

# EIR

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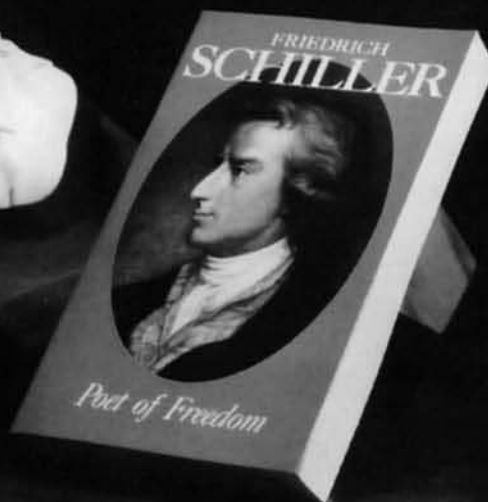
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## From the Associate Editor

**W**ith the outbreak of mass strikes throughout Europe, including in Russia, it is clear that we are now in a revolutionary period, full of the potential to defeat the oligarchical enemies of mankind, and to launch a new world economic order, based on the inalienable rights of man.

As we reported last week, the press and leading spokesmen in Europe are recognizing, and publicly stating, what *EIR* and Lyndon LaRouche have long warned: The entire international monetary system is set to blow up at any time. The regime of International Monetary Fund conditionalities, and the austerity criteria of the Maastricht Treaty, must be scrapped. Such warnings continue apace. In an interview with the daily *Il Tempo* on March 17, for example, former Italian cabinet minister Paolo Savona declared: "We are sitting on a powderkeg, and we act as if we did not realize it. Either we decide to restore our sovereignty, through control of international monetary creation, or we risk an explosion."

Now, the warnings of political leaders are being backed by a mass labor upsurge, sweeping Europe. Our *Economics* section features the most important situation, that in Germany. Workers at the Thyssen steel company are out in the streets to protest "casino capitalism." They have blocked—at least for now—a hostile takeover bid by Krupp-Hoesch, which was being bankrolled by a banking conglomerate steered from London. Similar explosive situations exist in France, Spain, Greece, Italy, Bulgaria, and Russia.

The issue here is the sovereignty of the nation-state, and Germany's role as the leader of European industry. Helga Zepp LaRouche, in her commentary on President Roman Herzog (*Strategic Studies*), analyzes the deeper issues of statecraft involved.

The British oligarchy, to be sure, will not be stopped by a tactical defeat. They must be beaten decisively, by the flanking maneuvers that Lyndon LaRouche has outlined. In this issue, our *Feature* presents devastating new material on the British harboring of international terrorism, and calls for the United States to level sanctions against London. Britain, *unlike Sudan*, has *refused* to ban those who use its territory to plot terrorist assaults!

*Susan Welsh*

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## German unions throw down the gauntlet to big banks

by Rainer Apel

On March 25, something happened in Frankfurt that has never happened before in 50 years of postwar Germany: A huge labor rally protested the leading role that the major banks have taken in promoting the whirlwind of financial speculation at the expense of production and jobs. Thirty thousand angry workers, mainly from the Ruhr region's Thyssen Steel company and other steel and metal producers, but joined by banking employees and others, had gathered in front of the twin towers of the Deutsche Bank headquarters, to demand that the politicians bring the banks under control.

Deutsche Bank, through its London-based daughter company Morgan Grenfell, had tried to stage a hostile takeover of the Thyssen industrial group, in a conspiracy with the investment banks Goldman Sachs and Kleinwort Benson, a London branch of Dresdner Bank. Intended to be carried out through the Krupp-Hoesch steel company (which in spite of its bank debt of DM 3.6 billion, had nevertheless been granted a substantial credit line of up to DM 18 billion, to buy up shares for this takeover adventure), the conspiracy was leaked to the public and to the workers on March 17, and led to instant strike actions at Thyssen Steel. Rumors had it that the takeover would kill at least 30,000 jobs, in both steel firms.

What enraged the workers in a special way, was the fact that Deutsche Bank had representatives on the boards of both Thyssen and Krupp-Hoesch, which added to the takeover scandal the scent of unscrupulous insider operations. Ulrich Cartellieri, Deutsche Bank's man on the Thyssen board, had not attended the last board meeting on March 14, with the excuse of being sick; by this means, he avoided telling the other board members about the takeover plans. There was no intention for the news to get out, since, by its nature, a hostile takeover has to take place totally by surprise.

But the plan for this first-time major takeover in Germany was leaked in the afternoon of March 17, and within hours, the leak provoked the first widespread labor protest against

the role of the banks. The protest began with the workers demanding that Cartellieri resign or be fired from the board of Thyssen, and progressed to strikes by the steelworkers in Duisburg and Dortmund. The demonstrations culminated in the decision to take the protest directly to the doorstep of Deutsche Bank's headquarters in Frankfurt on March 25, where tens of thousands of steelworkers from all over the country gathered. The day before the Frankfurt event, steelworkers staged a "walk" through the banking district of Düsseldorf, throwing peanuts at the gates and windows of the banks, a reference to an outrageous statement by Deutsche Bank Chairman Hilmar Kopper had made at the peak of the Schneider Group real estate default in 1995: Poking derisive fun at the contractors, builders, and construction firms who were demanding their bills be paid, Kopper sarcastically cracked that they were only asking for "peanuts" from a big bank such as Deutsche Bank. Kopper's swipe caused a lot of damage to the bank's reputation.

### A test case

Even worse were the remarks made on March 18 by Rolf E. Breuer, another Deutsche Bank board member, that he and his co-thinkers viewed the Thyssen takeover as "a test case" to see whether such huge takeovers, which had occurred "in Great Britain and the United States, are also possible in Germany." Breuer, a leading representative of the new type of "Anglo-German banker" that emerged after the November 1989 assassination of the traditionalist Deutsche Bank chairman Alfred Herrhausen, did not try to conceal at all that he believes that "shareholder values" rank above anything else. The "Anglo-Saxon" values which Breuer represents among bankers, are the same as those held by Krupp-Hoesch chairman Gerhard Cromme, who had been chosen for the Thyssen takeover job.

Nothing can better illustrate how Cromme and his ilk,



among the modern managements of German industry, have decoupled from the genuine interest of Germany as an industrial nation, than the article, which the London *Sunday Times* published on March 23. The full-page article portrayed Cromme as “the dam-buster,” openly endorsed his assault on Thyssen, and was accompanied by a cartoon depicting the famous World War II British bombing of the dams in Germany’s industrial Ruhr region. The bomber bore a logo reading “Cromme Command,” and listed as crew members, “Deutsche Bank, Dresdner Bank, Goldman Sachs.” Referring to the cartoon, the *Sunday Times* gloated: “Just as the Lancaster bombers of the Royal Air Force demolished the Ruhr’s giant dams 54 years ago, so Cromme and his team have emerged as the new dam-busters—blasting a hole in Germany’s postwar industrial consensus, the social market economy. Cromme’s DM 435-a-share offer to Thyssen shareholders is the first such bid ever made in Germany.”

“The importance of this goes well beyond the steel industry,” the *Sunday Times* quoted an unnamed British merchant banker. “It is much more fundamental—it could be a watershed event for Germany. . . . The tactics of Krupp’s Gerhard Cromme mark the failure of the Germany’s social market economy and show it must turn to the British and American model.” Cromme’s “attitude to business was shaped by a period at Harvard Business School,” the article said, adding that “Cromme developed a conviction that, if Germany was to maintain the lofty position that the postwar economic miracle had secured, it would have to adopt some of the Anglo-Saxon ways of doing business.”

Now, the broader German public does not know what the *Times* wrote about Cromme and his backers. But the arrogant statements by Breuer sufficed to make the workers and even some of the media boil over. Just the week before the conspiracy against Thyssen was leaked, several tens of thousands of angry coal miners had marched to Bonn, while, at the same time, several thousand angry construction workers occupied construction sites in Berlin, staging five days of protests against deregulation. As early as March 11, angry miners from Saarland had planned to drive to Frankfurt, to “shovel hot coal on the desks of the bankers there.” This plan was aborted, but was revived in the steelworkers’ Frankfurt rally on March 25. Also unprecedented, on March 21, the prime-time commentary on Germany’s first national TV channel broke the unwritten taboo of never—ever—attacking the major banks, and presented the conflict over Thyssen as taking place between “high finance” and “labor interests.” Other German media also made attacks on the banks, most notably *Bildzeitung*, the nation’s widest-circulation tabloid, which took labor’s side in two major commentaries on March 19 and 20. In the first, Paul C. Martin, a leading banking and investment expert, wrote that “the men at the blast furnaces” were told they are “superfluous . . . because they are standing in the way of what is called shareholder values in contemporary language, or, to put it plainly: the highest-possible value of stocks. In earlier days, they called it maximizing profits.

“All of that looks like a conspiracy, spun out in the back room of some pub. Banks and insurance companies have spun this out. And they proceed with a cold-bloodedness, that makes one shudder. . . . What is threatening the Ruhr region, is not what the heart of German industry, nor Germany for that matter, has deserved,” Martin concluded.

And under the alarming headline, “Republic in Danger!” Peter Boehnisch, *Bildzeitung*’s longtime former editor-in-chief—and before that, in the early 1980s, a government spokesman for Chancellor Helmut Kohl—wrote on March 20: “Stocks are rising, the value of the firm is rising—and the people are thrown into joblessness. And that is a good thing? It is insanity. This has nothing to do with the social market economy.”

“No responsibly-minded employer would polish his corporate logo on the bones of his employees. This crude style at the Rhine and Ruhr is dangerously deadly: The banks, managements, and speculators make profits, and the taxpayers have to take care of those who are thrown out into the streets. . . . If the banks are enforcing this regression into early capitalism, and if our politicians are tolerating this, then the social peace is in danger, and with it, also this republic,” Boehnisch warned.

### ‘Threat to social peace’

Thus, the ground was well prepared, when metalworkers national chairman Klaus Zwickel gave his keynote to 30,000 protesting workers, directly in front of Deutsche Bank’s gates in Frankfurt, on March 25. That rally, by the way, had not been organized by the metalworkers union, but spontaneously, by the steel union locals of Thyssen and Krupp-Hoesch, which just indicates what could be done, if the metalworkers, with their more than 2.6 million members, were to mobilize for a struggle with the banks and the government.

Zwickel called the banks’ policy a “threat to social peace,” and took the speculators head-on: “Casino capitalism is a threat to the society. . . . Perhaps, Deutsche Bank is giving itself a new corporate slogan, which would read: “The dealers at Deutsche Bank are making society sick.” He said that the power of the banks must be made a priority issue in Germany and Europe, and that what is required is not just fines for violations of insider trading regulations, but “generally, means and ways, by which the banks’ earnings can be taxed and the power of banking reduced. “A tax reform worthy of the name, must not leave gains of speculators and banking profits untouched. That is where one must get the revenue, and not from social welfare recipients and jobless.”

“Frankfurt is not Las Vegas,” Zwickel quipped. “The bandits there are only one-armed.” Designs for a transaction tax against speculators have been discussed among the German labor unions, in recent weeks, providing labor with a new, and more precise weapon in the ongoing mass mobilization against the government’s budget-cutting policy and the social sacrifices that would tag along with the planned European Monetary Union. Having tested its muscles in three nation-

wide mobilizations in two weeks, German labor has built up its combat strength, and is now openly challenging the monetarists. Politics in Germany has reached its “breaking point,” Ursula Engelen-Kefer, deputy secretary general of the German Labor Federation, declared in an interview with the *International Herald Tribune* on March 26. She warned that if the government insisted on going ahead with budget cuts, “then we will increase our protests on a nationwide basis and also on a regional and local level, together with our allies, including the churches, social welfare institutions, and political parties such as the Social Democrats and the Greens.”

It seems that this warning also was heard at Deutsche Bank headquarters: The bankers announced on March 24, on the eve of the Frankfurt steelworkers rally, that they would no longer pursue the original takeover plan, but were opting

for a “friendly” merger. And Ulrich Cartellieri, Deutsche Bank’s man on Thyssen’s board, announced the same day that he would be resigning his seat at the next board meeting on March 27.

The steelworkers hailed these concessions, but also left no doubt, that they do not intend to be fooled about the character of bankers like Breuer, or about their policy. Effective legislation against financial speculation and shareholder excesses, and limitations to the banks’ powers inside industrial companies, are what the steelworkers—and the labor movement in general—are now calling for. This can be achieved, because the political conditions are ripe for such measures. But the next step must be a political mobilization for a reorganization of the banking sector, for a return to the principles of industrial credit, and the creation of jobs.

## Civil Rights Movement leaflets labor rally

*The Civil Rights Movement-Solidarity, a German party founded by Helga Zepp LaRouche, made a crucial intervention into the steelworkers rally in Frankfurt on March 25, with a leaflet headlined, “What Does the Attack on Thyssen Have to Do with the Murder of Herrhausen?” The text of the leaflet, in translation, follows:*

What can move a big bank like Deutsche Bank, to act so fundamentally against the interests of German industry and German workers? The unsolved murder of [Deutsche Bank chairman] Alfred Herrhausen in November 1989 provides the key to this question!

Herrhausen followed an entirely different policy—namely, the economic development of Germany in the tradition of the Kreditanstalt für Wiederaufbau and such bankers as Hermann Josef Abs. Representatives of this school considered it the banks’ task to support the *Mittelstand* [small and medium-size enterprises], the machine-tool industry, and other conveyors of productivity in the economy, and thus they served the common good of society as a whole.

In the speech that Herrhausen expected to make in early December 1989, which was not given because he was murdered, he demanded the economic development of Poland, facilitated through a Development Bank, modelled on the Kreditanstalt für Wiederaufbau. Instead, after his death, the entirety of Eastern Europe and the former Soviet Union was ordered to follow the ruinous “shock therapy” of the IMF.

Allegedly, Herrhausen, whose ideas of banking policy aimed at the development of the East would have been key, was killed by an ominous third generation of the RAF (Red Army Faction). On Jan. 7, 1997, Deutschlandfunk radio reported in a broadcast, that, 1) this “third generation” doesn’t exist at all; 2) the German authorities scandalously covered up the real circumstances of the murder; and, 3) indications point toward international financial circles in London and elsewhere, as being behind the actual murderers.

It is an indisputable fact, that all of Herrhausen’s successors followed a directly opposite policy, not of economic development, but of economic destruction, which sacrifices precious economic capacities to the speculative hunger of financial sharks.

It is also a fact, that after the fall of the Wall in 1989, Margaret Thatcher was ready to do anything to weaken Germany, as she admitted in her memoirs. It is also a fact, that George Bush insisted on a policy of self-containment for Germany, as a precondition for reunification. The pressing question remains: Why did the German authorities collaborate in covering up the murder?

The attempted hostile takeover of Thyssen by Krupp, under the leadership of Deutsche Bank, is nothing but a continuation of a policy aimed at containing Germany and destroying its industry. That is what is going on!

We demand:

- The complete survival of Thyssen, which is one of the key industrial sectors of Germany, and is needed in the construction of the Eurasian Land-Bridge!

- The immediate and complete clarification of the Alfred Herrhausen murder.

Justice for Herrhausen!

Justice for the Thyssen workers!

Justice for Germany!



# Dereg puts nuclear utilities at risk

*The plan to deregulate electric utilities has already threatened to send one nuclear utility into bankruptcy. Marsha Freeman reports.*

On January 28, 1988 Public Service of New Hampshire (PSNH) became the first investor-owned utility since the Great Depression to file for protection under Chapter 11 of the U.S. Bankruptcy Code. The utility had no way of knowing, back in 1976, when it began construction of the Seabrook nuclear power plant, that over the intervening years, well-financed anti-nuclear protesters and their allies in the New Hampshire and neighboring states' political bodies would use the incident at Three Mile Island in 1979, and the blowup of the Soviet reactor Chernobyl, Ukraine in 1986 to cause delays, ultimately more than quadrupling the plant's cost, and undermining the very existence of the utility.

On Feb. 28, 1997, the Public Utilities Commission of New Hampshire announced a restructuring plan for the state's five utilities, which would, once again, throw Public Service (PSNH) into bankruptcy court.

New England and California, all states with very high electric rates, have been vying with each other to implement "competition" in the generating segment of the electrical industry, to give individual customers the "freedom to choose" which company will provide their electric power. Such competition, it has been advertised, will lower rates to customers by as much as 43%.

Although promoters of deregulation make vague statements that such rate reductions will come from new technology, or economies thanks to consolidation, the action of the New Hampshire regulators sheds a light on where such "economies" will really come from. In the case of Public Service, the PUC has proposed that the rate reductions be paid for by not allowing the company to recover all of its costs, which regulators had heretofore allowed them to recover. These costs, which then become "stranded," because utilities cannot pass them on to customers, include the construction debt of "high-cost," capital-intensive nuclear plants, and programs to provide electricity to the indigent and elderly, and high-cost power from non-utility renewable plants.

The fight to save Public Service of New Hampshire is the first volley in a war which could throw dozens of utility companies into financial insolvency, and the electric grid system into chaos.

## How the regulatory compact worked

Since the 1930s, when the investor-owned electric utility companies were regulated, there has been what is known as a

"regulatory compact" between the utility and the government. In exchange for the exclusive franchise to service customers in a city or area, the state regulatory body set the rates a utility could charge its customers, as well as the profit its stockholders would make on their investments. In addition, the utility was required to provide what was called universal service, supplying electricity to any customer, regardless of the cost to the utility.

Under the regulatory compact, the regulatory body would determine the rates a utility could charge its customers, based on the cost of producing, transmitting, and distributing electricity, and on what the regulators determined would be a fair return on investment for the company's stockholders. While typically the return on utility stocks is lower than other commercial paper, the stocks are largely held by older and retired citizens, more interested in a lower-risk, long-term investment than high return. This system produced reliable and reasonably priced electricity-generating and delivery service, for more than 60 years.

On Feb. 28, the New Hampshire PUC announced that, in order to meet the requirement set by the State Legislature in May 1996, for there to be statewide electric utility restructuring to implement retail choice for all customers by Jan. 1, 1998, the Legislature was abandoning setting rates for customers based on the utility's ability to recover the cost of providing service; instead, it would now set rates based on regional averages. The PUC ruled that Public Service of New Hampshire would have to institute a *19% rate decrease*, to bring it into line with the average rates for New England.

What this would mean for the utility had been made perfectly clear to the PUC during testimony on Jan. 17, by Public Service Company's Executive Vice President and Chief Financial Officer John Forsgren, who told the commission that should the utility lower rates on such a scale, it would be forced to write off about \$434 million in regulatory assets, which is income it expected from its customers through previously approved rates by the PUC. Forsgren explained that PSNH has \$686 million of outstanding debt, which would be in default in this scenario of high rate cuts. "Each of our creditors would be in a position to accelerate its debt," he told the PUC. "If any single significant creditor demanded immediate payment, as is their right, all of the others would immediately follow. A bankruptcy filing for PSNH would



*Eco-terrorists mobilize to stop construction of New Hampshire's Seabrook nuclear plant in 1980. What they left undone, New Hampshire state regulators are trying to finish.*

then be inevitable." Even in the unlikely event that no one demanded immediate payment, "in May 1988, PSNH is obligated to repay \$170 million of first mortgage bonds, which it would be unable to refinance, and that event would trigger certain bankruptcy." Refinancing seems unlikely, since PSNH's bond ratings have already fallen from BBB—to "what amounts to junk bond ratings," Forsgren stated.

### **Restraining order sought**

Following the PUC ruling, Public Service of New Hampshire went into U.S. District Court on March 3 to request a temporary restraining order on the section of the Public Utilities Commission ruling that attempted to change the rate setting methodology from cost of service to average regional cost, which would require them to write off regulatory assets.

In its brief to the court, the utility states that the Public Utilities Commission's attempt to rewrite the rules is "pre-empted by the Federal Power Act, the Public Utility Holding Company Act, and the Public Utility Regulatory Policies Act of 1978." The plaintiffs also maintain that the ruling violates the court's own confirmation of the 1990 bankruptcy reorganization plan for the utility, and the Fifth and Fourteenth Amendments and the Contract Clauses of the U.S. Constitution.

On March 10, the court granted the temporary restraining order and set a March 20 hearing date for a preliminary injunction. This is now the second time there has been an attempt to change the rules of the game at half-time, sending the utility into bankruptcy.

One of the most widespread myths perpetrated by the radical free marketeers promoting deregulation, is that utilities with nuclear plants that today are deep in debt, made "imprudent" investments for baseload capacity that was too expensive and unnecessary, and that their financial plight is their own fault.

The history of PSNH's nuclear plant at Seabrook is a case study showing what kind of lie this is. In 1972, Public Service of New Hampshire decided to build the Seabrook Station, which was to consist of two power plants, with a completion date in 1979, at a cost of \$1.3 billion. PSNH was to own 50%, with neighboring utilities splitting the remaining half of the cost and the electric power. The PUC approved the plan. At the time, PSNH was importing electricity from other utilities to try to meet load growth.

In 1976, the utility was awarded a construction permit, and the same year protests began at the planned site. In 1978, the utility received approval from the PUC to begin charging customers for the carrying cost for the money it was borrowing to build the power plant, which was typical throughout the industry. But one year later, New Hampshire's political order changed, and the new Democratic Gov. Hugh Gallen, keeping a campaign promise, signed a law prohibiting PSNH from charging customers for the cost of the plant until it was providing electricity. In the meantime, costs were escalating as the protesters and public "intervenor," running amok, held up construction. Costs rose further and faster when, over Columbus Day weekend in 1979, Federal Reserve Chairman Paul Volcker raised interest rates into the double digits.

After the incident at Three Mile Island in March 1979, the Nuclear Regulatory Commission in Washington changed its regulations, and now required companies to have plans in place to evacuate millions of people from the environs of nuclear plants, before they could obtain an operating license. In 1986, after the Chernobyl fire in Ukraine, Massachusetts Gov. Michael Dukakis, backed by his anti-nuclear supporters, refused to cooperate with the nearby utility to draft an evacuation plan.

Without rate increases during construction to help cover work-in-progress, and with costs piling up from each delay, PSNH reached the end of its ability to borrow for construction and to service existing debt. After the PUC and the courts refused to provide emergency rate increase relief, Public Service of New Hampshire filed for bankruptcy in January 1988.

One Seabrook nuclear unit was completed in July 1986, seven years late, at a cost of \$4.5 billion. The second unit had been cancelled. However, PSNH was not able to obtain an

operating license from the Nuclear Regulatory Commission for another four years, because there was no evacuation plan for the ten-mile radius around the plant. The final cost for one Seabrook unit was \$6.6 billion, with PSNH's share at \$2.9 billion, for 36% of the plant.

PSNH was the only nuclear utility pushed into bankruptcy by political forces who opposed nuclear energy, but other utilities saw themselves as powerless to turn the irrational anti-nuclear, anti-growth tide.

Media lies to the contrary, the limits-to-growth movement did not target the nuclear utilities because of its expressed concerns about nuclear safety, especially in the wake of Three Mile Island. With the oil hoaxes of 1973-74, utilities' interest increasingly turned to nuclear power, after fossil fuel prices quadrupled. To counter the large-scale growth in this more technologically advanced energy source, Club of Rome- and World Wildlife Fund-sponsored "anti-nuclear activists" placed propositions on the ballots in six states in 1976 to stop the construction of nuclear plants. Although all of the ballot initiatives failed, the handwriting was on the wall, and neither the utilities nor the nuclear industry went on the offensive to stop this assault on technological progress.

Over the two decades since, more than 100 nuclear plants were cancelled, a handful of which were more than 50% complete.

Today, as states start to set dates for deregulation initiatives, and Congress threatens to enter the fray with federal legislation, many of the nation's already-operating nuclear power plants, which altogether provide more than 20% of the nation's electricity, are at risk.

The day that Public Service filed its lawsuit against the PUC, Moody's Investors Service announced that the PUC "decision has the potential to create default under various of PSNH's lending agreements," which could "ultimately force PSNH to declare bankruptcy for the second time in a decade." Moody's lowered the ratings of Public Service of New Hampshire, its parent company, Northeast Utilities, and two other subsidiaries. On March 1, 1996 Moody's had warned that a number of electric utilities in the Northeast would be "under pressure" if full competition is introduced, with the potential for \$43 billion of stranded costs in that region alone.

In an August 1995 report, Moody's had warned that stranded costs could threaten the credit quality of utilities, estimating that these costs could range between \$50 and \$300 billion. Moody's analysts recognized that "it will be extremely difficult to reconcile full recovery of such costs with meaningful reductions of electric rates," and predicted that regulators, therefore, will not allow utilities to fully recover their costs.

The report concludes that "Moody's believes that there are at least 10 nuclear plants (out of 109 in the U.S.) that might be closed in the event of deregulation. And this number is likely to increase, if nuclear plants continue to require expensive capital additions to remain in operation."

## Will sanity prevail?

Even though there has been wild euphoria among the most rabid free-marketeers in the House of Representatives over the prospect of federally mandating electric utility deregulation, reactions in the Senate to such proposals have been more measured.

(It is ironic that regulators in the home state of Virginia Republican Tom Bliley, who chairs the House Committee on Commerce and is a vocal proponent of radical restructuring of the electric utility industry, have turned their noses up at the deregulation carrot. The July 1996 "Staff Report on Restructuring of the Electric Industry," prepared for the Virginia State Corporation Commission, states that because the Commonwealth has relatively low electric rates, "there may be little to gain and much to lose by being on the leading edge of the restructuring movement." The report recommends "careful study" of the issues, which include the recovery of stranded costs, and the experience of other states, before retail wheeling is considered for Virginians.)

The Senate Committee on Energy and Natural Resources, chaired by Frank Murkowski (R-Alaska) is holding a series of workshops on electricity deregulation to educate members on this complex issue. Opening the first workshop on March 13, Murkowski stated that he is willing to "move forward" on

U.S. environmental groups were given millions of dollars in the past five years to spread scare stories about a man-made ozone hole that would cause cancer on Earth.

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legislation for deregulation, "but *only* if it satisfies a number of public interests." In these, he included the lowering of prices for residential customers; the continuation of system reliability; the protection of investors and utility stockholders, individually and through pension funds; and, fair recovery of stranded costs.

Many members of the Senate Committee represent regions such as Idaho, Washington, North Dakota, Arkansas, and Wyoming where electric power is lower priced, and they are rightfully concerned that if every region competes for a limited amount of "cheaper" electricity, there will be a national leveling of cost, increasing prices for their constituencies. Sen. Craig Thomas (R-Wyo.) stated at the workshop, "I have a lot of rural areas. Some deregulation hasn't been particularly useful for rural areas, like airlines." Referencing the mergers and consolidation that have already taken place as the industry "prepares" for competition, Sen. Byron Dorgan (D-N.D.) joked that "without the Rural Electrification Administration, we'd still be watching TV by candlelight," but everyone got the point.

Federally mandated deregulation, which may have enthusiastic support in the House, is unlikely to be passed into law in this session, there or in the Senate. But individual states are now making their own evaluations of whether to go ahead with restructuring.

New Hampshire politicians and regulators have decided that they will legislate, not so-called competition, but what the *results* of competition are supposed to be, i.e., lower rates, for which they propose to rip up the decades-old agreements between the regulators and utilities, and ratepayers and investors, and let the chips fall where they may.

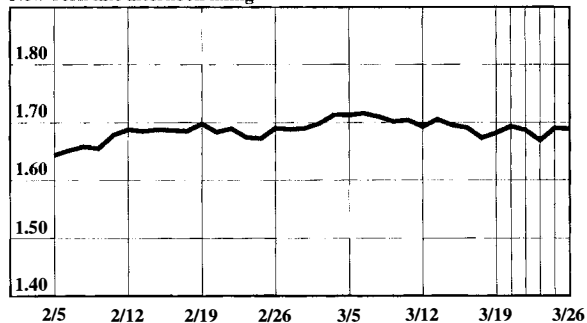
Recognizing that initiatives for deregulation could have a dramatic impact on the ability of this system to continue to deliver reliable electric power, in December, Department of Energy Secretary Hazel O'Leary established a Task Force on Electric System Reliability. At their first meeting on Jan. 16, Task Force members from the department and the utility industry expressed their concern that there may not be adequate "financial incentives" in a competitive industry to make the necessary investments to maintain reliability. The members of the task force will examine the technical, institutional, and policy questions surrounding reliability issues, and will make their recommendations available to the administration through the Energy Department Advisory Board.

Some in Congress have promoted federal legislation for electric utility deregulation in order to preempt states from enacting counterproductive local legislation. But it may be time for the federal government to act in its capacity as Constitutional guarantor of the general welfare, and to consider *superceding* destructive state legislation, especially when it could effect the welfare of citizens of neighboring states, as it would in the case of New Hampshire Public Service.

