country is currently going through a situation of apparent civil war." U.N. Special Rapporteur on Burundi Paulo Pinheiro estimates that each week 4 soldiers are killed in attacks, and 200 civilians, 40% of them women, are also murdered every seven days, most killed in retribution by the Tutsi military.

Chronology

Murder of a government

"Basically, . . . some of the leadership that had been elected was in fact assassinated, and there has been a political vacuum."

—U.S. Ambassador to the United Nations Madeleine Albright, in a TV interview, Jan. 30, 1996

The Burundi government is composed of a President, 23 cabinet ministers, 64 members of the National Assembly, and 16 provincial governors. In June 1993, the Frodebu Party of Melchior Ndadaye won the first national elections in Burundi, bringing a Hutu to the Presidency for the first time. In 1995,

eighteen members of the National Assembly signed the petition for the exoneration of American statesman Lyndon LaRouche.

Beginning with the October 1993 attempted military coup against the Ndadaye government, two Presidents have been murdered; 8 out of 16 provincial governors have been assassinated; 16 cabinet ministers have either been murdered, removed unconstitutionally, or forced to flee the country; and 10 members of the National Assembly have been murdered or forced to flee.

In the Frodebu party, 48 party leaders across all posts, have been killed since October 1993. By comparison, the death of 48 party leaders in Burundi, a country of only 6 million people, is equivalent to the murder of 2,100 politicians in the United States. Especially targeted for assassination were Tutsis who joined the Frodebu in rejection of the Tutsi military's clinging to the oligarchical view, encouraged by former colonial powers, of Tutsi ethnic superiority.

The chronology below shows the pace of the now effectively completed military coup against the Frodebu elected government:

Oct. 21, 1993: Attempted coup against the government of President Melchior Ndadaye. Ndadaye is murdered. Also killed are six members of his cabinet; the chairman and vice-chairman of the National Assembly, and four provincial governors. One of the provincial governors murdered, Engelbert Sentano of Karuzi province, was a Tutsi, as was the vice-chairman of the National Assembly, Gilles Bimazubute.

March 1994: Interior Minister Leonard Nyangoma, Frodebu party leader, is forced to flee the country. Under multi-party government agreement negotiated in September 1994, this post will go to opposition Uprona party. Françoise Nyangoma, a member of the National Assembly, also flees.

April 6, 1994: President Cyprien Ntaryamira, who replaced the deceased Ndadaye in February 1994, is assassinated, along with Rwandan President Juvenal Habyarimana, when their plane is shot down at Kigali airport, Rwanda. Also killed on the plane are Burundi Minister of Communications Cyriaque Simbizi and Minister of State for Economic Development and Reconstruction Bernard Ciza.

Sept. 16, 1994: Frodebu MP Norbert Ndirikubwayo is shot.

October 1994: Schadrak Nyonkura, just ousted as transport minister by the September Convention, flees the country.

Nov. 9, 1994: Managing director of the National Planning Commission Emile Ntanyangu is murdered.

Nov. 11, 1994: Uprona leader Fridolin Hatungimana, Hutu minister in the government of Pierre Buyoya, is murdered.

Dec. 28, 1994: Jean Minani, Speaker of National Assembly, is forced out of office by Uprona mass demonstrations and slaughters in Bujumbura and in provinces.

Jan. 27, 1995: Fidele Muhizi, governor of Muyinga

province, is murdered.

Jan. 30, 1995: Prime Minister Anatole Kanyenkiko is forced out of office by demonstrations and massacres led by Uprona party leader Charles Mukasi. Although an Uprona member, Kanyenkiko had refused to back Uprona's drive to remove Minani as Assembly Speaker. Kanyenkiko was then ousted from Uprona on grounds of "treason." Kanyenkiko is replaced by current Prime Minister Antoine Nduwayo.

January 1995: Administrators of Kanyosha, Mubimbi, Bwambarangwe, Mpanda communes (districts) are murdered.

March 3, 1995: Home of Frodebu MP Deo Nkinahamira is attacked by Tutsi youth gangs; Nkinahamira barely escapes with his life.

March 13, 1995: Minister of Energy and Mines Ernest Kabushemeye is assassinated.

March 1995: Provincial governor Malachie Surwavuba is murdered.

June 25, 1995: Frodebu Foreign Minister Jean-Marie Ngendahayo flees to South Africa.

July 1995: Deputy Speaker of the National Assembly Stany Claver Kaduga, a Frodebu Tutsi who signed the exoneration petition for LaRouche, flees the country after two armed attacks on his home.

July 20, 1995: President's chief of staff Mames Bansubiyeko survives assassination attempt.

September 1995: Justice Minister Melchior Ntahobama, a non-party Hutu, is forced out of office by Prime Minister Nduwayo.

Summer 1995: National Security Council leader Bukuru Zacharie, an Uprona Hutu, flees the country.

Aug. 29, 1995: Transport Minister Innocent Nimpagaritse flees the country, stating from Nairobi, "I am very disappointed by the government, which has shown itself to be incapable of assuring security in Burundi." He had escaped several assassination attempts.

Sept. 21, 1995: Interior Minister Gabriel Sinarinzi of Uprona is forced out of office, for his attacks on U.S. Ambassador Robert Krueger, when Krueger called for investigation into the military's slaughter of 67 civilians.

Oct. 12, 1995: Foreign Minister Paul Munyembari is forced out of office by Uprona/military agitation.

November 1995: Governor of Bubanza province resigns, due to fears for personal safety.

November 1995: Former intelligence chief Audifax Ndbitoreye flees to Zaire.

Dec. 12, 1995: MP Innocent Ndikuimana, a Tutsi in the Frodebu party, is murdered. Ndikuimana had signed the petition for LaRouche's exoneration.

Dec. 22, 1995: Bede Nzobonimpa, governor of Ngozi province, is murdered.

Dec. 22, 1995: MP Juvenal Manirambona is murdered.

January 1996: Frodebu MP Kassien Bucumi is summarily imprisoned by the military.

John Paul II brings hope to Venezuela

by David Ramonet

All of Venezuela ground to a halt the afternoon of Feb. 9, to receive Pope John Paul II, and the country remained at a standstill until his departure for Rome on Feb. 11, capping a week-long apostolic visit to four countries of Ibero-America. Venezuelans crowded the streets through which His Holiness would pass; tens of thousands of youths waited for him, day and night, at the residence of the Papal Nuncio; and Caracas's notorious violence—so extensive and brutal nowadays that the media compare Caracas to Bosnia—ceased while the pope visited Venezuela. Despite the enormous crowds, for that weekend, Caracas enjoyed peace and freedom of movement, at all hours of the day and night.

Conservatively, it is estimated that 13% of the population, 3 million people, took to the streets, or participated in the almost non-stop religious events, while virtually every Venezuelan closely followed the pope's activities and messages throughout.

Two weeks before the pope arrived, the country was swept with rumors and threats that a new "explosion" was imminent, reminiscent of that which erupted on Feb. 27, 1989, when mobs of the poor, enraged at the economic shock package adopted by President Carlos Andrés Pérez, looted and burned stores in several cities. One rumor warned that the poor from the Catia district in Caracas, together with people from the impoverished slums which cover the hills surrounding the capital, "would come down to loot."

At the same time, there were daily violent student protests, led by hooded extremists identified with former Lt. Col. Hugo Chávez's Revolutionary Bolivarian Movement 200, in various cities. The daily *El Nacional* reported on Feb. 17 that the Security, Intelligence, and Prevention Directorate (DISIP) had prepared an official report which documented that the student disturbances were being coordinated by the São Paulo Forum, Fidel Castro's continental terror apparatus, of which Chávez is a member, along with the Radical Cause (Causa R) party, whose members also participated in the protests.

Because of his resistance to imposing the genocidal policies of the International Monetary Fund (IMF) upon his country, President Rafael Caldera has been a target of a destabilization campaign combining economic pressures and political uprisings, orchestrated by various international forces deployed, in each case, by the international financial elite. Pope John Paul II's visit, elevating the Venezuelan

people above their day-to-day worries for those three days, buried the pessimism upon which those destabilizations have been premised.

People did "come down from the hills," but to greet the Holy Father, and to celebrate with outright jubilation, his presence in Venezuela. After the welcoming ceremony at the international airport, on his way into Caracas, the pope stopped at the Catia de las Flores Prison to bless the prisoners, and to urge that the rights of individuals be respected under all circumstances. Tens of thousands of people from the poorest slums of the city—whom not even the organizers of the visit expected—awaited the pope in Caracas, waving the flags of Venezuela and the Vatican.

The Venezuelan people identified with the message of hope brought by the pope, and left aside their pessimism. On Feb. 11, people formed a 40-kilometer-long human chain along his route, while others packed restaurants and cafés, to follow the ceremonies by television.

The response in one restaurant in the Chacao commercial and residential district, exemplified the intangible transformation evoked by the pope's visit. During the airport welcoming ceremony, when President Caldera's voice trembled as he began his speech, some of those watching the TV began to scoff and joke about Caldera, while most laughed. But as Caldera continued, his voice broken by emotion, they

grew silent. By the end of his short speech, when Caldera broke down and wept, those watching broke out into applause. "This people venerate you, Your Holiness. This people receives you with filial emotion. This people, Your Holiness, is determined to cross 'The Threshold of Hope' with you," Caldera concluded. The words of their President were endorsed by a majority of Venezuelans.

Man in the living image of God

In Venezuela, where national debate is centered on the economy, the pope did not take up the issue of economics directly, but he posed a positive conception, clearly opposed to that of the IMF. In a "Meeting with the Builders of Society," an event organized so that the pontiff could personally address the political, business, trade union, cultural, and other leaders of the country, he laid out with clear simplicity the principles of the Social Doctrine of the Catholic Church. The principle of justice and equity is inherent to the fact that man is the living image of God, the pope said, and it is from this, that all else flows. He told "the builders" that, in the task of constructing "a new society, founded upon justice, dialogue, and service, capable of confronting the challenges of the future, it is necessary to begin by promoting, unceasingly, the dignity of man, which respects his own truth, image of God, and path of the church. This contributes to the elevation of society, because, from the 'social character of man, it follows that the development of the human person and the growth of society itself are intimately related.' "

"The necessary change, which must be of 'mentality, behavior, and structures,' will favor a culture of solidarity, which shall prevail over the will to dominate or an egotistical life, as an economy of participation will prevail over a system of accumulation of goods, which creates a large gulf between, not only different States, but also between citizens of the same country," he said.

In the homily which he gave in the mass at Caracas's national airport, attended by 2 million people, he said that "the evangelical mission leads man to overcome *the definite idolatries*" (emphasis in the original). "The idols of today are, amongst others, materialism and egoism, from which follow sensualism and hedonism, violence, and corruption." He developed the same theme in a meeting with nearly 200,000 youths, whom he told, "In the face of temptation by the idols of power, money, and pleasure, Christ makes us free."

"Be protagonists of your history, and artisans of social renovation," the pope told them. He concluded by pointing out that, "with active participation in the political, economic, social, and cultural life, you are called upon to become the dawn of a new Venezuela, in which, by overcoming all forms of injustice, work and effort are recognized, and 'the common good, as the good of all men and of every man,' is promoted."

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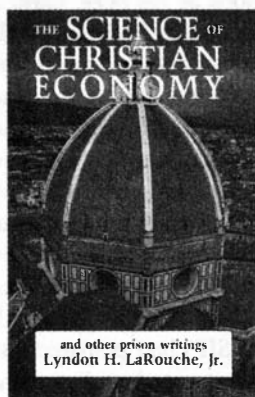
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The Shubeilat Case

Jordan government's conundrum deepens

by Our Special Correspondent

When the government of Prime Minister Zaid Ben Shakr threw Laith Shubeilat into prison last December, on charges of lèse-majesté and undermining confidence in Jordan's currency and economy, it thought it was decapitating the informal opposition in the country. Shubeilat, who had been outspoken in his public criticism of King Hussein's fast-track normalization with Israel, and of the country's acquiescence to the economic policy dictates of the International Monetary Fund (IMF), had enjoyed widespread popular support. The Jordanian Engineers Association (JEA), the most powerful of the dozen professional unions in Jordan, had backed him fully, particularly in his demands to protect the national economy and sovereignty from IMF intrusions. Broad public support had been expressed particularly for Shubeilat's insistence, that Jordan should defend its neighbor and Arab ally, Iraq, rather than scheme toward a change in government in Baghdad, as King Hussein appeared to be doing. Shubeilat had become a thorn in the side of the establishment. Putting him in prison was seen as a way of plucking out the thorn.

The operation, however, has left a festering sore. While in prison, stripped of his basic rights to decent conditions and fair treatment, Shubeilat was listed as a candidate for reelection as president of the JEA, and on Feb. 17, won hands down. The 81% majority given him was immediately read as a mandate for him, implicitly against the policies of the king. At the end of February, Shubeilat was reported to be considering running as a candidate for Parliament, in a special by-election to be held in April, for a seat recently vacated in the city of Salt. It is widely expected that, were he to run, he would win by a landslide. When Shubeilat first ran for Parliament in 1989 as an independent Islamist, he received the highest number of votes given anyone.

Authorities at a loss

Faced with this embarrassing show of support for a man whom the authorities are painting as a criminal, and as the "anti-King," they seem to be at a loss, as to what course to pursue. If Shubeilat is condemned by the military court, he will become a martyr in the eyes of most Jordanians. If he

is released, he will be seen as victorious in a political controversy over the central policy issues of the country.

In court, therefore, the prosecution's tactic has been simply to stall. In session after session, the court has convened, only to be adjourned after ten minutes. After the prosecution had rested its case, the defense presented a list of 59 witnesses. The court rejected the list outright,

on grounds that the proposed witnesses would "politicize" the trial. Among the witnesses proposed, were Shubeilat's wife, the prosecutor who had conducted the search operations at the defendant's home and office (without a warrant), several members of Parliament, prominent professionals, doctors, engineers, and others, who had attended the public speech delivered in Irbid by Shubeilat, which contained the allegedly incriminating statements. After the list was rejected, the case adjourned.

As for the government, the situation is more complex. The government which arrested Shubeilat, led by Ben Shakr, was reshuffled in early February. Anyone associated with hesitations regarding the pace of normalization with Israel was sacked, including even Ben Shakr himself, a cousin of the king. The new cabinet is composed of persons noted for their intransigent rejection of the opposition Islamist current in the Parliament. Thus, the new cabinet should be hostile to Shubeilat's case, and favor his rapid conviction.

Yet, at the same time, this government is striving to win favor with a skeptical population, and the new prime minister, Abdul Karim Al Kabariti, has promised "change," including on the human rights plane. The previous government has been accused of having lied to the public, by denying the existence of political detainees. The new government, by releasing some 250 detainees, seems to have confirmed those accusations. By the same token, the Kabariti cabinet could easily wash its hands of the Shubeilat case, arguing that the man had been arrested by a previous regime. Rumors have in fact circulated in Jordan, that the government approached Shubeilat, offering him some sort of deal. The same rumors have it that Shubeilat refused. This government *could* curry favor with Jordanians, by washing its hands of the case against Shubeilat.

The most elegant solution would be to declare a mistrial, or to find Shubeilat innocent and release him, attributing responsibility for the matter to the previous government.



Laith Shubeilat

U.N. campaign against Sudan is based on lies and political manipulation

Abdel Mahmoud Alkoronky is press counsellor for the Sudanese embassy in London. He travelled to the United States to attend the Schiller Institute's Presidents' Day conference Feb. 17-18, and to meet with policymakers in Washington. Mr. Alkoronky was interviewed on Feb. 26 for the cable television "The LaRouche Connection" show, and by EIR.

EIR: Mr. Alkoronky, can you give us some background on Sudan?

Alkoronky: The Sudan is one-third in area of the United States of America, 1 million square miles. We are 26 million people. Sudan is known as the "heart of Africa," which refers both to its geographical location, and its cultural role. We represent an ancient civilization, which knew iron mining 4,000 years ago. The agricultural potential of our country is immense. British Foreign Minister Rifkind once remarked to an ambassador, that he was not sure that the Sudanese realized the potential they have. We have ample water resources, and, potentially, a parallel second Nile beneath the Earth's surface. The basin of the great underwater resources in Libya, is in northwest Sudan. We are swimming on a lake of oil. There are oil resources in the southwest, middle, and eastern parts of the country, as well as natural gas in the east. The climate is extremely varied, allowing for year-round cultivation, and the soil is extremely fertile. According to a study done at Georgetown University, an investment of \$20 billion in Sudan, would make it possible for the country to feed the whole of the Arab world and Africa.