## Currency Rates

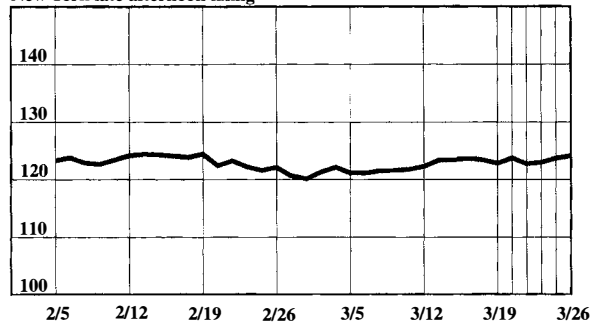
### The dollar in deutschemarks

New York late afternoon fixing



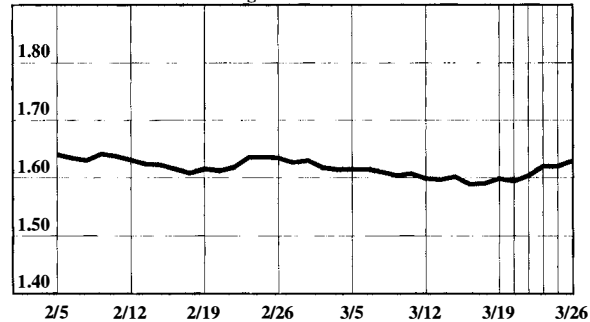
### The dollar in yen

New York late afternoon fixing



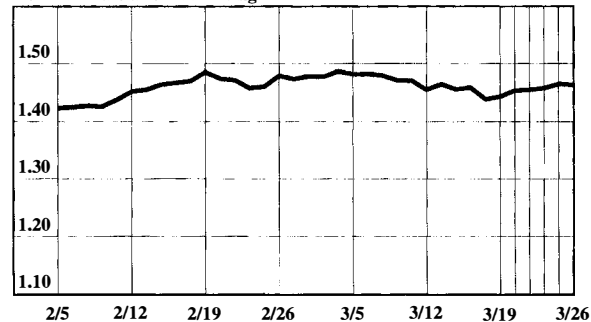
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Cloning discovery will save lives

by Colin M. Lowry

Since scientists at the Roslin Institute in Scotland announced Feb. 24 that they had cloned a sheep, a political fight has erupted around the cloning issue, which is part of a much larger battle—that of whether scientific progress will continue to save lives and increase mankind's power over nature. The cloning discovery has the potential to create new and better treatments for disease, and has challenged some of the fundamental assumptions of modern biology. The hysteria generated in the popular press over the possibility of human cloning, in fact, was designed to shift the emphasis away from the important benefits to medicine, agriculture, and basic research that the discovery will produce. The issue became so hot, that it soon prompted Congressional hearings in both the House and the Senate, as well as review action by the National Bioethics Advisory Commission.

The new cloning technique involves the transfer of the nucleus containing the DNA (the genetic material) from an adult cell, into an egg that has had its DNA removed. (See figure, p. 12.) The resulting embryo is genetically identical to the adult animal from which the nucleus was transferred.

In the procedure developed by Dr. Ian Wilmut and his team at the Roslin Institute, cells are removed from an adult sheep's udder, and grown in culture. The cultured cells are treated chemically so that they exit the growth phase of the cell cycle and enter a quiescent state. This is key to the success of the technique, because putting the adult donor cells into a state of metabolic quiescence makes them very similar to the metabolic condition of an unfertilized egg. It is thought that this will put the donor DNA into a conformation that is likely to respond to those proteins in the egg that direct and regulate genes in development.

The next step in the procedure is to remove the DNA from an unfertilized egg, and then fuse the donor cell nucleus to the egg using a small electric charge. This electric charge starts the cycle of cell division and growth. Once the embryo has grown to an adequate size, it is implanted into a surrogate mother, where it will develop normally.

Scientists have attempted cloning of amphibians and mammals for years, but no one had previously succeeded in producing offspring that could fully develop. The breakthrough in cloning has challenged two fundamental assumptions in biology. The first is that only germ cells, sperm and egg, can participate in forming a new individual. Second, it was previously believed that an adult's cells that are termi-

nally differentiated have had their DNA conformation permanently changed, making them unable to re-direct the developmental program necessary for producing a new individual. The cloning success has shown that any changes to the DNA conformation are reversible, which will open up many new approaches to gene regulation. This may mean that a differentiated cell, such as a liver cell, can be re-programmed to return to an embryonic state, and then grow and differentiate into new liver cells to repair damage.

## Many benefits

Dr. Harold Varmus, director of the National Institutes of Health, discussed the possibilities of tissue regeneration and repair in testimony before the Senate Subcommittee on Public Health and Safety, March 12. He said that the understanding of gene regulation in human development may make it possible to de-differentiate cells, correct genetic defects, and then direct them to grow back into their specialized type. This would have a huge impact on the treatment of injury and disease.

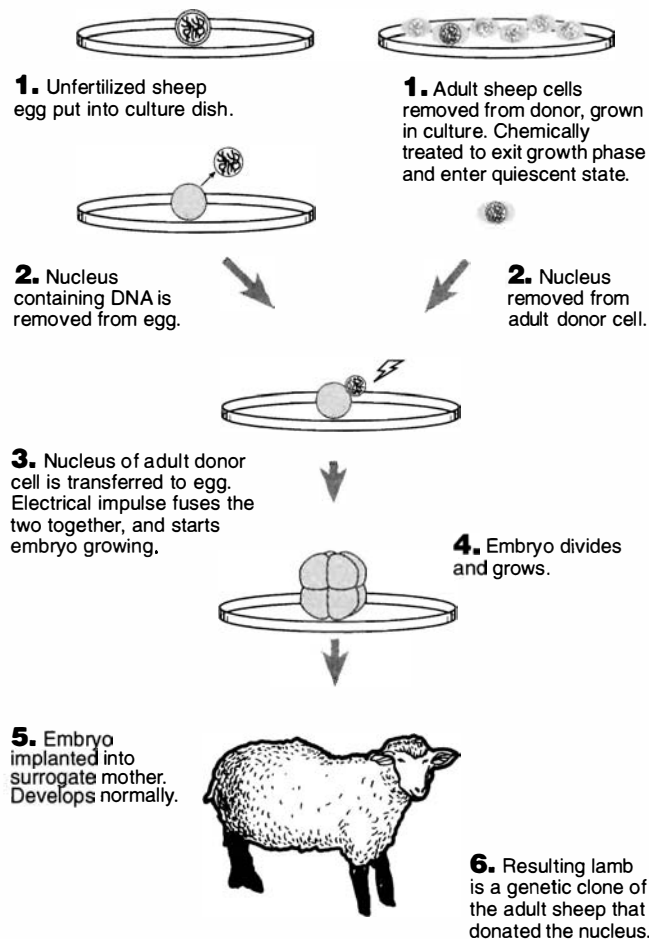
One area where the cloning technology will have a large impact is in the production of human therapeutic proteins and drugs. In his testimony, Dr. Ian Wilmut told the Senate committee, "The reason why we were trying to develop this technique was because we believe that it will offer important new opportunities for the production of health care products for treating different diseases." For example, many human proteins for therapeutic use, such as insulin for diabetics, are now produced in animals that have human genes integrated into their genomes (known as transgenic animals). The procedure for making the transgenic animals now relies on injecting the desired genes into the nucleus of the animal embryo cells. This procedure is very inefficient, as only a small percentage of the embryos have the gene correctly integrated into their genome. Often the production of the protein corresponding to the integrated gene is not expressed correctly in the animal. The new cloning technology has the potential to increase the efficiency, accuracy, and speed of creating transgenic animals that produce human proteins such as insulin and blood-clotting factors.

The new technique also offers the opportunity to make genetic changes in farm animals. This would make it possible to produce animal models of human genetic diseases. For example, the Roslin Institute is working on developing drugs



*Dolly, the cloned ewe, with her surrogate mother.*

## How cloning works



to treat cystic fibrosis. A transgenic animal could be made that has the genetic defect found in cystic fibrosis, and treatments for the disease could be tested directly on the transgenic animal. The Roslin Institute has already made transgenic sheep that secrete a therapeutic protein in their milk that is used to treat cystic fibrosis.

The cloning technique could also allow the study of the function of specific genes in development. For example, biologists currently have to go through a difficult procedure to knock out a gene in mice, and then look for its effects in development. We already have powerful and efficient techniques for introducing new genes to cells grown in culture, so one can select for the cells expressing the new gene, and directly clone an animal from them. This new procedure would make knock-out experiments easier, and also allow for genes to be altered, and the results in development or function of an animal to be studied. This could lead to the creation of livestock, such as cows, that produce more milk, or cattle that are more resistant to certain diseases.

Dr. John Wallwork, head of the transplant unit at Papworth Hospital in England, spoke before the Senate committee about the application of using transgenic animals as sources of organs for transplantation into humans. Dr. Wallwork's group has created pigs with human surface proteins expressed on their organs, which are designed to reduce the human immune response in patients who receive these organs. His group has done transplants from transgenic pigs into primates with very little rejection by the immune system, which could open the possibility of doing human trials in the near future.

There is a severe shortage of suitable donor organs available, which results in thousands dying each year while waiting for an organ transplant. From 1988 to 1995, the increase of deaths of people on waiting lists for organs increased by 128%. Dr. Wallwork stated that the cloning technology is the future for transplants, and that its application could produce enough transgenic animal organs to save the life of every patient who now dies while on a waiting list for human organs. It will also break the existing cycle of having to wait for a healthy person to die in order to get an organ to save a sick person. This will also decrease the prevalence of "black market" organs and the murder of people for their organs.

## Senate hearings on legislation

Sen. Bill Frist (R-Tenn.), the chairman of the Subcommittee on Public Health and Safety, had called the committee hearings to address the opportunities the cloning discovery has for medicine, agriculture, and research. (See table, p. 13.) The debate on whether there should be any legislative action on the issue of human cloning was a focus of the Senators on the committee. Sen. Frist said that while most people agreed that we should not be undertaking research for the purpose of cloning people, his concern was, "Can you write a bill so narrow that you don't jeopardize the very good research that



has the potential for saving millions of lives that has to do with genetic-type procedures? If we're going to endanger that research in any way," he said, "I am opposed to that legislation."

Frist, who is a heart transplant surgeon, compared today's response to cloning to the public reaction to the first heart transplants in the 1960s. "When we would cut out a heart from one human being and put it into another, it was considered unethical, not scientific, impossible, tyrannical, playing God," he said. "This is not that dissimilar, in that we have a breakthrough in science today which we need to understand."

Most of the scientific community opposes human cloning on moral grounds, but scientists are also wary of broad legislation in this area that could damage research. Dr. Wilmut told the Senate committee, "We are very concerned that in prohibiting any potential misuse of this technology, society does not lose the opportunity to develop new treatments." Dr. Varmus echoed this view, saying that he "hopes legislation is not necessary." Varmus reminded the Senators that scientific advances in recombinant DNA technology in the late 1970s were met with similar concerns about misuse, but no legislation was adopted, and medicine has benefitted accordingly.

Bills banning human cloning research have been introduced in the Senate and the House, by Sen. Christopher S. Bond (R-Mo.) and Rep. Vernon J. Ehlers (R-Mich.), respectively, but these bills are too broad and are not supported by scientists. Essentially, both ban federal funds for human cloning research, and make such research illegal in the United States. Dr. Varmus commented on the bills, at the hearings, saying that we are "not in a crisis," and human cloning was not going to happen overnight. It is not known if humans could be cloned using the new technique, he said, and he cautioned the Senators to avoid rushing to legislate on this issue.

## The scare stories

Most of the public misunderstanding about cloning stems from the belief that clones of people would be exact replicas, having the same personality and intelligence. This view is the source of the many scare stories about human cloning, such as creating clones of a Hitler or any other despicable personality. Professor Karen Rothenberg, director of the Law and Healthcare Program at the University of Maryland, identified this misunderstanding of cloning as the result of "a reductionist genetic myopia." "We know that identical twins are distinct individuals," she said, and the same would be true of any cloned person. Rothenberg pointed out that you can't "bring someone back" through cloning.

Sen. Tom Harkin (D-Iowa) shook up the committee hearings by stating flatly that he opposed all legislative actions banning human cloning. "What utter nonsense to think we can throw up our hands and say 'stop,'" Harkin said. He attacked attempts to do so as limiting science. "I don't think there are any limits to human knowledge," Harkin said: "Human cloning will happen in my lifetime. I don't fear it at all. I

## Biotechnology products, benefits already in use

	Genetically engineered feature	Benefit
<b>Crops</b>		
Rice	reduced disease susceptibility	higher yield
Corn	reduced disease susceptibility	higher yield
Corn	resists natural pests	less pesticide need
Tomato	reduced bruisability	better durability
Cotton	reduced disease susceptibility	higher yield
<b>Transgenic animals for food</b>		
Pig	decreased E. coli susceptibility	reduced human infection
Pig	decreased salmonella susceptibility	reduced infection for humans and animals
Pig	increased lean mass	higher-quality meat product
Cow	increased milk production	reduced cost of production
<b>Transgenic animals for production of medical products</b>		
Goat	antithrombin 3	anti-blood-clot drug
Pig	human insulin	diabetes treatment
Goat	human blood-clotting factor	hemophilia treatment
Sheep	tissue plasminogen activator	wound healing
Sheep	proteinase inhibitor	cystic fibrosis treatment
Cow	prolactin	dietary supplement, AIDS treatment
Goat	angiogenin	used in cancer treatment
Goat	beta interferon	anti-cancer, and multiple sclerosis treatment

Note that many of these biotechnology advances in agriculture are not used as widely as they could be because of current proprietary policies.

welcome it." He praised Dr. Wilmut as a trailblazer for science, and insisted that the role of the government was to support basic research, not place limits on it.

The beauty of basic research, Harkin said, was that you didn't know what kind of beneficial application it would have when you started out, and that it was human nature to explore the unknown. Dr. Wilmut responded to Harkin by saying that he agreed that there should not be limits to basic research, but that he hoped that human cloning would not take place, and that it was up to society to decide whether we want to go in this direction.

## The opposition

The policy issue of genetic engineering is more complex than a pro- or anti-science battle. Even some of the proponents of genetic technologies would limit their application for the public good by restrictive controls in the name of proprietary rights—"private property." This has happened especially with the agricultural applications of genetic engineering, where, instead of allowing the technological applications to provide more food for hungry nations, a conglomerate or



*At the Senate hearing on cloning March 12. From left: Sen. Tom Harkin; Sen. Bill Frist; Dr. Ian Wilmut, developer of sheep cloning technique; and Sen. Ted Kennedy.*

cartel tightly controls the applications, driven by the aim of profit, even at the expense of the public good. (The question of leaving technology advances and medical research solely in the hands of such so-called “market forces,” will be the topic of a future article.) Ironically, Senator Frist is associated with one of the largest international for-profit hospital chains, which, in the course of “privatizing” for profit, has shut down the medical research training and applications divisions of the hospitals taken over.

It is ironic that the environmentalist groups that claim to be protecting people, represent the most organized opposition to the cloning discovery that will save lives. In fact, green groups and their spokesmen, such as Jeremy Rifkin, have attacked the cloning discovery as a terrible thing that will lead to a “counterfeit culture.” Rifkin, et al., often working with religious fundamentalists, have protested against every advance in biotechnology for the past 25 years. Recently, the enviro-terrorist group Greenpeace has been involved in attacks against high-yield genetically engineered crops, and in Austria, Greenpeace has pressured the government to ban the import of genetically engineered corn. Their scare campaign included protests against supermarkets that carried any products that contained genetically engineered soybeans, which led to some supermarket chains deciding not to carry these products—a decision based directly on lies provided by Greenpeace.

The anti-science green groups have opposed any scientific discovery that will save human lives and increase population, which includes all medical research and high-yield agriculture products. The most violent leaders of the attack on medical research are the “animal rights” terrorist groups, which have burned down research labs and murdered scien-

tists. In fact, the Roslin Institute in Scotland, where the cloning research is being carried out, was the victim of a terrorist attack six years ago, when two of its research labs were burned down.

Concerns over the use of the cloning technology have led some people to bring up the evil legacy of the Nazi eugenics movement, which aimed at weeding out of existence people defined as undesirables or “useless eaters.” It is important here to understand the distinction between the policy question of the use of science, and the fact that evil people might come into control of such a technology. The point is that to fight the evil application of a technology, you must fight the evil people, not fight the technology, or ban it. In fact, to be duped into opposing the scientific discovery would be helping the very evil purposes to which the person objects, by denying society the beneficial use of that discovery.

In the case of the cloning technology, it is the desire of the anti-science green groups that the hysteria around this issue will pressure people to ban a technology which will, no doubt, save lives and increase population. These groups hope to dupe supposedly moral people by using fear to force them into making an irrational decision to ban scientific progress.

When bioethicist George Annas, of Boston University, compared the cloned sheep Dolly to Frankenstein, he was chastised by Sen. Harkin for raising an image that only instills fear. Many fears of creating deformed monsters through cloning reflect the lack of understanding that living processes are bounded by a lawful ordering, which makes such aberrant creations impossible. The most exciting thing about the cloning discovery is that it increases our understanding of living processes, and provides many wonderful applications in medicine and agriculture.

## Doctors strike against federal axe

*While the ill wait—and some die—to get treatment, the Howard government is claiming there are “too many doctors.”*

**O**n March 10, interns and residents in public hospitals in the state of New South Wales went out on strike indefinitely in protest against the federal government's savage cuts in health care, including its plans to cut back the number of new general practitioners licensed each year from 800 to 400, an astonishing 50% cut.

This strike by “junior doctors,” as they are known in Australia, leaves only a skeleton staff manning the hospitals; all elective surgeries are cancelled, no outpatient clinics are held, and emergency departments suffer deadly delays. As we go to press, negotiations were under way with Federal Health Minister Michael Wooldridge to end the strike; his arrogant refusal to meet with the physicians was one of the major causes of the strike.

The decision to strike, which has been supported by most of the senior doctors' associations, such as the Australian Medical Association, was not taken lightly. But, Dr. John Cunningham, a junior doctor himself, told the *New Citizen* newspaper, that the widespread triage against the health care system had left them little choice: “We're sick and tired of telling people they have to wait six months for their operation. They're turning people away from casualty [emergency rooms]. . . . The health system is grossly underfunded.”

Until recently, Australia has had a relatively well-functioning system of universal medical care. But the free-trade deregulation policies, begun under the 1983-96 Hawke-Keating Labor governments and continued under

the current Liberal-National coalition, have savaged the economy and led to a collapse of government revenues.

In the face of this self-inflicted crisis, in December of last year, the federal government decided to cut spending by 4% in every department except defense—and debt payment. The plan to slash licensing of 400 new practitioners a year was touted as necessary “to hold down Medicare costs.” This is absurd, since, as Dr. Cunningham put it, “Reducing the number of doctors . . . will not reduce the number of patients, hence the Medicare budget will not be affected. Rather, waiting time to see doctors will increase, as the same number of patients will be trying to see even fewer doctors.”

Particularly nasty was the government's plan to make the policy retroactive: 400 junior doctors who have already invested up to seven years in training, will now not be granted the right to be licensed as full-fledged doctors. Health Minister Wooldridge has said that those 400 whose careers have now been destroyed, should “drive taxis.”

For the several members of Prime Minister John Howard's cabinet who are members of think-tanks tied to the Mont Pelerin Society, the “budget crisis” is merely an excuse to do what they want to do anyway: loot the public sector through radical cuts in social services, and through “privatization,” which is expected as the next step for Australia's health-care system. As one striking doctor told *EIR* about the “managed care” that Australia's insurance companies are now peddling

(Wooldridge has already started two pilot projects), “We know roughly how the health system in America works, and it stinks!”

The Australian privateers say that the national health system should look like that of the state of Victoria. There, a Mont Pelerin think-tank, the Institute of Public Affairs, wrote a privatization plan called “Project Victoria,” which Mont Pelerin poster boy and Victorian Premier Jeff Kennett started implementing as soon as he came to power in 1992. Under the guise of “corporatizing” the health system, preparatory to privatizing it, Kennett has shut down some hospitals, and will close another six in the near future, eliminating a total of 1,800 beds since 1992. He has slashed personnel, including nurses and cleaning staff, as well. As a result, “Golden Staph” infection has become common in Victoria's hospitals. Waiting lists have soared—11,000 Victorians have now been waiting six months or more for surgery.

Two cases, which achieved public notice last year, are typical of the Nuremberg crime of “denying health care,” now common in Kennett's Victoria: Mrs. Bon Rodell, 82, died after spending 21 hours lying on a gurney in the hospital hallway, because there was no bed or staff available to treat her; and Eduard Strehling, 59, a heart patient who needed emergency treatment, but was placed on a waiting list, died a week later of multiple heart attacks.

Nor are the Nuremberg crimes confined to Victoria. Dr. Lindsay Gazal told the largest-ever conference of Australian general practitioners, in Sydney on March 16, that government budget cuts “have caused unnecessary deaths.” The conference voted overwhelmingly for a royal commission to look into the state of health care, the strongest investigative action that can be taken.

# Business Briefs

## Economic Policy

### Call for 'New Bretton Woods' covered in Mexico

Columnist José Neme Salum reported on growing worldwide support for the call to convene a "New Bretton Woods" conference, and to put the International Monetary Fund (IMF) on trial, in Mexico's daily *Excelsior* on March 17. As defined by Lyndon LaRouche, a New Bretton Woods conference is crucial to restart world trade and production.

Ukrainian member of parliament Natalya Vitrenko, in a speech to the Supreme Rada (parliament) on Feb. 26, called for "all the progressive forces of humanity [to unite] and conduct a Nuremberg trial of the IMF and World Bank. Enough, already, with letting them toy with us, enough of letting them kill our country," Neme Salum quoted her as. As a result, he wrote, scores of Vitrenko's fellow parliamentarians signed a letter to President Clinton calling on him to convene "a new Bretton Woods to put an end to usury: a worldwide convocation, because it's not only the Ukrainians. The call has been joined by state representatives and senators, together with labor and church leaders in the United States.

"Also, by the former vice premier of Czechoslovakia, Jozef Miklosko; members of the parliaments of Italy, Poland, Burundi, and South Africa, to mention but a few of the representatives from Europe and Africa.

"In Latin America, congressmen from Argentina, members of the Legislative Assembly of Panama, former Brazilian ambassador, Peruvian bishops, and even military men.

"They are thousands of people, who have been joined from Mexico by federal Cong. Walter León of the PRI [ruling party]; mayors from Jalisco and Queretaro; the president of the National Confederation of Micro and Small Enterprises, Manuel Villagomez; and the leader of the PAN [National Action Party] . . . Adalberto Rosas López, among others."

Neme Salum said that those who believe that such a call will go nowhere in the United States because that country is living off the exploitation of Mexico and other countries through the North American Free Trade Agreement, "should glance at the speech delivered by AFL-CIO President John H.

Sweeney last Jan. 31 at the World Economic Forum held in Davos, Switzerland." He quoted Sweeney saying that the disparities between the "haves" and the "have-nots" in the United States have reached levels not seen since the Great Depression.

Neme Salum quoted extensively from the Bretton Woods call, which was sponsored by the Schiller Institute, including the section reminding Clinton that the very survival of the United States, as well as that of the rest of the world, depends on the establishment of a new Bretton Woods monetary system.

## Poland

### Social unrest grows over planned shutdowns

The Polish government's plans to close the Gdansk shipyard and 400 other state-owned enterprises slated for "restructuring," are provoking growing social unrest. Strike leaders of the Solidarnosc trade union from various parts of the country, gathered in Warsaw on March 12 for a meeting of union's National Committee, discussed larger protests, including a general strike after Easter, in a bid to persuade the government to save the shipyard and the firms.

The Solidarnosc meeting came in the context of labor protests against the shutdown of the Gdansk shipyard. Some 2,000 shipyard workers raised a brick wall as a symbolic siege in front of the Gdansk headquarters of the governing SLD party, and blocked roads in the city and the port area. Solidarnosc National Committee head Marian Krzaklewski said the shipyard's closure is an "act of political vengeance."

Similarly, leaders of the miners' unions in Poland's Upper Silesia declared that they would join in a general strike, to protest government plans, arranged with the International Monetary Fund and foreign creditor banks, for the shutdown of at least 50% of the mining sector.

Earlier, on March 7, armament industry workers from around the country rallied in Warsaw, to demand an increase in defense expenditures. The protest was organized by Solidarnosc to defend Polish military industry, which is close to extinction because of the lack of orders and new investments

which would allow the industry to convert to civilian production. Pawel Soroka, the coordinator of the Polish Industrial Lobby, noted that, in the past, some of the best technological research was conducted in this sector of industry.

## Italy

### FIAT head calls for industrial development

FIAT general manager Cesare Romiti called for developing Italy's backward region in the South, the Mezzogiorno, in a meeting in Rome on March 19, *Il Sole 24 Ore* reported. "We accepted the idea that the South represents a problem. Instead, we should consider it as a very wealthy resource, a great opportunity," he said.

"The big effort we must make is to bring jobs to the South," where most of Italy's youth is concentrated, Romiti said. "Where the youth are, there is the future of the country." Only with a strong target of development can one evolve the confidence to overcome today's fears, he said.

Romiti issued his call in the context of breaking with the national consensus that Italy should adhere to the Maastricht Treaty for European Monetary Union, a theme he had first mentioned last summer. Romiti urged a return to the original idea of the European Union, which "had been supported by a dynamic view of the economy, centered around the growth of new industrial firms, generating wealth, welfare, and jobs." With Maastricht, however, Romiti said, what is left is a major project of monetary and financial reorganization, without the necessary complement of "a project based on industrial production and employment."

## Industry

### Automobile sector crisis set to explode in France

The crisis hitting Renault is only the beginning of a very broad crisis hitting all the automobile manufacturers in France. The immediate causes of the crisis include the dramatic drop in living standards, leaving people un-

able to afford cars; the increasing reliance of industry on outsourcing; and generally increased competition internationally in the automobile industry.

After announcing the closing of the Renault factory in Vilvoorde, Belgium, laying off 3,100 personnel, Renault is expected to announce additional layoffs of some 2,100 workers in France. The car maker's workforce has shrunk massively since 1984, dropping from 98,000, to 58,000 in 1996.

The crisis would have come to a head some years back, but was stalled thanks to government aid toward the purchase of automobiles, a policy adopted by the Edouard Balladur government and continued by Prime Minister Alain Juppé. These measures were discontinued at the beginning of 1997, and new vehicle registrations dropped in January by 33%, in February by 24%, and are expected to continue to drop, by 30%, in March, over last year's figures.

And not only will French companies be affected. FIAT France, whose compact models had been the main benefactors of the government aid for car purchases, has seen its sales drop by 50% since that aid was eliminated.

## China

### Xinjiang development strategy outlined

China's province of Xinjiang is expanding its economic development through a "coalition" with eastern provinces and the Eurasian Continental Bridge, China's daily *Renmin Ribao* reported on Feb. 18. Currently, "25 provinces, regions, and cities are implementing 9,000 cooperative projects with focus on such capital industries as agriculture, the petrochemical industry, and energy resources, involving a capital of some 5 billion yuan," the paper said.

Xinjiang is the target of a British-backed destabilization campaign designed to cripple the Eurasian Land-Bridge project and break up China (see *EIR*, March 28, pp. 54-65).

In addition, "Xinjiang has lost no time in implementing the strategy of 'opening up on two lines, with priority given to areas along the border,' by utilizing 15 border ports and the Eurasian continental bridge, attracting a tremendous sum of funds from the state and

various provinces and regions to spend in the continental bridge economic region, formulating the industrial setup along the bridge in a comprehensive way," the paper reported. "Last year, the import and export volume of Alashankou Port was some 1.8 million tons, and it became the first runner-up of all continental ports across China within only a few years."

## Iran

### Rafsanjani: 'Contribute to reconstruction'

Iran's President Ali Akbar Hashemi Rafsanjani outlined the achievements of the country since the 1979 revolution and, especially, the past eight years dedicated to economic reconstruction after the Iran-Iraq War, the daily *Ettela'at* reported on March 18. In a speech delivered on the Iranian New Year, and broadcast internationally, Rafsanjani called on Iranians abroad to return home and contribute to the country's reconstruction. He said that those Iranians who left would "find Iran quite different from what it was in the past."

Rafsanjani stressed Iran's total independence from foreign control. "There are no longer any foreign advisers in the oil, gas, petrochemical, energy, defense, and other strategic sectors in Iran," he said. "All these jobs are carried out by Iranian experts themselves in a less expensive and more reliable manner." In the industrial sector, he said that Iranians were participating in international bids for implementation of massive projects, in gas, oil, petrochemicals and other fields. In agriculture, he said, Iran had built 135 big dams. In telecommunications, "our position is such that a major part of the strategic Pacific-Atlantic fiber optic cable network involving 20 countries is carried out by Iran," he said.

Rafsanjani also praised his country's advances in education, saying that there were now "over 1.3 million college students, 20 million students, over 1 million teachers, and thousands of university lecturers in the country, showing a tenfold increase compared to the pre-Revolution era." In a related development, Minister of Culture and Higher Education Seyed Mohammed Reza Hashemi Golpaygani highlighted the positive results on the universities, of the massive investments made in research work.

**THE BANK** for International Settlements recently held a secret meeting to discuss the dangers of the 141 unregulated offshore banking centers to the international banking system, according to Britain's *Sunday Business* of March 16. "A really big default in the offshore system could easily have a domino effect hitting the international banking system before anyone could do anything about it," one banker said.