Now, we have achieved food self-sufficiency. This was not the case under previous governments. Twenty-nine African states have not succeeded in achieving this, according to the United Nations report. We have achieved 8.5% growth rates, certified by our "friend," the International Monetary Fund [IMF]. We have doubled five times, the number of people enjoying higher education; we have extended highways in the west, the center, and the east.

We have 76 local tongues, dialects, with which to communicate. At the same time, our national language is Arabic.

In our long history, we have known independence for much of that time. Actually, over thousands of years, we have been under the heel of a foreign power for only 114 years: The Turks ruled over us for 57 years, and the British Empire controlled us for 57 years. Otherwise, we have been free. It is important to underline, that Sudan was an Islamic State, with Is-

lamic law, long before the British arrived. When the British came in 1898, they slaughtered and massacred tens of thousands of people, out of a population, at the time, of 2 million. The British destroyed our Islamic law and by the same gun, imposed British Common Law on the Sudanese people. We launched 127 movements of armed struggle, and got rid of the British at last, in 1955.

When the current government came to power in 1989, we resumed the Islamic legal system in Sudan, which is a normal and natural extension of our history and background. And we are notable for our peaceful way of life, our appreciation for differences, and our tolerance.

EIR: Is it true, that the current campaign against your country aims at changing Islamic law again?

Alkoronky: Yes, it is. In fact, the first demand of the rebels [led by John Garang of the Sudanese People's Liberation Army, engaged in war against the central government], is that Islamic law be eliminated. But that is not all. Amnesty International has demanded that we give up Islamic law. The same is true of the U.N. The Special Rapporteur of the United Nations for Human Rights, Gaspar Biro, came to Sudan, and demanded that we relinquish Islamic law, saying that it violated international law. We told Mr. Biro, that our law is part of our religious system, as set down in our holy book, the Koran. We told him that for us, the source of this law is God. Mr. Biro said, "I don't care who the source is." At that point, we informed him, that that would be his last visit to our country.

As I told one person from an international agency, who objected to our Islamic legal system, I could not imagine myself coming to the United States and saying, "Please, forget about the First Amendment." Yet this is the situation we have been in for years. Paradoxically enough, those who are writing fourth-rate reports about Sudan, and criticizing us, are extremists, who are not mainstream in reasonable circles. For example, Baroness Cox of Great Britain, who told us to relinquish the Islamic legal system. To do what? To be governed by British law. We told her she was wrong. We said, here you are representing Christian Solidarity International, and you are holding meetings regarding Sudanese politics in the House of Lords. That is mixing religion and politics, isn't it?

EIR: Can you explain what the Islamic legal system is?

Alkoronky: There are three aspects to Islam: one is the reli-



Abdel Mahmoud Alkoronky, press counsellor of the embassy of Sudan in London, briefs EIR staff members during a visit to Leesburg, Virginia on Feb. 24.

gious belief, which involves articles of faith; another is religious practice, or ritual, which concerns the relationship between the believer and God; and the third is the organization of economic, social, and political life. As for the political organization, the basic concept is consultation, or *Shura* in Arabic, which corresponds to "democracy." One of the reasons why many Arab governments oppose the Islamists, is that the latter insist on the participation of the population in political life, as a religious duty.

As far as the economic organization is concerned, we have provisions to protect wealth which is lawfully earned, and to protect the poor as well. We believe that what one does in the economic sphere is of this world, but that one will be accountable for his actions, also in the next world. The British violated our law, when they colonized us; they destroyed our agricultural production, which was necessary to feed our population, and converted the fields to cotton plantations, to feed their textile industries in the United Kingdom.

Finally, regarding our legal system: It flows from our religious worldview. Thus, when according to [British] Common Law, it is stated that consenting adults above the age of 18, can lawfully engage in sexual intercourse, for example, this is unacceptable to us. We see it as against nature, and against the institution of the family. We could never accept it.

This is what the British want us to give up, but we will not. We ask those who would force a change in our religious laws, why they do not try to force Hindus, who worship the sacred cow, to become beef-eaters, and why they do not try to force Mormons to be monogamous, or Catholics to accept divorce? These are different religions, different norms, different ways of life. We ask them, why they have singled out Sudan? And we have told them, that we will not change.

Although we have been told to give this up, by many centers of power, we will not. This is a pillar of our civilization. We will not blink one second in this regard.

There have been a number of public statements made by persons in positions of authority, which indicate a campaign against Islam. Dan Quayle, while still vice president of the United States, gave a speech, saying that following the demise of Nazism and communism, what now remained was Islam. Willy Claes, at the time he was the secretary general of NATO [1995], said, that following the collapse of communism, the new enemy was Islam. And, Samuel Huntington presented his thesis on the "Clash of Civilizations" in the journal of the Council on Foreign Relations, which is *Foreign Affairs*. The same magazine launched the first Cold War, against the Soviet Union, in the 1940s.

EIR: On Jan. 31 of this year, the United Nations Security Council passed a resolution against Sudan, and gave it 60 days to hand over three persons suspected of having been involved in last year's attempted assassination of Egyptian President Hosni Mubarak. Can you tell us something about these charges?

Alkoronky: It goes back to Aug. 19, 1993, when the U.S. State Department placed Sudan on the list of countries supporting terrorism. At that time, I was in Washington, and I know what happened. When a member of the Senate Foreign Affairs Committee asked the State Department whether or not they had evidence to support their claim, the State Department person said, "No." This is on the record.

In the case of the assassination attempt against President Mubarak, one should remember, that when Mubarak returned from Addis Abeba to Cairo, and held a press conference, he

did not accuse Sudan. In fact, he attacked European countries for harboring terrorists, and said they would pay for it, meaning Britain and many other European states. He said, the assailants were not blacks, which meant they were not Ethiopians or Sudanese. Then, a journalist asked him if he thought Sudan were involved, and he said it was possible.

He also said, that the Ethiopians had not been careful enough to provide him security. Because Hosni Mubarak had hidden the time of his landing even from Ethiopian security. Who knew the time of arrival of President Mubarak's plane at the airport? This is number one. From the airport in Addis Abeba, the capital of Ethiopia, there are three highways to reach the downtown area. Which one was Hosni Mubarak to take? This is a very important piece of information. So, who collected the pieces of information and made the plan? Then, the Ethiopians themselves engaged in armed battle with the assailants, killing some, arresting some, and hunting the rest.

Eleven persons had been involved in the shooting, all of them Egyptian, according to the information provided about them, and according to the Ethiopian report. Thirty-two days later, the Ethiopians came to us and said, hand over to us the three suspects, who are hiding here. Three people? we asked. They came to your country, we said, they resided there, one of them even got married there, then they did what they did. You killed some of them, arrested some of them, and pursued some of them, and 32 days later, you come to us to say we should "hand them over"? It was very fishy. We knew, that this was an early signal, that a new campaign would exploit the assassination attempt.

Then we said, let us sit together, Sudan, Egypt, and Ethiopia, and have a joint security committee to take over this affair. They did not respond. We talked on the level of foreign affairs ministers. They didn't respond, three times. We asked for more credible information. They didn't respond. The information they had provided us with was scanty and inadequate: there were names and passport numbers and photographs, but there was no indication of how old the photographs were. There were no descriptions, for example, of color of eyes or hair. There were no fingerprints. We said, the information was weak, and would lead nowhere. We could publish the photographs and information, but it would make no difference, we said. If, as was alleged, these assailants had entered Ethiopia from Sudan, they could have left and crossed many other borders in the period of time that had elapsed.

Now, the U.N. is saying, essentially, that the three wanted men are in Sudan, and that the Sudanese government knows where they are. There is no proof for this, not a shred of evidence. Usually, in international law, the burden of the proof is on the shoulder of the accuser. You cannot accuse people and then ask the victim to prove he is innocent. Regardless of whether the Security Council resolution has been supported by this or that state, it has no legitimacy. It is based on no evidence.

Sudan does not have a history or a culture of terrorism. We do not believe in assassination as a means of politics. We

turned over the internationally notorious terrorist Carlos, to the French authorities, when we discovered that he was in Sudan. We turned over the kidnapers of a civilian Ethiopian airliner. We condemned the assassination attempt against Mubarak, and condemned the assassination of Yitzhak Rabin, although we do not agree with Israeli policy. We condemned the explosion of the military facility in Riyadh.

It is important to understand how the case reached the U.N. Egypt, which depends on foreign aid for its daily bread, took the case to the Organization of African Unity [OAU]. Then the report of the general secretary—this is very important—said, that the Sudanese government had been asked, *if* the suspects in questions were in Khartoum, to find them and arrest them. We sent an official letter to the general secretary, the Egyptians, and the Ethiopians, again, and said, let us sit together and form a joint committee. No response. Then just two days later, they went to the U.N. Security Council. We said, the regional body had not exhausted all possible means to find a solution to the problem. Even the Nigerian representative, said that they did not want the OAU to be used as a clearing house for issues that would be handed on to the U.N. Security Council. But, after two days it was taken there. At the same time, we lodged a complaint against Ethiopia for its invasion of Sudan, by the end of December. When dealing with our complaint, they said they did not have "sufficient information." When dealing with Egypt's complaint, they said it was a question which threatened the international community and world peace, so it must be dealt with in the most serious manner. Sudan is given 60 days to hand over these people.

The Russians, the French, and the Chinese agreed with us. But they voted for the resolution. The Russian representative said, I will vote for this with the understanding that it includes no punishment of Sudan. The Chinese representative, who is also a permanent member of the Security Council, said the same: this should not be understood to include any punishment or condemnation of Sudan.

The treatment of Sudan was unjust. With the resolution, Sudan has been set up for an embargo after 60 days, for political reasons.

EIR: Now, we understand there is a campaign, again led by Baroness Cox and the Christian Solidarity International, to condemn Sudan for slavery. There are Congressional hearings planned to discuss slavery in Africa, and two countries to be considered are Mauritania and Sudan.

Aikoronky: This is absurd. When we are outside the country, everyone says we are Africans, but now, they are claiming that inside Sudan, we are Arab racists. This is purely political. Many people do not know the geography of Sudan, nor do they know the complex composition of ethnic groups, so they will believe anything.

EIR: In addition to the U.N. action, there is the civil war in the south, which continues to threaten the country.

Alkoronky: We have been trying to find a negotiated solution to the conflict, for many years. There have been 14 rounds of talks between the government and the rebels, mostly held in Abuja in Nigeria. The last round of talks has been documented in 25 volumes. At that round, the rebels were about to reach an agreement, but an ambassador of a Western country, who was sitting in a nearby room and advising the rebels, told them not to sign.

The war costs the central government about \$1 million per day, in addition to the sacrifice of our people. We pay \$1 million a day, as a premium, to ensure the unity of the country. We have been doing this for more than 13 years. The question this raises is: Who is providing the rebels with their \$1 million per day to continue the war?

The war in the south, as it has dragged on for 13 years, is essentially over. The rebels control about 73 miles of territory. In Sudan, according to our federal system, we have 26 states, 10 of them in the south. There, Islamic law is not applied, because one-third of the citizens are Christians, one-third are animists and one-third are Muslims. Nine out of the ten states in the south have state governments, and they live more or less a normal life. The so-called southern Sudan conflict is taking place in only part of the tenth state, which is East Equatoria. This state borders Uganda in the south. When Uganda invaded Sudan last October, the rebels were able to occupy 73 miles.

So the traditional war in Sudan is over. Now the war has entered a second phase, of the southern Sudan problem. There is a foreign intervention, in the form of recruitment of some neighbor states, manipulating them against us. There is a publication called *Africa Confidential*, which has strong connections to the centers of decision-making in London. In its Aug. 4, 1995 issue, it reported that Egyptian and Israeli military experts were training Eritrean government troops, to launch military activities against Sudan. On Oct. 25, 1995, Uganda invaded Sudan, with Eritrean tanks and arms, shipped into Uganda from Eritrea by the Egyptian Air Force. When we said this, people tried to challenge us. They said, you can not distinguish between the southern Sudanese and Ugandans, people look the same. But we said, we were not judging by physical features, we were judging by the equipment and arms which we had captured.

The aim of the invasion was to retake the southern city of Juba, and to split the country in two, but it failed. Perhaps, they will try now by political means. Now, the U.N. Security Council is threatening an arms and oil embargo, while the rebels are being supplied, in hopes that they will gain the upper hand. Many "humanitarian" organizations there, are engaged in intelligence operations, and are supplying the rebels. The *Christian Science Monitor* in December 1994 spoke of arms shipments from the United States to Uganda.

There was a price for the cooperation of these other nations against Sudan. Uganda received \$45 million, before the invasion, from the International Monetary Fund. The Ethiopian government received \$270 million in debt relief. Accord-

ingly, Ethiopia invaded three locations inside Sudan, between Sept. 27 and Jan. 11. These were not disputed areas on the border, they are Sudanese. And Egypt receives \$3 billion per year in foreign aid, as well as wheat to feed its population.

EIR: Who are the rebels, politically speaking? What can you tell us about John Garang, and the opposition forces, who are in the National Democratic Alliance (NDA)?

Alkoronky: There has been a process of assimilation of the former opposition into the current government. Eighty percent of the last parliament are now part of this government. Over the past months, there has been a process of elections for the new parliament. About 7 million Sudanese elected 4,862 representatives to the National Conference. These people include regional and tribal leaders, who are now working with this government.

As for the official opposition, Sadiq al Mahdi, the leader of the Umma party, has made known that he will not run in the upcoming elections. The Umma party was founded in 1937 by British administrators. When the British occupied us for 57 years, there was no talk of democracy. Instead, they created collaborators, in the Umma and Unionist party. So when the British withdrew, they left assets behind. The Unionists received their name from their demand in the 1940s to be united with the Egyptian monarchy. In 1955, at independence, the name was supposed to be changed, but it was not. As for the communists, they represented a foreign hand in our country. Some intelligent communists abroad, like Gramsci, understood this, and even criticized Lenin. The communists in Sudan were asked to come to the ballot, but they preferred the bullet. Now, the communists are in favor of the U.N. decision, even though it is against their country. Finally, as for Garang, he is, like Museveni, a communist.

The opposition parties and figures do not represent the population. In the south where Garang's forces are fighting, the politicians in the administration, in the civil service, and the military, are working with the government, not with Garang. The NDA has never held a meeting on its own, unless it were organized by Baroness Cox; it is apparently too weak to do so.

The so-called democratic parties are not very democratic. Their leaders are not elected. It is like a family business, which is passed on from father to son. There have been no party conferences in 60 years, and there is no secondary leadership there.

On March 7, there are national elections in Sudan. There are 9.5 million Sudanese who have been registered to vote, as opposed to 5 million, the last time elections were held. We have called on all international and regional organizations to attend, the Arab League, the U.N., the OAU, the European Union, the European Parliament, and many others. At this moment, when we are confident that the government has a broad base of political support, we are faced with the threat of international isolation. This is the attitude of "I don't see, I don't hear, I don't want to know."

Book Reviews

Honest historical research sends Bronfman crowd into a rage

by Harley Schlanger

Eternal Guilt? Forty Years of German-Jewish-Israeli Relations

by Michael Wolffsohn

Columbia University Press, New York, 1993
225 pages, hardbound, \$34.50; paperbound, \$15

A renewed campaign of slander and defamation has been unleashed against leading opponents of whiskey magnate Edgar Bronfman, by the World Jewish Congress (WJC), which he heads, and the Office of Special Investigations (OSI) of the U.S. Department of Justice. The opening salvo was launched in Australia on Jan. 27 against the Citizens Electoral Councils, a political movement associated with Lyndon LaRouche. The authors of this assault are the notorious brothers Mark and Isi Leibler, who work directly under Bronfman. Their campaign of vilification has been run through media outlets controlled by British intelligence, such as Conrad Black's Hollinger Corp.'s newspaper *The Age*, and Rupert Murdoch's *Australian*. (See *EIR*, Feb. 9, "British Assets Upset at LaRouche Presence"; and Feb. 23, "Subject: Reckless Disregard for Truth.")

In mid-February, the campaign spread to Germany, with a vicious assault against famed Nazi-hunter Simon Wiesenthal on German television. The author of the attack, who accused Wiesenthal of "covering up" alleged war crimes of Austrian President Kurt Waldheim, is Eli Rosenbaum of the OSI, who formerly worked on the WJC legal staff. Rosenbaum's charges, which he first made in a poorly received book in 1993, which he is seeking unsuccessfully to have published in German, were thoroughly discredited during independent hearings convened by the Schiller Institute over Aug. 31-Sept. 1, 1995, to investigate key cases of systemic corruption inside the U.S. Department of Justice, including the jailing of LaRouche himself, "Operation Frühmenschen" targetting black elected officials, and the persecution of John Demjanjuk and Waldheim.

The attack on Wiesenthal coincided with a despicable, multi-pronged attack on German historian Michael Wolff-

sohn, author of several books which document the corruption of Edgar Bronfman and the WJC. Most notable among the charges made by Wolffsohn are Bronfman's role in attempting to prevent German reunification by propping up East German dictator Erich Honecker, and the WJC's covering for the operations of East Germany's murderous secret service, the Stasi.

Wolffsohn's late-1995 German book *Deutschland Acte (The Germany Dossier)*, which uses Stasi files to expose how the East German regime ran undercover anti-Semitic operations within West Germany, has come under intense attack from both Bronfmanite and Stasi circles. Wolffsohn, who is Jewish, has been called an "anti-Semitic Jew" by one Werner Bergmann, a (non-Jewish) professor at the Center for Anti-Semitism Research. Bergmann, who acknowledged he has not read Wolffsohn's book, charged the latter with "abusing his role as a Jew, for breaking taboos."

His blast against Wolffsohn was supplemented by a book review in the leftist Berlin daily *Tageszeitung*, a newspaper known for its defense of the Baader-Meinhof/Red Army Faction terrorists and as a conduit for Stasi propaganda. *Tageszeitung's* reviewer accused Wolffsohn of "provoking anti-Semitism," and called for him to be expelled from the German Association of Historians and the prestigious Association of Germany University Professors.

In a spirited rebuttal which appeared in the magazine *Focus*, Wolffsohn writes that his attackers accuse him of two crimes: first, that he writes of the similarities between Nazi and Communist totalitarianism; and second, that he identifies himself with federal Germany democracy, "and call myself therefore a German-Jewish patriot."

The first is "taboo" because it undermines the attempt of former East German leaders—today party heads and parliamentary caucus leaders in united Germany, such as Gregor Gysi, the chairman of the post-communist Party of Democratic Socialism (PDS)—to claim that they are true supporters of democracy, and can be trusted in a post-Kohl government. In fact, it is British interests associated with Margaret Thatcher which wish to see the PDS in the government, to destroy Germany as an industrial economy and eliminate it as a threat to British domination over Europe.

The second point is a direct challenge to Bronfman's pompous claim that he and his cohorts at the WJC represent the true interests of the Jews, and demolishes their argument that Germany has not yet undergone sufficient "denazification" to be trusted as a world leader. This point must infuriate Bronfman, as he acts as if it is his right to sit in judgment over Germany, that the German nation must submit itself to him and his cronies for approval.

It is these points which Wolffsohn explores in detail in *Eternal Guilt?* which originally appeared in Germany in 1988, in which he presents a critical evaluation of German-Jewish and German-Israeli relations.

German-Jewish relations since the war

Wolffsohn makes clear in the introduction that he identifies with the tradition of Diaspora Judaism of the late World Jewish Congress leader Nahum Goldmann. Born in Tel Aviv, Wolffsohn moved to Germany in 1954 at the age of seven, then back to Israel, serving in the Israeli Army from 1967-70. He said of his return to Israel, "I gave Zionism a fair chance: I went to Israel and tested my Israeliness, the hard way. I came to realize that I was and wanted to remain a Diaspora Jew—a German Diaspora Jew."

From the outset, he offers the same criticism of today's Jewish "leaders" that Goldmann had made of those of his day, singling out Heinz Galinsky and Edgar Bronfman by name: "We should not identify these Jewish representatives with all (or even the majority of) Jews, let alone with Judaism. Jews and Judaism are too important and multidimensional to leave them exclusively to Jewish representatives."

He makes it clear that he does not believe that there is a danger of a revival of anti-Semitism in Germany: The "silent majority of Germans broke its silence in late 1992. Its 'chain-of-lights' demonstrations against racism and anti-Semitism are silently eloquent symbols of light, determination, and hope."

In reviewing German-Jewish relations from the end of World War II, he stresses two points: 1) that Konrad Adenauer's actions toward Israel, including restitution payments and arms sales (negotiated by Ben Gurion protégé Shimon Peres and Franz Josef Strauss) occurred despite pressure from the United States, which wished Germany to concentrate on rearmament; and that these actions helped preserve Israel at a point, after the Sinai crisis in 1956, when Israel was cut off by France and the U.S.; and 2) that most of the anti-Jewish actions in West Germany in the 1950s, such as the desecration of Jewish cemeteries in 1959, were the actions of "political rowdies, many of whom . . . we now know were in the pay of the East German regime and the U.S.S.R."

The whiskey baron and the dictator

From the beginning, East Berlin "rejected any sort of responsibility for the National-Socialist atrocities." East German propaganda, according to Wolffsohn, argued that West Germany was still pro-Nazi, and that Israel, by accepting aid from the Federal Republic, was working with the former

Nazis.

Beginning in 1987, East Germany began to alter its relationship with Diaspora Jews, turning to Bronfman and the WJC to accomplish this. He writes that this was for both political and economic reasons, as "The G.D.R. [East Germany] was seeking a dialogue with American Jews as a means of gaining access to the U.S. government."

On Oct. 17, 1988, Bronfman met with Honecker, telling him that he, Bronfman, "was aware that the Hitler fascists had subjected the majority of German Communists to the same sufferings as the Jews." Thus, Bronfman, allegedly speaking for all Jews, gave the WJC stamp of approval to communist propaganda line that, while anti-Semitism flourished in West Germany, the East zone bore no share of "collective guilt" for the crimes of Hitler.

Three weeks after the fall of the Berlin Wall, when the hope for reunification was dawning at last, on Nov. 30, 1989, Bronfman WJC emissary Dr. Maram Stern met with East German Foreign Minister Oskar Fischer to assure him: "The WJC is and will remain a friend of the G.D.R."

Wolffsohn asks, "Why did the WJC proclaim its friendship with the G.D.R. in November 1989?" Stern himself provides the answer, which Wolffsohn quotes from the former's talks with Fischer: "The question of unification was not on the agenda. The WJC would do everything in its power to prevent it. The lessons of history still apply. Although it was difficult to take such a position in public, President Bronfman would exert his influence in this direction in the U.S. and elsewhere." Stern continued: "In any case, the WJC will do everything possible to strengthen the G.D.R. politically and economically."

(Indeed, U.S. President George Bush was lukewarm when the Wall fell; the British fumed about the threat of a "Fourth Reich" to their rust-bucket, Adam Smith economy.)

In an article in *Newsweek*, on Oct. 31, 1988, Bronfman said that "from a Jewish point of view," there is no problem with granting East Germany most favored nation status. To this, Wolffsohn responds, "Possibly he was confusing Jewish with private interests. During his visit to East Berlin, Bronfman had also discussed business relations between the G.D.R. and his own Seagram company with Minister for Foreign Trade Beil."

Wolffsohn continues: "East German leaders had succumbed to the widespread misconception that the World Jewish Congress represented the Jews of the world—a legend that representatives of the WJC energetically and enthusiastically promoted."

Bronfman and the WJC were also attacked in Israel. On Oct. 20, 1988, the daily *Yediot Aharonot* carried the following denunciation: "Bronfman represented neither the State of Israel nor the survivors of the Holocaust in the G.D.R."

In summarizing his critique of Bronfman's alliance with Honecker and his communist State, Wolffsohn writes, "A double moral standard remains a double standard, no matter who practices it, whether Jew or non-Jew, German or non-

German. Morality is not divisible by national heritage or history.”

Wolffsohn proceeds to discuss the implications of that statement for German-Jewish relations, pointing out that the attempt, by those such as Bronfman, to play the “Holocaust card,” has damaged Germany, Israel, and Judaism: “The younger generations of Germans were not born with eternal guilt. They bear none for the crimes of the National Socialists of the earlier generation, but, as Germans, they must assume a certain liability.”

On the use of the past against Germany: “Germany’s Nazi past has long ceased to be a matter of history. It now represents a political instrument wielded, whenever it is deemed necessary, by non-Germans, Jews as well as non-Jews. The nature of this instrument has, in the meantime, become entirely divorced from the real Germany and real Germans, but for this very reason it remains so effective. . . .

“Anti-Germanism draws upon, distorts, and exaggerates the Germany of today just as, in earlier times, the Jews were portrayed only as caricature.” Just as Jews were collectively labelled murderers of Jesus Christ, the Germans will be “unable to detach themselves from the stigma of the Holocaust.” While “following generations bore no guilt whatsoever, neither individual nor collective . . . the stigma was and is passed on as an instrument and argument against past, present and

future generations.”

Wolffsohn draws out the effect this has on Jews and Judaism: “Judaism as a religion no longer serves as a wellspring of identity for the majority of Jews. History, the story of the sufferings of the Jewish people, particularly the Holocaust, is now the chief determinant of Jewish identity. An identity de-Judaized from the religious point of view is re-Judaized by recourse to history, thus binding Jewish identity to the Holocaust.”

“This, in turn, requires a Germany stigmatized by the Holocaust.” Jews, therefore, “cannot allow the Germans to escape this historical bind without endangering their own Jewish identity.”

Wolffsohn calls this the “Holocaust fixation,” which creates a “filter” through which all Jewish history is viewed. From this vantage point, Israel becomes a “modern-day ghetto.” “Holocaust memorials are really highly un-Jewish,” they are “an indication of the de-Judaification of the Jewish people.” This has changed the Jewish people, he argues. “Suffering, which was perceived as divinely ordained in an era dominated by religion, has come to be viewed as the product of secular history, as the work of man rather than God.”

Wolffsohn presents the following conclusions:

- “Israeli and Diaspora Jews began to concern themselves more with the survival of the Jews than with the survival of Judaism.” (This is a critical point, as former Israeli deputy foreign minister, Yossi Beilin, and others are telling Diaspora Jews they are no longer needed by Israel, and must act instead to build healthy communities in the Diaspora based on the Jewish religion.)

- “The historization of Jewish suffering means that Jewish history and Israel, that is, the present-day Jewish situation rather than the Jewish religion, form the focus and definition of Jewish identity.”

- “Israel and Jews require the Holocaust as a general, and Germany as a special, symbol. They are bound to Germany for the purpose of preserving a Jewish identity that is no longer defined by positive self-determination but by a negative determination from outside, by anti-Semitism.”

Wolffsohn contrasts this with the view of David Ben Gurion, a close ally of Nahum Goldmann, who “envisioned a Jewish identity that would be self- rather than Holocaust-determined. This approach was clearly and positively manifested in his policy toward Germany.”

It is also an approach which contrasts sharply with that of Bronfman, who would prefer to keep Jews in a victimized state, with an identity defined negatively, by those who would persecute the Jews. As Wolffsohn has convincingly demonstrated, Bronfman’s approach binds Jews to the Holocaust, and both Israel and Germany to the Holocaust, confining both to a ghetto from which there is no escape, a ghetto which is run by Bronfman and his cronies.

It is for this reason that Bronfman is out to smear, and destroy, historian Wolffsohn.

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PRD opens 'another Chiapas' in Tabasco

Oil, terrorism, separatism, and drugs: The same old lethal brew is being stirred up in the state of Tabasco.

On Jan. 29, shocktroops of the Democratic Revolutionary Party (PRD) occupied more than 60 oil wells in the southern state of Tabasco, which borders Chiapas, and which, like Chiapas, is one of Mexico's principal oil production areas. The pretext for the operation is the charge that the State oil company, Pemex, does not share oil revenues with the Indian communities, and has not taken sufficient measures to protect the environment in Tabasco. These charges are viewed by Mexican national circles as a farcical cover for building a second separatist movement against the nation.

The PRD offensive occurred precisely as British interests launched a campaign to gain control of Pemex, in the wake of the government's first moves toward its privatization. President Ernesto Zedillo used his January trip to London, to announce that the government will move full-steam ahead to privatize Pemex's "secondary" petrochemical operations.

The British were the owners of the leading oil companies which operated in Mexico, before the oil industry was nationalized in 1938. Mexicans have not forgotten that the British have had a project for over 100 years, to seize control of the Isthmus of Tehuantepec, the southern border of which is formed by Tabasco and Chiapas.

The British press, and its hangers-on, labeled the Tabasco oil occupations a "Chiapas-style" crisis, with reference to the Zapatista separatist insurgency. They painted the PRD action as a spontaneous "indigenous"

mobilization. London's *Financial Times* wrote on Feb. 13 that "thousands of Mayan peasant Indians" were involved in the occupation. Cable News Network screeched that the Mexican Army was "repressing the Indians," while journalist Carlos Ramírez proclaimed in the Mexican daily *El Financiero*, that the head of the invasions, Andrés López Obrador, "could become the leader of an important indigenist movement in Tabasco, as 'Marcos' is for the Indians of Chiapas."

The Mexican Army has evicted the protesters several times. López Obrador told the Mexican press on Feb. 13, however, that the PRD will continue its blockade of Pemex installations in Tabasco, adding that if an "accident" occurred, it would be an act of "self-sabotage by Pemex."

While the so-called "moderate" wing of the PRD is now said to have reached an agreement with the Interior Ministry, the Tabasco action signals that a new phase of irregular warfare has been launched, which, like the Zapatista operation in Chiapas, cannot be ended by dialogue, but only by the firm enforcement of laws, and a clear identification of who is deploying this new assault.

López Obrador heads the PRD in Tabasco, and is from the most radical wing of his party, aligned with party chief Cuauhtémoc Cárdenas, a leader of the Cuban-led narco-terrorist São Paulo Forum, and an ally of the Zapatista National Liberation Army (EZLN). López Obrador was the PRD's candidate for governor of Tabasco in 1995. The current PRD oper-

ation has a collateral objective: to bring down the governor of Tabasco, Roberto Madrazo, from the ruling PRI party, and install in his place the PRD candidate whom voters had rejected at the polls.

Nor can the drug trade be left out of any evaluation of this new front of irregular warfare. In January, the PRD-EZLN complex stepped up its defense of the drug trade:

- On Jan. 16, the parliamentary caucus of the PRD protested the government's expulsion of captured Gulf cartel drug lord, Juan García Abrego, on Jan. 15, calling it illegal, despite the trafficker's claim to be a U.S. citizen, and therefore legally subject to expulsion.

- Mexican Army raids in January against drug-trafficker airstrips and bases in Chiapas provoked outraged protests from the Zapatistas. Gen. Mario Renan Castillo, head of the Seventh Military Zone (in Chiapas), explained that the anti-drug campaign was necessary, because Chiapas has long functioned as a central transshipment base for the traffickers; but on Feb. 5, Zapatista spokesman Commander Tacho threatened that the EZLN would pull out of peace talks with the government, if the military continued its anti-drug operation.

- The EZLN-allied national debtors' movement, "El Barzón," led by Maximiano Barbosa and Juan José Quirinos, announced that they have scheduled protests for March, to demand rapid implementation of one of the clauses of the North American Free Trade Agreement. The clause governs unregulated cross-border trucking, which law enforcement authorities on both sides of the border have identified as one of the drug cartel's primary interests at this time, to facilitate an increase in cocaine and heroin shipments into the United States.