**FRENCH** medical interns are striking against managed health care, including a provision of the social security plan of Prime Minister Alain Juppé which caps spending for medical care, and penalizes all doctors if spending is too high.

**MYANMAR** and Thailand opened the Mae Sot bridge linking the two nations in January, which is a potential trade route into Bangladesh and India from Thailand. The project advanced with the defeat of the Karen rebellion, the last British-run ethnic operation in Myanmar, which was also sponsored by George Soros.

**THE POLISH** government, fearing Albanian-style arrest, declared all "snowball funds" illegal on March 8, the *Frankfurter Rundschau* reported. It arrested five pyramid-scheme managers of a firm in Warsaw who have lured 600,000 Poles into dubious investments, promising them gigantic gains.

**HUNGARIANS** several tens of thousands strong protested the deregulation policy of the socialist government of Prime Minister Gyula Horn, in Budapest on March 15. Horn's deals with the IMF are blamed for cuts in state subsidies and the rise of consumer prices.

**AUSTRALIAN** Democrat Party leader in the Federal Parliament, Sen. Cheryl Kernot, sponsored a petition on Dec. 5, 1996 from the Citizens Electoral Council, the co-thinkers of Lyndon LaRouche in Australia, that calls for an end to privatization, and a 0.1% tax on all speculative capital.

## Levy sanctions on Britain for harboring terrorists!

by Jeffrey Steinberg

It's high time that the United States led an international sanctions campaign against Great Britain, for harboring virtually every international terrorist organization operating around the world today. While the United States and other countries talk about "dual containment" of Iran and Iraq, and continue to moot heightened sanctions against Sudan, evidence continues to pile up that London—not Khartoum, Teheran, or Baghdad—is today's world headquarters of terror.

Such action by the United States is not only more than warranted, under any just standard of international law, it is a matter of vital U.S. national security. The leading present target of British-harbored and controlled so-called "Islamic" terrorism is the United States' presence in the Middle East. It is the London-based terrorist networks of Mohammed al-Massari and Osama Bin Laden, that have declared holy war against the American presence in Saudi Arabia, and who were responsible for the bomb attacks against American military personnel in Riyadh and Dhahran during 1995 and 1996.

As recently as March 23, the British newspaper, the *Independent*, and the British Broadcasting Corporation (BBC), placed themselves at the disposal of Osama Bin Laden, to publicize his latest declarations of "jihad" against the American role in the Persian Gulf. The *Independent's* Robert Fisk was dispatched to interview Bin Laden in Afghanistan, and beam the latter's declaration of war against the United States all over the world via BBC. A month earlier, in February 1997, British Channel 4 TV had aired an interview with Bin Laden, in which he vowed to bring his "jihad" to the 40,000 American civilians living in the Kingdom of Saudi Arabia. The U.S. State Department took the pronouncement





*The U.S. Army's Khoban Towers in Dhahran, Saudi Arabia, bombed by terrorists in June 1996. The London-based terrorist networks of Mohammed al-Massari and Osama Bin Laden have declared holy war against the American presence in Saudi Arabia, and were responsible for this atrocity. Inset: British Foreign Secretary Malcolm Rifkind, who refuses to take action to shut down the London terrorist safe-houses.*

seriously enough to issue an immediate travel advisory to all Americans in Saudi Arabia, or planning to visit Saudi Arabia in the near future.

In contrast, Bin Laden, who is free to travel back and forth to his villa in London's trendy Wembley suburb, heaped praise on the British and French governments, for distancing themselves from the policy of the United States in the Middle East.

### **Contrast: Sudan and Great Britain**

While the government of Sudan continues to be targeted for alleged harboring of international terrorists, the simple truth is that the Sudanese have passed strict laws, forbidding anyone from plotting terrorism against any overseas target from Sudanese soil. Within days of the law being announced, Osama Bin Laden left the country, to take up his present dual residence in Great Britain and Afghanistan.

In a recent press release, made available by the Sudanese Embassy in Washington, D.C., the Khartoum government's policy was clearly spelled out. "The popularly elected Government of Sudan categorically opposes terrorism," the statement began. "That anti-terrorism policy has been repeatedly proclaimed by Sudanese President Omar al-Bashir. Terrorist Carlos the Jackal was extradited to France. Hijackers of Ethiopian aircraft have been extradited to Addis Ababa, despite strained relations between the GOS and the Government of

Ethiopia. President Bashir has also placed Sudan off limits to any person plotting terrorism or warfare against any foreign country, which occasioned the departure of Osama Bin Laden, accused by U.S. and western sources as a bankroller of terrorist activities."

Contrast that stated and publicized policy by the Sudanese government, with that of Great Britain. On Feb. 14, the British Parliament failed to vote out of committee a bill that would have, for the first time in history, made it a crime to plot international terrorism from British soil. The bill was introduced by Conservative Member of Parliament Nigel Waterson on Jan. 25, partially in response to British defense and aerospace industry fears, that London's highly publicized harboring of Saudi terrorist al-Massari, would jeopardize lucrative pending arms sales to Saudi Arabia. The government of John Major refused to give its backing to the Waterson bill, and Labour MP George Galloway, a longtime ally of Lord Avebury, one of the leading backers of international terrorism in Britain today, launched a concerted, successful drive to kill the measure.

Galloway's statements before the House of Commons made it perfectly clear, that the reason the bill went down to unceremonious defeat, was that the British Crown, as a top-down policy, fosters and harbors international terrorism.

"How can the Iraqi opposition get rid of Saddam Hussein except by violent means? There is no other way in which

he can be overthrown,” Galloway ranted. “Members of the Iraqi National Congress, which occupies a very plush office opposite Harrods, spend every day plotting the violent overthrow of Saddam Hussein. Personally, I pray for their success.”

Galloway denounced the British arms manufacturers, for putting their business interests above the goal of tearing down the House of Saud, and driving the United States out of the Persian Gulf. “That was al-Massari’s crime. He was threatening and jeopardizing United Kingdom arms contracts with the Saudi Arabian dictatorship.”

Galloway also argued—quite correctly—that his views reflect an unbroken British policy commitment, which dates back to the middle of the nineteenth century, when Karl Marx was a resident of London, and spent most of his time at the British Museum; and when Lord Palmerston was the “godfather” of the Young Europe movement of arch-terrorist Giuseppe Mazzini, et al. Indeed, it was this Palmerston-sponsored, terrorist Young Europe and Young America movement that was responsible for the assassination of President Abraham Lincoln. Later, an anarchist from the same stable of London-headquartered terrorists shot and killed President William McKinley, bringing rabid Anglophile Teddy Roosevelt into the Presidency. By that time, Palmerston’s role as grand protector of London’s worldwide terrorist legions, had been taken up by Prince Edward Albert, later King Edward VII, known as the Prince of the Isles. (For more on these historical developments, see the bibliography on p. 24.)

### **Nine governments protest**

As the result of the defeat of the Waterson bill in the House of Commons, British policy remains unchanged. It is perfectly legal to stage, bankroll, and order terrorist action against any other nation from British soil. And, indeed, this is precisely what has been occurring, with increasing intensity, over the past several years.

Since 1995, nine foreign governments—Peru, France, Israel, Saudi Arabia, Egypt, Germany, Turkey, Nigeria, and Libya—have publicly identified London as the command center for international terrorism. Most of those governments have filed formal diplomatic protests with the British Foreign Ministry over London’s role as the leading safe-house for world terrorism. In every instance, the British response was the same: Since the terrorist actions were not directed against British interests, there was nothing that the government could—or would—do.

In each instance, the governments in question provided detailed evidence that leading international terrorists, based in London, had directed hideous acts of brutality against their national interests. When, in August 1996, the British government announced that it would allow an estimated 14,000 terrorists from the Arab and Islamic world, to come to London to participate in a several-day-long conference, the Egyptian

government of President Hosni Mubarak summoned the British chargé d’affaires and delivered a formal letter of protest to British Foreign Secretary Malcolm Rifkind. The official Egyptian daily newspaper *Al-Ahram* declared, in a signed editorial by its editor-in-chief, that “Britain has become the number-one base in the world for international terrorism.” The international heat proved too great, and the British government, at the last moment, cancelled the conference. They made no moves to dismantle the terror apparatus harbored in London, however.

### **Needed: A viable U.S. policy**

There is no question that the Clinton administration is deeply concerned about the strategic consequences of the recent years’ explosions of international terrorism. The Middle East peace process was devastated by the assassination of Israel’s Prime Minister Yitzhak Rabin. And, when a series of suicide bombings took place in Tel Aviv and Jerusalem, in February and March 1996—just months before the Israeli elections—President Clinton convened an emergency summit of heads of state in Sharm el-Sheikh, Egypt, to launch a coordinated anti-terror effort.

But those good intentions are fatally hampered by the actions of Britain, and by the administration’s repeated failure to make the British role in international terrorism a matter of public scandal, and a target of diplomatic action. Following Sharm el-Sheikh, *EIR*’s State Department correspondent Bill Jones asked department spokesman Nick Burns about the by-then well-documented role of Britain in harboring Middle East terrorists who had just blown up the peace process.

Burns replied, with a stunned expression: “I would not single out the United Kingdom in determining how we can foreclose terrorist options for Hamas in the future. I wouldn’t single out the United Kingdom. I would single out Iran. . . . I wouldn’t single out the United Kingdom for this treatment. . . . I simply don’t know if this particular subject has been raised diplomatically by the United States with the United Kingdom. But again, I would argue very strongly that singling out the United Kingdom would be most curious now.”

Most curious? Read the documentation that follows. Study the words of the eight governments that have singled out London as the world headquarters of terrorism. Study the list of known terrorist organizations that today maintain high-visibility offices in London, and which enjoy the full protection and financial backing of the British Home Office, the Privy Council, and the Crown. Yes, the Crown.

Carefully read George Galloway’s passionate defense of Britain’s 100-year policy of harboring the leading international murderers and hooligans. Then, consider the consequences of the United States government *not* taking the lead, in pressing for harsh sanctions against Great Britain for harboring terrorism.

# Governments worldwide protest London safehousing of terrorists

by Jeffrey Steinberg

The highest levels of the British Monarchy, its intelligence services, and the British government have provided a safe haven, aid, and comfort, to the top commanders of the new international terrorist infrastructure, in London and in other cities all across England.

The American media have been typically remiss in their reporting of this phenomenon, of London's safehousing of leading international terrorists; however, since November 1995, at least nine governments have denounced London as the center for world terrorism, and each has provided evidence to prove it. In some cases, the protests have taken the form of official diplomatic demarches to British officials; in other cases, the protests have taken the form of detailed exposés in the official government news agencies.

## The evidence

- The Peruvian government has made repeated requests to the British government, beginning in 1992, demanding the extradition of Adolfo Hector Olaechea, the London-based head of overseas operations for the narco-terrorist group Shining Path, and the shutdown of their fundraising and support operations in Britain. Both requests have been refused to this day. In fact, Olaechea carries with him a letter of introduction from Buckingham Palace, which he uses as his umbrella of protection. Dated July 25, 1992, the letter reads: "The private secretary is commanded by Her Majesty the Queen to acknowledge the receipt of the letter from Mr. Olaechea, and to say that it has been passed on to the Home Office."

In 1992, during the worst of the Shining Path offensive in Peru, London's Channel 4, of the Independent Broadcasting Authority—a dependency of the British Office of the Interior—coordinated with Olaechea to send two journalists to Peru. There, they contacted Shining Path units, and filmed a report highly favorable to Shining Path. The film was broadcast by Channel 4 on July 10, 1992, despite an official request from the Peruvian government not to provide the terrorists free propaganda.

- On Nov. 3, 1995, the French daily *Le Figaro* wrote, under the headline "The Providential Fog of London," of the bombing spree by the Algerian GIA: "The track of Boualef Bensaïd, GIA leader in Paris, leads to Great Britain. The British capital has served as logistical and financial base for the terrorists. . . . Great Britain transformed itself into a formida-

ble network of fundraising aimed at financing the guerrillas in the Algerian *maquis*."

The next day, *Le Parisien* reported that the author of the GIA terror attack inside France was former Afghan mujahideen leader Abou Farres, who was given a residence visa in London, despite the fact that he was already wanted in connection with the bombing of the Algiers Airport. Farres's London-based organization, according to *Le Parisien*, recruits poor Islamic youth from the suburbs of Paris, and sends them to Afghanistan, where they are trained as terrorists.

- A London *Daily Telegraph* article on Nov. 6, 1995, by Con Coughlin and Valerie Elliott, titled "Britain harbours Paris bomber," in the course of reporting on the French government protests against London's harboring of Algerian terrorists, also reported on an earlier protest by the Israeli government. "Earlier this year the Israeli government handed a dossier of evidence to the Foreign Office and security services about the use of legitimate Middle Eastern charities in Britain channelling cash to the Islamic terrorist group, Hamas."

- On Nov. 24, 1995, the Egyptian government weighed in against Britain, when the Interior Minister accused the British government of "harboring Islamic terrorists" implicated in the Nov. 19 car-bombing of the Egyptian Embassy in Pakistan. According to British news accounts, Egyptian police raids on a terrorist base had turned up "details of bank transfers from London to finance terrorist operations planned by terrorist leaders living in Britain."

- On March 4, 1996—after a powerful bomb blew up in a central market in Jerusalem, killing a dozen people, and a second bomb exploded in Tel Aviv—the British daily *Express* reported, "As the bomb exploded in Tel Aviv, Israel's ambassador was meeting British Foreign Minister Malcolm Rifkind to ask for Britain's help in beating Hamas. Israeli security sources say the fanatics behind the bombings are funded and controlled through secret cells operating here. Only days before the latest terror campaign began, military chiefs in Jerusalem detailed how Islamic groups raised £7 million in donations from British organizations. The ambassador, Moshe Raviv, yesterday shared Israel's latest information about the Hamas operations. A source at the Israeli embassy said last night, 'It is not the first time we have pointed out that Islamic terrorists are in Britain.'"

The British government's response? The Foreign Office



Nine governments have denounced London for harboring international terrorists. Among them are the governments of (left to right): Peruvian President Alberto Fujimori, French President Jacques Chirac, and Egyptian President Hosni Mubarak.

officially informed the Israeli ambassador, “We have seen no proof to support allegations that funds raised by the Hamas in the U.K. are used directly in support of terrorist acts elsewhere.”

Later in the spring, when President Clinton convened an emergency heads of state summit at Sharm el-Sheikh, Egypt, to tackle the problem of terrorism, the Israeli government again raised the issue of British support for terrorist commanders. This time, the British government denied that Israel had ever provided documentation of the London terror links. The Israelis responded furiously, saying they would deliver a formal dossier on the massive British support—including government financial subsidies—for terrorists.

- In March 1996, the German government filed a protest, following the airing of death threats against Chancellor Helmut Kohl and Foreign Minister Klaus Kinkel by Abdullah Ocalan, the head of the Kurdish Workers Party (PKK). Ocalan had made the threats from his base in the Bekaa Valley in Lebanon, via MED-TV, the British satellite television broadcasting network, that has allowed the PKK to broadcast its nightly, five-hour propaganda show into Germany, since 1993, at an estimated subsidy of \$7 million a year.

Although the German government statement, issued by the Bonn Interior Ministry, did not mention Britain by name (the Dutch government also harbors the so-called “Exile Council” of the PKK), the timing of the statement—within

days of the Ocalan call for the assassination of the two German leaders—left little doubt that Britain was the major target of the statement, which read, in part: “We have requested our colleagues in neighboring countries in Europe to put measures into effect in order not to compromise internal security in our country.”

- On April 1, 1996, the Saudi ambassador to London, Dr. Ghazi al-Qusaybi, warned the British government that it would lose millions of pounds of contracts, unless it expelled al-Masari. Speaking on an interview with BBC’s Panorama program, Qusaybi said, “If you are so insistent that I am going to tell you that the continuing presence here [of Masari] will harm British relations, and threaten British relations, I’m going to tell you that, yes. . . . No, that’s not blackmail. We are a sovereign country. We can buy wherever else we want.”

- In April 1996, Egyptian Interior Minister Hasan Al-Alfi, told the London-based weekly *Al-Wasat* that “all terrorists come from London. They exist in other European countries, but they start from London.”

- On Aug. 20, 1996, the Egyptian daily *Al-Akhbar* accused the British government of sponsoring terrorism: “Britain is intending to organize an ‘international Islamic conference,’ which will be attended by the leaders of the top terrorist organizations in the Islamic world.” This statement was quickly echoed by the chairman of the Egyptian President’s office, Usama Al-Baz, who, on Aug. 24, called on European

countries “not to give terrorist groups a chance to use these countries as a base to launch and fund terrorist operations.” Speaking on Egyptian television, he added: “We are not demanding that they protect us, but we do demand that they stop making their country a fertile field for destabilization of the security of other nations.”

Next, on Aug. 26, Egyptian Foreign Minister Amr Mousa said: “There is a question mark on this issue. We, and many other countries, don’t understand [Britain’s] position. . . . Egypt will contact the British government to find out the truth of the matter and to discuss the possible consequences of such an unfortunate step.”

Then, on Aug. 27, the Egyptian government’s official daily, *Al-Ahram*, carried an exposé of the British role in providing a comfortable base for organizing and fundraising for some of the most notorious terrorist groups in the world. The newspaper charged that almost \$140 million has been solicited by terrorist groups in Britain, with the full knowledge of British Intelligence’s domestic counterintelligence department, MI-5. “The MI-5 has done nothing to stop these funds from becoming bombs,” reported *Al-Ahram*.

The full-page *Al-Ahram* story, headlined “In London, the terrorist meet,” featured a photograph of the bombed Egyptian Embassy in Pakistan, with the caption, “The bombing of the embassy in Islamabad was planned by the *Jihad* leaders living in London.” It described London as “the leading capital of the world in printing and publishing messages, leaflets, magazines, and press releases which include threats and orders to conduct violence.” Some of the groups, the story noted, “even have television channels, like the PKK.”

The report contained a list of the most dangerous terrorist groups operating out of London, including: Islamic Jihad of Egypt, the Islamic Armed Group (GIA) of Algeria, Islamic Salvation Front of Libya, Armed Group of the Martyrs of Libya, the Tamil Tigers of Sri Lanka, and the Topol of Indonesia. The article also noted that Osama Bin Laden, the expelled Saudi terrorist identified as the chief financier of the scheduled London terrorist gathering, “owns a huge villa in the fancy Wembley area in London.”

On Aug. 29, *Al-Ahram* reported that the British Charge d’ Affaires in Cairo, Richard Macbeth, was summoned by the Egyptian Deputy Foreign Minister, Nihad Abdul Latif, and given a letter to Foreign Secretary Malcolm Rifkind, protesting Britain’s “double standard policy” and “support for international terrorism.” An official of the Egyptian Foreign Ministry was quoted in *Al-Ahram* saying, “The asylum law in Britain has provided a safe haven for terrorists.”

On Aug. 31, the Egyptian government daily newspaper’s editor-in-chief, Ibrahim Nafi, wrote an editorial, explaining the British government’s motives for sponsoring the terrorist conference: “I don’t think that there is any political hypocrisy, or scandalous paradox, in what is being said, and what is being done, concerning what happens in Britain these days, on whose land a terrorist conference will be held. The conference will gather the *crème de la crème* of the most murderous

criminals, whose hands are stained with the blood of innocent people of the Arab and Islamic world. Britain sees no trouble in holding a conference for terrorists on its land, terrorists who committed crimes much bloodier than the Lockerbie bombing, since the blood of the victims of those terrorists is not as sacred as the British blue blood. . . . Could this not be a new form of colonialism, according to which the nations of the Arab and Islamic world are weakened, through indirect support for terrorism, to the effect that these nations will submit, in a flexible manner, to the dictates of the West led by Britain? Thus, the sun of the Empire, which set in the Suez Canal four decades ago, would rise again. . . .”

The Egyptian attacks against the British escalated in early September 1996. Interior Minister Hasan Al-Alfi told *Al-Ahram* and other Egyptian newspapers, on Sept. 1, that “Britain’s excuses of democracy and freedom of speech are not acceptable. This conference, in which terrorists from around the world will meet, reveals that there is someone who is trying to give help, support, and facilities to those criminals and conspirators, who received visas from British embassies without much trouble, in order to hold their conference to plot and coordinate their policies that call for murder and destruction.”

The Egyptian newspaper *Al-Akhbar*, the next day, published an article by Jalal Dwedat, which stated bluntly: “Britain, which has lost its role in the world, has found that supporting terrorism and harboring terrorists is the best way to find a place in world politics. There is only one explanation for Britain’s policy, which is: Those terrorists are agents of secret intelligence services. . . . The terrorists use British banks to transfer money to hired killers, who carry out their destructive plans against the Arab and Muslim nations. This is not a new role for Britain. It has played the same role in supporting terrorist groups, and in return uses these terrorists as tools to implement her policies during her occupation of these nations.”

On Sept. 7, official daily *Al-Ahram* editor-in-chief Ibrahim Nafi continued his scathing attack on London. “Britain has become the number one base in the world for international terrorism.” When British chargé d’affaires Macbeth wrote to Nafi, complaining about his earlier editorial and arguing that “British law does not ban such conferences” as the planned terrorist conclave, Nafi replied: “We tell Mr. Representative of the British Crown that no one believes any more what is being pronounced by British officials, especially about ‘fighting terrorism. . . .’ British officials try to ignore the fact that the British field is being used, through official laws and regulations, to destabilize other nations by professional terrorists.”

President Hosni Mubarak added his voice to the chorus of protests over British harboring of terrorists, on Sept. 18, in an exclusive interview with *Al-Hayat*. “We have contacts with all the states concerned with terrorism,” he began. “We held the Sharm al-Sheikh international conference to cooperate against terrorism. All the participating governments agreed

on that, but some states, like Britain, give political asylum to terrorists, and these states will pay the price for that. I have warned against that for years, and indicated that terrorism is an international phenomenon. If a European state provides shelter for terrorists, they will, sooner or later, turn against it.”

- On Aug. 20, 1996, the Turkish government got into the act, denouncing a decision by the British to allow the terrorist PKK, the Kurdish Workers Party, to continue its television and radio broadcasts from London. These broadcasts beam into the eastern provinces of Turkey, where the PKK has been waging a decade-long, separatist war against the Ankara government and the Turkish military. The radio broadcasts provide the PKK with marching orders and military intelligence.

- On Feb. 7, 1997, the Libyan Foreign Ministry submitted an official protest letter to the British government, against allowing the Militant Islamic Group to operate on British territory, according to the paper *Al-Sharq al-Awsat*. The protest followed a reported assassination attempt in January 1997 against Colonel Muammar Qaddafi by members of the group. The protest letter, according to the news account, read in part: “The decision by Britain, which is a permanent member state of the Security Council, to shelter elements of that terrorist group who are wanted to stand trial in Libya and to enable them to openly announce their destructive intentions against a UN member state, namely Libya . . . contravenes international charges and treaties.”

- On Feb. 21, 1997, the semi-official newspaper of the Egyptian government, *Al-Gumhuryia al-Masaa*, accused Britain of sponsoring “the terrorism directed against Egypt and Algeria through allowing terrorist groups to have offices there.” The editorial added that “The British government is in one universe and the world’s efforts to eliminate terrorism is in another.”

The editorial was based on recent statements by Egyptian government officials, assailing Britain for allowing a leading figure of Islamic Jihad, Adel Abdul Majid, to set up offices in London. The Egyptian Supreme Court released admissions from several members of the group, at the beginning of the year, that they had received money and marching orders from Abdul Majid, to carry out bombings and assassinations. One unnamed Egyptian official was quoted in the Egyptian press saying that the confessions “only further support Egypt’s belief that London has become the most prominent center for anti-Egypt Islamic extremist groups.”

- On Feb. 28, 1997, the British government publicly denied charges by the Nigerian government, that they had asked for, and been refused, the extradition of three British-harbored Nigerians, suspected of a series of bombings in the capital city of Lagos in January 1997. The three are leaders of the National Democratic Coalition (Nadeco), a Nigerian group whose head is a close associate of British Overseas Minister Lady Lynda Chalker.

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# EIR's 'yellow pages' of terrorist groups in London

by Joseph Brewda and Omar Abdul-Aziz

London, and no other city, is the capital of what the Western media call "international terrorism," and is also the safe-haven for its leaders. This reflects the fact that international terrorism, today, is a British intelligence-directed phenomenon. London's role as a terrorist safe-haven is well documented by the official statements of the terrorist groups themselves, official statements by governments under terrorist assault, and even by the London phone directory. It is also documented by statements of members of the British House of Commons and House of Lords, some of whom, openly support these groups. The London "terrorist yellow pages" that follows, is drawn from a wide range of public sources, and is merely indicative of the scope of London's role as the international terrorist command center.

## Islamic Jihad and Islamic Group

In February 1997, the British government formally granted permission to London residents, Abel Abdel Maguid Abdel Bari and Adel Tawfiq al Sirri, to establish Islamic Jihad/Islamic Group offices in the United Kingdom, for media and fundraising purposes, under the names International Bureau for the Defense of the Egyptian People, and the Islamic Media Observatory. The United States is, with Egypt, the groups' primary target. On Feb. 12, the Islamic Group declared that "all American interests are legitimate targets to be attacked by its members." Their U.S.-based associate, Sheikh Omar Abdul Rahman, is currently in U.S. federal prison over his role in a series of planned terrorist attacks against public sites in New York City, following the 1993 World Trade Center bombing.

Adel Abdul Majid was implicated in the 1981 assassination of Egyptian President Anwar Sadat, and was accused in the same year of planning the rescue of Abboud Azzummer and Khalid Islamboli from prison, both of whom were convicted for the assassination. Majid was acquitted, but imprisoned later on other charges. In 1991, Abdul Majid travelled to Britain to ask for asylum, which was immediately granted. Since that time, he has been the London coordinator for the Islamic Jihad operations in Europe, Pakistan, and Afghanistan. He was convicted and sentenced to death *in absentia*, for his coordination of the bombing of the Egyptian embassy in Islamabad in November 1995, which killed 15 members of the Egyptian diplomatic staff.

Abdel Tawfiq al Sirri, the other head of the Islamic Jihad in London, was sentenced to death *in absentia* for a failed 1993 assassination attempt against Egyptian Prime Minister Atif Sidqi. Al Sirri has been granted political asylum in Britain, overriding Egyptian government protests.

## Hamas

Hamas has a permanent office in London, which issues a monthly magazine *Filisteen al-Muslima*. The office is dominated by the most extreme terrorism faction of the group, the Izeddin al Kassam. In 1996, the magazine published a *fatwa* (religious ruling) advocating the suicide bombing of civilian targets in Israel, immediately prior to the terror wave of February and March 1996. The terror wave resulted in the electoral defeat of the Labor government of Prime Minister Shimon Peres in May, bringing the Likud Party and Benjamin Netanyahu into power. The magazine had earlier said the primary target of Hamas had to be the Labor government.

Due to the complaints of the Peres government, British intelligence's MI-5 froze Hamas accounts—but only after Peres's defeat. The accounts were unfrozen a short time later, after Britain's Charity Control Agency informed the Parliament and the government that the Hamas office in London was not involved in any terrorist activities as such! After Israel issued a formal complaint over Hamas fundraising, the British Foreign Office replied that, "We have seen no proof to support allegations that funds raised by the Hamas in the U.K. are used directly in support of terrorist acts elsewhere."

## Committee for the Defense of Legitimate Rights

The CDLR is led by London resident Mohammed al-Masari. It is the propaganda center for a campaign to drive the U.S. military out of Saudi Arabia, and to overthrow the current Saudi royal faction currently running the regime. It is bankrolled by Saudi financier, Osama bin Ladin. Bin Ladin also maintains a separate office in London, the Advise and Reform Commission, run by his personal agent, Khalid al Fawwaz, which serves as the less public, command center of the operation.

Immediately after the terror-bombing of a U.S. military barracks in Dhahran, Saudi Arabia, on June 25, 1996, which left 19 American soldiers dead, Masari was featured on the British Broadcasting Corporation on June 26, where he de-

## British Lords back Colombian terrorists

In a series of interviews in April 1996 with *EIR*'s Spanish biweekly, *Resumen Ejecutivo*, various British Lords not only ratified their support for the narco-terrorist government of President Ernesto Samper Pizano in Colombia, but, they emphasized that they do so as part of a broader assault against the United States, including campaigning for drug legalization and Cuba's Fidel Castro.

The Lords first came out in public defense of Samper's narco-corrupt regime in an April 2, 1996 House of Lords debate attacking the Clinton administration's March 1, 1996 decertification of Samper's government. The debate was organized by Viscount Montgomery of Alamein, son of Field Marshal Montgomery of World War II fame. He urged Her Majesty's Government to "make representations to"—that is, to pressure—the U.S. government to reverse its decertification of Colombia. Montgomery was joined by Viscount Waverly and Baron Pearson.

"Does my noble friend recall that when [Colombian]

President Gaviria visited Britain in 1993, it was clear that we had a long-standing and warm relationship with Colombia?" Viscount Montgomery asked Baroness Lynda Chalker, the Crown's Overseas Development Minister. "The bilateral relationship is extremely important, inasmuch as we have considerable trading and investment interests in Colombia," he said. "Is my noble friend prepared to make representations in Washington concerning that arbitrary measure?"

"We have excellent relations with Colombia," answered Lady Chalker. "There are accusations against certain members of the government of Colombia, but they are only allegations." She promised her "noble friends" that she would make "representations" to Washington.

Reached in his London offices late on April 27, Viscount Montgomery bragged that the debate in the House of Lords was staged to give the Samper regime means to resist pressure from the United States. "The Colombian ambassador in London was obviously delighted with this initiative," he said. "Of course, the Colombians would have used this themselves, to say . . . that the British Parliament" opposes decertification. "And, when it came out in Parliament, obviously, it was sent hotfoot to Bogotá."

—Valerie Rush

scribed the bombing as "intellectually justified."

Masari said the recent bombing was a strong warning to the U.S. military, whose presence there "is obviously not welcomed by a substantial fraction of the population there, and they are ready to go to the execution stand for it." He expressly referred to Afghan mujahideen veterans as comprising the cadre for future incidents. "There are so many underground parties—so many splinter groups, many of them made up of people who fought in Afghanistan. . . . I expect more of the same."

Masari and his group regularly publish statements calling for the violent overthrow of the Saudi regime, and its replacement by an Islamic revolutionary state. Despite this, Masari has "exceptional leave" to remain in Britain. An attempt to deport him last year, after Saudi protests over his praise of the Riyadh bombing, was blocked by the British government, following a campaign on his behalf led by Lord Avebury.

According to the British government, Foreign Secretary Malcolm Rifkind traveled to Saudi Arabia to deliver a personal assurance to King Fahd that Britain views Masari's latest remarks "with repugnance." The British government, however, argues that it has no legal basis to deport him, or anyone else, if the person is advocating violence only abroad, and not in Great Britain. In April, 1996, the British Home Office granted Masari a four-year permit to stay in Britain as a refugee.

## Bangladeshi Muslim Literary Circle

Run by Mohammed Jalal-Abadi, a resident of London for 30 years, the Bangladesh Muslim Literary Circle of Great Britain operates on behalf of terrorist actions against U.S. troops in Saudi Arabia. In a communiqué issued from London, dated July 1996, Abadi stated that the "infidel must be ejected from the land of Haramain [Saudi Arabia]. It is now time for Islamic jurists to issue a *fatwa* pinpointing the fact that infidel armies' stay in the holiest land of Islam violates all Shari'a injunctions. Hence it is imperative for the Islamic Ummah [nation] to eject the forces of Kufr [infidels]. It is, of course, up to the Ummah how they achieve this objective. . . . We must not, by Allah, allow this kind of [U.S.] criminal activity to continue." Following the release of the statement, U.S. authorities were reportedly responsible for his subsequent interrogation by Scotland Yard's Special Branch officers. However, no action was taken against him.

In a letter to the London *Sunday Times* on Aug. 18, 1966, Abadi said his efforts against the United States in Saudi Arabia are also motivated by his loyalty to the Queen. "We British Muslims have taken an oath of loyalty, in the name of Allah, to the Queen and the State. We are looking forward to the day when all Islamic land is liberated and united, and we are able to establish excellent relations between Britain and the Islamic world. That is exactly the new world order the enemies of Islam want to postpone."

## **Armed Islamic Group (Groupe Islamique Armée, GIA)**

Since 1992, the GIA has been leading a bloody terrorist assault in Algeria, attributed to the Islamic Salvation Front, and run under "Islamic fundamentalist" cover. *Al-Ansar (The Supporters)*, the weekly Arabic newsletter which gives marching orders to the group, is printed and written in London. Editors Abu Qatada al-Filistini and Abu Musab al Suri, openly advocate the killing of Christian priests, foreigners, women, and children of government officials in Algeria.

France is GIA's other target, being responsible for several bombings on Parisian subways and other sites, as well as assassinations of Algerian leaders living there.

The London-based Abou Farres, a former Afghan mujahideen, is the leader of the GIA network targetting France, and its financier. He arrived in London in 1992, after fleeing from Algeria, where he had been condemned to death for the bombing of Algiers airport in August of that year, which killed nine people and injured 125. His request for British asylum, under the claim that he was a victim of Algerian government persecution, was accepted, despite the fact that he has publicly also claimed credit for the kidnapping and murder of three French consular officials in Algeria.

## **Kurdish Workers Party**

Since 1983, the Kurdish Workers Party (a.k.a. PKK) has been leading the terrorist liberation war in southeast Turkey, in a campaign resulting in 19,000 deaths. Marching orders to the group, including the listing of assassination targets, are given from its program on the London satellite TV station, MED TV. The British government gave the PKK access to the station, after it was declared illegal in Germany in 1993, its former international headquarters. When the PKK held its Kurdish Parliament in exile founding meeting in Brussels, Belgium, in 1995, official greetings of support were sent from Lord Avebury and Baroness Gould from the House of Lords. Lord Hylton attended the terrorist gathering.

## **Jammu and Kashmir Liberation Front**

The JKLF, founded in 1966, is led by Amanullah Khan from Britain. The group's monthly *Voice of Kashmir*, is also published from there. From its inception, the JKLF has led a terrorist war in Indian Kashmir, in which tens of thousands of people have been killed. It also has hijacked airplanes, and conducted kidnappings and assassinations overseas. The most prominent slaying was that of an Indian diplomat in London itself, in 1984. It is among the gaggle of Indian separatist groups which worked closely with Khalistan (Punjab) separatist leader Jagjit Singh Chauhan, who took credit for the 1984, British-commissioned assassination of Indira Gandhi.

Working closely with the JKLF is the London-based World Kashmir Freedom Movement of Ayyub Thukan, who

is also London-based. The primary support apparatus for the Kashmiri separatists are Lord Avebury, the House of Lords human rights czar, who is also chair of the Friends of Kashmir organization; and Max Madden and George Galloway, both members of the British Parliament working under Lord Avebury's direction.

## **'Khalistan'**

The Sikh terrorist movement to carve out an independent Punjab out of India, known as "Khalistan," is headquartered in London. The primary leader of the network is the British-based Jagjit Singh Chauhan, chairman of the British-based World Sikh Organization, who conspired toward the 1984 assassination of Indian Prime Minister Indira Gandhi. Tens of thousands of people have been killed in India since the movement's creation in 1978, as a direct result of its activities. The most active arm of the movement is the Babbar Khalsa, headquartered in London, England, and Toronto, Canada. The rest of the Khalistani gaggle, is all London centered, including the Republic of Khalistan in exile, the National Council of Khalistan, U.K. Sikh Coordination Committee, and the International Sikh Youth Federation. According to the Indian press, training for the separatists has been provided by the British Army's Special Air Services (SAS), its elite commando wing.

## **Liberation Tigers of Tamil Eelam**

Since 1972, the LTTE, or "Tamil Tigers," have been leading a terrorist war in Sri Lanka to create a separate Tamil homeland on the northern part of the island. Suicide bombings targetting Sri Lanka's majority Singhalese community, together with conventional military actions, have so far claimed 130,000 lives. From its inception, the spokesman and de facto controller of the group has been Anton Basingham, a former student at Oxford University, married to an Australian national, who maintains residences in London and Paris. Until 1991, the group's number-two leader, Sathisaivam Krishnakumar, oversaw the LTTE's operations out of his London residence. He has since left for France. The group was originally trained on farms managed by the British non-governmental organization Oxfam (Oxford Relief), in southern India. The British SAS also provided training for the group. Fundraising activities for the LTTE are primarily based out of Toronto, Canada.

## **National Socialist Council of Nagaland**

The efforts to establish a separate Naga tribal homeland carved out of northeastern India was led since 1946, by Angamai Zapu Phizo, who led the movement from London exile from 1957 through his death in the early 1990s. His niece, Rano Soiza, is his successor, and leads the Naga movement from her London home. The London-based Naga Vigil, which has non-governmental organization (NGO) status with the UN, is a primary arms smuggler for the terrorists.

In 1992, two British nationals representing Naga Vigil were arrested in northeast India, in the company with armed Naga insurgents. Since 1975, the movement has undergone various splits. The most active, the National Socialist Council of Nagaland, is run out of The Hague, Holland, and operated under the support, until his 1995 death, of Lord Ennals of the British House of Lords. The British Baptist Church, which is very powerful in the Naga region, remains the contact between British intelligence and NSCN terrorists operating on the ground.

### Shining Path (Sendero Luminoso)

Shining Path has been leading a terrorist war in Peru since the early 1980s, which has killed over 25,000 people. The head of London operations has been Adolfo Héctor Olaechea, who enjoys safe haven there despite Peruvian government protests. Amongst the terrorist support structures set up by Olaechea in England, was a Musical Guerrilla Army, which in 1991 performed benefit concerts throughout Britain. Typical lyrics were: "The people's blood has a beautiful aroma. . . . Chairman Gonzalo, Light of the Masses. . . . The blood of the armed people nourishes the armed struggle."

The Peru Support Group of London has been identified by the Peruvian government as part of Shining Path's network abroad. The PSG was sponsored by Lord Avebury, and by a

group of British clerics, including Michael Campbell-Johnston, England's Jesuit Provincial.

### Revolutionary International Movement

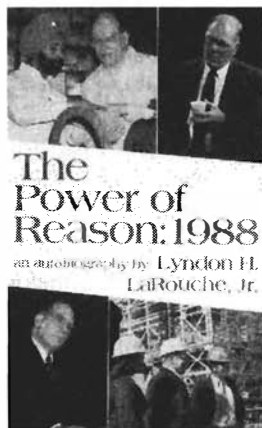
Formed in 1984, the London-based RIM is a coordination arm for terrorist organizations operating in Ibero-America, the Mideast, and Asia, especially. Its flagship publication, *A World to Win*, now published in London, was for several years published by Russell House (named after Lord Bertrand Russell) in Nottingham, England. The group espouses violent revolution, and assassinations.

Among its terrorist affiliates are the Central Reorganization Committee, Communist Party of India (Marxist-Leninist); Ceylon Communist Party (Maoist); Communist Party of Bangladesh (Marxist-Leninist); Communist Party of Peru (a.k.a. Shining Path); Communist Party of Turkey/Marxist-Leninist (TKP/ML); Haitian Revolutionary Internationalist Group; Marxist-Leninist Communist Organization of Tunisia; Nepal Communist Party (Mashal); New Zealand Red Flag Group; Proletarian Party of Purba Bangla (PBSP, Bangladesh); Red Worker Communist Organization (Italy); Revolutionary Communist Group of Colombia; Revolutionary Communist Party, U.S.A.; Revolutionary Communist Union (Dominican Republic); and Union of Iran Communists (Sarbedaran).

## Books by Lyndon H. LaRouche, Jr.

The LaRouche case "represented a broader range of deliberate cunning and systematic misconduct over a longer period of time utilizing the power of the federal government than any other prosecution by the U.S. Government in my time or to my knowledge."

—Former U.S. Attorney General  
Ramsey Clark

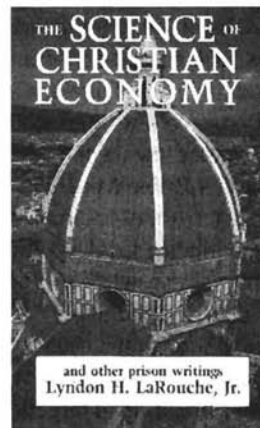


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# Lord Avebury, terrorist godfather

by Joseph Brewda

Lord Avebury, the chairman of the All-Party Parliamentary Group on Human Rights, is one of the most important handlers of terrorist organizations fielded by the British monarchy. In February 1997, he and his tool, George Galloway of the House of Commons, led successful efforts to block a bill proposed by Member of Parliament, Nigel Waterson, to ban fundraising and support activities for international terrorism from Britain. In the spring of 1996, Lord Avebury successfully led efforts to block the deportation of Saudi terrorist Mohammad al-Masari. "If the government gave in to the demands [of the Saudi government to deport him]," he wrote to the Foreign Office, "it would effectively be giving a green light to others." Masari later took credit from his London office for the Khobar bombing which killed 19 U.S. servicemen in June 1996. Lord Avebury's campaign, which was joined by 40 other members of the House of Lords and Commons, argued that deporting Masari would violate Britain's liberal tradition of asylum.

Lord Avebury and his group are certainly right about that. Under the same cover of providing asylum, Queen Victoria's Prime Minister Lord Palmerston offered safe haven to terrorists running insurgencies and revolutions on the Continent. Lord Avebury's grandfather, the first Lord Avebury, who was Queen Victoria's banker, was in Lord Palmerston's circle.

In a September 1995 interview with *EIR*, Lord Avebury gloated that the activities of the groups that he promotes will lead to a break-up of targetted states. "The tendencies in India will follow those in other parts of the world, a centrifugalism," he said in discussing the Kashmiri terrorist separatists on his leash. "I'm thinking of the break-up of the Soviet Union and Yugoslavia."

## Lord Avebury's liberation movements

Under the cover of human rights concerns, and the liberal right of asylum, Lord Avebury has been host to numerous British-run terrorist organizations. There is no consistency in the political coloration of the movements championed by Lord Avebury, of course, since continuing conflict is his object. Here are some groups in his collection.

**Kashmir:** The British-orchestrated drive for an indepen-

dent Kashmir is run by Ayyub Thukar, the London-based head of the World Kashmir Freedom movement, and Amanullah Khan, the London resident heading the Jammu and Kashmir Liberation Front (JKLF). Lord Avebury was the first British member of Parliament to publicly support the Kashmiri secessionists, in an address to a JKLF conference in London in 1991, where he also announced his support for their armed struggle. In a March 1995 issue of Thukar's publication, *Kashmir Report*, Lord Avebury demanded that Indian troops be withdrawn from Kashmir. "New Delhi fails to understand that if peaceful initiatives are thwarted, the inevitable result will be further violence," he thundered.

**'Khalistan':** Efforts to create an independent homeland in Indian Punjab for followers of the Sikh religion, dubbed "Khalistan," are also run out of London. The British-based Jagjit Singh Chauhan of the World Sikh Organization, who took credit for the 1984 assassination of Indian Prime Minister Indira Gandhi, works closely with Lord Avebury, according to the spokesman of the organization.

**Sudan:** British operations against Sudan are overseen by Lord Avebury and the Deputy Speaker of the House of Lords, Baroness Cox, using British-based Sudanese Communist, indigenous, southern separatist, and Islamic networks. In 1994, Lord Avebury and Baroness Cox co-chaired an international conference of their Christian Solidarity International in Bonn, which drew together diverse Sudanese opposition movements committed to broadening the war.

**Iran:** In June 1995, Lord Avebury held a press conference in London on his successful effort to mobilize members of European parliaments against the Iranian government, on behalf of the Mujahideen-e-Khalq, an Iranian communist outfit, with important offices in London. The group is involved in bombings in Iran. On a podium with leaders of the group, Lord Avebury reported that 250 members of the House of Commons and 175 members of the House of Lords, signed a statement he circulated calling for "military, economic, commercial, political, and economic sanctions" against Iran.

**Bahrain:** While leading the opposition to Iran, arm-in-arm with communists, Lord Avebury has also professed himself in favor of the London-based Islamic Front's efforts to achieve Shiite "self-determination" for oil-rich Bahrain. The front carries out bombings in Bahrain, typically attributed to Iran in the British press. Lord Avebury addressed the group's "Bahrain National Day" event on Dec. 17, 1996, where he denounced the emir, Sheikh al-Khalifa, for responsibility for Bahrain's "oppression and misery."

**Turkey:** Lord Avebury is also the primary British supporter of the PKK, which is seeking to create an independent "Kurdistan" carved out of Turkey, Iran, and Iraq. In 1994, the European leader of the terrorist group, Kani Yilmaz, was arrested while en route to meet Lord Avebury. In 1996, Lord Avebury sent greetings to the PKK's founding Kurdistan Parliament in exile, held in Brussels, Belgium.

# The Crown's role in British-run terrorism

by Scott Thompson

Her Majesty Queen Elizabeth II, as the ruler of the British Empire in its present form, bears the ultimate responsibility for London being the number-one harbinger of international terrorism in the world today. Contrary to myths in the tabloid press, the British monarchy is not a taxpayer-funded soap opera or a Disneyland for the rich and famous. In formal terms, the Queen holds more concentrated raw power than any President of the United States, who is obliged to uphold the U.S. Constitution. She can act at whim, through what are known as her "prerogative powers." Although she carefully avoids public flaunting of these "prerogatives," her powers are real, her personal wealth—estimated in the billions of dollars—is real, and she represents a concert of "official" and "unofficial" structures of the British Crown and Commonwealth of States, associated with the Club of the Isles, City of London-based financial oligarchy.

For a thorough review of the powers of the House of Windsor, see *EIR*, Oct. 28, 1994, and May 24, 1996.

## The Privy Council

Some of the Queen's powers are exercised with the advice of ministers, but the principal vehicle through which she receives such advice—apart from weekly meetings with the prime minister, whom she may sack on a moment's notice—is through a body known as the Privy Council. It is the case that no legislation—no matter what majority backs it in the House of Commons and House of Lords—can become law unless the Queen affirms it by "orders in the Privy Council."

Thus, all the so-called "human rights" and immigration laws that have permitted London to become the number-one international harbor for terrorists have been approved with the final permission of Her Majesty Queen Elizabeth II. Should the Queen wish to press charges against any of the terrorists harbored in London, the Judicial Committee of the Privy Council is the highest court in the British Empire. It renders its opinion in secret to the Queen, who makes the final verdict in secret.

The Privy Council is a body of 900-odd individuals who form the premier oligarchy in the British Empire, with representatives from the House of Lords, House of Commons, Ecclesiasts, and Judges. Prime Minister John Major is a member, as is Labour Party opposition leader Anthony Blair. Privy

Councillors are ranked by precedence with the royal consort, HRH Prince Philip, Duke of Edinburgh, being the number-two Privy Councillor after Queen Elizabeth herself.

## Who is to blame for terrorism?

A spokesman for the Privy Council, while not denying that London was guilty of harboring international terrorists, argued that this was not the fault of the Privy Council. While admitting that no bill could become law without the Queen issuing "orders in Council," the spokesman maintained that all the Privy Council does is to pass reports from departments—including the intelligence services—to the Queen. Therefore, the spokesman said, one would have to speak to Buckingham Palace to find out what laws had been passed that facilitated London becoming the main headquarters of international terrorism.

One of the Queen's press secretaries in Buckingham Palace also could not deny that London was the terrorist capital in the world. And, she admitted that no bill could become law without the Queen's assent through the Privy Council. However, she insisted that the blame for terrorism must rest upon Her Majesty's ministers, since the Queen was a "constitutional monarch," who only acted on "advice of her ministers." She therefore pointed the finger of blame at Her Majesty's Government of Prime Minister John Major.

The Palace spokesman repeatedly refused to acknowledge the "prerogative powers" of the Queen, stating in response to a question that even if Her Majesty's ministers wanted to transform London into the dope-dealing center of the world, Queen Elizabeth II would have to go along as a "constitutional monarch," if it was on "advice of her ministers."

A press spokesman for Prime Minister Major half-heartedly denied that London was the world headquarters of terrorism, but then tried to say that terrorism and immigration were not the responsibility of the prime minister, rather they fell under the responsibility of Minister Michael Howard's Home Office.

The most bizarre exchange came when the spokesman was asked why the Tory government led by Major had failed to pass a bill by Tory backbencher Nigel Waterson, that would have made it illegal to plot acts of terrorism abroad from British soil. The spokesman claimed that the prime minister was not responsible for what happened either within the Conservative Party majority or in the House of Commons! The spokesman finally hung up, when it was pointed out that BBC, which has little to do with the Home Office, had just broadcast the statements of terrorist moneybags Osama Bin Laden, making more threats against the United States and boasting of his role in the bombings that killed U.S. military personnel in Saudi Arabia. Actually, the final decision to appoint governors of the British Broadcasting Corp. is made by Her Majesty Queen Elizabeth II, with suggestions from the prime minister.



# British Parliament endorses terrorism

by Joseph Brewda

On Jan. 25, Nigel Waterson, a Conservative member of the British House of Commons, introduced a "Conspiracy and Incitement Bill," which would have banned individuals residing in Britain, from plotting and conducting terrorist operations overseas. The bill was proposed in the aftermath of the scandal over Britain giving safe-haven to Saudi terrorist Mohammad al Masari, who openly took credit for bombing U.S. military sites in Saudi Arabia in June 1996. Britain's grant of asylum to Masari, and its protection for other international terrorists, provoked an unusual, common protest from the U.S., Saudi, Israeli, and Egyptian governments.

The bill was read before a specially mandated committee in late January, and then on Feb. 14 and 22. Insufficient votes for its passage on its third reading, meant that the bill did not get out of its committee stage, and consequently became a dead letter. Although Waterson is a member of the ruling Conservative party, the government did not endorse his bill, contributing to its defeat.

By so acting, the British government has officially come out in open support for terrorism—that is, as long as it is conducted overseas. George Galloway, from the Labor Party, the House of Commons' leading supporter of Kashmiri terrorism, and a mouthpiece for Lord Avebury, the House of Lords' top terrorist godfather, led the fight against the bill. What follows is taken from Galloway's frank and revealing speech before the committee, as reproduced in the House of Commons official proceedings of the debate on the bill.

"The Bill will change political asylum in this country in a profound and dangerous way. It will change a state of affairs that has existed since Napoleon's time.

"How can the Iraqi opposition get rid of Saddam Hussein except by violent means? There is no other way in which he can be overthrown. Members of the Iraqi National Congress, which occupies a very plush office opposite Harrods, spend every day plotting the violent overthrow of Saddam Hussein. I personally pray for their success, as does every right-thinking, honorable Member.

"We are all in favor of controlling terrorism in Britain. Surely not a single honorable member has any truck with terrorism here, but we are talking about terrorism in other countries, and what is defined as terrorism by foreign dictatorships, where there is no democratic process.

"The legislation is rushed in response to a specific, and, for the government, highly embarrassing refugee case—that of Professor al-Masari, who was a thorn in the side of the government of Saudi Arabia.

"The bill will cause a grave diminution in the political rights of our people, which has been cherished for centuries . . . who welcomed to this country revolutionaries such as Kossuth after the wave of revolutions in 1848. Kossuth was a Hungarian who led an armed, terrorist struggle against the Austro-Hungarian empire from his sanctuary in London. He would have been prosecuted under the bill, had it existed at the time.

"Perhaps some Conservative members wish that Karl Marx had been prosecuted, but this country's reputation would have been gravely diminished if he had been, when he was laboring in the British Museum, and calling for the beheading of the European kings. Several of those monarchs wrote in congress to the British government to ask that he be prosecuted, but the then Conservative government replied that the mere advocacy of regicide was not a crime in Britain, and that Mr. Marx was free and welcome to continue his labors in the British Museum.

"By definition, a tyranny can be removed only by extraordinary measures. It is sometimes possible, although very rare, that massive civil disobedience and huge demonstrations can topple a regime, as some in eastern Europe were toppled, but much more often at one stage or another during a dictatorship, people have to bear arms and take armed action against it.

"Inevitably, in conditions of extreme repression, the leadership of such movements will gravitate to countries such as ours where freedom and liberty prevail. The bill will criminalize such people, even though they have not broken any law in Britain—or at least they would not have done so until the Bill became law—or cause any harm to the Queen's peace in her realm. They will fall open to prosecution in this country under the bill because they are inciting, supporting, or organizing events in distant tyrannies, which are clearly offenses under the laws of such tyrants.

"I repeat the cliché, which is a cliché only because it is so obviously true, that one man's terrorist is another man's freedom fighter. [Cypriot Archbishop] Makarios was a wanted terrorist, and took tea with the Queen in Buckingham palace. [Zimbabwe President Robert] Mugabe was a wanted Marxist Leninist terrorist and then took tea with the Queen at Buckingham palace.

"In this country, there are 580,000 Pakistani Kashmir Muslims. Every man and woman among them supports what they call the freedom struggle in occupied Jammu and Kashmir. Today, in mosques up and down the country, people will be collecting money for the  *jihad* —the holy war. That money will make its way to Srinagar [Indian Kashmir] and the coffers of the liberation movement. If the Bill became law, those people would be committing an offense every time they did that."

# Osama Bin Laden, terrorist moneybags

by Joseph Brewda

Osama Bin Laden, the Saudi financier now bankrolling the so-called "Islamic Jihad" against U.S. troops in Saudi Arabia, is no "Islamic leader." He is simply a paymaster for British intelligence operations targeting the United States in the Mideast and internationally.

As part of this campaign, Bin Laden has called for a "jihad" against U.S. troops in Saudi Arabia, and is taking credit for the 1996 Khobar U.S. Army barracks bombing which left 19 U.S. servicemen dead. "What happened in Khobar is a clear proof of the enormous rage of the Saudi population against them," he told the London *Independent* in July 1996, "Resistance against America will spread in many places through Muslim lands." In a September 1996 interview with the London-based *Al Arab*, he added that "the [Saudi] regime is the lesser evil, and America is the greater evil. Fighting against this greater evil is the biggest duty of a Muslim after belief in God."

Bin Laden's statements may be wild, but he is no lone operative; he is the pampered son of the wealthiest non-princely family in Saudi Arabia. The family is of Yemenite origin, and, according to regional sources, was moved to what became Saudi Arabia by the British, at the beginning of this century. The family's wealth, acquired through its franchise on construction projects in the kingdom, is estimated at \$5 billion. Osama's kitty, according to his family, is at least \$300 million, through which he has provided millions to "Islamic terrorist" organizations throughout the world.

## All in the family

Osama first got involved in the terrorist-financing business through his cousin and patron, the late Sheikh Salim M. Bin Laden, owner of the family business, Bin Laden Brothers Construction. Sheikh Bin Laden was one of only four Saudis whom Britain's Prince Philip invited to join his 1001 Club, composed of 1001 members of the international financial and oligarchical elite. The Club, and its World Wide Fund for Nature, is the primary intelligence agency of the British royal family.

As a result of this patronage, Sheikh Salim, together with his close Saudi crony, Khalid Bin Mahfouz, became major stockholders in the Bank of Credit and Commerce International, the cash-cow that British intelligence used to

finance the 1980s Afghanistan War, and arm Iran. U.S. Vice President George Bush, as mandated by National Security Decision Directives 2 and 3, was the U.S. official assigned to oversee the U.S. intelligence agencies running that and other wars.

Sheikh Salim was close to Bush since at least 1979, when he became a business partner with Bush's son, George W. Bush, the current governor of Texas, in the Bush family's Arbusto Ltd. Salim's proxy representative in the firm, James R. Bath, was later investigated by the U.S. government for Saudi influence-peddling in the United States.

Osama, now 39 years old, first became involved in intelligence matters in 1979, immediately after the Soviet invasion of Afghanistan. According to a May 6, 1996, *Time* magazine interview with Bin Laden's associates, Osama "recruited thousands of Arab fighters in the Gulf, paid for their passage to Afghanistan, and set up the main guerrilla camp to train them." Prince Bandar, the Saudi ambassador to the United States, acknowledges that the Saudis ultimately spent \$500 million on the operation. Osama Bin Laden was one of the conduits through which Saudi covert funds were passed on to the Afghani mujahideen, to prosecute the decade-long war against the Soviet Red Army. The mujahideen used in this venture were later dumped, after their objective was achieved, and today constitute a terrorist pool used for disavowable British intelligence actions, such as attacks on U.S. facilities in Saudi Arabia.

According to a 1996 U.S. State Department statement entitled "Osama Bin Laden: Islamic Extremist Financier," Pakistani and Egyptian investigators have determined that the Saudi financier made heavy use of these mujahideen. "Ramzi Ahmed Yousef, the alleged mastermind of the February 1993 World Trade Center bombing, resided at the Bin Laden-funded Bayt Ashuhada guest house in Peshawar [Pakistan] during most of the three years before his apprehension in February 1995; Bin Laden remains the key financier behind the 'Kunar' camp in Afghanistan, which provides terrorist training to al-Jihad and al-Gamaat al-Islamiyyah [Islamic Group] members."

Osama moved to Sudan in 1991, after he allegedly fell out with his family over such radical politics (his presence there was used to smear Sudan as harboring terrorists). But for all that, Osama spent much of the time that he was nominally living in Sudan, at his favorite residence in the fashionable London, England suburb of Wembley. In 1996, the Sudanese government expelled Bin Laden, and he fled to London, and, soon thereafter, Afghanistan. He was tracked down there by the ever-intrepid journalists of the London *Independent*, overseeing a new jihad against America. Afghanistan, he told the paper, is the "safest place in the world for me." But London, nonetheless, remains Osama's base, and the headquarters of his Advise and Reform Commission, the coordinating center of his diverse terrorist operations, run by his London appointee Khalid al Fawwaz.

# Lord Palmerston's terrorist menagerie

by Joseph Brewda

The British policy of harboring terrorists, and using these terrorists to destabilize its enemies, is centuries-old. The most famous champion of this policy was Lord Palmerston, the British prime minister and foreign minister, who oversaw the 1848 revolutions run against Britain's rival French, Austrian, Ottoman, and Russian empires. "There wasn't a revolt started in Europe, nor a conspiracy hatched," French diplomat Charles de Bussy declared at the time, "without the audacious and criminal complicity of British agents."<sup>1</sup>

Queen Victoria's uncle, King Leopold of Belgium, explained Palmerston's asylum policy this way: "In England, a sort of menagerie of Kossuths, Mazzinis, Legranges, Ledru-Rollins, etc. is kept to let loose occasionally on the Continent, to render its quiet and prosperity impossible." The Kossuths, Mazzinis, et al., deployed by Palmerston back then, are the forerunners of the terrorists Britain deploys today.