International Intelligence

Tudjman tries to discredit opposition

Following the recent mayoral elections in Zagreb, on Feb. 27 the Croatian Presidency issued, 48 hours beyond the deadline, a communiqué stating that President Franjo Tudjman would refuse to confirm the election of Jozo Rados, chairman of the HSLs opposition party, as mayor of Zagreb and head of Zagreb County. Tudjman also refused to confirm Eduard Kunjko, a member of HND (Independent Democrats), which is a dissident party.

As a result, the co-chairmen of the opposition coalition sent a letter to Tudjman, in which they stated that he has the constitutional right to refuse to confirm a mayor, but not to accuse the opposition, as he has, of "trying to win foreign circles, and to discredit, destabilize, and replace a democratically elected government." The matter of these elections was raised by German Foreign Minister Klaus Kinkel with Tudjman in the third week of February.

Payoffs flow to enemies of Sudan

Financial concessions—ranging from debt write-offs to hard cash—are coming into those countries which have lined up with London to isolate and break Sudan. Ethiopia has now racked up pledges of \$1.1 billion in grants and loans to renovate roads. The money is coming from the U.N. Development Program, the World Bank, European Union, Japan, Germany, Italy, Sweden, and the Netherlands, according to Feb. 15 wire reports from Addis Abeba, Ethiopia.

Egypt is hoping for a \$4 billion write-off of its debt in an imminent deal with the International Monetary Fund (IMF). In addition to its duties on the Sudan front, Egypt is going full steam ahead with plans for privatizing one-quarter of its State companies, and is also setting up special export zones (SEZs) at Port Said, Suez, and Domyat. Egypt is also studying barter plans under which joint investments and exports to creditor nations

would be used to offset its \$33 billion debt.

Uganda is also looking for additional debt write-offs. A visiting IMF team in Kampala hailed Uganda for its aggressive reform campaign since 1987. Uganda receives \$800 million in aid each year. It's not all roses though. IMF representative Robert Sharer said that the next step for Uganda is to increase its taxes to at least 20% of GDP, as opposed to the current 11%. However, even British news outlets admit that in Uganda, the IMF success story, annual per capita income is \$230, with more than half of the labor force earning under \$72 a year. Uganda's debt, most of it accrued under the present dictator, Yoweri Museveni, now equals 80% of GDP, and Uganda uses 75% of its export earnings annually to service the debt.

Bushhackers muddy Thai drug investigation

Thailand newspapers reported at the end of January that three Bush-era United States officials testified before the Commission of Inquiry set up by the Thai government to investigate the allegations by the United States against two leading Thai politicians, claiming that one of them, Narong Wongwan, was "framed by the CIA." The three were identified as Scott Thompson, assistant secretary of defense under Reagan and now a visiting senior fellow at Chulalongkorn University in Bangkok; Daniel Arnold, a former CIA station chief in Bangkok in the 1970s; and Samuel Hoskinson, who said he retired 15 months ago as vice chairman of the U.S. National Intelligence Council.

Their testimony was reported to be "not nonsensical, but reasonable," although they are said to have provided no evidence of their charges. The head of the Commission of Inquiry (until recently), Thanat Khoman, reported last year that while visiting the United States he had met unnamed ex-CIA officials who had told him that the CIA and the Drug Enforcement Administration knew that both Narong and the other Thai, Wattana Atsawahem, were innocent, and had been set up.

In a related development, *The Nation* reported on Feb. 7 that there were reports that

Narong had been invited two weeks earlier by the U.S. Republican Party to attend a Republican function in Washington in February. The United States has not lifted its ban on visas for the two Thais.

Gorbachov, Philip form joint New Age project

A well-informed British "ecologist" source said on Feb. 27 that the Alliance for Religion and Conservation (ARC) has set up a project with the Gorbachov Foundation, to draft a "Charter on Human Responsibilities," that will be "complementary" to the United Nations Declaration on Human Rights. This is intended to correct the "flaw" in leading world faiths, which speak of "rights" but ignore "responsibilities," to nature and in other domains.

ARC is a pet project of Britain's Prince Philip, and is linked to the World Wide Fund for Nature (WWF), which Philip heads.

The Gorbachov Foundation operatives working on this, out of the United States, include Jim Garrison, a leading figure at Aldous Huxley's Esalen Institute in California, who is characterized as a "Jesuit New Age man, of the Teilhard de Chardin type"; and Jim Balback, described as a former State Department coordinator of aid to the Afghan mujahideen guerrillas, who supposedly realized that the mujahideen were a bunch of murderous thugs, and left the State Department.

Russian scientists protest budget debacle

Russian scientists started a nationwide protest on Feb. 14. A letter of the council of the Russian Science Academy (RAN) trade union to Prime Minister Viktor Chernomyrdin, published in *Pravda* on Feb. 23, explains reasons for this action, and states that due to the fact that only 75% of the budget obligation toward the RAN was fulfilled, the situation in the majority of the RAN departments is catastrophic. Salaries of scientists working in RAN institutes are three to four

times lower than those of construction workers. A cleaning lady in an average firm gets twice as much as a professor in a State institute.

During the last three years alone, 630,000 people left science research, and 20,500 young biologists, physicists, mathematicians, and chemists departed for the United States, Germany, and Great Britain.

In Pushino-na-Oke (Podmoskovie), half of the research has been closed, and 40% of scientists have been laid off. The same is going on in other centers near Moscow: Dubno, Chernogolovka, and Protvino, which were established in order to conduct research in physics, nuclear energy, and other important branches of science.

In constant prices, spending on science in Russia has declined 17 times since 1985. In 1991, 1.03% of GNP was allocated to science, and 3.87% of budget expenditure. In 1995, scientists received 0.4% of GNP, and 2.59% of budget expenditure. According to a government document, "On the Support for Russian Science," in 1996, the government decided to give 3% of budget expenditure to science, which means 13.1 trillion rubles. However, in a bill, "On the Federal Budget for 1996," the sum allocated to science is 11 trillion rubles.

U.N. blacked out RPF massacres in Rwanda

The United Nations has covered up the massacre of more than 100,000 ethnic Hutus by the Rwandan Patriotic Front, the which is dominated by ethnic Tutsis, according to the lead article in the French daily *Libération* on Feb. 27. The RPF's main backer is Ugandan dictator Yoweri Museveni, a puppet of Britain's colonial minister, Baroness Lynda Chalker. *Libération's* five-page exposé, however, declines to mention Museveni's role.

In one article, author Stephen Smith writes: "If Brittany were patrolled by several thousand Blue Helmets, if a hundred or so human rights observers were deployed, and more than 150 humanitarian organizations working on site, would one believe that tens,

perhaps more than a hundred thousand civilians could be killed, without the world learning about it? From the evidence, no." But precisely this is happening in Rwanda, which is about the same size and shape as Brittany, with "no reaction" from the international community. First, nearly a million Hutus were killed, and now, "under the shadow of genocide, the RPF had perpetrated massacres, had imposed their rule through terror, and continue to kill." The "soldiers of peace and the guardians of the rights of man . . . have not considered it politically correct to denounce this."

Smith writes that in October 1994, Robert Gersony, an American consultant to the High Commissioner for Refugees, accused the new regime of having killed at least 30,000 Hutus. But when he presented the results of his investigation, carried out during three weeks in the east of Rwanda and for one week in the refugee camps in Tanzania, it was placed "under embargo" by the U.N. secretary general "while awaiting a more thorough investigation." This "thorough investigation" lasted *one day*, carried out by a "mixed commission," composed of the Rwandan interior minister and the delegates of the U.N. Mission for Aid to Rwanda. Finding nothing, the U.N. group decided to stop its work.

Thatcher invited to fulminate in Fulton

On March 9 at Westminster College in Fulton, Missouri, Lady Margaret Thatcher will give a 50th Anniversary address commemorating former British Prime Minister Winston Churchill's hysterical "Iron Curtain" speech. James Traer, the college president, described the worldview of Thatcher, herself a former British prime minister, as parallel with Churchill's, and said: "This speaking opportunity could be an historic one—for Lady Thatcher, for the college, and for the world."

As an escort in 1946, Churchill had the Anglophile President Harry S Truman. This time around, Westminster College asked President Bill Clinton to appear with Thatcher, but he declined.

IN GERMANY, the Civil Rights Movement-Solidarity (which uses the acronym: "BüSo") is running candidates in several state elections. The BüSo is led by Helga Zepp LaRouche, wife of U.S. Presidential candidate Lyndon H. LaRouche, Jr. Its electoral slogan calls for "more productive jobs instead of Maastricht and speculation," and the campaign poster sports a picture of the Transrapid, Germany's maglev train.

TWO BRITISH nationals and one Malaysian have been charged in the biggest drug bust in Philippines history, along with two others still at large. Kwoh Wong Keung and Chik Chi Ping, both of Hongkong, and Malaysian Choo Yeh Xeong were charged Feb. 16 with trafficking in methamphetamine hydrochloride. Drug trafficking in the Philippines is now punishable by death.

THE VATICAN has established diplomatic relations with Belgrade, capital of Yugoslavia (Serbia)—before the United States, and before most European countries.

SAM RANGSI, the deposed finance minister of Cambodia, has called on the U.S. to refuse Most Favored Nation status to Cambodia. He is a special favorite of the International Monetary Fund and has smeared the Phnom Penh government and Army as drug runners—ignoring the well-known role of the Khmer Rouge in utilizing drugs to finance their war against the government after the loss of their Chinese backing several years ago.

HUNDREDS of parliamentarians, trade unionists, religious institutions, and humanitarian organizations in Germany, France, Italy, Sweden, and Denmark are being asked to sign the call of the Committee to Save the Children in Bosnia, issued in Washington on Feb. 20. One endorser is Italian parliamentarian Roberto Formigoni, governor of the Lombardy Region, and deputy secretary of the United Christian Democrats.

LaRouche reshapes debate over the nation's future

by H. Graham Lowry

Lyndon LaRouche's ideas on what to do about the world economic crisis are at the center of a debate raging internationally. His campaign for the Democratic Party Presidential nomination has also spurred leading Congressional Democrats to publicly acknowledge that the United States faces an economic emergency. Given LaRouche's significant showing in the recent Delaware and North Dakota primaries, where he won 9.6% and 34.5% of the vote, respectively, the debate will continue to intensify. The 1996 election campaign has been transformed, but the battle over what course the nation must take is far from over.

House Minority Leader Richard Gephardt (D-Mo.) sounded the alarm at a Feb. 27 press conference, sponsored by the Economic Strategy Institute: "The fact is, there is a revolution taking place in American politics—a revolution that is shaking every podium on the Presidential campaign trail, and shattering our basic assumptions about the needs and wants of the American people."

Gephardt emphasized that "something is dangerously wrong in our economy and society . . . [and] our political system hasn't been doing a damn thing about it. Not the Democrats, which is why we lost control of Congress in 1994—and certainly not the Republicans, [with] their pension raids and deep cuts in Medicare, Social Security. . . ." He called for "a high-level summit," to "bring together the finest minds in business, labor, and government for a kind of massive, Manhattan Project" for the "salvation" of the middle class (see p. 60).

On Feb. 28, the Democratic leadership took another step to recast the party's economic program, with the release of the long-awaited report of the Daschle-Bingaman "high wages task force," at a forum sponsored by the Democratic Policy Committee. The measures proposed by the task force—co-chaired by Senate Minority Leader Tom Daschle

(D-S.D.) and Sen. Jeff Bingaman (D-N.M.)—center around tax and other incentives to help corporations establish pension, health, and training programs for their employees; and to invest more in R&D and new plant and equipment within the United States.

Sen. Edward Kennedy (D-Mass.) declared that the intended thrust of the report is identical to the campaign Franklin D. Roosevelt waged, to "force the Democratic Party to confront its failure" during the Great Depression. The economy is now the "compelling issue for the country," Kennedy added; and "when the economy is wrong, nothing else is right." Of the task force report, he said, "We hope to put this on the national agenda . . . ; this is the current challenge for our party and the nation."

What's missing here?

During a radio interview with "EIR Talks" on Feb. 29, LaRouche commented that the direction of these recent efforts by Kennedy, Daschle, Gephardt, and others is "very useful," reflecting "a general ferment which I've done much to stir up through my candidacy, broadcasts, and activities. . . . There's a heavy fight going on in Washington right now, in which I'm implicitly at the center, even when I'm not there, because my name is often discussed: 'This is too much like LaRouche,' or 'This is something else,' right? and that's the center of it."

LaRouche warned that "the real international debate at every level, including the administration, is the debate over whether we can say, or we are permitted to say, whether it's true or not, that the international monetary and financial system at present is at the verge of a general disintegration. And that's a fact. Now, everybody who is in a key position *knows* that to be a fact. The issue is: Should it be said?

"If we don't address that issue, nothing else is going to

work. You can talk all you want to about the issues of jobs, and economy, and budget-balancing and so forth. *It doesn't mean a hill of beans!* unless you address the fact that the entire monetary and financial system globally, the IMF system, including our Federal Reserve System, is *on the edge of disintegration*. Not just collapse, *disintegration*. . . .

"So, unless you address the fact that the *underlying policy structure* of every nation, every leading nation in particular, especially the United States, is wrong, don't try to fix something, don't try to put a new shingle on a house that is collapsing. It is the collapse of the entire house, not whether one bedroom is right or whether the cellar is flooded. Those are not the issues: The whole house is rotten."

Once that is understood, LaRouche said, "we can get out of this mess quite nicely. . . . But in order to *fix* a problem, like a sickness, you have to recognize you *have* it. What's happening with Kennedy and others, is they recognize this. And what they're trying to do, is to bring the population into, shall we say, the ante-room of the real issue, the real issue which I represent. But they're talking about the ante-room. They all know what I'm talking about. They all more or less probably understand I'm right. But they're not ready to push it in *my* form, yet. But what I'm pushing, which all the informed circles recognize, is *correct*, is what they're really talking about."

'The devil is in the details'

A case in point, as to the futility of trying to paper over a collapsing structure piece-by-piece, is the Daschle-Bingaman report itself. Entitled *Scrambling to Pay the Bills: Building Allies for America's Working Families*, the report is billed as "a set of comprehensive, specific Democratic proposals to address wage and income stagnation—to produce long-term, high rates of economic growth, shared with working families in the United States." Denying the reality of global economic disintegration, however, the report is crammed with the failed axioms of "expert" opinion—and proposes to treat a sick economy with more of what produced the illness in the first place.

Take the case of the supposed tax on speculative financial transactions. According to the executive summary released Feb. 28, revenues from "a small and diminishing" excise tax, on short-term securities transactions, would be used "to pay for a huge education and training tax cut for America's working families." The so-called "A-Fund" would cover \$7.5 billion a year in personal income-tax deductions of up to \$10,000, for "higher education and skill training." The other "primary investment" of the A-Fund would underwrite a \$500 tax credit for dependent children under 18. Both of these tax deductions and credits have been proposed by President Clinton.

The "bulk of the remaining dollars" in the A-Fund would be used to support three programs which could go a long way toward finishing off the productive capabilities of the U.S. population: first, workforce training programs which meet the "skills standards" to be set by the post-industrial-society lunatics who designed the Goals 2000 legislation; second, the

"School to Work" program, designed to herd the majority of high school students into apprenticeship systems "which shall include both work-based and school-based learning"; and third, "school reform" programs, to replace traditional teaching methods with the New Age brainwashing techniques advocated under the "Goals 2000: Educate America Act."

Finally, the summary of the task force report declares that "a smaller, residual amount" of the A-Fund will be allocated for "export promotion," "technology research and development," and "industrial extension" programs to help "small and medium-sized enterprises" upgrade their "technical and management processes."

Even putting aside the fact, that many of the programs slated for support by the A-Fund are worse than useless, the projected spending levels are utterly inadequate for any effort to revive the economy. Senator Bingaman estimates that total revenues for the A-Fund would range from \$27 billion to \$62 billion per year, depending on the volume of short-term securities trading.

The proposed tax rates on securities transactions also protect the worst forms of speculation, and the bubble which has doomed the current financial system. *Stock* transactions would be taxed at just under 0.5% of value, if sold within less than six months from the time of purchase—and the rate would decline steadily to zero over the next 18 months. The tax rate on sales of "options, futures, and swaps of currency, interest rates, and other assets," however, would start at *one-fiftieth* of 1%, and zero-out on the same schedule. The devotees of derivatives and "other assets" could maintain their speculative orgy, without even paying a cover charge.

The door is open

Even though the Democratic Congressional leadership has yet to check such useless baggage, it knows that the party can not go anywhere without addressing the economic crisis. The Republican Party's Conservative Revolutionists have been beaten back, by assaults initiated by LaRouche against their British-directed campaign for free trade and slave-labor. Their would-be high priestess, Arianna Huffington, told a somber audience at an American Enterprise Institute forum on Feb. 26, "We must say that the Conservative Revolution is suspended, for the time being." LaRouche, meanwhile, presented his program to rebuild the U.S. economy, formerly "the greatest industrial machine on this planet," during a prime-time, half-hour address to the nation on NBC-TV on March 2.

Speaking at a campaign event in Delaware on Feb. 15, LaRouche said, "Great things don't come from the people. They come from the participation of the people. But the most important thing the people produce, is *leaders*, people whom they designate at a point, by some kind of process of adoption, and say, 'Okay, look, Joe. We're in a crisis. Will you please take charge of the situation and tell us what to do?' And if Joe doesn't know *what* to do, you're all in trouble. If Joe does, you get something."

LaRouche campaigns in Texas, tells Dems: 'It's still the economy'

by Harley Schlanger

In an address to the Montgomery County Chamber of Commerce on Feb. 28 at the end of a five-day tour through Texas, Democratic Party Presidential candidate Lyndon LaRouche explained to the largely Republican audience why the race for the GOP nomination has been so unpredictable thus far. There is a "great volatility" he said, which "reflects the fact that the key issues which are rumbling within the population have not yet been effectively addressed in such a fashion by the candidates to get a consistent pattern of voting. Something is rumbling underneath." He continued, "In the immortal words of James Carville in 1992, 'It's the economy, stupid.' And that's the significance of this vacillation."

As he had on other stops during his campaign swing through Texas, LaRouche stressed that candidates who pander by focusing on "hot button" issues, and ignore the profound concerns over economic security, will find themselves left behind, as did Phil Gramm.

The Democrats 'threw' the 1994 elections

Then he dropped a bombshell. It is my opinion, he said, which I share with many Democrats, that "the Republican Party did not really win the 1994 Congressional elections. The Democratic Party threw the election. And today, there are still people in the Democratic Party, I regret, including in the Democratic National Committee (DNC), who would like to throw the Congressional elections" in 1996.

"But what I'm saying," he concluded, "what Ted Kennedy said in 1995, what Ted Kennedy said in a recent address, what is being said by Senator Daschle in a report soon to be issued, what was said yesterday in a Washington address by House Minority Leader Gephardt, these are the directions in which the Democratic Party, from underneath, is moving. And a lot of people at the top are moving in the same direction.

"We are going to take on the economic issue."

LaRouche was speaking within days of his 9.6% vote in the Delaware Democratic Presidential primary, and the day after he received 34.5% in North Dakota. He told the more than 300 participants at the Chamber of Commerce luncheon that, though the North Dakota total was slightly higher than he had expected, there will be more surprises coming in the weeks ahead.

LaRouche emphasized that this will occur not because of any problems he has with President Clinton. "I have many points of agreement with President Clinton," he repeated

throughout his tour. "While there are also areas of disagreement, my concern is with those on the President's staff, and with the DNC, such as its chairman Fowler, who are taking actions which will hurt the President's chances for reelection."

His concerns go beyond that of the Presidential race. It is necessary, he said, for a Democratic landslide to occur in the Congressional races, to bury the "Conservative Revolution" proclaimed by Newt Gingrich, Phil Gramm, and the glassy-eyed Republican freshmen, who he characterized as members of the "Newtzi Party" because of their support for programs which would result in genocide against especially the poor, minorities, and senior citizens.

These constituencies are in motion now, he said, referring to the Million Man March, a similar movement among Hispanics in New York-New Jersey and the Southwest, and senior citizens. The DNC should be out with LaRouche and the leaders of these constituencies, registering voters and rebuilding the Democratic Party, to defeat the "Newtzis" and their plans to deliver huge tax breaks to their patrons by further gouging what is left of the social safety net. Instead, they have refused to put forward any funding for voter registration, and have adopted a strategy of taking these constituencies for granted, pursuing instead "Generation X." Further, they are encouraging Clinton to limit his campaigning, even though Republicans such as Sen. Alfonse D'Amato, the campaign chairman for Sen. Bob Dole, and radio talk show host Rush Limbaugh (sometimes called "Bush" Limbaugh by Mr. LaRouche), fling a daily barrage of accusations and preposterous rumors against the President.

LaRouche took the opportunity of these events to throw down the gauntlet to the DNC, while rallying Democrats to a mission of rebuilding the party to pull the nation back from the brink of financial chaos and economic ruin.

The 'Newtzi Party'

LaRouche was blunt during his tour of Texas as to the nature of the "Newtzi Party." As a number of the key leaders of this group of traitors to the American System are from Texas, such as Gramm, Dick Armey, and Tom DeLay, his broadsides hit home.

"We must call Gingrich and his allies what they are. Under the standards established by the Nuremberg Code, anyone who 'knew or should have known' that the policies they were pushing will result in increases in mortality rates, was found

guilty of 'Crimes against Humanity.' " Under these standards, he said, it can be easily proven that the assaults against the poor, minorities, and the elderly by Gingrich and the "Army Ants" would be the basis of their conviction. "Winning control of the Congress is a matter of life and death" for these groups targeted as "useless eaters" by Gingrich and Gramm.

Therefore, LaRouche said, "we must tell the truth about them." Under the "kindly phrase of 'balance the budget,' they would condemn millions to premature death. This must not be tolerated. The American people already have a whiff of this," he said in a press conference in Dallas. "That is why they turned against Gramm, turning him overnight from Phil Gramm to Milli-Gramm, then to Micro-Gramm. There is no way to take on this gang, except to tell the American people the truth, that they [Gingrich, Gramm, et al.] are Nazis, and that there is a choice available to them on the ballot."

The candidate added that these networks function on behalf of higher-level networks, which have crucial operatives based in Texas. He singled out the Bush machine, including Houston's James Baker, whom he characterized as a "dirty mole in the Reagan administration, and still one today," and the Schlumberger/De Menil network. These networks operate across party lines, as many of the "Bush Democrats" in Texas voted for the bills in the 1980s—especially the Garn-St Germain banking bill, which fattened up collapsing savings and loan institutions for the slaughter through deregulation, and the Gramm-Rudman bill, which LaRouche said, citing *EIR*

studies he initiated, led to a doubling of the national debt during Reagan's second term. (See *EIR*'s Feb. 16 *Feature*, "Budget-Balancing Is an Exercise Doomed to Failure.")

He also pointed to Dallas lawyer and Democratic Party fixer Robert Strauss as one who cleared the way for the victory of the Conservative Revolution. Though nominally a Democrat, Strauss was appointed ambassador to Russia by George Bush after the fall of the Iron Curtain. It was Strauss who became the enforcer of the "reform" policy, the "free trade and democracy" policies, which have collapsed the physical economy of Russia by over 50% since 1989, while handing over much of the nation's wealth to Strauss's friends in the West, and murderers from the KGB, who dominate the economy today as a mafia. Strauss is also involved, through his membership on the board of British intelligence's Hollinger Corp. press empire, in the efforts to destroy Clinton through the phony Whitewater scandal.

Reverse the last 30 years' decline

LaRouche covered these themes in a series of press conferences, and public and private meetings. In press conferences in Dallas and Houston, LaRouche stressed that the present monetary and financial system is doomed, "it is incurably ill, and if nothing is done, it will disintegrate. No one among the media and the other candidates is discussing this. The American people are not being given the option to consider what to do.

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Havana	1700	Singapore	0530*
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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	Venice	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

“Voters are poorer today, jobs are running out of the country, there is tremendous economic insecurity. This issue has made Buchanan a leading contender. . . . This will happen on the Democratic side as well. The leading issue of this election is whether or not we will act in time to make changes in the financial system.”

LaRouche’s statements on the economy were covered on KRLD, the flagship radio station of the Texas State Network, which put out the story to its 80-plus affiliates. His comments on the economy were featured in the *Houston Chronicle* and on two Houston television stations.

The tour was launched in New Boston, Texas, at a “chili cook” candidates’ night, attended by more than 800 people. New Boston is in the northeast corner of Texas in the 1st Congressional District, which was represented for decades by Federal Reserve foe Wright Patman. In his address there, LaRouche told the audience of mostly Democrats that the party must be rebuilt, to reverse the foolishness of the last 30 years, which has turned the nation from a thriving, agro-industrial power into a post-industrial wasteland. This can be done, he said, by using the powers of the U.S. Constitution to put the Federal Reserve into receivership, and establish a new system of credit through a new national banking system.

LaRouche addressed the North Tarrant County Democratic Club’s candidates night at a United Auto Workers hall near Fort Worth. In this short address, he emphasized that local clubs needed to “boot the DNC in the rear” to get them moving on voter registration, etc., to ensure a landslide in November 1996. Many of those attending showed impatience with candidates who had adopted the DNC line that it is necessary to appeal to Generation X and suburbanites.

He also addressed meetings of supporters in Arlington (between Dallas and Fort Worth) and in Houston. In both meetings, he developed the theme of how our foreign policy must be an extension of national economic security. “Just as we must protect our own industries, our jobs, and our farmers, as a policy of national security, are not other nations entitled to do the same with theirs?” he asked. “As we should improve infrastructure, our health care, and education, should we not help other nations do the same?”

He said that he could, as President, negotiate a series of trade and economic agreements with most other nations that would benefit both them and ourselves. If we respect the right of others to economic security, we can get the world out of its present miserable state.

But it is also necessary, he said, that people know who the enemy is, who it is that is responsible for U.S. support for the policies imposed by the International Monetary Fund, which are responsible for genocide in Africa, and which are generating hatred for the United States around the world.

National economic security means defeating the British Empire and all that it stands for, he concluded, and that includes the moles for the British, such as George Bush, “the cat riding on the end of Thatcher’s broom,” and Robert Strauss.

Gephardt pledges new era of ‘income politics’

House Minority Leader Richard A. Gephardt (D-Mo.) gave the speech excerpted here on Feb. 27 at the Economic Strategy Institute in Washington, D.C. It was titled “Better Late Than Never: Income Politics on the GOP Campaign Trail.” Subheads have been added.

I thank you for having me here today, to talk about a cause I have pressed for more than a decade, and a crisis which has finally crept from America’s pocketbooks into its politics. I’m talking about America’s standard of living, and why it has become such a struggle for average families to simply pay the bills, send their children to school, and stake their claim in the American dream.

As a member of Congress, and even as a Presidential candidate eight years ago, it has been enormously difficult for me to focus attention on these issues. Maybe the press and the politicians didn’t want to know about the problem. Or maybe they just didn’t know what to do about it. But in the past few weeks, Republican primary voters put this issue at the front and center of our political discourse—and this time, we ignore them at our own peril.

The fact is, there is a revolution taking place in American politics—a revolution that is shaking every podium on the Presidential campaign trail, and shattering our most basic assumptions about the needs and wants of the American people. I’m not talking about the so-called Republican revolution—with its poll-driven Contract, clauses, its bumper-sticker bromides, and its Medicare-cutting manifestos.

I’m talking about an honest-to-God outcry from the grass roots, a call so powerful it’s finally reaching the board rooms of Wall Street and the cloak rooms of Washington.

The American people are beginning to send a powerful message, to say that, as much as they believe in a balanced budget, as much as they believe in a leaner, more efficient government, those kinds of budget bills are never going to help with all the bills they have to pay. And mobilizing every ounce of our political will to zero out a balance sheet in Washington is a hollow exercise, if we do nothing about the declining standard of living of the endangered middle class.

You see, we now have enough spending cuts on the table to balance the budget in about five minutes, if the Republicans are willing to do it. Sometime this year or next, that problem will be solved. And I think the right kind of

balanced budget will be good for the country, and good for the economy. But after years of deficit-driven politics—after a Republican Congress that viewed a balanced budget as the be-all, end-all of economic policy—we have to realize that a balanced budget is only a fraction of the solution we need. We need an economic strategy, not another government audit. We need to move on to the *real* challenges we face:

- Lifting the real wages and incomes of working Americans—wages that have been falling for more than 16 years;
- Making our economy grow faster, and reversing the almost 50% decline in economic growth that America has experienced since 1973;
- Bridging the growing gap between the rich and the poor in America—a gap which, astonishingly, *embarrassingly*, is now the greatest of any industrialized nation in the world;
- And stopping the insanity of massive corporate layoffs—an estimated 1,200 Americans losing their jobs *every single day*, not because they're unprofitable, or unproductive, but because some Wall Street analyst wants to squeeze up short-term stock prices, even when that means ignoring the long-term needs of the corporation itself.

An economic 'earthquake'

Something is dangerously wrong in our economy and society. Playing by the rules is no longer enough to pay the bills. Doing a good job is no longer enough to guarantee a good life. Increasing your productivity is no longer enough to increase your paycheck.

We are living through an economic earthquake as titanic and transforming as the Industrial Revolution. For too many Americans, just staying in place means a never-ending scramble of longer hours, second jobs, part-time jobs, and credit card debt.

But our political system hasn't been doing a damn thing about it. Not the Democrats, which is why we lost control of Congress in 1994—and certainly not the Republicans, whose pension raids and deepcuts in Medicare, Social Security, and student loans would turn today's middle class squeeze into a vise grip.

No wonder people are so cynical about politics. And no wonder the Republicans of Iowa and New Hampshire—after the umpteenth mind-numbing discourse about the evils of Washington—rejected every candidate whose main concern was the government's troubles, not their troubles.

Phil Gramm, who ran as the poster-boy for the Contract with America, spent \$20 million and didn't even make it to the first primary.

It's time to accept the obvious: *The era of deficit politics is over*. But the era of income politics is about to begin.

Just ask Bob Dole. He said, "I didn't realize that jobs and trade and what makes America work would become a big issue in . . . this campaign."



Rep. Richard Gephardt: "We are living through an economic earthquake as titanic and transforming as the Industrial Revolution."

That kind of indifference is no longer acceptable, and the voters are making that clear.

But I come before you today with an urgent warning. For in this time of economic anxiety and uncertainty, indifference only begets division, dissolution, disintegration. If we cannot even speak to the problems within our borders, we invite the small-mindedness of those who would close them to the world. If we cannot find a way to share and spread prosperity, we invite the hatred of those who would punish, pillory, and pigeon-hole—seeking scapegoats instead of solutions.

If we cannot find a way to bring reason and responsibility to the job-slashing wizards of Wall Street—to reverse a culture that values profits over people, and short-term gain over long-term existence—we invite the recklessness of those who would wage holy war on business itself.

America does not deserve the policies of Pat Buchanan. Even the Republican Party does not deserve them. But Candidate Buchanan is really forged of our own failures. For he has at least recognized the crisis of falling wages and incomes. He has at least acknowledged what hard-working families go through to raise their children and put food on the table. And if both parties sustain a vacuum when it

comes to our standard of living—if we offer no alternative to the voice of unreason—then we will end up with demagogues, not leaders, and we will deserve it. . . .

What has gone wrong?

Let's step back and understand exactly what is happening to the American economy: why it is so fundamentally different from the economy I grew up with in the '50s and '60s, and why, after President Clinton's remarkable success in creating jobs, lowering inflation, and making this economy grow—something he should receive a lot more credit for—the President himself points to an economic hunger and anxiety that reaches beyond those statistics.

In my view, there are three basic reasons: first, globalization and the expansion of unfair trade; second, the growing failure of American business to realize that profits and stock quotations are not ends in themselves; and third, the slowest sustained economic growth America has seen in a century. . . .

Our politics may be numb to . . . mass firings, but our families are not. For those who are shed from the rolls, job security disappears. Health care and pensions vanish overnight. Most likely, that job is replaced by a job that pays less, which forces workers to take a second job, maybe a part-time job. A spouse may have to work, which means there is no one to supervise the children, to help them with their homework, to make sure they watch the right kinds of television. The idea of family time—quality time—becomes an unattainable luxury, not a daily reality. . . .