And just as they do today, the British claimed that the terrorist incidents they themselves directed, were caused by the totalitarian misrule and abuse of human rights of their targets.

As Lord Palmerston put it in a speech to Parliament: "A single spark will explode a powder magazine, and a blazing torch will burn out harmless on a turnpike road. If a country be in a state of suppressed internal discontent, a very slight indication may augment that discontent, and produce an explosion; but if the country be well governed, and the people be contented, then letters and proclamations from unhappy refugees will be as harmless as a torch upon the turnpike road."

The *Times* of London, which continues to support British terrorism today, had the same line. Why would its European rivals be "so afraid of such frothy declamations as Kossuth's and such visionary schemes as Mazzini's, were it not for the unsoundness and unpopularity of their own position at home? It must be a very explosive state of things which can be kindled by so mere a spark as a letter from some unfortunate gentleman in his lodgings at Camden-town."

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1. For further background, see Bernard Porter, *The Refugee Question in Mid-Victorian Politics* (London: Cambridge University Press, 1979).

## Letting the animals loose

That Palmerston was using his menagerie to launch revolutions throughout the continent was well known.

"Is it necessary to prove evidence?" asked a French pamphlet inspired by Emperor Napoleon III. The revolutionary conspiracies on the continent did not originate there, it said, but were "born in the bosom of those revolutionary associations" in England, "which send forth assassins with their way-bill, and which then wait, under the tolerance of English hospitality, for the result." Napoleon III knew what he was talking about. He had been put in power by such a British conspiracy.

By the 1850s, Austria was "knocking at every door in Europe in order to get up a league against us," because of this policy, reported Foreign Secretary Clarendon. The British ambassador to Vienna in 1853 reported that "England is looked upon as the focus from which, not only every revolutionary movement in other countries is propagated, but murder and mutiny fomented and encouraged."

It was not simply the bloody revolutions of 1848. In March 1853, there was an abortive uprising in Milan, and an attempt on the life of the Austrian emperor, both organized out of London. In 1854, the Duke of Parma was stabbed to death, in another British plot. In 1855, there were two attempts on the life of Emperor Napoleon, and in 1857, another London emigré attempt, overseen by Mazzini, was discovered. The funding for these efforts was traced to Palmerston's Lord of the Admiralty, Sir James Stansfeld, who was also the banker for Mazzini and his revolutionary band.

## Asylum for all terrorists

Lord Palmerston et al. claimed that they were powerless to deport the Mazzinians, because of London's policy of granting asylum—the same argument used today.

But it was precisely to safehouse such terrorists that Lord Palmerston's set launched a successful campaign in 1826 to repeal the Alien Act, which had provided for restricting or blocking aliens from entering the country, and possible expulsions of those living there. In motivating the repeal of the Act, Palmerston's crony, John Cam Hobhouse (who had just returned from participating in the British-run Greek revolution against the Ottoman Empire), called the Act a "part of that system which is making Great Britain an accomplice in the conspiracy against the liberties of mankind."

Then, after successfully having repealed the Act, the British government informed the Austrian, Russian, French, Prussian, and other empires that it was impossible to stop London being the capital of world revolution. They were legally bound, they said, to accept all requests for asylum, and had no ability to expel those granted asylum. From 1826 through 1906, Britain granted official residence to every refugee who requested it, no matter how murderous, and did not expel one refugee from its shores!

## London elects necromancy: the new Ramsay MacDonald

by Mark Burdman

At the beginning of this year, *EIR* had projected that national elections in Britain, scheduled for the spring of 1997, would produce a government headed by Labour Party leader Tony Blair, the which would be a replay of the 1931 "National Government" led by then-Labour Party leader Ramsay MacDonald (*EIR*, Jan. 3, 1997, "Will Great Britain End Up with a 'National Government' in 1997?"). Now, with the elections formally scheduled for May 1, senior commentators in the British establishment have affirmed that this is, indeed, what is shaping up for the post-election period. Such affirmations indicate that powerful forces in London are calculating, that the world is about to enter an extraordinarily volatile period, and intend to set up the cross-party "crisis-management" framework required to deal with that dangerous reality.

Most dramatic, in pointing to the potential Blair-MacDonald parallel, was a piece by Jesus College, Oxford historian Niall Ferguson, in the March 21 London *Daily Telegraph*. Ferguson saw this occurring, in the context of a cataclysm brought about by an imminent global financial/banking crash. A more subdued variant of the same theme, was published by the regular "Bagehot" British affairs column in the March 22 edition of the influential London *Economist* magazine.

### Wall Street 1929/'nightmare scenario' 1997

Entitled "Coming Soon: The Great Market Crash," Ferguson's was the sixth in a series of articles that have been appearing in the *Telegraph* chain of newspapers (*Daily Telegraph* and *Sunday Telegraph*) since March 9, echoing Lyndon LaRouche's warning, that the international financial and banking system is soon to undergo convulsive shocks, likely

to be triggered by a "nightmare scenario" in the speculation-driven derivatives market. The first in the series, on March 9, by *Sunday Telegraph* City Editor Neil Bennett, was titled, "The \$55 Trillion Horror Story" (see *EIR*, March 21, 1997).

Ferguson began by pointing to the week-of-March 17 falls on the London FT-SE and New York Dow-Jones exchanges, as likely harbingers of the "far from improbable event" of a "market crash" that could occur by the May 1 election, or perhaps soon after. Ferguson scoffed at the "euphoric" mood among traders in the City of London, insisting that "nothing is more certain, in the world of financial markets, than this: What goes up must, sooner or later, come down. . . . The only question is when the crisis of the 1990s will come, and how big it will be."

He itemized the various signs of how precarious the situation is, including the "substantially over-valued" prices of American equities; the repeated warnings of Federal Reserve Chairman Alan Greenspan that the markets are overvalued; the shakiness of the Japanese equities situation; and above all, the "nightmare scenario" of a blowout hitting the British and American banks, "their portfolios bulging with 'derivatives.'"

Ferguson mused that the "the political implications" of such looming market developments, especially their ramifications for the British electoral fight, "have gone wholly unnoticed." He claimed that the "far from improbable event" of a market crash means that it is hardly a "foregone conclusion" that Labour will win a landslide victory, especially as it is "a distinct possibility" that such a crash "could happen before the election." According to the Oxford historian, under such conditions, panicked middle class voters might rush back to

Conservative Prime Minister John Major. Alternatively, especially should the crash occur after the election, this might “do, for [Blair], what Wall Street did for Ramsay MacDonald in 1929” (emphasis added).

While omitting from his account the international financial parameters in which the May 1 election will be occurring, the “Bagehot” columnist in the *Economist* took pains to assure his readers that they had no reason to fear that Blair, as prime minister, would bring “radical,” leftist-oriented policies into Britain. “A Blair government . . . might indeed turn out more radical than it now lets on,” the columnist mused. “However, it might be radical not in a ‘progressive’ way, but in a right-wing direction. This happens to Labour governments. In 1929, it happened to Ramsay MacDonald, whose economic conservatism became legendary. . . . Mr. Blair . . . has strong radical-right instincts of his own.”

The magazine noted that Blair has taken moderate positions on the Conservative government’s proposal for privatizing state pensions; is open to “workfare” proposals for welfare recipients to be forced to work at low wages; and so on. The *Economist* suggested that “Mr. Blair’s more right-wing instincts” could be turned into policy.

### ‘A commission from the King’

The point of reference for these commentaries, is the following.

Labour Party chief Ramsay MacDonald was elected head of a minority Labour-Liberal government, in 1929. Soon after his election came the Wall Street crash, and the onset of the Great Depression. MacDonald, while nominally a socialist committed to defend workers’ living standards, was, in reality, a “Crown Socialist,” a favorite of King George V, and an important figure in that group which really runs British affairs, the King’s Privy Council. His calculations were based on the inner deliberations at that high level, not on the oft-mythologized, and factually non-existent “processes of British democracy.” Meanwhile, his secretary of the Treasury, Philip Snowden, also a nominal socialist, was a puppet of the powerful governor of the Bank of England, Sir Montagu Norman, the same individual who arranged, in 1933, to bring Adolf Hitler to power in Germany.

This MacDonald-Snowden combination was faced by a particularly disastrous situation by the summer of 1931, with the global economic crisis becoming progressively, and qualitatively worse. MacDonald conspired with King George V, Montagu Norman, and individuals associated with the powerful and conspiratorial “Round Tables” (or “Milner Group”), to create what was called a “National Government,” headed by MacDonald as prime minister, and including opposition Conservative Party leader Stanley Baldwin and leaders of the Liberal Party. The National Government ran as a ticket, in the October 1931 elections. Labour was abandoned to run on its own, and did disastrously.

The situation was described in the autobiography of Clement Attlee, *As It Happened*, published in 1954. Attlee was a member of the MacDonald government going into the summer of 1931, and was later to become prime minister, replacing Winston Churchill, after World War II. In his 1954 memoirs, he wrote:

“Throughout the year 1931, the economic crisis continued to grow in intensity, and the figures of unemployment continued to mount. . . . MacDonald had no constructive ideas, while at the Treasury, Philip Snowden had fallen completely under the sway of Montagu Norman, Governor of the Bank of England. He clung obstinately to the Gold Standard, while he had a fanatical devotion to Free Trade. . . . Instead of deciding on a policy and standing or falling by it, MacDonald and Snowden persuaded the Cabinet to agree to the appointment of an Economy Committee, under the chairmanship of Sir George May of the Prudential Insurance Company, with a majority of opponents of Labour on it. The result might have been anticipated. The proposals were directed to cutting the social services and particularly unemployment benefit. Their remedy for an economic crisis . . . was to cut down the purchasing power of the masses. The majority of the Government refused to accept the cuts, and it was on this issue that the Government broke up. Instead of resigning, MacDonald *accepted a commission from the King*, to form a so-called ‘National’ Government” (emphasis added).

The National Government itself was short-lived, but not MacDonald’s relation to the King. By the middle 1930s, he assumed the powerful position of Lord President of the King’s Privy Council. Tony Blair, today, is a member of the Queen’s Privy Council, and is known to be a favorite of leading elements in the House of Windsor apparatus.

### Brown-shirt parallels

With Blair today, relevant signs point in the direction of a repeat of the MacDonald/National Government phenomenon, particularly under the conditions described by Niall Ferguson. British insiders stress the similarity of philosophy of Gordon Brown, who would be Blair’s Chancellor of the Exchequer, to that of Philip Snowden. Said one British source: “If a major financial crisis hits soon after the election, as I expect, I see Brown going to [Bank of England Governor] Eddie George, and coming up with some agreed-upon policy, similar to what Snowden did with Montagu Norman.”

While going through the motions of fighting for “Labour policies,” during the three-ring circuses that pass for debates among Britain’s three main parties—Labour, Conservative, Liberal Democrat—Blair has not lost any opportunity to stress his admiration for Mrs. Thatcher, and his commitment to following on her “Thatcherite” path. Her Baroness has returned the compliment, even to the extent of possibly obscene gesturing. Thatcherite fanatic Paul Johnson, writing in the *Sunday Telegraph* on March 16, under the headline “Tony

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bour Party Home Secretary Jack Straw and current Home Secretary Michael Howard made nearly identical proposals, about how to deal with the alarming rise of juvenile crime in Britain. On March 3, Straw insisted that youths as young as 10 to 13, be made "criminally responsible" for their actions, that is, be treated as adults in respect to the law. The next day, Howard went one "Clockwork Orange" step further, with a proposal to "identify unruly children," some even younger than ten, who could be classified as "potential offenders." Once identified, as a *Daily Telegraph* account of his proposal noted, these children "would be referred to a local child crime team made up of representatives from the police, probation and social services, schools, and the National Health Service." In Howard's proposal, "courts would have new powers to impose a parental control order on those who fail to exercise proper responsibility for their children's behavior. . . . A breach of the order would be punishable by a maximum fine of 1,000 British pounds, [or] an evening curfew on both the parents and children, policed by electronic tagging. . . ."

Howard also called for suppressing jury trials in many cases, saying that what is needed, instead, are quicker judicial procedures, and ones that are less costly.

The March 5 *Telegraph* commented that the complementary Straw and Howard proposals "reinforce the developing consensus between the two parties, on how to deal with crime."

All this amounts to a police-state reflex for dealing with a problem that is driven, essentially, by the economic and moral-cultural collapse of Great Britain. Youth unemployment in Britain is massive. There is also a culture, driven by the spreading of dangerous drugs, of youth violence.

Then there is the matter of draconian cuts in the already beleaguered National Health Service. A feature in the London *Independent* on March 7, commented: "Hidden in public spending plans accepted by all the main political parties, is a well-disguised decision that NHS will be severely squeezed until the next century. . . . Even existing services will have to be cut, if current spending plans become reality. . . . Few of those responsible for spending NHS money will go public about their concerns, but across the country, they are discussing the closure of hospitals, the lengthening of waiting times, the halting of certain kinds of treatment and the suspension of planned improvements, regardless of which party wins the general election."

An accompanying article in the same paper asserted that any government that comes to power in the elections, will have to make "rationing of health care" a priority.

Of course, these two policies have a symbiotic relationship: The more the economy is driven into the ground by massive austerity affecting vital services, the more a 1997s "National Government" look-alike will be required, to create the police-state mechanisms to crush whatever resistance might arise.

Is the 'Good Son' Margaret Never Had," claimed that there is a "slight sexual element" in Thatcher's expressed admiration for Blair. Johnson went on to observe that a Prime Minister Blair would carry out "Thatcherite" policies, under a Labour cover. He will bash activist unions, because "he has learned from Thatcher that ruthlessness pays." Furthermore, "Blair will raise a good deal more cash by privatization." Concluded Johnson: "As Thatcher has said to me and to others, we have no reason to fear a Blair government. . . . Blair will absorb all the Thatcher legacy and add to it."

In one telling sign, the Rupert Murdoch-owned *Sun* tabloid, which is read by several million Britons every day, and which has steadfastly supported Conservative governments (first Thatcher, then Major) for 20 years, editorially endorsed Tony Blair on March 18.

### The shape of police states to come

There is a notable convergence of Labour and Conservative policies on almost all important issues, foreign and domestic. We cite two examples here, beyond the areas of Thatcherite-Blair convergence, already indicated above, in the *Economist* and Paul Johnson *Sunday Telegraph* pieces.

The first, is that both the Conservatives and Blair's "New Labour" (as he fashions it) are committed to the introduction of authoritarian police-state measures. In early March, La-

# When UN talks peace, get ready for war!

by Manuel Hidalgo

There was much fanfare in mid-March in the international media over recent events in Central America. El Salvador held “democratic elections” on March 16, purportedly proving the success of the 1992 United Nations-brokered “peace negotiations” in that country. And neighboring Guatemala took its first steps down that same path: Under the smiling supervision of UN monitors, the Guatemalan National Revolutionary Union (URNG) narco-terrorist army “demobilized” and “disarmed” their troops, in exchange for an El Salvador-style power-sharing accord. Another notch on the UN’s belt; another happy ending. Or, is it?

The facts behind these stories show otherwise: The United Nations, and the U.S. administration under President Sir George Bush, forced the Salvadoran government to sign the 1992 “peace agreement” with the narco-terrorist Farabundo Martí Liberation Front (FMLN), by which the latter was supposedly demobilized and disarmed. But as the UN’s “verification commission” stood by and watched, FMLN cadre subsequently actively participated in terrorist plots in Bolivia, Peru, and probably other nations. These included trafficking in “demobilized” weapons via Nicaragua and Panama, “consulting,” providing political support, and sending manpower to train and participate in terrorist commando actions. In fact, the UN’s “demobilized” FMLN shares major responsibility for the ongoing hostage crisis in Lima, Peru.

In all of these activities, the FMLN was operating as a part of the São Paulo Forum’s centralized structure, along with Nicaragua’s Sandinista National Liberation Front (FSLN), Peru’s Túpac Amaru Revolutionary Movement (MRTA), Colombia’s April 19 Movement (M-19), as well as veteran terrorists from Chile, Panama, Spain, and other countries. The São Paulo Forum is the hemispheric narco-terrorist coalition founded by Fidel Castro in 1990 and protected by the British oligarchy. Evidence presented below is clear: the UN was aware of these actions and their goals, and evidently endorsed them fully.

### A new arms cache

In early March, after an FMLN weapons cache was discovered in Nicaragua, Salvadoran President Armando Calde-

rón Sol announced that his government would denounce the FMLN before the UN Secretary General, for violating the 1992 “peace agreement.” Since the UN is the intellectual author of the violation, the Salvadoran President can hardly expect to find much justice there. Beginning in 1993, there is abundant evidence to show that the FMLN didn’t hand over its weapons arsenals, as the “peace accord” stipulated, setting the exact dates on which this was to occur. Instead, it hid the weapons, in order to later “export” revolution, right under the nose of the UN’s “verification commission.”

This was no secret. In 1993, *EIR* published the following testimony of a foreign official who worked with the UN in El Salvador:

“The only thing the guerrillas really had to do was demobilize. They could say that they handed in their weapons; they could show up more than once and get new legal IDs. Since there was no oversight, guerrillas could get two or three identities, while the FMLN swears it already demobilized all its people.”

Recent events confirm this report:

- **February 10:** Nicaraguan police discovered an arms cache in southern Managua, containing AK-47 automatic rifles, mortars, RPG-7 rocket-launchers, and explosives. Joaquín Cuadra, head of the Nicaraguan Armed Forces, stated on Feb. 28 that he had “practically confirmed” that the weapons’ original owners were “ex”-Salvadoran guerrillas. On March 5, it was reported that El Salvador’s attorney general had begun an investigation of this affair.

Almost immediately, the parliamentary group of the Salvadoran Democratic Party, made up of FMLN dissidents, accused the FMLN of hiding weapons after the signing of the 1992 “accords.” Since May 1993, when a huge weapons arsenal exploded in Managua, subsequent discovery of other arsenals has unleashed repeated scandals. From all available evidence, the latest weapons cache belonged to the Popular Liberation Forces (FPL) and the Salvadoran Communist Party, the two main groups left in the FMLN, after the ERP and National Resistance groups split off and subsequently founded the Democratic Party.

FMLN secretary general Salvador Sánchez Cerén, an FPL leader, had to admit that the Managua bunker discovered in May 1993, contained FMLN weapons, but he lied that there were no more. His lie was exposed when 48 other FMLN weapons arsenals were discovered in Nicaragua, El Salvador, and Honduras.

- **March 4:** The Democratic Party accused the FMLN, and particularly the FPL, of having planned the seizure of the Japanese ambassador’s residence in Lima, last December. It pointed to the Peruvian police’s charge that two FMLN members, “Osmin” and “Roman,” trained the MRTA commando which took the residence, led by Nestor Cerpa Cartolini. Shortly after the takeover, a Democratic Party congressman showed that American MRTA member, Lori Berenson, was closely linked to Sánchez Cerén, referencing her stint

as Sánchez's private secretary prior to travelling to Peru. Peruvian police say Berenson is one of the people responsible for weapons trafficking from Central America to Peru. Beginning in February of 1995, the Peruvian press publicized Panamanian police reports indicating that FMLN weapons captured in Ciudad Colón, originated in Nicaragua and were intended for the MRTA. From as early as 1992, Peruvian media had explicitly denounced the FMLN's support for the MRTA.

• **March 6:** El Salvador's Democratic Party, led by former guerrilla leaders Guadalupe Martínez and Joaquín Villalobos, implicated the FMLN in the actions of the MRTA's hostage-taking commando. The two stated that Berenson was a "protégé" of the FPL's top leader, Leonel González, and that the MRTA and Spain's Basque ETA sent representatives to the São Paulo Forum's June 1996 conference sponsored by the FMLN in San Salvador. FMLN leaders also traveled to Peru in 1996, for no known purpose.

### **Lori Berenson, the FMLN, and the MRTA**

The trafficking of FMLN weapons to Peru, discovered in 1995, was organized by Lori Berenson; Panamanian Pacífico Castellón, the head of the MRTA's commando Nestor Cerpa; and Chilean Sandinista, Sergio Cruz Suárez (identified as Cerpa's contact outside the Japanese residence), with the support of the Castroite MLN-29. Berenson hooked up with the São Paulo Forum in 1988, when she travelled to El Salvador for the first time, at the height of the FMLN's "offensive." When FMLN leaders had to take refuge in Sandinista-controlled Nicaragua, Berenson went with them to serve as an aide-de-camp (presumably to Sánchez Cerén).

Once the "peace accords" were signed in 1992, she returned to El Salvador to work as Sánchez Cerén's secretary, and as a protégé of FPL leader, Leonel González. She remained there until her work as an arms trafficker for the MRTA brought her to Panama, Ecuador, and to Nicaragua, from which shipments to Peru were made, with obvious Sandinista support. Berenson married FMLN guerrilla, Walter Mejía.

In December 1995, Peruvian police discovered plans by Cerpa's commando to take over the Congress. Although Cerpa and Cruz Suárez escaped, Berenson, Castellón, and other MRTAers were captured by authorities, along with a huge arsenal containing the same type of weapons—AK-47 rifles, RPG-7 rocket-launchers, etc.—as those discovered last February in Nicaragua. On Dec. 2, 1995, the Lima daily *Expreso* revealed that the MRTA's plan had been to "take congressmen hostage and 'negotiate' the freedom of a group of jailed MRTAers, including Víctor Polay Campos and Peter Cárdenas Schulte. . . . For this . . . the terrorists would demand the presence of the International Red Cross and other foreign human rights organizations."

The plan was aborted in 1995, but was reactivated by Cerpa and Cruz, with only minor changes and many improve-

ments, just one year later. Had Berenson not been captured in 1995, she would today be at Cerpa's side inside Ambassador Aoki's residence, pointing rifles in hostages' faces. With the support of the media, the NGO network, and the UN's British-controlled, one-worldist bureaucracy, the MRTA is demanding the same treatment as was given the FMLN: "peace talks," like those held in Guatemala and El Salvador. On Dec. 26, the MRTA gratuitously freed one of its hostages, Guatemalan ambassador to Peru, José María Argueta, in honor of the "peace agreement"—also brokered by the United Nations—which would be signed just a few days later, on Dec. 30, by that government and the UNRG narco-terrorists. The Peruvian government immediately rejected the MRTA's proposal that the Guatemalan government mediate in talks between the two.

### **Preparing the groundwork in Lima**

Exactly two months before the seizure of the Lima residence, the FMLN and the United Nations had the gall to participate in a conference in Lima promoting "peace accords," and hailing the Salvadoran and Guatemalan "models." The conference was organized by the Washington, D.C.-based Woodrow Wilson Center for International Scholars—wet nurse to the Wall Street-linked think-tank, Inter-American Dialogue. Among the conference's stars were the FMLN's Presidential candidate, Rubén Zamora, and Peruvian Alvaro de Soto. The latter was the UN's principal negotiator in El Salvador, adviser to the Guatemalan "peace talks," and personal secretary to then-UN secretary-general, Javier Pérez de Cuellar. In 1992, Zamora traveled to Lima with Sandinista Daniel Ortega to recommend that "peace negotiations" take place between the government and the MRTA.

According to El Salvador's Democratic Party, an FMLN leader travelled to Peru several times during 1996 for unknown reasons. Sandinista intelligence chief, Tomás Borge, also unexpectedly showed up in Lima last August.

Peruvian nationals who worked for the United Nations in El Salvador, such as Carlos Chipoco and Diego García Sayán, are also playing an important role today in Peru. Chipoco was the lawyer for members of the narco-terrorist Shining Path who were killed in 1986 while in prison, and García Sayán worked for the UN team in El Salvador, and is today a leading proponent of negotiations with the narco-terrorists—and of drug legalization—back in Peru.

Both of these policies are promoted and financed internationally by speculator George Soros, who provides funds to these networks through Human Rights Watch, the Lindesmith Center, and the Drug Policy Foundation—all proponents of drug legalization. Aside from being a guest of the Lindesmith Center, García Sayán is the executive director of the Andean Jurists' Commission, an NGO protected by the UN which attacks the war on drugs. In Colombia and Peru, he has been accused of supporting terrorists.



Right in the middle of the Lima hostage crisis, García (also a member of the Inter-American Dialogue) provocatively invited former Colombian President Belisario Betancourt to Lima. Betancourt was the head of the lying UN “Truth Commission” in El Salvador, which blamed the Armed Forces for 95% of the human rights violations in that country. He sent a letter urging that the UN be brought in to broker a “peaceful solution” to the hostage crisis, something also constantly promoted by García Sayán.

### One fist across the region

Clearly, we are dealing here with an international narco-terrorist apparatus, centered in London, which operates throughout Ibero-America through the groups and networks associated with the São Paulo Forum.

A snapshot of this apparatus surfaced publicly back in May 1993, when the first large Nicaraguan weapons bunker was discovered—when it blew up on the outskirts of Managua.

The bunker’s owner was Eusebio Arzallus Tapia, a member of Spain’s narco-terrorist ETA, several of whose cadre took refuge in Nicaragua and were protected by the Sandinistas. The bunker contained kidnapping plans, including lists of targeted Ibero-American businessmen, and phony passports. According to the Brazilian press, the lists included names of Brazilian businessmen and Mexican banker Harp Helú, who was in fact kidnapped a short time later. One participant in this kidnapping was Peruvian Juan Carlos Caballero Velásquez, a member of Cerpa’s commando who was arrested in Bolivia in 1996 for the November 1995 kidnapping of Bolivian businessman and politician, Samuel Doria Medina. The ransom Cerpa collected for that job helped to finance last December’s seizure of the Japanese residence.

There are many MRTA members jailed in Peru who are foreign nationals—veterans of Chile’s MIR, Spain’s ETA, Nicaragua’s Sandinistas, and El Salvador’s FMLN. Among them are Jaime Castillo Petruzzi and Sergio Cruz Suárez. During the first half of this decade, Castillo and Caballero led the MRTA’s “special extortion and kidnapping force” in a brutal series of kidnappings. In fact, it was the veteran Peruvian “internationalists” who fought with the Sandinistas in the late 1970s, who founded the MRTA.

It is this same apparatus which has again come to the surface with the discovery in February of another large weapons bunker.

Nicaraguan president Arnaldo Alemán responded angrily to the news of its existence, and demanded that the Salvadoran FMLN “come clean” and inform the authorities of how many other secret arms caches they have, that they also did not turn over to the United Nations. Alemán is asking the right question, but of the wrong people: the question should rather be put to the United Nations, and their sponsors in London.

## Sudan resists London’s proxy invasions

by Linda de Hoyos

Sudan President Omar al-Bashir took the issue of the invasion of his country since January of this year, in separate appeals to the heads of state of the Organization of Islamic Conference in Islamabad, Pakistan on March 23, and again to heads of state and ministers gathered at the summit on the Zaire crisis of the Organization of African Unity in Lomé, Togo on March 27. Speaking of his country’s position on a “cultural and strategic borderline” in Africa, President al-Bashir said that Sudan had been exposed to “an atrocious foreign aggression,” which threatened the “unity, sovereignty, and independence—as well as territorial integrity”—of Sudan.

The countries invading Sudan are Ethiopia, Eritrea, and Uganda, working in tandem in a two-front war launched against Sudan from the east on Jan. 12 and the south on March 9. All military operations have been carried out under the cover of Dinka-tribe-based Sudanese People’s Liberation Army of John Garang. The Western press is loathe to acknowledge the military role of Ethiopia, Eritrea, and Uganda against Sudan, with the notable exception of Sam Kiley of the London *Times*, who noted that Garang, President Yoweri Museveni of Uganda, Isais Afwerki of Eritrea, and Meles Zenawi of Ethiopia—all leftist guerrilla leaders of long association—have joined for war against Sudan, with the “quiet backing of Great Britain” and the United States.

Also involved from the sidelines, in the eastern front at least, is Israel. Eritrea is home to an Israeli base, and according to the Jordanian newspaper *Amman al-Hadath* of Feb. 24, a fresh shipment of heavy and medium weapons for the war was delivered in mid-February to the Eritrean port of Massawa, whence it was transported to the al-Ruways camp on the Sudan-Eritrea border, for use in the war against Sudan. In addition, a 13-member Israeli military team is training Sudanese insurgents.

Even so, the Sudanese Armed Forces, bolstered by an extraordinary mobilization within the civilian population, have been able to push back the invasion on both fronts.

The invasion from the east had already stalled by the end of February. The plans of the SPLA-Eritrea-Ethiopia combined to cut the highway and rail routes from Khartoum to Port Sudan were not realized; and public plans to seize the Rosieres Dam, which supplies Khartoum with most of its electricity, met the same fate. Similarly, the battle cry of Sadiq al-Mahdi, head of the British-organized National Democratic Alliance, which provides the political cover for Garang, for

an uprising in Khartoum against the National Salvation Front government, was universally ignored.