Let's be frank: Those who think that family values can be separated from family incomes—those who think a sermon from a soapbox is a substitute for a decent salary, those who think a v-chip helps you raise a child when you're hardly ever home—don't know the first thing about middle-class family life in America. . . .

It is time for our entire political system to recognize that this is a new America. To make sure we have both growth and fairness—to make sure that a rising tide lifts all boats—it is time for a new American strategy for prosperity.

This debate has now been joined by Democrats and Republicans alike—from the thoughtful pronouncements of President Clinton, Senator Kennedy, Secretary Reich, and Congressman Bonior, to what I regard as the callous Darwinism of Dick Armey and Phil Gramm. But the point is that unless we start this debate, we'll never get the results that are the only real measure of success.

A Manhattan Project approach

In the coming weeks and months, I want to speak in detail about the course I believe we must follow. Today, I speak of first principles, and of four central areas where we must focus: making this economy grow faster; making international trade fairer; making corporate America responsible for people as well as profits; and letting Americans earn more personal security in these fast-changing times.

First, until we can make our economy grow faster than 2-2.5% a year, we will always be fighting over smaller slices of a shrinking pie.

We need a high-level summit, to find ways to restore that missing growth and opportunity—to make the 21st century another American century. I believe we must bring together the finest minds in business, labor, and government for a kind of massive Manhattan Project for middle-class salvation—with at least the same energy and intensity we brought to this year's balanced budget negotiations.

Without delay, we must change Federal Reserve policies that actively limit economic growth, even when there is no legitimate fear of inflation. It is time for the Fed to renounce that out-dated approach, and pursue higher growth and employment, as well as stable prices. . . .

We should hold up the corporations that are empowering and investing in their employees, and creating jobs in this country, and putting long-term strength over short-term stock prices—as Australia does through its successful Best Practices award program.

We should encourage businesses to pay their workers for gains in performance, so that we never again have a year like last year, when corporate profits surged, but household income barely rose at all.

We should try to replace the quarterly reports that force corporations to measure every decision for its short-term gain. We must find ways to allow them to take a larger and longer view, while still providing stockholders with the information they need about their investments.

We should invest the government's considerable resources—for example, pension funds and trust funds—in companies that put people on a par with profits. We should condition government contracts on that kind of performance as well. Even *Money* magazine has now concluded that companies that invest in their employees are better long-term investments than the average downsized company.

We should stop giving huge tax subsidies to companies that send jobs and factories overseas, and start recognizing that, just as we treat churches and other non-profit organizations differently through our tax code because of the good things they do, we can use the tax code to reward corporations doing the right thing.

That means eliminating what may be the greatest perversity of our tax code—that we actually give tax breaks to corporations when their CEOs and executives personally profit from layoffs. I can't think of a worse signal to send to the hard-working Americans whose jobs are being lost.

Fourth and finally, we need to re-arm every American for an uncertain struggle—to make benefits, education, training, and job opportunities easier to find and to keep. President Clinton is already doing a lot in this area. If we can't eliminate the uncertainties of the new world economy, we can certainly arm Americans to confront those uncertainties. . . .

Arkansas 'Starr chamber' heats up, as Senate Whitewater hearings play on

by Edward Spannaus

With the Republican Party tearing itself apart, President Clinton's reelection in November seems virtually assured at this point. The noisiest weapon in the Republican arsenal right now is the ongoing Whitewater investigations, both in Congress and, more importantly, that of special prosecutor Kenneth Starr in Arkansas.

The Whitewater caper, whose British origins have been documented by *EIR* over the past two years, works in tandem with other British-run efforts to destabilize the Clinton Presidency. For the British, the principal concern is, of course, not Republican-versus-Democratic electoral wrangling, but Clinton's historical initiatives breaking with British geopolitics—which have been most evident in the President's peace initiatives in Bosnia, the Middle East, and Northern Ireland, all of which the British and their assets are attempting to disrupt.

Arkansas indictments

On Feb. 20, Whitewater special prosecutor Starr, a former official in the Bush Justice Department, announced new indictments in Arkansas, which charged two small-town bankers with having fraudulently obtained \$12,000 in bank funds, which were then funnelled into Bill Clinton's 1990 reelection campaign for governor of Arkansas. Herby Branscum, Jr. and Robert M. Hill were named in 11 felony counts.

Starr's key witness against Branscum and Hill will be the former president of the Perry County Bank, Neil Ainley. Branscum and Hill were on the bank's board of directors. Ainley was previously indicted on five felony counts, and then cut a deal with Starr, in which he was let off with two years probation and a mere \$1,000 fine, in return for his testimony against the others.

Unnamed sources told the *Washington Times* that the latest indictments are a "major step" in Starr's efforts to target Clinton campaign officials, and from there, to attempt to tie Clinton himself into wrongdoing. Other sources reported that Starr is focussing on a 1990 meeting in which Hill supposedly gave \$7,000 to Clinton for his reelection campaign. However, it is conceded that it was not illegal for Hill to give the contribution to Clinton, nor for Clinton to accept it.

Branscum's attorney charged that Starr has exceeded his authority in bringing the indictments, and said that Starr is interested in Branscum and Hill "only because they have ties

to the Democratic President of the United States." The attorney said that Branscum is "a pawn in a high-stakes chess game, the result of which may very likely determine the next President of the United States."

In defending his jurisdiction, Starr disclosed that he had obtained a broader grant of jurisdiction last summer from Attorney General Janet Reno and the U.S. Court of Appeals panel which appointed him. The expanded grant of jurisdiction permits Starr to delve into Clinton's 1990 gubernatorial campaign, and his 1992 Presidential campaign. It also allows him to look for various offenses, such as obstruction of justice and conspiracy, which permit a prosecutor to go beyond the normal statute of limitations. Seven paragraphs of the expansion order remain sealed.

New York Post financial columnist John Crudele, who regularly publishes leaks from Starr's office, wrote on Feb. 23 that his sources have told him that "Starr has unearthed enough financial wrongdoing to virtually ensure the defeat of Clinton—if the information is released."

On the day following the Hill-Branscum indictments, the lead editorial in the *Wall Street Journal* gloated: "The Republicans have the primary timetable. . . . But Mr. Clinton has the testimony timetable."

The *Wall Street Journal's* Whitewater timetable runs like this: The Clintons' business partners, the McDougals, and Arkansas Gov. Jim Guy Tucker go to trial on March 4; an appeals court has ruled that the Paula Jones sexual harassment case can proceed; the Banking Committee hearings of Sen. Alfonse D'Amato (R-N.Y.) come up for a renewal vote on Feb. 27; and Rep. Bill Clinger (R-Pa.) has issued 28 subpoenas in the Travelgate probe. "Meanwhile," says the *Journal*, "the Starr and Smaltz investigations tick away"—referring to Donald Smaltz, the little-noticed special prosecutor investigating former Agriculture Secretary Mike Espy.

Mena under investigation?

As *EIR* has previously reported, Smaltz is the "sleeper" in the Whitewater probe, who is working in tandem with Starr in Arkansas. This may have bearing on another report from Rupert Murdoch's *New York Post*, again written by Crudele, on Feb. 16, which says that Starr has subpoenaed records of the Arkansas Development Finance Authority (ADFA), and also material connected with the creation of what Crudele

calls "the mysterious Coral Reinsurance Co. Ltd." Crudele had written last year about Coral's connection to ADFA, and reported that Coral is closely linked to Hank Greenberg's American International Group (AIG), which *EIR* has identified as a major worldwide dirty-money operation.

Crudele wrote that his sources have told him that the subpoena to ADFA means that Starr's investigation is looking toward the Mena, Arkansas drug-running operation, and, further, that Coral Reinsurance was laundering drug money coming out of Mena.

Much attention has been focussed on Mena off and on since the 1986-88 period, when the first disclosures of drug-trafficking, arms-smuggling, and money-laundering out of Mena began to surface. To the extent that Starr is actually looking into it, it is most likely a damage-control operation, to protect the George Bush-Oliver North networks which were actually running the guns and drugs out of Mena in the mid-1980s as part of the Nicaraguan Contra operation in Central America.

Longtime Justice Department career operative Ted Greenberg, who is considered the DOJ's top expert on money-laundering, and who is also a specialist at covering up dirty intelligence operations, was hired by Smaltz about a year ago, to work on the Arkansas end of Smaltz's investigation. Over the summer of 1995, Smaltz attempted to subpoena a former pilot for Tyson Foods, who claimed that he was ferrying large amounts of cash to then-Governor Clinton. Months earlier, allegations of drug-trafficking and money-laundering by the Tyson company (whose head, Don Tyson, is close to Bill Clinton) were made by the London *Sunday Telegraph's* Ambrose Evans-Pritchard.

The current ADFA subpoenas, Crudele wrote on Feb. 16, "bring the Whitewater investigation to a whole new level. . . . And with Coral now in the grand jury's equation, the special prosecutor [Starr] is getting very close to a full-blown investigation of whatever was going on at the Mena, Arkansas airport." However, as shown by his own coverage of the Mena operation over the past few years, Crudele is well aware that the Mena operation was not a Clinton, but a Bush operation.

House Banking Committee Chairman Jim Leach (R-Iowa) has also been looking into the Mena operation for a number of months; he sent a cautionary letter to his committee members last year warning that "the Mena-related allegations involve improper conduct spanning several administrations," i.e., the Reagan-Bush administrations.

Willy Horton and Whitewater

Meanwhile, the Senate Whitewater hearings drag on, with a floor fight over how long to authorize an extension of the hearings, taking place as of this writing.

The Republicans' cause was not helped by a brief uproar which broke out in the Senate hearings on Feb. 22, with the surfacing of a fundraising letter sent out by Floyd Brown, the

chairman of the Clinton-baiting Citizens United group, which bragged that Brown's top investigator is running the Senate Whitewater investigation.

Portions of the letter were read into the hearing record by Chris Dodd (D-Conn.). It states: "Our top investigator, David Bossie, is on the inside directing the probe, as special assistant to Senator [Lauch] Faircloth [R-N.C.] on the U.S. Senate Whitewater committee." The letter also boasts that Brown is conducting briefings on Whitewater for members of Congress, and it solicits contributions.

When the letter was brought up, committee Chairman D'Amato repeatedly tried to duck the question of Bossie's role, claiming, "He's certainly not our top investigator, and he's not on the committee."

However, *Roll Call* newspaper had reported on Jan. 29 that Bossie "appears to have an active role in directing the probe, conferring frequently with D'Amato and special counsel Michael Chertoff in the hearings, even though he is not technically a member of the Whitewater committee staff." *Roll Call* said that Bossie has been on the personal staff of Faircloth since last July, at an annual salary of \$50,000. Faircloth also played a key role in forcing the replacement of former Whitewater special prosecutor Robert Fiske with Bush-baby Starr.

Bossie's conduct had already become an issue earlier in the hearings. In 1993-94, he was working with an NBC-TV crew in Arkansas headed by Ira Silverman (who, incidentally, also played a key role in the NBC-TV's attacks on Lyndon LaRouche in 1984). Bossie was accused of "stalking" former Arkansas Securities Commissioner Beverly Bassett Schaffer, to attempt to obtain an "ambush" interview for the NBC cameras.

Bossie was co-author, with Brown, of the 1992 "Slick Willie" anti-Clinton tract; Brown is otherwise notorious as the producer of the Willie Horton ads for George Bush's 1988 Presidential campaign.

During the debate over the Brown fundraising letter, D'Amato revealed that he has been getting pressure from Brown's networks to call as a witness, would-be Presidential assailant Larry Nichols. Nichols, who operates under the direct sponsorship of the Hollinger Corp. and Evans-Pritchard, threatened President Clinton's life during a meeting in Boulder, Colorado on May 11, 1994. Nichols vowed to meet Clinton at "high noon," saying that only "one of us is getting out of town." At that point, Nichols pulled a semi-automatic handgun from his hip and waved it in the air. A photo and description of Nichols's threats were featured in the Dec. 2, 1994 *EIR*, and in the *New Federalist* pamphlet "Why the British Kill American Presidents."

Nichols was fired by Clinton from the Arkansas Development Finance Authority, where he had been in direct contact with North's "Contras" in Central America, and he is known to have played an important role in the gun- and drug-running operations out of Mena.

The Civil War and America's naval 'surrogate war' against Britain

by William Jones

Divided Waters: The Naval History of the Civil War

by Ivan Musicant

HarperCollins, New York, 1995

473 pages, hardbound, \$30

In the profuse literature on the Civil War, perhaps all too little attention has been paid to the naval aspects of that war and even less to its significance for the development of the U.S. Navy itself, a development that was intimately connected to the rapid industrial takeoff of the United States in the post-Civil War period and its emergence as the major world power.

In one sense, it is not unusual that the naval aspects of the Civil War have received so little attention, because the actual defeat of the military forces of the Confederacy occurred in major battles on land: the fall of Vicksburg, Lee's defeat at Gettysburg, Sherman's march to the sea—great moments that have been enshrined with a justifiable aura of military greatness. And yet, when the Civil War is understood in its true significance, as a continuing war of the United States against Great Britain, the naval aspects of the war take on a paramount importance.

Ivan Musicant's well-researched, and eminently readable work contributes greatly to an understanding of that importance. Unfortunately, his failure to view the war as a "surrogate war" against Great Britain, also causes him to leave out some important developments that would properly belong in any comprehensive naval history of the Civil War.

Before the firing died down at Fort Sumter, the first strategic war plan against the South was proposed by then-Commander of the Armies Gen. Winfield Scott, old "Fuss and Feathers," as the blustering figure was called for quite obvious reasons. Although an experienced military commander who had fought in the War of 1812 and the Mexican War, Scott had become something of a relic by 1861, with his advice more often hampering rather than aiding the war effort. But

Scott, realizing that this would be a longer conflict than most people did at the time, was the one who immediately proposed a plan for a complete blockade of all Confederate ports, thereby shutting the Confederacy off from the "aid and comfort" that would most certainly be offered by its British allies. If the Confederates could not get their cotton out for sale and bring in needed supplies, success for their cause would ultimately be hopeless.

"There were four main points to Scott's plan," Musicant explains: "establish and strengthen the blockade; split the Confederacy along the line of the Mississippi River; maintain steady pressure on the rebel armies in northern Virginia; and actively use the Navy to support the Army's operations by amphibious assault, naval gunfire, and the transport of troops."

Musicant explains how President Abraham Lincoln immediately took up Scott's idea (which had been ridiculed by its opponents as the "Anaconda Plan"), officially proclaiming on April 19, 1861, a naval blockade over the entire rebel coast from South Carolina to the mouth of the Rio Grande. As Musicant explains, the blockade, aimed primarily at Confederate trade with Great Britain, was more a statement of intent rather than an act of war, since the U.S. Navy, left to languish since the War of 1812, was in no position, without extraordinary efforts, to effectively "seal off" the Confederacy. "By statute, the Navy's enlisted force had been fixed at 7,500 men of all ratings," Musicant writes, "and when Lincoln took office it was slightly in excess of authorized strength."

Alexander Bache's strategy board

The strategy, however, was effectively elaborated by individuals far more capable than the aging Scott who had formulated it. Alexander Dallas Bache, for one, the great-grandson of Benjamin Franklin and a leading scientific figure internationally, was then head of the U.S. Coast Survey. Because of the war mobilization, there was a danger that the Survey would be without funds. Bache, however, realized that the Coast Survey would be the prime mover in filling in the blanks in the "Anaconda Plan." What other institution would be bet-

ter able to develop a strategy for sealing off the coast of the United States than the Coast Survey, which could provide a detailed account of what that coast actually looked like, including the key factors of sand dunes, shoals, and the like.

Bache succeeded in convincing two important colleagues, Navy Capt. Charles Davis (the translator of some of the works of Carl Gauss), who worked with Bache on the Survey; and the new assistant secretary of the Navy Gustavus Vasa Fox. Together they succeeded in bringing on board the skeptical Gideon Welles, Lincoln's secretary of the Navy. Welles established a Strategy Board, composed of Bache, Davis, Maj. John Barnard of the Army Corps of Engineers, and Adm. Samuel DuPont, who became its chairman. Musicant writes: "Over the summer and early autumn [of 1861], the board issued seven reports that solidified and refined the Anaconda plan with operational precepts that were essentially followed all the way to Appomattox Court House."