On March 9, Ugandan forces launched a blitzkrieg into Sudan from the south, with the view to capturing the heavily fortified southern Sudanese city of Juba. The initial invasion force was able to reach within 20 miles of Juba, but has been driven back to more than 50 miles from the city. The Ugandan blitzkrieg is the most serious attempt so far, and was launched with tanks (mostly purchased from former East bloc countries), heavy artillery, and armored personnel carriers.

According to sources in the region, the attack on Sudan actually came from Zaire. At the end of February, the Lord's Resistance Army (LRA), a Ugandan insurgency which has fought Museveni since 1986, had confirmed that there were a total of 17,000 Ugandan troops in Zaire. By the first week in March, the Ugandan forces, operating under the banner of Zairean mercenary Laurent Kabila, had secured the territory of eastern Zaire up to the border with Sudan, west of the Sudanese border with Uganda.

On Feb. 27, Museveni moved his headquarters to the northern city of Gulu, taking with him another 50,000 troops. According to the government newspaper *New Vision*, Museveni "claims he will not leave Gulu until escalating insecurity there is quelled." However, according to later accounts, there has been no fighting in the northeastern section of the Sudan-Ugandan border where the LRA is located.

In reality, at least a full division of the Ugandan troop concentration turned westward into Zaire and then northward into Sudan on March 9—in keeping with Museveni's declaration of Feb. 3 to Agence France Presse: "With the Sudanese we have run out of solutions. . . . So I think now they will get a solution for the battlefield. That is what they have been waiting for."

However, so far, the solution does not appear to be in Museveni's—and hence, London's—favor. A Sudanese Armed Forces spokesman has now denied the capture of the strategic town of Kajo-Kaji in south. A Sudanese counteroffensive has been confirmed by regional sources, who say that Uganda has lost at least 17 tanks so far, and that the hospitals of the northern cities of Gulu, Arua, and Moyo are filled with Ugandan casualties from the war.

Now, with the war in the south bogged down, Garang proclaimed on March 26 a new bid against Sudan from the east, with the aim of cutting the highway that links Khartoum to Port Sudan. However, the Sudan Information Ministry indicates that Sudan is in control of the fronts both in the south and in the east.

The reason for this is not just military, but political. If it were not for the British-ordered invasions of Sudan from *outside* the country, there would be peace in Sudan, because four out of five factions of the SPLA have joined negotiations for peace. The city of Juba has been flooded with thousands of southern Sudanese fleeing the Ugandan-SPLA forces. Nowhere have the invading forces been greeted as "liberators."

## 'Enclaves in hell' revealed in Uganda

by Our Special Correspondent

Ugandan President Yoweri Museveni and his international sponsors have organized several bizarre projects to satisfy the appetites of well-to-do European and American tourists and residents, casino gamblers, and money launderers. The project planners intend to bring in American armed forces in order to shield the foreigners from the wars, disease, and economic collapse which are exterminating the African population in the region.

The plans for these "enclaves in hell" were described by a spokesman for the Museveni regime and an American investment coordinator, in recent interviews with an investigative journalist.

Dr. Samuel Deshay, an African-American physician who resides in Tacoma Park, Maryland, told the journalist that, at Museveni's request, he is overseeing a huge tourism and residence complex that is scheduled to break ground in the Sese Islands of Lake Victoria later this year. Deshay, who has ties to personnel at Howard University in Washington, D.C., is running the project through his "Pan African Development Corporation." An official at the Uganda Embassy in Washington, D.C., confirmed that Deshay has been developing the plan in consultation with the Ugandan government.

### Military presence required

Deshay said that President Museveni has declared the Sese Islands project to be a "zone of peace," which will be under United Nations jurisdiction. The enclave is to be policed by the U.S. Government, he said, and on a trip to Uganda, he had "introduced an American general to Museveni for this purpose"; that is, to discuss how this use of U.S. forces could be brought about. A source familiar with the project said that this meeting of the American military officer, Museveni, and Deshay, took place because it is understood that the Lake Victoria project would not be feasible without such a military presence.

American military occupation would provide security for the affluent Americans, British, and Hongkong people who will live in "gated and walled" communities, Deshay explained.

"But the real beauty of the place," Deshay told the journalist, "is . . . that in 1904, the British government [of that East Africa colony] removed most of the people from

these islands! Thus, there is plenty of breathing space for the new residents, for those who will know that they are safe. . . .”

“The residents and guests will above all be safe” from the surrounding wars and chaos, Deshay said, “because it is out in the middle of Africa’s largest lake.” Thus, they will be unaffected by the African masses dying of AIDS, wars, and starvation just a few miles away.

Deshay stated, “I have a letter from Albert Reichmann saying that he wants to come in to the project as co-developer.” Reichmann is the Canadian real estate speculator who is a British Crown political operative and a partner of drug lobby kingpin George Soros. The most important business on the 10,000-acre complex, Deshay said, will be “offshore banking” activities, located in a “free trade zone” similar to that of British Hongkong.

Help for the project from the United States Agency for International Development is also being negotiated.

Ms. Nimisha Madhvani, a Ugandan Embassy official in charge of commercial, private sector, and public relations, stressed in an interview that President Museveni has an extreme “investor-friendly” policy, starting with the need to set up new coffee, tea, and other plantations, to “alleviate poverty.” However, she explained, “ecological tourism,” such as big-game-viewing safaris, will be the main attraction.

There was a momentary confusion when the journalist asked about plans for “gaming.” The Ugandan official replied that this would be outlawed. The journalist insisted that he had heard of plans for very large investments in gaming, and that Samuel Deshay had spoken of such projects to be put up on the shore of Lake Victoria. After another brief interchange, Ms. Madhvani understood that “gaming” referred not to shooting animals, but to gambling casinos. She then exclaimed, “Oh we are very much in favor of *those*; *those* we are encouraging in Uganda.”

Madhvani said there are now 20 World Bank projects under way in Uganda. These “sustainable development” programs emphasize population control and sex counseling, as a supposed response to the widespread infection of the population with the HIV virus.

### Museveni the colonialist

In 1991, former World Bank vice president and agriculture planner, G. Edward Schuh, conferred with Museveni in Uganda, approving Museveni’s unique “frankness” in siding with colonialism and against African nationalism. Schuh, a radical Malthusian, was then dean of the Hubert Humphrey Institute at the University of Minnesota, and since that 1991 meeting, the Humphrey Institute has sponsored Museveni. During a 1994 visit to Minnesota by the Ugandan President, the Humphrey Institute attached the Minnesota-based dairy cartel, Land O’Lakes company, to Museveni’s regime. Now the Land O’Lakes corporation has been hired to “teach agriculture business” to the people of Uganda. The dairy cartel is a

worldwide promoter of eco-fascist, anti-growth propaganda, with the included axiom that poor countries consisting of colored people should not be allowed to develop modern industry and powerful technology.

Samuel Deshay’s Sese Islands project is in keeping with this World Bank, financier-cartel-enforced backwardness for Africa. Deshay says that the planned 10,000-acre complex will be built around a Black cultural center, which will direct attention to ethnicity instead of development. The Hall of Excellence will feature a large smoked-glass Pyramid of Peace. The University of California at Los Angeles will help with ethnic music activities, he said, and Ohio State’s Dr. Frank Hale will develop African-language themes for the foreigners.

Deshay’s Pan African Development Corporation was chartered by the State of Maryland in 1982 as a “not-for-profit, educational” organization, but this may be deceptive: An Albert Reichmann would not likely be a partner in a not-for-profit enterprise.

Deshay and others of his original investors are activists in the Seventh Day Adventist Church. Deshay told the investigating journalist that longtime missionary activities of his family in Uganda have intersected senior officials of the Ugandan government, in helping to consolidate the Lake Victoria project.

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# Samper Pizano vs. Colombia's generals

by Valerie Rush

The March 20 assassination of Colombian journalist and former congressman Gerardo Bedoya, an outspoken critic of President Samper Pizano's corrupt, drug cartel-controlled dictatorship, was yet another warning to the nation's patriotic forces to stop interfering with cartel plans to consolidate their stranglehold on the country. Specifically, the warning was intended for Armed Forces Commander Gen. Harold Bedoya, who had just forced the resignation of Samper's cartel-linked Defense Minister Guillermo Alberto González. The murdered journalist was Gen. Bedoya's cousin.

President Samper had insistently defended his choice for defense minister, despite a flood of press revelations of González's longstanding social and financial ties with Colombia's most wanted drug trafficker, multibillionaire Justo Pastor Perafán. It was only when General Bedoya presented Samper with an ultimatum from several of the country's top military commanders that either González must resign, or they would do so, that Samper told González, from between clenched teeth, "After a severe analysis, I consider your separation from the defense ministry the most expedient decision under the current circumstances."

On March 19, Samper issued a public warning: "The generals of the Republic are not there to issue opinions, or to deliberate, or to offer or withhold their support for anyone. They are . . . at the service of the Constitution and the law." General Bedoya gave his answer to the media the next day: "The loyalty of the Military Forces is there for all to see: We have demonstrated that we are loyal to the Constitution, loyal to the laws, to the Congress, and to the Constitutional order." Glaring in its omission was a declaration of loyalty to Samper.

General Bedoya's cousin was riddled with bullets that same day, in a gangland-style murder by a professional assassin who sped away on a motorcycle.

Gerardo Bedoya was by no means Samper's first such victim. Former Senator Alvaro Gómez Hurtado, who had been the visible leader of a civil-military mobilization to force the President's resignation during the 1994-95 period, was assassinated on Nov. 2, 1995, shortly after U.S. Ambassador to Colombia Myles Frechette told Samper that Gómez's circles had sounded out the U.S. government on a possible coup d'état against him. And, on Feb. 16, 1996, Dr. Germán Cifuentes

was assassinated in Bogotá, one month after his father, respected Army Gen. Ricardo Emilio Cifuentes, caused a huge stir by resigning from the army with a public statement that he could not, in good conscience, follow orders of a corrupt commander-in-chief, President Samper.

The lead editorial of the March 21 issue of *El Nuevo Siglo*, owned by the Gómez Hurtado family, backed General Bedoya's courageous stance in standing up to Samper, noting that "The military cannot have personal loyalties, but awareness that their duty lies with the good of the fatherland and with the rigor of the law. That is why Gen. Cifuentes's behavior was admirable, when he asked to retire rather than have to refuse homage to someone who does not represent the legitimacy of the State."

## Green light to narco-terrorism

It should come as no surprise that the Colombian Communist Party (PCC), mother to the FARC narco-terrorists who are a major drug cartel in their own right, protested the ousting of the drug-tainted Defense Minister González. On March 19, the PCC's weekly *Voz* complained that González fell because the military didn't like his commitment to "human rights" and to peace negotiations with the country's "guerrilla" forces. They made no mention of his ties to Perafán.

The FARC will be delighted, however, with González's replacement. Samper's new choice for defense minister is Gilberto Echeverri Mejía, who has headed a group of regional businessmen in private "dialogue" with narco-guerrillas since 1995. Among Echeverri's first statements upon accepting the defense ministry, was his pledge to set up a state institution which would facilitate "dialogue" with the country's subversive forces, irrespective of the government in power. De facto, the Colombian military's role as armed defender of the nation is relegated to the garbage heap.

Samper's Interior Minister Horacio Serpa Uribe, a notorious thug with close ties both to the cocaine cartels and to the narco-terrorist National Liberation Army (ELN), took Echeverri's statement as an opportunity to publicly revive efforts to bring his buddies into a power-sharing arrangement. In an interview with the leading daily *El Tiempo* on March 25, Serpa called for recognizing the FARC and ELN narco-terrorists as "belligerent forces" to be accorded political status under the Geneva Convention. "However uncomfortable it may be, we must recognize that sitting down and talking with the guerrillas has a political aspect. . . . One must recognize that peace costs, but it costs much less than war."

Serpa is Samper's hand-picked successor for the Presidency in 1998, and is expected to be resigning his current post shortly to launch his candidacy. Aware of the implications of such a candidacy, columnist Alberto Mejía Estrada in the newspaper *El Nuevo Siglo* asked on March 17, "How much longer are our men of iron . . . going to put up with this. . . ? Elections run by Samper and Serpa would prove fatal for Colombia."

# Retired Argentine generals denounce effort to dismantle Armed Forces

Below is the statement of the Retired Generals' Forum of Argentina, published in its entirety by the Buenos Aires daily *La Nación* on March 7. The Retired Generals' Forum was founded in December 1996, to address the grave crisis in Argentina's Armed Forces, caused, as the statement documents, by the anti-military policies of the two "democratic" governments—Raúl Alfonsín (1983-89) and Carlos Menem (1989- )—which have ruled Argentina since December of 1983.

The policy of these governments was to "de-Malvinize" Argentina, by crushing those nationalist factions who see the military institution as the defender of national sovereignty, and by dismantling the Armed Forces through drastic budget cuts and "restructuring." The Project Democracy apparatus which dictated policies to these governments, would not tolerate a repeat of Argentina's April 2, 1982 retaking of the Malvinas Islands from Great Britain, an event which coalesced nationalist sentiment throughout Ibero-America, and threatened to explode the "debt bomb." Argentine authorities made an example out of Malvinas War hero, Col. Mohamed Alí Seineldín, when it sentenced him to life in prison for daring to defy the demilitarization policies of the Army high command. [Seineldín was jailed on charges stemming from his role in the December 3, 1990 military uprising against the Army's leadership. Since then, national and international media have lied that Seineldín was trying to stage a coup against "democracy."]

Although the statement was issued on Dec. 6, 1996, it was kept in the "strictest reserve" by its authors and signators until its publication by *La Nación*. Because of the unprecedented number of retired generals who signed it—200—the Forum statement carries significant institutional weight: It cannot be ignored by the current leadership of the Armed Forces. It particularly challenges Gen. Martín Balza, the Army chief of staff who has overseen the dismantling of the military institution over the last six years.

## From the Retired Generals' Forum

This organization came into being, after a lengthy period of reflection, for the purpose of promoting and consolidating, with an attitude of solidarity, actions to strengthen the presence of the Armed Forces as a founding institution of the Republic, and revitalize its members' image as natural members of Argentine society.

On Dec. 4, 1996, an assembly approved [the Forum's] statutes and elected a board of directors to serve for two

years. This is an independent grouping, set up according to existing law. Given its specifically institutional and hierarchical character, its magnitude and objectives, its creation is unprecedented in the country's military history.

With a unifying purpose, it has decided to invite the highest-ranking retirees of the Navy and Air Force to participate in this joint action.

At the moment of its founding, the Retired Generals' Forum considers it necessary to publicly issue a clear definition of the principles which will govern its actions.

The initiative for creating it was prompted by the grave crisis currently afflicting our national defense structure, the magnitude of which affects the country's historic destiny and our identity as a nation.

Its negative consequences span a broad spectrum, from an indifference and lack of motivation with regard to an authentic and healthy sense of nationality, to the striking material and spiritual deterioration of the Armed Forces.

It is with grave concern that we warn of this deterioration, which has reached alarming proportions, as a result of institutional political decisions made over the last 13 years by two governments of different political affiliations. These have placed the country in a virtual state of defenselessness, disdaining their obligation to "provide for the common defense," as mandated in the Preamble to our Constitution. On Dec. 10, 1983, the Armed Forces handed political power over to a constitutional government, after holding it for eight years. This latter fact was an anomalous situation alien to its specific mission, and which greatly damaged the exercise of professional military activity.

To ameliorate this situation, it was agreed that the new government would offer special treatment [to the Armed Forces] for the purpose of restoring them [to their proper role] in the shortest possible time. Instead, the government took an aggressive and ideological stance, mounting a formidable campaign to discredit everything connected to the military, whose results we detail below.

The commanders-in-chief of the Armed Forces were removed, creating a vacuum in the system of institutional political relations, and providing no mechanism capable of assuming certain responsibilities.

Decree 183/83 transferred control of Fabricaciones Militares [military industries] to the Defense Ministry, in flagrant violation of Law 12.709 which created it as an entity of the Army. Aggravating an already arbitrary dispossession, [the government] appointed a political board of directors, break-

ing the chain of command and creating a situation of conflict with the military personnel assigned to the company.

It was decided that everything done in the war provoked by terrorism [in the 1970s], would be tried, through special—illegal—legislation, approved after the fact and applied retroactively. Ignoring the fact that actions undertaken in wartime cannot be judged by peacetime legislation, [the government] used the penal code to try the military institutions, in the persons of their former commanders-in-chief. The government's action occurred in the context of a scathing media campaign, backed by the full power of the state, which offered unconditional support for those who unleashed this fratricidal war.

More for political than legal reasons, the Military Justice Code was unilaterally changed, without evaluating how this would negatively affect military organization, by depriving it of a most valuable pillar of discipline.

The military wage scale was also modified, delinking it from the judiciary branch and foreign service [wage scales] to which it was connected by law, based on the premise that these are the only activities completely monopolized by the state.

Taking advantage of a circumstantial and tragic event, on the eve of elections [the government] effected changes in the compulsory military service law, pushing through legislation immediately without a transition period. In European countries, such transition periods have lasted for five to ten years. By dismantling an indispensable system of reserves, this [act] created a serious fissure in our national defense structure. As [the draft] constituted the only opportunity for barracks living, [its elimination] also deprived the nation of an important unifying factor.

The restructuring of the Armed Forces was carried out, without considering potential hypotheses of conflict, a sense of fundamentals sense and *raison d'être* of the institution.

By distorting the concept of privatization, by which a state-run business activity is transferred to a private entity, [the government] disrupted the integrated system of matériel production, a valuable and efficient patrimony of the nation, today employing 12,000 Argentines.

The industry's material remains were inexplicably and unjustifiably transferred from their natural orbit at the Defense Ministry, to the Finance Ministry, where they face an uncertain future because their fate is not yet decided. Moreover, the Condor [missile] project was dismantled and the Domeq García submarine factory shut down.

For years, the Financial Assistance Institute, which makes payments to military retirees, has been forced to make larger contributions than stipulated in Law 22.919, which governs its functioning. This arbitrary decision poses a danger to its capitalization.

Wage reductions and arrears in the Armed Forces have forced a large number of its members to find second jobs, to the detriment of their specific military assignment which

demands their exclusive dedication.

[The government] has determined that the military will participate in the anti-drug war; but there has been no explanation of the scope of this intervention. If it exceeds very limited and specific tasks, it will threaten the essence and *raison d'être* of the Armed Forces.

In summary, we have today an Armed Forces with no clear definition of its mission, immersed in the utopia that hypotheses of conflict are unnecessary, bereft of professional incentives, the quality of its personnel increasingly decapitalized, without reserves, trapped in an economic austerity which noticeably limits its training, supply, and maintenance of matériel; questioned, assaulted, and blamed for all the ills of the past.

In part, this situation has come about because of a conceptual deformation of certain sectors of our political class which, with a corporatist mentality, still view our Armed Forces as more of a voice of a military pseudo-party, than an institution of the Republic. Also responsible for creating this crisis, particularly recently, are those government technocrats who run the economy; and who, with a globalist mentality, consider the Armed Forces to be too retrograde an institution for the times we live in, and refuse to meet its economic needs, arguing that this is an unprofitable investment. An additional aggravating element is the unconditional imposition of [financial] adjustment, dictated by foreign interests.

Some might object to what we have conceptually outlined thus far, but it reflects an unquestionable reality as far as the Armed Forces are concerned, if examined objectively, without ideological or sectarian bias. That reality reveals that "the military factor" is one of the most socially troubled sectors, as well as the most undervalued in the institutional structure of the Republic. This creates a dangerous vacuum for Argentina's future.

Faced with a generalized indifference outside the Armed Forces toward resolving these problems, the Retired Generals' Forum hopes to fill this vacuum, with no intention of offering absolute truths or provoking confrontation.

Its members are conscious of the fact that, in their active professional lives, they had the opportunity to present solutions to some of the current problems. They assume responsibility for their errors, made by commission or omission, in the knowledge that, as human beings, they were capable of making mistakes. However, this doesn't disqualify them now from contributing the serene judgment which comes with age and experience.

To attain this goal, we shall use all the legal means at our disposal, to be more convincing. And thus we begin the difficult fight, with no hidden agenda, and with the firm objective of continuing to serve our vocational ideal, in the conviction that the military profession is a noble, dignified, honorable, and indispensable activity for the existence of organized society.

## Decertify Bush! say Mexicans

*A healthy reaction erupts against the offensive orchestrated by London, over the decertification fight.*

The attempt by U.S. Republicans, and some Democrats, to override President Clinton's certification of Mexico as a cooperating partner in the fight against narcotics, helped clarify, in the mind of Mexicans, who is who in U.S. politics. As President Ernesto Zedillo told his fellow citizens, President Clinton has acted as a "true friend" of Mexico, offering respect and collaboration, whereas the attitudes exhibited in the U.S. Congress are "rude, offensive, aggressive, and completely inadequate."

Referring to the threats to overthrow the ruling Institutional Revolutionary Party (PRI) raised in the U.S. Senate debate on decertification, and to demands voiced in the House that armed U.S. law enforcement agents be allowed to engage in hot pursuit of presumed drug-runners into Mexican territory, Zedillo added: "We draw the line" if and when the U.S. Congress passes laws "which would have practical consequences for our country. Our sovereignty and our dignity as a nation, are not negotiable."

In a speech on the 59th anniversary of the nationalization of Mexico's oil industry, Zedillo warned that "those who think that Mexicans lack the unity to defend their sovereignty, ignore history, and know little of the character of the Mexicans."

Zedillo's strong defense of sovereignty—and full cooperation with the Clinton administration in the war on drugs—helped to slow down the British-sponsored offensive to provoke open warfare between the United States and Mexico. Some Mexicans took the matter a step further, and identified who their real drug-running

enemies are.

At a March 19 press conference, for example, the national president of the Mexican Democratic Party, Baltazar Valadez Montoya, now also the party's candidate for mayor of Mexico City, accused the U.S. House of Representatives of being "hypocrites," because "they say nothing about the accusations of those who maintain that, during the George Bush administration (including his two terms as vice president), drug trafficking was run virtually as 'state policy.'" Valadez cited the resolution passed by the National Black Caucus of State Legislators, which represents some 600 legislators from 44 states, which charges that officials of the U.S. government were responsible, in the 1980s, for having initiated the "crack" epidemic, as a covert operation to finance the Contras in Nicaragua.

Likewise, Arturo Hernández Fernández, president of the National Chambers of Commerce of Celaya, Guanajuato, in his "Debate" column in that state's edition of *El Nacional* daily, noted that, "while the Mexican government pressed charges against [Mexico's anti-drug czar] Gen. José Gutiérrez Rebollo, the U.S. has not had the courage to do what is required in the case of Bush." The evidence of Bush's leading role in the drug trade, he wrote, is presented in the Special Report *Drug Super-Kingpin, George Bush*, a report which was given to the Inspectors General of the CIA and the Justice Department, and to investigators of the U.S. Congress, "the same who today would deny certification to Mexico."

Hernández was referring to *EIR's*

Special Report, *Would a President Bob Dole Prosecute Drug Super-Kingpin George Bush?*, which has become a best-seller in Mexico, where everyone knows that Bush is the Godfather of the most hated politician in the country, former President Carlos Salinas de Gortari.

But the British-led offensive to discredit the institutions of Mexico continues. On March 18, Diego Fernández de Ceballos, the former Presidential candidate of the National Action Party (PAN), an intimate of Carlos Salinas who is also close to the Bush crowd in the U.S., accused President Zedillo of owning a luxury estate in Punta Diamante, Guerrero, near Acapulco, valued way above what he could legitimately purchase with his reported income. The charges were intended to imply that all of Mexico's institutions, including the Presidency, are hopelessly corrupt, and need to be razed to the ground—which would, of course, allow the drug cartels to take over.

On March 19, President Zedillo made a surprise TV appearance to respond to PAN leader Fernández—whose extensive property in that very Punta Diamante development a judge had just ordered seized for failure to pay taxes! Zedillo countered that he did not own property in Punta Diamante: The only way anyone can own property there, he charged, was "with ill-gotten money . . . stolen money," adding that "neither my salary as a public servant, nor even the Presidential salary, is sufficient to buy such a thing." What he had bought, on credit, with his salary, was a modest property in an area named *Playa Diamante*.

The President noted that he chose to respond to this slander, because the insinuation "would deprive me of moral and legal authority when I most need it, to confront the problems which Mexico is undergoing."

# International Intelligence

## **Israeli security chiefs oppose Har Homa**

The chiefs of all the Israeli defense and intelligence agencies gave a detailed briefing at an early-March cabinet meeting, during which, according to Israeli TV, they warned against constructing the so-called Har Homa settlement in East Jerusalem. "The defense establishment—Deputy Chief of Staff Matan Vilnai; Shin Bet chief Ami Ayalon; Moshe Yaalon, IDF [Israeli Defense Forces] Intelligence Branch chief; and Mossad chief Dani Yatom—delivered detailed, in-depth briefings to prevent the ministers from saying later that they did not know and to avoid a repetition of the Western Wall tunnel affair," the report said.

"The Har Homa construction will exact a price, they said, and the government should be aware of it. Their analysis presented several high-probability Palestinian reactions," Israeli TV reported, including rioting, terrorism, undermining Arafat's popularity, and "the worst-case scenario: a combination of riots, terrorist attacks, and a drastic downturn of the peace process."

IDF Intelligence chief Moshe Yaalon is quoted as adding: "The Har Homa construction may exact a heavy political price in the form of the erosion of international achievements, including the recall of ambassadors, international pressure, and global isolation." Despite these warnings, however, the cabinet voted in favor of constructing the settlement.

Despite Prime Minister Benjamin Netanyahu's claim that more settlements are needed to provide housing, data released by the Central Bureau of Statistics on March 18 shows that Jewish settlements in the occupied territories have over twice the vacancy rate as housing in Israel proper.

## **Xinhua rips 'Coming Conflict with China' book**

The *China Daily* published a Xinhua release denouncing the defamatory book *The Coming Conflict with China*, by Ross Munro and

Richard Bernstein, on March 15. The authors, whom Xinhua describes as "extremely domineering and conceited," have "defamed China's socialist system because it did not collapse as they wished after the collapse in the Soviet Union and East Europe." Bernstein and Munro entertain "imaginary fears" that Sino-U.S. confrontation "is inevitable," Xinhua wrote. "Refuting this prediction, Chinese . . . Foreign Minister Qian Qichen said unless the United States violates China's territorial integrity and sovereignty, there would be no possibility of any occurrence of the so-called conflicts between the two countries.

"The United States and China were allies in World War II, and there are no fundamental conflict of interests between the peoples of the two countries," stated Xinhua. The Xinhua release then condemns the United States for "acting like a villain who sues his victim before he himself is prosecuted. The absurd arguments fabricated by the authors, in essence, are a revised version of the 'China threat' theory created earlier by the U.S."

## **Velayati refutes lie that Iran is a regional threat**

Iranian Foreign Minister Ali Akbar Velayati, visiting Kuwait on March 17-18, dismissed remarks by Deputy U.S. Defense Secretary John White that Iran is a threat to the Persian Gulf region. Velayati characterized White's claim, that the United States is concerned over "Iran arming itself . . . especially because Iran exports terrorism," as being "uncalculated statements by him in this very sensitive area." White made his comments the day before while in Qatar, and was in Kuwait the same day as Velayati.

According to the Pakistani daily *The Dawn*, Velayati added that, if the United States were to say, "Okay, we are very happy to see that Iran and these countries are trying to make more confidence building, have more cooperation, there is no justification for [the U.S.] selling more arms to the people in this region." Iran is not looking for "conflict" or "superiority" but for "more cooperation" in the region, he said, adding:

"We do believe that this [regional cooperation] is the only natural way to have real security in this part of the world."

Velayati's tour, which included Oman, Saudi Arabia, and Qatar, was to prepare for the December meeting of the Organization of the Islamic Conference, which is being hosted by Teheran.

## **Imam Kechat's mosque hit by bomb attack in Paris**

The Paris Adda'wa mosque of Imam Larbi Kechat, a leading figure in the dialogue among the Abrahamic religions, was the target of a powerful bomb which exploded in the early hours of March 17, an hour before the day's first prayers, which regularly draw 500 worshippers. Rather than seek suspects, Paris police sealed off and searched the mosque, where they seized 60,000 francs in cash, which was the mosque's prayer offering. They then proceeded to seal off and search the home of the mosque's treasurer, seizing more cash, and what they claimed were false ID cards and other documents.

Kechat, who worked for years for an ecumenical dialogue between Islam, Judaism, and Christianity, was one of the guests at Sudan's Conference on Religions, in April 1993, as was Father Michel Lelong. The lying media have recently drawn a bead on both men: On Feb. 27, the national network Antenne 2 aired a broadcast on "Islamic fundamentalism" which tried to implicate Imam Kechat, by including an interview with him. Since then, the daily *Libération* pulled a similar stunt with Father Lelong by publishing a photograph of him standing in front of a "Catholic" fundamentalist center.

## **Dalai Lama's brother brokering Taiwan trip**

Gyalo Thondup, the older brother of the Dalai Lama, served as the go-between to organize the Dalai Lama's trip to Taiwan in March, according to a March 20 report in the *Asian Age*. The visit of the Dalai Lama, a British asset, has stirred up tensions between



## Briefly

the mainland and Taiwan, as part of the "ring around China" geopolitical strategy.