One part of the Strategy Board plan was to occupy key coastal areas along the southern Atlantic and Gulf coasts as potential areas of operations into the heart of the Confederacy. When the board issued these instructions, a large section of the Carolina and Georgia coasts could have been occupied by Federal troops for a subsequent plunge into the heart of the Confederacy.

The military unpreparedness of the Confederacy made

this a very real possibility, but the window of opportunity was not great. If significant forces could be brought to bear in combined Army-Navy landing operations, and then moved to central areas of Carolina and Georgia, the course of the war—and its duration—would have unfurled quite differently. Federal forces, still in the process of assembling what would become a very powerful war machine, but infected by what Lincoln would often characterize as "the slows," were not able to fully take advantage of the opportunity.

A combined Army-Navy operation did, however, occupy the South Carolina islands around Cape Hatteras. Having been given too few forces for a major thrust, the military contingent was not able to use its advantage in order to make an effective drive toward Charleston or Savannah, a measure, Musicant points out, that "might have saved the Union three years of war." But these Federal positions, maintained throughout the war, never became the base of operations for a more general Federal offensive deep into the Confederacy as envisioned by Bache and the Strategy Board. Moving into Georgia and the Carolinas would have to wait for three years, until Sherman would march through both Georgia and South Carolina to link up with the coastal positions. The sleepy waterway of Port Royal was, however, effectively converted into the major logistics and repair depot for the South Atlantic Blockading Squadron, rivaling Hampton Roads on the Virginia coast, also in Federal hands, as a forward operating base.

Although the British never got to the point of actually recognizing the Confederacy, for fear of having to fight an open war against the United States, there were several occasions when they came very close to doing so. U.S. Secretary of State William Seward, who more often than not pursued a policy diametrically opposed to that of Lincoln, foolishly believed that widening the conflict into a war with Great Britain and France would serve to unite the country around a patriotic conflict. Lincoln, more aware of his military capabilities—and the intransigence of the secessionist leaders—sought to avoid what he considered a wholly justified conflict with the British and their French allies, in order to concentrate his forces on suppressing the Rebellion. Only then could the conflict with the British, the undeclared allies of the Confederacy, be dealt with.

'One war at a time'

The first confrontation with the British occurred in late 1861, with the "Trent affair." U.S. Navy Capt. Charles Wilkes, the man who had discovered the continent of Antarctica, detected in Havana the presence of two leading Confederate emissaries, John Slidell, a former U.S. senator from Louisiana, and James Mason, a former U.S. senator from Virginia. Mason and Slidell were being sent by the Confederate government in Richmond, Virginia, to France and Great Britain, respectively, in order to gain their recognition of the Confederacy. Wilkes, who was well-versed in international law, concluded that the various dispatches, instructions, and

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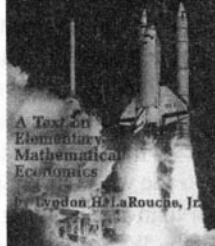
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other Confederate government documents being carried by the two Confederates amounted to "contraband of war," thereby allowing him to seize any neutral ship carrying them. When Mason and Slidell then boarded a British commercial steamer, the *Trent*, to continue their voyage to Europe, Wilkes, aboard the sloop *San Jacinto*, stopped and boarded the *Trent*, and took Mason and Slidell into custody. However, and unfortunately, Wilkes did not take the *Trent* itself in tow; more seriously, he did not seize the incriminating papers that Mason and Slidell were carrying.

Wishing to avoid military complications with Great Britain, and lacking the type of evidence that would have justified holding the two men, Lincoln was forced to have them released. "One war at a time," was Lincoln's response, when Seward urged military actions against the British.

As he did in many situations, Lincoln explained this view of dealing with the British with a parable: A sick man in Illinois was on his death bed and felt that he ought to make peace with any enemies he might have. The man he hated the most was a fellow in a nearby village named Brown. The man then sent for Brown and told him that he wanted to die at peace with all his fellow men, and therefore wanted to shake hands and make up. Brown was so touched by the sentiments that he began to weep. Lincoln continues: "After a parting that would have softened the heart of a grindstone, Brown had about reached the room door, when the sick man rose up on his elbow and said, 'But, see here, Brown, if I *should* happen to get well, mind that old grudge still stands.' "

Revolution in naval technology

Musicant then describes the naval buildup to the great battle between the ironclads, the *Monitor* and the *Merrimac*, at Hampton Roads, Virginia in March 1862, a battle that sounded the death knell of the old wooden fleets and began a revolution in technology that would change the rules of naval warfare. John Ericsson's so-maligned "cheese on a raft" won acclaim as the primary craft for riverine and coastal operations at that battle, but would not prove itself as an ocean-going vessel until 1866. But for the next 20 years, Ericsson's "cheese on a raft," rejected by British naval planners when the Swedish engineer had earlier offered it to them, would be the bane of the British wooden fleet, whose existence had thereby been made obsolete.

The dramatic engagements on the Mississippi River, where combined Army-Navy operations were conducted under the smooth collaboration of Gen. U.S. Grant and Adm. Andrew Foote, produced major results in advancing the positions of the Western armies under Grant and Sherman along the Tennessee River, and opened the way for proceeding with the second part of the "Anaconda Plan": the push to open up the Mississippi River, and effectively cut off the Confederacy from its western states which were providing Confederate armies with necessary foodstuffs and supplies.

The aging Adm. David Farragut's daring breakthrough past the forts guarding New Orleans meant that now the Union could begin a move up the river toward Vicksburg, Mississippi from the south. Combined naval forces under the irrepressible Capt. Charles Davis were moving down from the North. Musicant describes the unsuccessful attempts by Gen. William Tecumseh Sherman to lead a combined Army-Navy contingent up the Yazoo River in order to flank Vicksburg from the rear, the sixth failed attempt to flank the Rebel stronghold.

After a series of operations, Grant, having moved his forces to a position south of Vicksburg along the western bank of the Mississippi, was able to bring in the needed supplies for his troops by having the naval contingent under Adm. David Dixon Porter make a successful run past the guns of Vicksburg with his rams and gunboats. Having succeeding in outflanking Vicksburg by this move to the south, the town was cut off and a siege laid. This heavily fortified river town on the heights above the banks of the Mississippi, surrendered after a month, on July 4, 1863, one day after the Union victory at Gettysburg, Pennsylvania. "The Mississippi, the Father of Waters," Lincoln proudly announced, "flowed unvexed to the sea." The Confederacy had been cut in two. It was the beginning of the end.

Shortly afterward, Admiral Farragut would conduct another bold run past the forts south of Mobile, Alabama to completely shut off the Gulf ports to the Confederacy, ringing ever tighter the grip of the Anaconda.

Confederate raiders, 'Made in England'

Musicant also devotes one longer chapter to naval operations on the high seas, operations in which the U.S. Navy was pitted against Confederate raiders, that were outfitted and supplied courtesy of Her Majesty's shipyards. Here is where the British contribution to the Confederate cause really took place, in violation of their supposed neutrality, which would remain a bone of contention with the United States for many years, and which almost led to the British loss of its Canadian colony.

Another Confederate agent, Cmdr. James Bulloch, a maternal uncle of Theodore Roosevelt, was the Confederate agent in London assigned to arrange for the construction of naval vessels for the almost nonexistent Confederate Navy. Officially, Great Britain was a neutral in the conflict and therefore could lend aid to neither side. In addition, in accordance with Britain's Foreign Enlistment Act of 1812, it was illegal, without a special license, to equip, furnish, outfit, or arm vessels for a belligerent, or to knowingly assist in doing so. Notwithstanding, the British government turned a blind eye to such operations, where it concerned arming the Confederacy, on condition that the final product be assembled outside of Great Britain, thus adhering to the "letter" of the law. Bulloch was careful to assure that the ship, the crew, and the armaments, although all "Made in England," were

not assembled on British territory. In spite of protests by the American ambassador to the Court of St. James, Charles Francis Adams, the practice was not interfered with by British authorities.

In this way, the Confederates were able to build a series of cruisers, the most famous of which was the *CSS Alabama*, later destroyed by the *USS Kearsarge* off the coast of Cherbourg, France. These cruisers would prey on U.S. commercial vessels during the entire course of the war. They regularly used British ports in the Bahamas for refitting and taking on supplies. All in all, they succeeded in destroying 200 Union merchant ships, fishing craft, and whaling vessels, along with their cargoes worth millions of dollars.

Bulloch also attempted to have British shipyards produce ironclad rams for riverine duty for the Confederacy. It was only after the British were told by U.S. Ambassador Adams that this would mean war that they stopped that particular operation.

The destruction wrought under the protective hand of the British, led after the war to U.S. claims against Great Britain. Sen. Charles Sumner, later the chairman of the Foreign Relations Committee, was demanding that Great Britain withdraw from all her colonies in the Western Hemisphere, including Canada, in order to make amends for the damage done the United States during the war. The Grant administration, however, more interested in smoothing over relations with Great Britain, submitted the claims to an international court of arbitration in Geneva in 1871, settling for monetary damages.

The war's end

The final phases of the war are dealt with by Musicant in masterful terms. The port of Charleston, where the first shots of the war had been fired, was laid siege to by a fleet of monitors and gunboats. General Sherman, coming down from the north in his famous march to the sea, linked up with the fleet outside of Charleston, visiting fleet commander Adm. John Dahlgren on his ship. Sherman, using Savannah as his base, but avoiding Charleston, started to move his forces back across South Carolina in order to catch the Rebels in a giant vise between himself and General Grant in Virginia. But cut off on two sides, the Rebels abandoned Charleston on Feb. 18, 1864.

Speaking in August 1863 before a meeting of "unconditional Union men" in Springfield, commemorating the victories at Gettysburg and Vicksburg, President Lincoln also paid tribute to the vital contributions of the U.S. Navy. "At all the watery margins they have been present," he said. "Not only on the deep sea, the broad bay, and the rapid river, but also up the narrow, muddy bayou, and wherever the ground was a little damp, they have been and made their tracks."

More significantly, as Musicant notes, the creation of the U.S. Navy in the course of the Civil War had made the United States a maritime ironclad power unmatched by any navy in the world, including the British, with a total of 670 ships, led

by an impressive fleet of turreted, ironclad monitors, equipped with 8-inch rifles and 15-inch smoothbore cannons. The manpower, originally 1,500 officers and 7,500 enlisted men in 1860, had increased sevenfold. As Musicant points out: "It was the unflinching naval blockade that slowly strangled the Confederacy, denying the South the war materials and foreign intercourse without which it could not—and indeed, did not—survive the contest."

U.S.-Russian naval cooperation

One important element, whose absence mars somewhat Musicant's history, but which should play a prominent role in any naval history of the Civil War, is the U.S. collaboration with the Russian Navy. Musicant notes that already in 1862, Russia, an inveterate enemy of Great Britain, was keen on achieving a diplomatic and naval alliance with the United States, but he says nothing of the crucial dispatch of the two Russian fleets to the West and the East coasts of the United States, that sent clear signals to the British that should Britain enter the war on the side of the Confederacy, the United States would find an ally in Russia. Already during the Crimean War, when Russia was attacked by the combined forces of England and France, the United States had offered valuable assistance to beleaguered Russia.

Although much of this belongs in the realm of diplomacy, the naval collaboration which did occur must be included in any comprehensive naval history. In 1862, Capt. Stepan Stepanovich Lissovsky of the Russian Navy was sent to the United States as a member of a technical team to examine the new monitor construction of John Ericsson. On that trip, the U.S. War Department handed over to Lissovsky and his colleagues the blueprints for construction of the monitor. In the next year, the Russian Navy would itself build 10 monitors for the defense of St. Petersburg and for operations in the Gulf of Finland. Also in 1863, the newly promoted Admiral Lissovsky, a personal friend of Admiral Farragut, would command the Russian fleet that visited the East Coast of the United States.

In 1866, the U.S. Congress would rule for the first time that U.S. manufacturers could begin producing warships for other countries—one of the primary recipients of this privilege being Russia. That same year, Assistant Secretary of the Navy Gus Fox, would make the first ocean voyage on the *Miantonomoh*, the latest-generation monitor, to St. Petersburg, Russia, stopping very ostentatiously at British ports on the way, and proving definitively the seaworthiness of that class of ship. Fox's voyage was made as a return visit for the friendly actions of the Russian Navy to the United States during the war. For the rest of the century, until the assumption of the Presidency by Commander Bulloch's nephew, Teddy Roosevelt, the alliance between Russia and the United States would play a major role in international relations—directed against the primary backer of the Confederate cause, the British Empire.

Kemp bluffs on Lincoln, fakes on JFK

Efforts by the former Congressman to claim Abraham Lincoln for the "free trade" camp ran into opposition from EIR.

Luminaries of the Conservative Revolution were chagrined and embarrassed to see former Congressman, cabinet officer, and football star Jack Kemp caught lying and bluffing, as he spoke at a Feb. 26 American Enterprise Institute (AEI) bash-the-welfare-State forum in Washington, D.C. Kemp declared U.S. President Abraham Lincoln to have been a devotee of Adam Smith, and an advocate of the self-help policies peddled at the forum by such mammon worshippers as Michael Novak and Mrs. Arianna Huffington. Kemp tried to position himself with Emancipator Lincoln as two fellow free-marketeers, versus protectionist Pat Buchanan, with his racism and chauvinism.

When Kemp finished this performance, he called on *EIR* correspondent Anton Chaitkin for a question. Chaitkin said that the anti-racist Lincoln was the leader of the statist faction of the statist Republican Party; that throughout his life, Lincoln fought for high tariffs and a National Bank; and that Lincoln undoubtedly hated Adam Smith.

Chaitkin, a historian, is the author of the book *Treason in America* and of a recent *EIR* series on the real history of the American Revolution and the American System of political economy.

Kemp had earlier spoken of his upcoming debate with House Minority Leader Richard Gephardt (D-Mo.). But now Kemp said, "Well, the next debate is going to be between Anton and me. Anton, Lincoln wasn't for a high tariff—he had a 4% tariff."

Chaitkin said, "No, Lincoln doubled the tariff levels from those of his

free-trade predecessor James Buchanan, to about 42% average rates." Kemp now looked about the room, pleading, "Could somebody please bail me out on this?" Nobody did.

Chaitkin continued, that Lincoln had revived the policies of Alexander Hamilton and had created widespread private property and built U.S. power through giant "giveaways" and massive government intervention. Kemp responded, "Well, not everything Lincoln did was right."

An AEI regular then tried to help by asking: If Kemp could not stop the intruder Pat Buchanan from usurping the nomination of the party of Lincoln, would Kemp form a third party? Kemp gave a lame response, and finished by telling a lame joke. He then turned to Chaitkin and snarled, "Anton is not laughing. Chill out, Anton!" As he made his way out of the dining room, Kemp came up to Chaitkin's table, grinning, shook his hand and said loudly, "We'll continue this later."

Two days later, Kemp returned to the American Enterprise Institute for a debate on tax policy with Congressman Gephardt. Before the start of the debate, Kemp cheerily and effusively apologized to Chaitkin for "misstating the facts on Lincoln." He said he had read a Feb. 27 *New York Times* op-ed by Alfred E. Eckes on the Republican Party's historical advocacy for protective tariffs. Kemp said that Eckes's article showed him that Chaitkin had been right.

Kemp proceeded to the rostrum and opened up the debate by proclaiming that President John F. Kennedy had cut taxes for the rich, just as Kemp would do, and that's how Kennedy had

created jobs and balanced the budget. During the debate, Kemp repeatedly and deceptively invoked Kennedy, with the implication that JFK had had the same approach as Kemp does—namely, give more money to the rich, and keep the government out of the way!

Representative Gephardt neither corrected Kemp nor referred in any way to President Kennedy and his activist government. But Gephardt criticized the 1980s Reagan tax policy favoring wealthy investors, saying this had not created jobs, as Kemp had alleged. Gephardt called for lower taxes on workers, a simplified tax code, and maintaining a high tax on capital gains.