The Dalai Lama documents in his 1991 autobiography *Freedom in Exile*, that Gyalo Thondup was also the "go-between" in bringing the Central Intelligence Agency into the 15-year-long Tibetan guerrilla warfare against China between the mid-1950s and early 1970s. These guerrilla operations were run from bases in Nepal and India, creating a strain in Indian-Chinese relations, even during the most friendly period of the Non-Aligned Movement. According to *Freedom in Exile*, Thondup and another older brother, Taktser Rinpoche, began contacting the CIA in 1956 from India, and CIA-trained Tibetans were part of the Dalai Lama's escape party in 1959.

Thondup demurred that the Dalai Lama's trip was only to "promote religious exchanges" with Taiwan, and said he had informed Beijing about the trip, *Asian Age* reported. On March 19, however, the *China Daily* editorialized that both the Dalai Lama and Taiwan President Lee Teng-hui "are struggling for the same goal, which is splitting China."

Running propaganda cover for Britain's Tibetan independence operation is Hollywood, where the wife of heart-throb Harrison Ford is writing the screenplay for an upcoming film about the "spiritual" Dalai Lama.

### **Australia called pillar of British Empire**

British Commonwealth Secretary General Emeka Anyaoku, referring to Australia as "one of the props on which I lean," was reported by Australian Associated Press to want "to strengthen Australia's input into the Commonwealth's priorities, helping member countries to consolidate democracy and good governance," during his visit there over March 23-27. In the Empire-speak of Australia's Queen Elizabeth, "democracy and good governance" usually means the "destabilization and looting" of any country resisting Her Majesty's sovereignty.

The AAP report made clear that An-

yaoku expected Prime Minister John Howard and Australia to play a much bigger role in destabilizations in Africa, among other places, and quoted Anyaoku as saying, "Australia's support for Commonwealth activities in South Africa in the course of consolidating its transition was also very significant." Anyaoku said that, earlier, Prime Minister Paul Keating had helped spearhead Commonwealth efforts to open up Asia for free-trade looting, in the course of "trade negotiations in which the Commonwealth was involved." He is seeking to line up Australia's support for the "special theme" of the Commonwealth's Heads of Government meeting in Edinburgh in October: "trade, investment and development."

### **Goldhagen associate rips his 'web of fantasies'**

A war crimes expert, whose work was acknowledged by Daniel Goldhagen in his anti-German slander, *Hitler's Willing Executioners*, shredded his thesis as a "web of fantasies that reads like a 'bad historical novel,'" in an article in the *Cambridge Historical Journal*. The author, Ruth Bettina Birn, chief historian for the Canadian government's war crimes section, worked since the late 1970s in the Ludwigsburg archives in Germany, which Goldhagen claimed proved that Germans were "naturally" predisposed to persecute Jews. Birn told the *Daily Telegraph* that she has long known Goldhagen, and finds it "very painful" to attack his book, "but there is an obligation to the truth."

Birn found that out of the "tons and tons" of material at Ludwigsburg, his argument rested on only 166 statements from war crimes trials. "Using Goldhagen's methods of handling evidence one could easily find enough citations from the Ludwigsburg material, to prove the exact opposite of what Goldhagen maintains," she charged. "The greatest shortcoming of the book, is that he uses such a small sample of the investigations and sources available. He takes selected parts, and blows them up out of proportion."

**THE TRILATERAL** Commission held its annual meeting on March 22-24 in Tokyo. Among the British geopolitical movers and shakers were Sir Michael Jenkins, a senior Foreign Office official now with Kleinwort Benson investment bank; the notorious Lord David "Dr. Death" Owen; Lord Eric Roll of Warburg and Kissinger Associates; and senior Foreign Office official Tristan Garel-Jones.

**PRINCE PHILIP**, president emeritus of the World Wide Fund for Nature, migrated through his wildlife empire over March, hitting Alaska, Hungary, the U.A.E., Oman, Mongolia, Japan, and Russia, checking out the WWF projects.

**INDIAN** Prime Minister H.D. Deve Gowda of India arrived in Moscow on March 24 for three days of talks on economic cooperation and trade. He was scheduled to meet with President Boris Yeltsin and Prime Minister Viktor Chernomyrdin, according to the Kremlin.

**BELARUS** detained and expelled the executive director of the Belarus Soros Foundation, Peter Bern, when he returned to Minsk on March 16 from a meeting with other Soros Foundation chiefs in Budapest. Minsk charged that, under Bern's leadership, the Belarus Soros Foundation funneled \$6 million of its \$13 million in grants to opposition organizations and media networks.

**AUSTRALIA'S** Senate has voted up a national bill, passed earlier by the House, to make it illegal for territories to legalize euthanasia. The Northern Territories became the first government in the world to make "physician-assisted suicide" legal. At least four victims have already lost their lives, being given lethal injections by a ghoulish laptop computer, which prompts them to administer the injection.

## Germany's President Herzog on the wrong political path

by Helga Zepp LaRouche

*This article was first published in the German weekly Neue Solidarität, on Oct. 30, 1996. We publish a translation now, for broad international circulation, since its impassioned defense of the sovereignty of the German nation-state is extremely relevant today, in view of the savage attempts by London-backed banks to destroy the heart of German industry (see Economics, p. 4).*

“He who does not learn from history is condemned to repeat it.”

In the following article, my intent is not to personally attack Germany's President Roman Herzog. Rather, I see the necessity to speak frankly, because the political implications of President Herzog's speech at the 41st *Historikertage* (Meeting of Historians) in Munich in September could lead to the destruction of Germany. How, permit me to ask, are we to understand the following sentence by Herzog: “At a time in which the principle of the nation-state has outlived its usefulness, in which there are no more national economies, national history also no longer has meaning”? The fact that the President assumes he can give such a presentation with this core thesis, without triggering a public storm of protest, shows, unfortunately, that it seems to be understood by the political “elite,” including the government, that the political judgment of the population has sunk to the catastrophic level of the Saturday evening television talk shows.

Public speeches, by their nature, do not merely contain concrete assertions, but also expose the underlying axioms as well as the method of thinking of the speaker.

In this regard, the speech of President Herzog, whosoever may have formulated it, offers embarrassing insights. Roman

Herzog reveals that his understanding of history is based less on actual knowledge, and more on the internalization of prejudices of an Anglo-Saxon origin. One is almost reminded of the “Bettelheim Syndrome.”<sup>1</sup> In addition, the frame of mind expressed in the speech shows a typical Aristotelian narrowness of thinking, and betrays some rather un-Christian, ugly features.

### Learning from history is rejected

Herzog begins his lecture by acknowledging that, while reading the motto of this year's *Historikertag*, “History as Argument,” he “indeed began to feel a bit dizzy.” Especially now, he continues, the recourse to history is so dangerous, because this most often occurs in moments of fundamentally new orientation of politics. In times, thus, in which “the need for orientation is especially great and the calculability of the future especially small.”

This assertion is, in its implications, indeed monstrous. Should one learn nothing from history? “In these times of new orientation,” no vision is to be expected from the government. Whence then, should a perspective come? Are we merely the plaything of events to which we surrender, like crests of foam on the waves of the ocean? I maintain, on the contrary, that all positive periods of history, from the standpoint of the development of mankind, were successful because the leading thinkers of the time had a very clear vision of what the future should bring. Herzog's view, that

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1. The “Bettelheim Syndrome” refers to studies of prisoners in the Nazi concentration camps of Auschwitz and Buchenwald, conducted by Prof. Bruno Bettelheim. These studies were the basis for Bettelheim's book *Individual and Mass Behavior in Extreme Situations*.



*German President Roman Herzog maintains that “the principle of the nation-state has outlived its usefulness . . . there are no more national economies, national history also no longer has meaning.”*

in these periods the “calculability of the future” is especially small, is more likely the result of his methodological weakness, than the description of historical reality.

### **British Empire: more attractive than the nation-state**

The President laments that the discussions about Europe’s future are characterized by a narrow point of view, because the questions and paradigms are taken only from the categories of the “well-organized nation-state.” This sentence simply contains a falsehood. If one singles out the most important of the many points of controversy respecting the Maastricht Treaty, it is shown that the questions and paradigms upon which these are based certainly do not originate with the “well-organized nation-state,” but come from the domain of the supranational structures, whose aim it is, to do away with the nation-state. Nobody would maintain that the Maastricht Treaty does not dominate the discussion about the future of Europe. The axioms of thinking, out of which this Maastricht monstrosity arose, originate from an ideology which sees, precisely in the principle of national sovereignty and the nation-state oriented to the general welfare, its greatest enemy.

The same is true of the final document of the Group of Seven summit in Lyons in June 1996. Nobody would dismiss the final document of this G-7 summit, the group of the seven most powerful industrial nations, as irrelevant to the future of Europe. The document demanded practically the complete surrender of national sovereignty and the establishment of a constant supranational directorate, consisting of the heads of the UN, the IMF, the World Bank, and the World Trade Organization. A kind of world dictatorship was demanded, which would have the highest authority over nearly all central political and socio-economic spheres. The globalization of the world economy would be an irreversible reality with which we must learn to live, as would the “marginalization” of whole regions of this planet, which means, in plain language, the elimination of “the useless eaters” of this world.

In the next sentence of his Munich speech, Roman Herzog demands that other historical formations also be included in the discussion of Europe’s future: “The Roman Empire prior to Caracalla or the British Empire of the 18th and 19th century, not to mention the Holy Roman Empire of German Nations.” In this way, the number of conceivable possible solutions for Europe would be increased.

The fact is, both the Maastricht Treaty and the final document of Lyons already contain imperial structures, but, in speaking of Europe’s future, to so openly propagate the model character of the Roman Empire, or even the British Empire, requires either nerve or that kind of simplemindedness one expects “from the mouths of babes,” which divulges a truth that adults only whisper in private.

### **‘Feeling good’ in the status quo**

But it gets even better! A few paragraphs later, President Herzog presents himself, totally unabashedly, as an apologist for the hedonistic consumerism and social Darwinism of our time. He, Roman Herzog, feels decidedly “good” in our prosperity and in the relative security of our democratic and constitutional conditions. It is clear to him, that, compared to the rest of the world, “this condition” exists only as an “exception” and only accounts for a “fraction” of the socio-economic state of world affairs, but exactly for this reason one should “take great pains” to “preserve it still longer.”

One could also express this message differently: We support the speculation-based casino model of the international financial systems and the IMF, because in this system we are, so to speak, living high off the hog. Too bad if our industries in Germany, and jobs with them, are destroyed because of these policies. What matters is that we remain the “exception.” What matters is that we, a small elite—to which the President belongs—are thriving. It does not matter if Russia, Ukraine, the Caucasus, the Balkans, the Middle East, Africa, Central and South America, or even Italy collapse, in the truest sense of that word. We will do that which will preserve our privileges. In order to preserve “this condition” still longer, one must teach a lesson to all nations that attempt to

defend their populations against the genocidal conditionalities of the IMF. Thus it happened during the President's most recent trip to Africa: Fully in unison with Great Britain, Sudan was viciously attacked, and the Ugandan dictator Museveni was most heartily supported, precisely because he is the darling of the IMF in Africa. Our prosperity, i.e., that of the upper classes to which the President belongs, just so happens to be linked to the system of the IMF. Of course one must assume that the "casino economy" will soon collapse, but what matters is that we "feel good" in the here and now.

It is quite regrettable that the President, who, because of his position, should be a role model, represents a self-esteem which actually characterizes the Baby-Boomer generation. The President should not sympathize with the lowest common denominator in the population, namely the all-encompassing concern with one's own lifestyle—in the here and now—paired with an unbelievable indifference toward the world's real problems.

### **The upheaval of 1989**

If one takes into account these axioms of Roman Herzog's thinking, which derive, epistemologically, less from Christianity than from Locke, Hobbes, Bentham, and Mill, then it becomes clear why the President arrives at such unusual conclusions in his analysis of the "historic caesura" of 1989. Herzog begins by explaining that the events of the years 1989 and 1991 are the proof, that democracy "as a form of government" had never before been so unequivocally accepted throughout most of the world. Never before had there been greater support for the free-market economy, "that form of economy, which transforms the energy and the ingenuity of the people most directly, and therefore most securely, into wealth." Obviously, Roman Herzog does not go along with the warnings of the pope, who, especially since 1989, has emphasized again and again that the "structures of sin" in East and West are equally evil.

The assertion, often repeated by conservative circles in the West, that the collapse of the Soviet Union is proof of the superiority of "liberal capitalism," does not become any more convincing by its constant mantra-like repetition. Herzog should ask the citizens of Russia or Ukraine today, what they think of the so-called economic reforms, which have collapsed the industrial production to 20% of 1991 levels. Wages, including pay to the army, have not been paid in months; hunger and cold threaten this winter. The nations of the former Soviet Union are at the brink of a bloody civil war. And all that, after five years of free-market economy!

The President further concludes that 1989 also proves that knowable "laws of history" do not exist. Therefore, nobody can predict future developments. "Above all, we should not make the mistake of deducing from the events of the past, necessary and inevitable future developments." It is indeed remarkable that politicians in Germany think they can get away with such statements. It was, after all, the predecessor

in that office, former President von Weizsäcker, who only in May 1990, had spoken of Europe's great historical chance! Whatever one may think of the former President, here he was absolutely right.

How much would have been possible at that time! If the Kohl government had had a visionary plan for that extraordinary historic moment, it would have been possible to base the East-West relationship, for the first time in this century, on a true community of principle, and to establish a genuine peace. All that was required, was to adopt the economic development program of the "Productive Triangle Paris-Berlin-Vienna" as a motor for the development of infrastructure in the East. This development program was proposed at that time by the American economic scientist Lyndon LaRouche. The economic principles upon which this program is based have been employed, in the meantime, by the Chinese government.

But, instead, the government in Bonn capitulated to a complex "geopolitical" strategy of a new version of the "Entente Cordiale," led by Margaret Thatcher and François Mitterrand. The third in the league was George Bush, although, to this day, Bonn refuses to acknowledge this. Through a combination of events, Bonn allowed the historic initiative to be taken away from them: the "Fourth Reich" campaign of the Thatcher government; the murder of Alfred Herrhausen, by the ominous "third generation" of the Baader-Meinhof Gang; the geopolitically motivated Gulf War, in which the central role of George Bush can obviously not be denied. Kohl was able to seize the historic opportunity and reunify Germany, above all with his ten-point program—and for that he deserves credit. But, Bonn was unable to use the historic dynamic to create a genuine new beginning and peace for all of Europe and Eurasia.

### **Making history is seen as 'meaningless'**

If Herzog concludes, from the developments of 1989, that there are no "laws of history" and that one can not predict the future from the events of the past, then this is purely a result of his axioms of thinking, which are, ultimately, Aristotelian. It is a typical mistake of this way of thinking, to see the future as a fixed point on a time line. This time line is thought of essentially as a linearized infinity—a "bad" infinity in the sense of Georg Cantor. But, since neither history nor the universe follows a lawfulness in which causality continues the condition of the past into a "bad" infinity of the future, it is only too understandable that Roman Herzog feels "dizzy" in these "times of upheaval." Historical turning points, as the year 1989 was without a doubt, are, in the sense of Riemannian mathematical physics, singularities, which according to the understanding of the Aristotelian school and their followers in mathematics, do not exist at all.

The collapse of the Warsaw Pact and, following that, the Soviet Union, proved nothing less than that the entirety of all assumptions which were based on the axioms of Soviet communism, were wrong. That included, fundamentally, the



*The worldwide "casino economy" led to the financial shock of October-November 1987, and is now heading for a much worse collapse. Shown here are foreign currency traders in Frankfurt, Germany, on "Black Tuesday," Nov. 10, 1987.*

economic principles of communism.

However, it had already become clear at that time, that the so-called free-market model was bankrupt, not only from the moral standpoint ("structures of sin") but economically as well. This system ultimately is based on equally indefensible axioms, as for example the monetarist assumption that financial speculation is the source of wealth. We explicitly warned, already in November 1989, that catastrophe would be the result, if the populations of the East were subjugated after the collapse of communism, especially by "shock therapy," to the inherent problems of free-market economics. Only if the problems which had to be overcome after the occurrence of the historic singularity, had been solved from a higher standpoint than the existing systems of communism and free-market economics, could the "period of upheaval" have led to a real improvement in the development of mankind.

The crisis in today's science of history is underscored by the fact that nobody at the *Historikertag* objected to Herzog's theses. The same holds for the theses developed on the same occasion by the historian Lothar Gall, who imputed that one can no longer seriously assume that "behind the events and developments of time, a unified history as a meaningful and content-giving process, is at once effective and recognizable." Obviously Herzog and Gall are discussing a universe and a history in which they do not exist. The fact is that the continued existence of the human species, and, above all, the positive development of its demographic characteristics, present an irrefutable proof not only of universal history as a

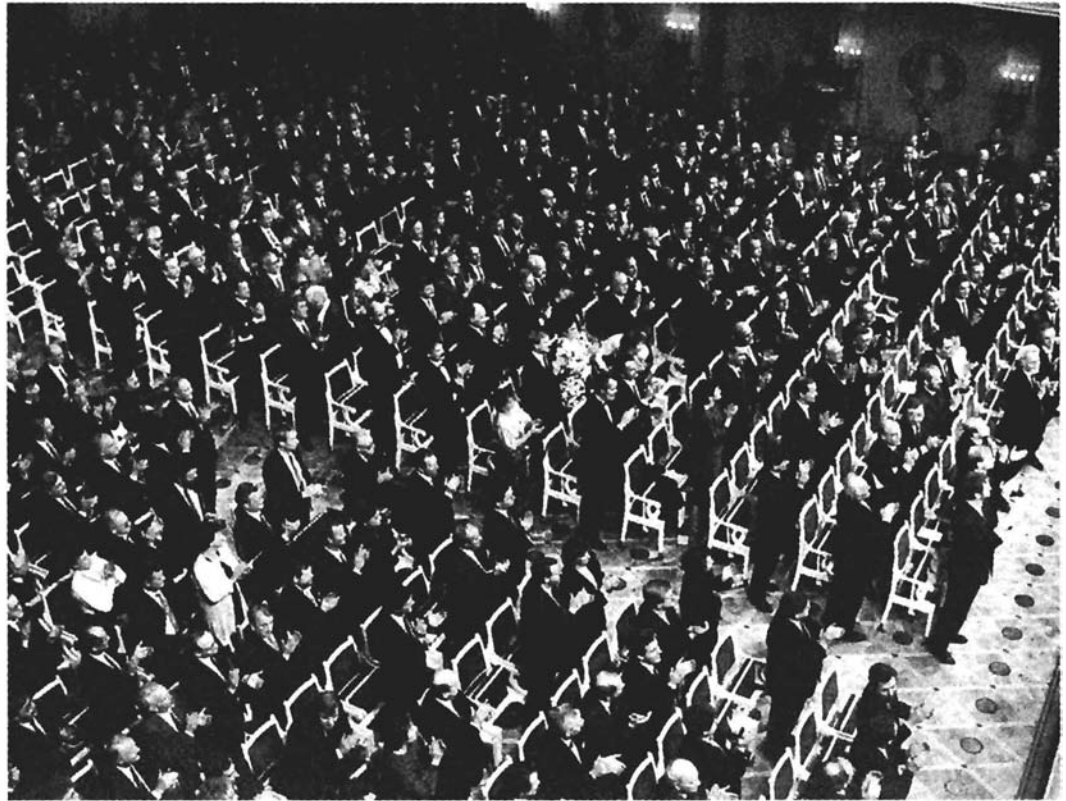
unified process, but also of the meaningful nature of this history.

### **'Development? No thanks!'**

The fact that man, unlike any other species, is capable of increasing the degree of effectiveness of his mastery over nature, by ever-more-adequate hypotheses respecting the lawfulness of the physical universe, and that this development represents the precondition for his existence, says something fundamental about the character of human knowledge. From this follows that something which has been created in the spiritual domain, namely hypotheses, has physical power, which means that the universe "obeys" the mind of man, and more effectively, the more adequate his hypotheses are. The continued existence of man, who has increased his potential population density from, at best, several million in prehistoric times, to about 6 billion people today, is the proof of the not-entropic character of man. If Roman Herzog now thinks, that he must not predict necessary future developments from past events, this reflects, at best, the fact that he has not analyzed the real economic history of man. If we understand "economics" as the creation of the material foundation for the continued existence of man, then every successful development in the economy—as well as in all other aspects of life—lies in the correct anticipation of the future.

Thus the anticipation of the future does not result from the principle of causality, but rather from the formulation of a new hypothesis, which anticipates the necessary, higher,

*The audience gives a standing ovation at the historic performance of Beethoven's Ninth Symphony in Berlin, on Oct. 2, 1990, honoring the reunification of the German nation (some of the musicians are shown on the facing page).*



not-entropic condition of development of mankind as a whole, and in which is expressed the higher degree of mastery of nature. Only in this way can one predict the future from the past. And in this way, the adequate hypothesis of the future determines our actions in the present.

If Roman Herzog considers it “dangerous” to consult history exactly when the need arises and when “the issue is a fundamentally new orientation of politics, in which the need for orientation is especially great and the calculability of the future especially small,” then the German President is merely saying that he did not have, and obviously still does not have, the slightest idea of what a successful “new orientation,” i.e., an adequate hypothesis, is.

To understand the situation in Europe after 1989 and 1991, one must first of all accept the fact that the communist economic system, after 70 years of self-prescribed primitive accumulation, had reduced the industrial, agricultural, and infrastructural potential, to well below the level necessary to guarantee their population density.

Any reasonable and successful economic policy here would begin, in the economy of eastern Europe and the former Soviet Union, to qualitatively improve the productivity per capita and per hectare. This would only be possible through the appropriate expansion of infrastructure and, at the same time, investments in new, more advanced technologies of production. These were the ideas upon which the “Productive Triangle” program was based, which would have created a

European-wide economic sphere. This would have been the “vision”—the hypothesis on the higher level—which would have given politics the necessary new orientation and perspective for the future.

### **German sovereignty ‘unnecessary’**

Herzog believes it is positive that the fears “in the other states” of a resurgence of German nationalism, have proven to be unfounded. He is happy that Germany “did not move one iota from the position upon which the international community had relied for decades.” How can Herzog speak in general terms about “the other states” after what has happened in the recent years, especially in light of the public attacks of Margaret Thatcher? The perfidy of the British “Fourth Reich” campaign belongs in the category of Goebbels propaganda. Or, did the President share the British view that a reunified Germany poses a threat to the rest of the world? Obviously, what escaped Herzog was that which “the other states” actually had hoped for from Germany: that, in its own interest, it would assist the East and the South with economic development.

And, to speak proudly of the “decades-long” position of Germany, borders on insult. It was the best-kept open secret of the postwar period that Germany, until its reunification, was factually an occupied nation and was not sovereign according to international law. And now we are supposed to rejoice with Roman Herzog, that we have not moved our-



*Conductor Kurt Masur with soloists at the Oct. 2, 1990 performance of Beethoven's Ninth Symphony. The historic opportunity presented by the collapse of communism and the reunification of Germany, was squandered by small-minded politicians and the pernicious influence of British free-market ideology.*

selves from this “one iota”? That this corresponds also to the subjective mentality of Roman Herzog becomes clear when he speaks of how he “represents our nation in foreign countries.” Then he can transmit this self-confidence to his interlocutors, so that Germany can increasingly be seen as “an honest broker in world politics.” However, during his last visit to Africa, Herzog repeated British propaganda lies against Sudan, and at the same time praised the Ugandan dictator Museveni to the skies.

If President Herzog’s speech has already been problematic enough so far, it is his further remarks which make this critique indispensable. If Herzog’s grave historical misjudgments were to become the foundation for future German policies, then a catastrophe for Germany would already be pre-assured. Even worse, if the ideological positions discussed below remain in place, we face the collapse of human civilization as we know it.

At first, the President observes quite correctly, that two great opposing factions appear to be fighting one another: On the one side, the increasing international entanglement, the globalization of the markets and politics; on the other side, what is called in Europe the “Renaissance of the nation-state.” Shockingly, Herzog then cites the situation in the former Yugoslavia as an example of “exaggerated nationalism.” Once again, the British line exactly!

Anybody, who lived through the years of war of aggression and genocide, first against the Croatsians, and then espe-

cially against the Bosnians, can not have the slightest doubt that the Serbs would never have dared to start their war of conquest, had they not been given the green light by Thatcher, Bush, Mitterrand, and Gorbachov. In the historic perspective, the Balkan war is not a result of “exaggerated nationalism,” but is the continuation of a geopolitical destabilization against Germany, which began with the Gulf War. Lord Carrington, Lord Owen, Gen. Sir Michael Rose, or the French General Janvier are all accomplices, with their pro-Serbian attitude, in this genocide. If Roman Herzog now goes on to say that the principle of “isolationism” out of which “in the 19th century the nation-states developed,” is of as little use for the present period of epochal change as “that of expansionism, which is also associated with the nation-state,” then these assertions are based on such fundamentally wrong assumptions, that they can not remain unanswered.

### **What the sovereign nation-state really is**

First of all, the nation-state was created not in the 19th century, but in the 15th century, to be precise, in France, under Louis XI.<sup>2</sup> The development of the nation-state was closely linked to the image of man of the Italian Renaissance, which conceived of every human being as *imago Dei*, as

2. See Friedrich August Freiherr von der Heydte, *Die Geburtsstunde des souveränen Staates, (The Birth of the Sovereign States)* Regensburg, Germany, 1952.



made in the image of God. This idea had already existed in Christianity earlier, but was not effective politically, because until the Renaissance, in all cultures, about 95% of the population lived in de facto slavery, serfdom, or servitude. Up till the Renaissance, all forms of government were of an oligarchical nature.

With the idea of the nation-state, the concept of government oriented to the general welfare and the system of representative self-government came into being for the first time. For the first time, human rights were taken into account and the participation of the people in a form of self-government was made possible. These achievements were exactly those which marked the beginning of modern times.

And secondly, it is simply not true that nation-states, in this case those of the 19th century, were essentially oriented toward expansion. The fact that British geopolitics was able, first with the "Entente Cordiale" and then with the "Triple Entente," to prepare the chessboard for the outbreak of World War I, was only possible precisely because the powers in question were not nation-states, but empires. This is true for the British Empire, the French Empire, which saw itself as the junior partner of the British Empire, the Russian Empire, the Austro-Hungarian double monarchy of the Hapsburgs, and it is unfortunately also true for the German Kaiserreich, which tried a little belatedly to imitate the other imperial powers.

Now, Herzog finds it necessary to quote Ernest Renan and Ernest Gellner to argue "that the period of the nation-state takes up only a relatively small period of time of world history," and that nations were not "a natural, God-given classification of human beings." We have already seen that Roman Herzog obviously does not know very much about the origins of the nation and the nation-state. On this account, one could respond to him that the nation-state has indeed only existed for the last 500 years, and that it is indeed a God-given classification of man based on natural law, precisely because, not 5%, but all human beings on this planet are made in the image of God. And thereupon are based, ultimately, the inalienable rights of man.

### **Universal education and the democratic republic**

Human rights do not merely mean the right to life, housing, health care, etc., but, above all, the right to develop the creative capabilities inherent in the individual. To this end, the implementation of universal education independent of social rank was the decisive step. Universal education did not exist until the creation of the teaching orders and the commitment of the nation-state to the general welfare. But it is exactly this right, and the necessity of universal education, which is questioned by British oligarchs like Lord Rees-Mogg, in such established newspapers as the London *Times*. Lord Rees-Mogg is of the opinion that in the coming "information age," genuine education will only be needed by 5%

of the population, and therefore an all-encompassing general education is not worthwhile. Thus, Forward! Back into the oligarchical society!

And then Herzog takes out the really big stick: "The nation-state with its associated conceptions of sovereignty has outlived its usefulness"! But what our President so sloppily wishes to throw out the window, are the foundations of the oft-cited liberal-democratic constitutional law. It is exactly the sovereignty of the representative constitutional nation-state, which is the guarantor of freedom for the individual. Because only if the elected representatives of the people are forced, at regular intervals, to account for their actions, and are, if they fail, voted out of their positions, does the individual have a substantial right of participation, and thus take part in determining his government.

Nowhere else does this dangerous nonsense of giving up the right of sovereignty to a supranational institution, become more clear than in the case of the European Union, the EU Commission in Brussels, and the Maastricht Treaty. Appointed bureaucrats, elected by none, make decisions which affect the well-being of whole generations and peoples. These bureaucrats make decisions to dismantle industry and agriculture, as well as social achievements which have taken us over 100 years to develop!

### **Supranational bureaucracies in action**

The only danger that Roman Herzog sees in this, is that the European Union will not be able to sell itself as "close enough to the common people," thereby playing into the hands of those who "wish to go back to the nation-state." It has obviously not yet occurred to Mr. Herzog that the socio-economic tragedies of Vulkanwerft, the VW plants in Saxony, or the Maxhütte in Bavaria are not about "public relations," but rather about jobs and existence for thousands of families!

Finally, Herzog summarizes: "At a time in which the principle of the nation-state has outlived its usefulness, in which there are no longer national economies, national history also no longer has meaning, at least not by itself." We have already spoken of the oligarchical character of supranational institutions vis-à-vis national sovereignty. But if Herzog thinks he can bury "national economy" as well, he is actually thereby demanding that we give up all the economic-political measures which the state can use to overcome the dramatically increasing crisis of the economy in our nation.