Kemp, meanwhile, spoke on behalf of the "flat tax" favored by half-a-billionaire Steve Forbes, and advocated the elimination of all taxes on capital gains—so the rich will have "more money available to invest in jobs." Kemp conceded that under President Reagan's tax program, the government budget deficit had increased, but "not relative to the growth of GNP."

The format of the debate did not permit questions from the floor. Following the debate, Chaitkin asked Gephardt whether he favored John Kennedy's investment tax credit, through which the government directed investors to build factories and create jobs. Gephardt said no, tax credits are "too messy," that the investment tax credit "gets crazy"—but that he favors a rapid depreciation allowance, allowing companies to quickly write off new investments in plant and equipment.

Kemp then walked by and apologized again for misrepresenting Lincoln. He was asked if he favored President Kennedy's investment tax credit. Kemp answered, "No credits!" and strode out of the room.

National News

Iklé: Put nuclear weapons under int'l control

Former Reagan Undersecretary of Defense Fred Iklé called for international regulation of nuclear weapons, even if it involves "troublesome incursions that would challenge the traditional prerogatives of national sovereignty," in an article in the New York Council on Foreign Relations journal *Foreign Affairs*, cited by a Dec. 28, 1995 Press Trust of India wire.

Iklé penned this latest attack on the nation-state, saying that worldwide control over the use of nuclear weapons would require difficult choices and pose new political and military dangers, "but there is no alternative. The status quo will not last. . . . The need for ubiquitous intelligence capabilities will have to balance against the protection of civil liberties."

Iklé stated that a total regime of control over nuclear weapons cannot be avoided, because "whether by accident, because of a terrorist act, or as part of a military campaign, a nuclear bomb might explode some day, unleashing forces that would transform the international system far more profoundly than did the collapse of the Soviet empire. Before that calamity occurs, the United States must lead the great powers in planning for the international control of nuclear weapons."

Date set in Billington habeas corpus hearing

A May 20 date has been set by federal Judge Richard Williams, for a hearing to review the claims of Lyndon LaRouche associate Michael Billington that he was deprived of his Sixth Amendment right to counsel in his 1989 trial by the Commonwealth of Virginia. Judge Williams has set aside a week to hear evidence on this point. The hearing will be held in federal court in Richmond, Virginia.

Billington, who spent two years in federal prison as a co-defendant in the LaRouche frameup trial, is currently serving a 77-year

sentence in a Virginia prison on hoked up charges of "securities fraud." He had appealed his conviction to the federal courts, in a *habeas corpus* petition, which documented that his trial and conviction were riddled with violations of his constitutional rights, including double jeopardy, prosecutorial misconduct, and judicial bias.

Judge Williams granted the hearing only on the issue of ineffective assistance of counsel. If Billington proves that point, his conviction would be overturned.

Billington's attorneys are expected to appeal the denial of the petition on the other substantive points. Massive documentation exists to show that the federal and state governments undertook their prosecutions of LaRouche and his associates, in full knowledge that they were innocent of all charges against them. State and federal prosecutors "solved" this problem by suborning perjury, coercing and bribing witnesses, and carrying out other illegal acts.

Three firms dominate meatpacking, says USDA

Agriculture Secretary Dan Glickman released a study on Feb. 14 on "concentration" (i.e., ownership and control of supplies by only a few companies) in the meatpacking industry, prepared by university researchers under contract to the U.S. Department of Agriculture, the Feb. 15 *Wall Street Journal* reported. The study concluded that just three companies, Cargill (through its Excel division), IBP, Inc., and ConAgra (through its Montfort Meats division), control 81% of U.S. meat-slaughter. In 1980, the top four meatpackers controlled only 36% of the steers and heifers slaughtered.

The study confirmed charges in the Dec. 8, 1995 *EIR*, that the food cartel, under the control of the British monarchy, controls the supply of meat and most other basic foodstuffs as a food weapon.

Glickman said that, based on the study, he cannot tell whether the three companies are colluding to depress prices paid to ranchers. Cattle-raisers are being paid an artificially low price of \$63-65 per 100 pounds for the cattle they sell, while meat

prices charged at supermarkets are much higher, and meatpackers are enjoying record profits.

For example, IBP posted a 41% gain in net earnings for 1995 over 1994, while prices paid by IBP to farmers plunged. IBP is the world's largest producer of fresh beef and pork, and is moving to increase its market share in meat sales in Asia.

Glickman stated he has drawn up a 21-person advisory committee to do further study. The committee includes cattle-raisers, but also representatives from Cargill and the Meat Packers Institute, which represents the big three meatpackers. Senate Minority Leader Tom Daschle (D-S.D.) and Rep. Tim Johnson (D-S.D.) had been pushing for the study.

Biomedical scientists urge federal funding

The Federation of American Societies for Experimental Biology (FASEB), a coalition of 10 societies representing 44,000 biomedical research scientists, urged government policymakers to increase funding for basic biomedical research in fiscal year 1997, and for the education of the next generation of scientists, in a report released on Feb. 12. "The federal government is the only source capable of providing the broad, long-term support necessary for basic research," FASEB President Dr. Ralph Bradshaw stated. "The returns to investments in basic research are large, but too difficult to predict and too widely shared to attract the support of private investors."

Bradshaw said that "public funds also promote the climate of openness and sharing which speed the process of discovery and verification." On the other hand, corporate-funded R&D is almost entirely for proprietary purposes.

The FASEB specifically recommends that the National Institutes of Health receive a 6.5% increase in FY 97, stressing that it is estimated that since World War II, over 90% of the revolutionary advances in medical research resulted from NIH funding. It also recommends a 12.1% increase for biological science funded through the National Science Foundation; an increase of 7.2% in

the Department of Veterans Affairs medical efforts; a 34.4% increase for the Department of Agriculture's National Research Initiative; a 6% increase for Department of Energy health-related research; and steady funding for NASA's life sciences programs.

Greenspan reappointed in 'package deal'

President William Clinton reappointed Alan Greenspan chairman of the Federal Reserve Board on Feb. 22. Greenspan had been championed by leading British media, and by Senate Banking Committee Chairman Alfonse D'Amato (R-N.Y.). Laura Tyson, the head of the National Economic Council, which made the final recommendation to the President, indicated that the appointment was made after looking at "the whole package." Clinton also named Alice Rivlin, the director of the Office of Management and Budget, to be vice chairman of the Fed; and Lawrence Meyer, a professor of economics at Washington University in St. Louis, to the Federal Reserve board.

In New York on Feb. 15, President Clinton attacked the "outrageous political treatment" of Felix Rohatyn. Clinton said that he had wanted to nominate Rohatyn to the Federal Reserve vice chairmanship, in order to force a debate on the level of economic growth in the U.S. economy. Clinton said that if the nation had a rate of economic growth only two-tenths of a percent higher, the budget deficit would not be problem.

Rail plan will prevent decline, says group

The Regional Plan Association, a private group, warned that without a massive investment in infrastructure, the New York-New Jersey-Connecticut region will face crumbling urban cores, isolated islands of wealth, transportation paralysis, feeble economic growth, and long-term economic decline, in a five-year study released Feb. 13. The association proposes a \$75 billion, three-year program, primarily to upgrade New York's

aged transport infrastructure with modern high-speed rail, and finish the 25 miles of rail links that would create a tie-in for the entire region and to other never-completed projects.

An *EIR* study of transport in New York in the 1970s found that for the lack of less than two miles of railroad track in Brooklyn, it was impossible to transport freight from Kennedy Airport to the ports in the city, which resulted in the use of trucking instead.

The association proposes that this be funded by a gasoline tax of an additional up to 20¢ per gallon, and increased bridge and tunnel fares during periods of congestion, to be used by a tri-state infrastructure bank. The bank would be the financial mechanism for the capital spending plan, insulated from the political pressures of the three state governments.

AFL-CIO hits electric utilities deregulation

The executive council of the AFL-CIO warned against destabilizing the electric utility industry, at its meeting on Feb. 21. Hundreds of thousands of jobs in the electric utility and related industries are threatened by the proposed deregulation of the industry and "emerging international environmental commitments related to global climate change," it said. "Claims of universal benefit associated with fully open competition for electricity supply are exaggerated and not well founded."

The AFL-CIO correctly stated that "radical deregulation" of the industry will increase electricity rates for residential customers, and that pressure for more downsizing and layoffs will come from such measures.

"The AFL-CIO encourages Congress and state regulatory authorities to proceed cautiously on electric utility deregulation and ensure that deregulation efforts do not destabilize the industry, threaten workers' jobs, and dramatically increase residential electricity rates. Similarly, efforts to address global climate change must not threaten U.S. jobs and harm competitiveness of U.S. industry," the executive council said.

Briefly

THE AFL-CIO executive council approved a plan Feb. 20 at its semi-annual meeting, to hold a series of town hall meetings in 27 cities nationwide, from March through May, that will stress the growing "wage gap" between upper- and lower-income Americans.

THE SECURITIES and Exchange Commission plans to review *EIR*'s call for an investigation of George Soros, Stanley Druckenmiller, Newt Gingrich, and others, to decide whether to open a formal probe, a spokesman said Feb. 15. *EIR* alleged that speculators were colluding to profit from a U.S. debt default.

RICHARD HOLBROOKE, the former U.S. envoy dealing with Bosnia, said that the U.S. decision (under President Bush) not to get involved when the threat of war in the former Yugoslavia was getting acute, and instead to leave the field to the Europeans, was a prescription for disaster, in an interview in Romania on Feb. 13.

A MILLION WOMAN March is planned for June 15 in Los Angeles, the Congress on Racial Equality and other civil rights groups announced on Feb. 15. This march, the spokeswoman said, will include both men and women and their families.

THE WESTERN Fuels Association called environmentalists "druids" engaged in a "scientific fraud" to promote their global warming theory, in a Feb. 15 press release. Western Fuels, a cooperative of several fuel and electric utilities, has been taking the lead in funding the publication of research exposing the fraudulent global warming theory.

UNITED AUTO WORKERS members of Local 1981 produced a 32-page comic book that exposes "the crimes, the history, and the treachery of the World Bank and the International Monetary Fund." The authors say, "This isn't a balanced view of the bank. They have millions of dollars to get their side across, so why should we help them?"

What you are thinking today

Most Americans cling fiercely to the right to have their "own opinions." Not only does such a conviction override the obligation to be responsible for the consequences of one's opinions, but, in fact, it assumes that the opinions we cherish are really our own.

In fact, most of those opinions which we cherish as "our own" have been imprinted on us by clever mass-media brainwashing techniques. A minor scandal during the recent New Hampshire Republican Party primary illustrates this point. It had to do with charges by Steve Forbes that Bob Dole's campaign had commissioned a series of "anonymous" phone calls to potential voters, slandering Forbes. Senator Dole denied this vigorously.

The truth of the matter, as it turned out, was more interesting. Dole had commissioned a "poll" on voter opinion; however, the poll was in fact an anti-Forbes propaganda effort. The construction of such a "poll" affords us a useful insight into the real nature of "scientific public-opinion polling."

The scandal concerned the use of "push polls," the aggressive transmission of negative information about a rival, disguised as a poll question—something along the lines of: "Do you agree or disagree with the well-known charge that candidate X still beats his wife?" The affair caused an outpouring of public piety from the poll-takers, and one grand old man of the fraternity, Robert Teeter, went so far as to call the practice "questionable," in a Feb. 13 *Washington Post* interview. And Teeter—who was director of research for the Nixon White House's Committee to Re-Elect the President, and later went on to help George "Willie Horton" Bush shape his propaganda—surely knows the meaning of the word "questionable."

The fact is, that "pushing" is not an aberration, but is the original and still-primary function of poll-taking. Successful pollsters know how to shape the form and context of their inquiries, in order to manipulate the results. For instance: The question, "Should the government prohibit the states from extending public assis-

tance beyond 24 weeks?" will give one set of results. But, one can get a vastly different response from the same group of people, if the question is varied to, "Should welfare be extended beyond 24 weeks?"

A polling whiz like Teeter gets paid, not for his statistical expertise, but for his knowledge of the fears and prejudices of the American people, and how such fears and prejudices can be used to create the desired result. Possibly the most honest statement to describe opinion polls came from Albert Sindlingen, a close associate of poll pioneer George Gallup back in the 1930s and '40s: "We'd set up the headlines and draft the story, then we would go out and do the surveys to fill in the gaps."

However, the real problem is not whether the statistics you read in the paper are true or manipulated; but, whether you think that the truth itself is statistical. Does the fact that 85.3% of the population believe a thing to be true, make that thing, somehow, more true, than some poor little fact that is subscribed to by only 10.7% of the people? These days, it appears that this is the case. Candidates craft their platforms to fit the highest statistical profile, and legislators draft policy—even scientific policy—to please popular prejudice. We should all remember that it was "scientifically measured," if completely uninformed, public opinion that almost killed nuclear power in this country.

The only thing that a poll can tell you, is how many people remain for you to convince of the truth. Scientific discovery is located in overturning an idea which is firmly held by 99.999% of the population, including the so-called experts. The same is the case in politics. A political figure who knows the truth and sets about to convince the citizens that what they think is wrong, and that they should change their minds, is called a "statesman." A political figure who gives people exactly what they think they want, is called, on some street corners, a "prostitute." We do well to keep this distinction in mind during this crucial election year.

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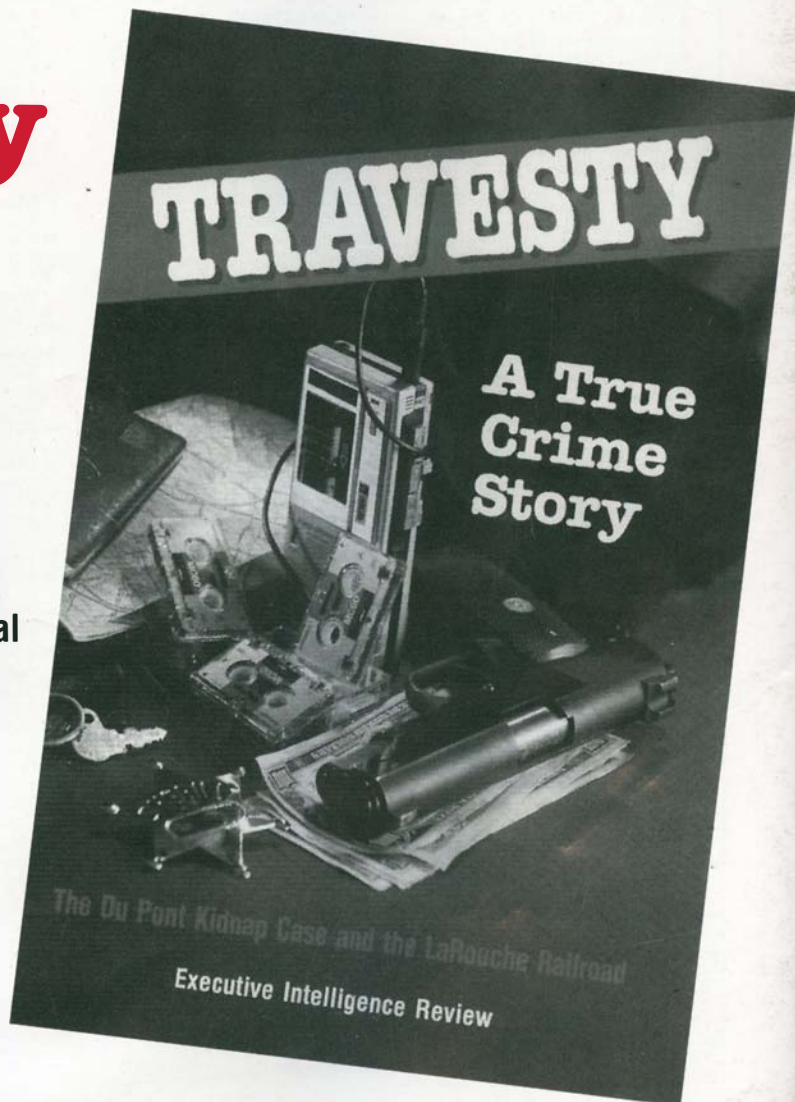
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