The text of the President's speech makes it clear that economics is not exactly his specialty. But, is Herzog really ignorant of the fact that without the use of national economic principles, neither Germany nor any other nation on this planet could have ever become industrialized? We never would have accomplished the reconstruction of Germany from a rubble field, had we not used the economic principles of the tradition of Leibniz, Hamilton, the Careys, and Friedrich List! The continuation of the policy of globalization and the Maastricht Treaty will rapidly transform Germany into a





*Germany, the “Land of Poets and Thinkers.” Here, a monument to the poets Goethe and Schiller in Weimar. The modern generations have been cut off from the roots of Germany’s Classical tradition, the source of its greatness as a nation.*

new social and economic rubble field. If we ever wish to get out of the present economic crisis, it will only be done with a dirigistic economic policy based on national economic criteria!

### **History and culture**

After declaring universal history to be nonexistent, Roman Herzog now also denies the significance of national history. The reason for the presently observable incapacity of Germans to deal with historic challenges, is that we have been almost completely cut off from our own history, because of two lost world wars, the time of occupation, the reeducation, and finally the Brandt school reforms. The main problem of Germany is exactly that, with some exceptions, all four living generations have been cut off from the spiritual and moral roots which once made our people the “Land of Poets and Thinkers.” In this intellectual amputation lies perhaps the greatest tragedy of the Germans today.

Even as Herzog correctly demands that more historians should study other cultures, it must be pointed out here, that the President manifests exactly that kind of “Eurocentrism,” which is rightly seen in many parts of the world as arrogance. “In the age . . . of globalization . . . cultural individualities come to the surface, which we—because of our view of things—considered to be long settled or at least superseded; I mention only those phenomena such as Islam, Hinduism, Buddhism, and Confucianism.” Whoops! But there are about 5 billion people whose convictions, because of “our view of

things,” we considered to be “long settled”! Something like this should not happen to a President who alleges to act as an “honest broker” in international politics.

What Herzog enumerates laconically as “supporting pillars” of European culture, “the value of the individual, freedom, humanity and so forth,” are exactly those values which, as we have seen, he was ready to throw overboard in the name of supranationality and globalization. Guaranteeing these values requires exactly those ideas and institutions which Herzog thinks have “outlived their usefulness.” In characterizing the European way of thinking and lifestyle, he can come up with nothing better than to speak of a “way of life” [English in the original].

As I have already said, it was not my intention here to attack Roman Herzog personally. It is not always possible to comment on the bad political speeches that are given every day in various places. But in the face of the imminent global financial collapse, in the face of the dramatic situation in Russia, in the face of the developments in Belgium, which are only the tip of the iceberg of coming convulsions in Western Europe, thinking about all the challenges which face us, this speech of Roman Herzog demanded a response. Today it is more important than ever, for the entire world, but, above all, for us Germans to learn from history. It is just as important, not to cling to the trends of the *Zeitgeist*, but rather to outline a vision which will guide history toward a more positive path. At the very least, this should apply to those who allege to represent our people.

## Clinton prioritizes Russia, China ties in second term

by William Jones

Temporary medical problems aside, Clinton is faced with some of the most profound foreign policy challenges of any postwar American leader, as the world financial and monetary system careens toward a certain break point, that will require the U.S. President to assemble a combination of world leaders behind a new Bretton Woods monetary system. In particular, Clinton must be able to secure the backing of China and Russia for such a new secure arrangement, or else his enemies in London will drive the world, irreversibly towards a new dark age.

Thus, beyond the surface issues addressed in the President's meeting with his Russian counterpart, and by Vice President Al Gore, during his more recent visit to Beijing, lie the deeper questions of political cooperation to confront this looming world monetary and financial *punctum saliens*.

### The Clinton-Yeltsin summit

With regard to the primary issue, the expansion of NATO—a military alliance which, in fact, is not much use to United States, so long as America's number-one enemy, Great Britain, also remains a member of it—the two sides agreed to disagree. The United States and the NATO countries are committed to bringing in new members from among the eastern European nations at the upcoming NATO summit in July. The Russians are opposed to the expansion of NATO, fearing, despite assurances to the contrary, that it is aimed at them.

Clinton administration officials have characterized the summit as a great success, with National Security Adviser Sandy Berger calling it “a turning point.” The reason for the optimism was not so much any particular agreements that were signed. The important issue, according to administration officials, was that Russia had agreed to be involved in building the structures of the new Europe. “The direction Russia takes will be very important,” said one official. “It is of fundamental importance that they will work with the Alliance as a whole.”

Working with the alliance involves signing a Russia-NATO pact which will outline the areas and mode of cooperation. “The Russians are no longer saying “no” to everything,” the official added. This was regarded as of particular importance, since the United States had to now deal with the tougher Foreign Minister Yevgeni Primakov, rather than with the malleable Andrei Kozyrev.

The Russians have shown unusual flexibility toward U.S. demands for changes in experimentation and deployment of tactical missile defense systems, while the U.S. allowed more time for Russia to meet the requirements of START II, now being held up in the Russian Parliament, and committed to moving quickly to START III which would further reduce the nuclear arsenals. NATO has also made a formal decision not to station nuclear weapons in the new member states, and has announced its intention to place strict limits on its conventional forces and limits on the forces deployed eastern Europe. These concessions helped to keep the Russia-NATO dialogue alive, but it remains to be seen whether they will serve to allay Russian suspicions regarding NATO expansion.

More than any agreements that were signed at the summit, it is the relationship which President Clinton has established with the Russian President which will prove to be the lasting value of the summit. That relationship was firmly established at the 1995 summit in Hyde Park, New York, at the home of Franklin Roosevelt—quite direct and strong symbolism of the good relationship that FDR had established with the Russians. The FDR symbolism was more implicit than explicit in Helsinki, with the President telling the Guardian's Martin Walker in an interview shortly before the summit, that he had been reading the speech FDR was to have made the day after he died, as preparation for the Helsinki summit.

Responding to a question from *EIR* on March 1 regarding the Clinton comments to Walker, White House Press Spokes-

man Mike McCurry said, "That question of how Russia defines its greatness as we think of the 21st century is a key issue that defines the global agenda as we look ahead to the 21st century and think about what role the United States will play." "How we intersect and interrelate to a Russia that really needs to cope with the question of its future, especially with respect to Europe, is one of the defining, central foreign policy challenges we face for the next four years and beyond, as you've heard the President and others here say. And that, yes, the President is mindful of the fact that those questions take on historic significance equal to and important as the confrontation that defined the climate at the conclusion of World War II and that established thus the architecture of the Cold War era."

### Charting a course in troubled waters

Developing a foreign policy strategy during the second Clinton administration may prove much tougher than during the first. The Republican Right, although somewhat chastened by its setbacks in 1996, is still intent on playing "down-and-dirty" with the administration, continuing its perennial scandal-mongering, and combining it, particularly in the so-called "Chinagate," aimed at halting any "engagement" with China.

Attempting to create an "aura of corruption" around the administration may prove to be a dangerous tactic, however. Republican "cowboy" Rep. Dan Burton (R-Ind.), one of the prime protagonists of "Chinagate," is learning, much to his chagrin, that shouting "corruption" all the time may lead to people focussing a little closer on "he who cast the first stone." Burton is now the subject of a grand jury investigation looking closer at his shady deals with Pakistan.

If the relationship with Russia had been of primary concern during the first Clinton administration, the China relationship may well prove to require more focus during Clinton II. In a major policy speech given at the Center for Strategic and International Studies in Washington on March 27, National Security Council adviser Samuel Berger gave an indication of President Clinton's thinking on the foreign policy priorities during his second administration. In his remarks, Berger met some of the Republican objections to the Clinton policy of "constructive engagement" with China. "Our strategy of engagement with China is not a reward for good behavior," Berger said. "It is a vehicle for expanding areas where we can cooperate to advance our shared strategic interests, such as on the Comprehensive Test Ban Treaty or stability on the Korean Peninsula, and where we can deal directly with our fundamental differences such as human rights, market access and some of China's weapons sales."

Berger continued: "There is no guarantee that engagement will succeed in pulling China in the direction of the international community, away from a more nationalistic, self-absorbed course. But seeking to isolate China or to isolate us from China," Berger warned, "almost certainly will push China in the wrong direction and undercut the stability that America, China, and the entire Asia-Pacific region need for

## Clinton plays Hamlet

Virtually every government on this planet, including that of the U.S.A., is currently vacillating in a manner reminiscent of the Act III soliloquy of Shakespeare's *Hamlet*. The world is threatened with not merely an onrushing financial collapse, but a plunge into a probably protracted new, global "dark age." The cause of this collapse is, primarily, the cultural and economic policy-changes adopted over the recent thirty years. Civilization might soon be destroyed, unless they abandon present policies and institutions, for appropriate new ones. Yet, governments, like so many Hamlets, would rather cling to failed policies with which they have become familiar, than find solutions in successful, pre-1966 policies, which the presently ruling generation has never known during its adult life-time.

—Lyndon H. LaRouche, Jr., March 29, 1997

the future to be secure and prosperous."

In talking about the "opening markets strategy" that the administration has also adopted as its own, Berger paid the usual homage to the British "free market" dogma—but with some circumspection. "The President is determined to pursue this course, navigating the false choice between protectionism and unbridled free trade," Berger said. "Protectionism simply is not an option in today's global economic arena. If we walk away, the process of integration won't stop; it will simply continue without us. Others in Europe and Asia and elsewhere will benefit." "But while protectionism is not an option, neither is ungoverned free trade," Berger continued. "Competition causes dislocation, especially among those without adequate training and skills to compete in the global economy. We cannot walk away from them."

Only in passing did Berger touch upon an issue that could prove to become the number one foreign policy consideration of Clinton II: the forebodings of a major collapse in the international financial markets. The collapse which has been predicted by American economist and statesman Lyndon LaRouche is now becoming a matter of public discussion in various capitals of the world. Neither the President nor his advisers are inclined to touch upon it directly, but it is undoubtedly the subject of heated discussions in the quiet councils of government. "But we must also understand that these powerful forces toward integration are not without down sides or dangers," Berger said. "As borders become as easy to breach as lines in the sand, nations become more vulnerable to transnational tidal waves. Witness the peso crisis, which threatened not only Mexico's economy, but jobs in America, and stability in developing countries around the world."

# Sudan press conference draws fire

by Bonnie James

A Schiller Institute press conference in Washington, D.C. March 20, titled, "American Legislators Report on their Fact-Finding Visit to Sudan," immediately drew fire from the British-run lobby against Sudan. More than 40 representatives of the press, foreign embassies, and Washington-based think-tanks attended the event at the National Press Club. Among those present were the embassies of the Netherlands, Yemen, Algeria, Zambia, and Sudan; CBN News (Pat Robertson's network), which filmed the event; Voice of America; UNI Radio News, *Saudi Press*, the *Baltimore Sun*, *Middle East News*, and a Russian journalist. Among the organizations present were the Arab League, the United Association for Studies and Research, and the Southern Sudan Research Center (a Washington-based front for Sudan's "Rent-a-rebel" John Garang).

Speaking for the Schiller Institute and its two fact-finding delegations that visited Sudan, once in September 1996, and again in late February 1997, were Lawrence Freeman, who accompanied both delegations; the Hon. Theo Mitchell, former South Carolina State Senator; and Maria Elena Milton, former Democratic candidate for Congress from Arizona's 4th C.D., both of whom took part in the February mission to Sudan. In addition, two delegation members who had traveled to Sudan last September were present: Rep. James Mann, former congressman from South Carolina; and Alabama State Rep. Thomas E. Jackson. Muriel Mirak-Weissbach, a leader of the Institute's European branch, who accompanied the February delegation, was unable to attend the press conference.

Introducing the Schiller Institute delegation, Freeman explained that the decision to send a mission to Sudan was taken because "we recognized that a very nasty operation was being run to destabilize the nation of Sudan," through massive lies in the media, which "unfortunately are listened to in Washington." He noted that members of both delegations had meetings with numerous members of Congress to report on their findings.

## 'Find out for yourself'

Freeman pointed out that no U.S. elected officials are going to Sudan, because they have accepted the lies in the media about slavery, harboring of terrorists, and persecution of Christians and other non-Muslim populations. These lies, he said, have also been spread by an organization called Chris-

tian Solidarity International (CSI), which is directed by a member of the British House of Lords, Baroness Caroline Cox. Freeman invited members of the press and others to "go to Sudan, and find out yourself" what the truth is.

Sen. Theo Mitchell spoke next, and began by commending the Schiller Institute for sponsoring such a humanitarian venture, in defense of a nation, Sudan, which was being "put to the sword" by powerful interests. After describing in detail the itinerary of the February mission, Mitchell reported that the group had found no institutionalized, government-backed slavery; in fact, he said, slavery in Sudan is a capital offense. Rather, Mitchell asserted, Sudan had been victimized, by an invasion from Ethiopia and Eritrea into its southern region, beginning Jan. 12.

The invading forces took four towns, he said. "They came across the border *en masse*, using the latest, advanced weapons of war, leaving some 600 dead, leaving the bodies to rot, taking captives—old women, children . . . forcing people to sit in one place for three days without moving, sitting in their own urine and excrement. They machine-gunned women, raped women. . . ."

Sen. Mitchell made it clear that the Schiller delegation had been free to select those places it wished to visit, and the people with whom it wished to meet. He reported on numerous meetings the delegation held with clergy of all faiths, political leaders at all levels, lay people, and ordinary citizens, and he stated that the delegation found absolutely no evidence to support any of the charges, including reports that Christian boys were being kidnapped and forced to become Muslims. "We found none of that," he said.

In fact, Mitchell stated, it was clear that charges of slavery and persecution were aimed especially at African-Americans, including the Black Congressional Caucus. "We have invited them, as well as you . . . to go there. Find out for yourself," he challenged the audience.

## A 'remarkably friendly country'

Rep. James Mann concentrated his comments on the nasty role played by the press in spreading disinformation about Sudan, which he said he found to be "a remarkably friendly country." Mann, who is white, commented that nowhere in the African nation did he ever see a "hostile look"—a statement, he said, which he could not make about his home state of South Carolina! He excoriated the two *Baltimore Sun* reporters (one of whom attended the press conference), for basing their charges of slavery in Sudan, on an obvious set-up, orchestrated by their sponsor, Lady Caroline Cox.

That story, he said, "wreaked havoc in the world, in Sudan, in the Black Caucus . . . resulting in the approval of sanctions by the United States and the United Nations."

"Never in my career, have I seen such terrible consequences because of inadequate reporting," he stated.

The soft-spoken Rep. Thomas Jackson of Alabama gave

his report next. He admitted that he knew nothing about Sudan until he began reading newspaper accounts of slavery there. "My fore-parents had to endure the atrocity of slavery. . . . I was troubled; I was angry when I read that there were slaves . . . Arabs who held black slaves." When Jackson arrived in Sudan last September with the Schiller delegation, he was surprised that the Khartoum government told them to go out and investigate on their own. "The Ministry of Justice opened up the whole country to us," he said.

"I visited three churches in Khartoum, one in southern Sudan. No bishop, no elder, or pastor knew of any slavery, or captives of war sold as slaves.

Jackson then denounced the *Baltimore Sun* reporters, whose story has defamed the Sudanese government and people. "The *Sun* reporters, orchestrated by CSI, Caroline Cox, a member of the House of Lords, snuck into the country, immediately found a 'slave camp.' . . . It *had* to be orchestrated!"

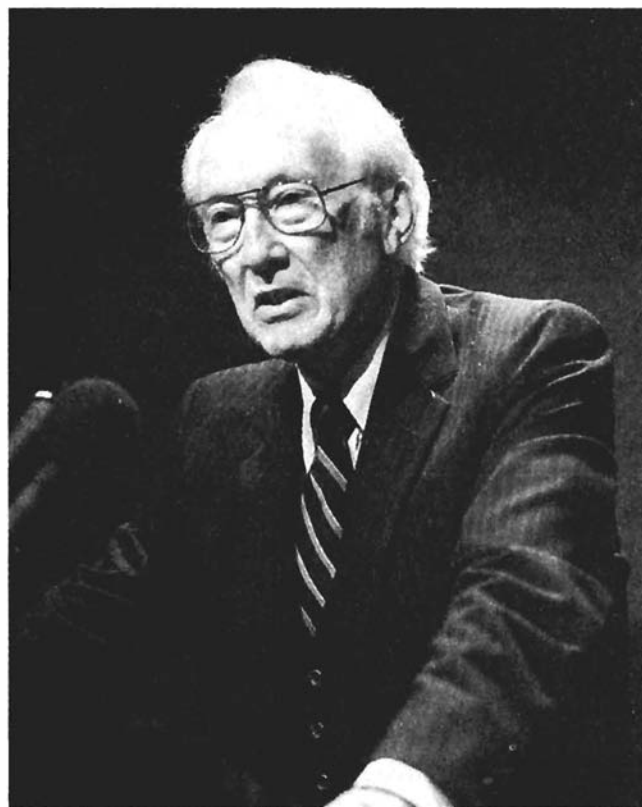
Speaking last, Maria Elena Milton focussed on the method employed to manipulate specific sectors of the population: How do you "whip up" Americans?" she asked. Well, she said, we have a population of African-Americans. Bait them with the issue of slavery. There can be no other purpose to the widespread reports of slavery in Sudan, she said, *since we found no institutional support for slavery!*

How do you mobilize American conservatives? Milton asked. Whip them up with charges of Islamic fundamentalist oppression of Christians—fed through CSI, and the Christian Coalition. Pat Robertson is raising a lot of money using this issue, she pointed out.

As soon as the floor was opened to questions, it became evident that the Cox networks had been mobilized for this event. Moses Akol of the Southern Sudan Resource Center (SSRC) jumped out of his chair, insisting that the delegations' findings were suspect, because they had failed to travel to Bahr-el-ghazel—apparently the only place in Sudan where slavery could be found! Akol and the SSRC work closely with the anti-Sudan lobby of F. Deng of the Brookings Institution, and with Cox's CSI.

A journalist from the Voice of America network, Elmigdad Gebril, then objected to the fact that the Schiller delegation had failed to investigate "human rights violations" among "political prisoners," in Sudan. Gebril is from Sudan's north, and is part of the political opposition to the government in Khartoum. Perhaps that is why he did not seem concerned about the invasion of his nation by foreign governments, controlled from London.

Gregory Kane, one of the two *Baltimore Sun* reporters responsible for starting the tidal wave of attacks against Sudan, with their fairy tale about slavery there, echoed Akol's charges that the Schiller Institute delegation had failed to visit the one location where they would have found slavery. Yet, at a Carnegie Endowment meeting last fall, Kane and his



Former U.S. Congressman James Mann said, in reference to the *Baltimore Sun*'s accusations of slavery in Sudan, "Never in my career, have I seen such terrible consequences because of inadequate reporting."

colleague, Gil Lewthwaite, were forced to admit that the slave-master from whom they had "bought" a slave, was so terrified that he would not give his name, because, he said, that if the government were to find out, he would be executed. Nevertheless, Kane and Lewthwaite both claimed that the Sudanese government is "turning a blind eye" to slavery.

Lawrence Freeman then invited Kane to accompany him on a visit to Sudan to prove to himself that there is no truth to these malicious charges. Freeman attacked Kane for "sneaking across the border," without a visa, thus violating Sudan's sovereignty. "We all know that the major problem in Africa is that its nations have not been allowed to develop as sovereign nation-states," he stated. "You crossed their border without a visa. Cox did so seven times." This demonstrates contempt for Sudan's sovereignty, Freeman said.

When Kane claimed that he would not have received a visa from the Khartoum government, Freeman exposed this as fraudulent: The Sudanese Ambassador has personally invited both *Baltimore Sun* reporters to come to Sudan and investigate for themselves, with no restriction, Freeman said. They had declined the invitation allegedly because the ambassador could not guarantee that they would be able to meet the President of Sudan personally!

# States restrain HMO abuses

by Marianna Wertz

A report issued in mid-March by the Inspector General of the U.S. Department of Health and Human Services, found that a majority of Medicare beneficiaries in managed-care programs cannot obtain the medical services they need, because Health Maintenance Organizations (HMOs) limit their ability to appeal adverse decisions on treatment. Inspector June Gibbs Brown also found that more than half of the HMOs examined did not fully comply with Federal rules for handling appeals and grievances.

In response to this and similar abuses by managed-care companies nationwide, several state legislatures are crafting legislation to subject managed-care practices to strong state regulation. Some recent bills are summarized here:

**New Jersey:** The New Jersey “Health Care Quality Act”—the toughest managed-care regulatory bill in the nation to date—was unanimously approved on March 10 by the State Assembly and Senate Health Committees. The major force behind the bill is Patients First, a coalition of trade unions in the health-care field, which organized two days of intense testimony by victims of managed care.

The legislation now awaits a vote by the full state legislature, which could come as early as May, according to the chief Senate sponsor, Jack G. Sinagra (R-Edison). The legislation puts muscle into the new regulations for health maintenance organizations which went into effect March 15, and extends those regulations to all other forms of managed-care plans. The regulations include:

- Only a doctor, not a nurse or a clerk, can decide to deny or limit coverage.
- Consumers have a right to a choice of specialists, following a referral.
- An appeals process is available for patients or doctors who disagree with an HMO decision. That process is run through an independent panel set up by the State Department of Health.
- “Gag” rules—prohibiting a doctor from discussing with a patient all treatment options, including those the HMO won’t pay for—are forbidden.
- HMOs must disclose the type of compensation arrangement they have with their physicians, and “shall not provide financial incentives to the health care provider for withholding covered health care services that are medically necessary. . . .”
- The Department of Health will produce a series of

HMO “report cards” every six months, to inform the legislature of each HMO’s performance.

The legislation also authorizes fines for HMOs which don’t follow the new regulations, ranging from not less than \$250 to not more than \$10,000 for each day that the carrier is in violation of the Act.

**Texas:** The Texas Senate passed a bill March 17 that will be the toughest HMO liability law in the nation, if it also passes the House. Sponsored by Sen. David Sibley (R-Waco), the bill would hold managed health care organizations liable for the medical treatment they approve for, or deny to, their clients. Under current law nationwide, HMOs have been able to wriggle out of liability for the malpractice which was clearly caused by their practices, using an arcane precedent, under which the federal government is exempted for liability for those insured under the Employee Retirement Income and Security Act.

The proposed legislation, S.B. 386, stipulates that “a health insurance carrier, health maintenance organization, or other managed-care entity for a health care plan has the duty to exercise ordinary care when making health care treatment decisions and is liable for damages for harm to an insured or enrollee proximately caused by its failure to exercise such ordinary care.” It also states that managed-care entities may not remove a physician or health care provider from its plan or refuse to renew the provider with its plan for advocating on behalf of an enrollee for appropriate and medically necessary health care for the enrollee.

**Maryland:** At last count, 61 bills have been introduced in the Maryland General Assembly seeking to correct the abuses of the HMOs. The bill judged most likely to pass this session would give patients an avenue outside the insurer’s internal appeals process to challenge decisions denying them coverage for medical procedures. The bill has HMO support, because it is the least restrictive of all the proposals. Under the legislation, an HMO member who was denied coverage for a procedure or hospital stay would have to be told that the Health Advocacy Unit of the Attorney General’s Office was available to help file the complaint under the insurer’s internal grievance procedure.

**California:** In California, the most aggressive move against managed care is coming from the California Nurses Association. Nurse negotiators representing some 7,500 registered nurses at 45 Kaiser Permanente hospitals and clinics throughout northern California voted March 6 to strike beginning April 16, to protest escalating patient care abuses and massive concessions demanded by Kaiser, the state’s leading health maintenance organization. Options for the strike include a one-day strike April 16 at all Kaiser facilities, or rolling strikes by region or facility beginning April 16. In addition, the nurses are stepping up other public activities. Those actions have included mass picketing at Kaiser facilities in Santa Teresa on March 14 and Walnut Creek on March 21.

## Doctors' union fights cuts in hospital care

*The Committee of Interns and Residents, headquartered in New York City, is a national union which represents doctors in internship and residency in hospitals. Founded in 1957, CIR now has 10,000 members, and is involved in a fight against the cutbacks and austerity-driven policies hitting hospitals under the regime of managed care. Mark Levy, the associate director of CIR, who also represents CIR's sister union, the United Salaried Physicians and Dentists, was interviewed on March 6 by Marianna Wertz.*

**EIR:** Can you tell me about your fight against managed care?

**Levy:** The pressure is not so much one-to-one on managed care, but it's a whole bunch of things coming all at once. It's not so much that managed care per se is bad, but it's managed care for profit—that's different.

Every society has managed care of one sort or another. You only have so much money and you can only do certain kinds of things. But when it's driven in an unregulated way and the only goal of managing that care is to increase your profit, that's where the strains come from.

If managed care had been under the government, some sort of a national health system, you then at least would have had a role for a popular voice in setting what the priorities are, rather than a lot of little companies competing for their own profit.

**EIR:** Are the Committee of Interns and Residents and United Salaried Physicians and Dentists organized within the AFL-CIO?

**Levy:** No, not yet. They will be. Both organizations are independent. Both organizations will soon be affiliating with an AFL-CIO union.

**EIR:** Is that a recent move?

**Levy:** Yes.

**EIR:** Is that in part driven by the situation that's happening with health care in America?

**Levy:** Absolutely.

**EIR:** Can you describe that?

**Levy:** It has more to do with managed care, though managed care is driving certain things in hospitals. One of the things that's going on in the hospitals in the managed care situation is that, when you add on the extra cost of the profit for the private managed-care company, that's got to come from someplace.

Studies that are coming out are indicating that, in fact, managed care is not cutting the general medical care cost: It's driving it up, because there are more administrative costs and there's a level of profit that didn't exist before.

**EIR:** Can you cite anything on that?

**Levy:** There should be something coming out in the *New England Journal of Medicine*, probably within the next couple of weeks. I saw a draft that had been accepted and was being circulated. The *New England Journal of Medicine* also published a really good piece on Columbia HCA, which indicated that when Columbia takes over a hospital, in fact, the hospital costs go up. Columbia then starts taking over medical practices in the neighborhood, and then in the community where they bought the hospital; it's basically a monopoly. They say you've got to send your doctors to our hospital. As they control that whole thing, what happens is that the costs start going up.

Columbia HCA sets a quota, I think it is 20%. It has to make a 20% return on investment. So they start cutting back on things like supplies and staffing, so that they can now create this extra 20% that didn't exist. So, you can do a combination of things. You can cut your expenses and you can raise what you charge. The Columbia HCA hospitals do that. Some of that goes into profit, and some just goes into the pool of money that they then use to buy up other hospitals. So it's not going for patient care; it's going for taking over more and more hospitals.

**EIR:** And that's affecting interns and residents?

**Levy:** Everybody. It's just cutting the budgets all over the place.

**EIR:** How do you see the union being able to affect that?

**Levy:** I don't have a short answer. I wish I had a short, pithy answer. There aren't any locked battles right now. The locked battles you read about in the newspapers are on the right to know, etc. Doctors, along with their other colleagues, want to be able to speak out on the quality of health care without recrimination. That's becoming a big function of what the union does. In some of the poorer community hospitals, we've fought back the closing, or taking over, of hospitals in community areas, quite successfully, actually, at least in New York. In the post-residency, it's sort of just maintaining standards.

Probably the most interesting story—and I can't give you the source for it—is dealing with a group of doctors at a large metropolitan hospital that has community clinics,

where they're basically doing factory-style time, motion, and productivity studies. They have people follow the doctors around with clipboards, they time everything, and then they look at productivity charts. Time-motion study can then be enforced when you establish a piece-work and quota plan.

**EIR:** As though it were an automobile factory.

**Levy:** Right, exactly. So, what they've said to doctors is: "We've now studied everybody. We think you should see X number of patients in this period of time. Here's what you used to earn as salary. If you hit 80% of what we determine as productivity, you will get a paycut. If you hit 90% of the productivity, you'll earn 100% of your salary. If you hit 110% of your productivity, we'll give you a bonus."

Like any factory worker, you don't have to be very swift to figure out, okay, so I'll hit the target amount for six months, just to make sure I'm getting my 100%. Then some people, for one reason or another, are able to hit 110% and, lo and behold, they change the target level on you.

**EIR:** Is this now standard?

**Levy:** It's being instituted in more and more places. Those quota systems, those productivity levels, I've heard about them in Philadelphia, New Jersey, New York, and Florida.

**EIR:** I spoke with the nurses in Massachusetts. Their press relations head there told me that he saw it in Texas, and that was why he stopped working in Texas.

**Levy:** It's happening all over. I don't read some of the hospital journals, but if you walk into any hospital, [you will see] 20 different slick magazines, Hospital Association "This and That," and what happens is some management guy devises a plan and then they start pushing it and getting it reported.

**EIR:** So, your union has gone into some of these situations?

**Levy:** Basically, those are situations where the doctors never thought about joining a union and never thought about organizing.

**EIR:** It doesn't come naturally to a doctor, does it?

**Levy:** No, it doesn't. Partly because doctors used to be just private practitioners; they used to just do their own thing and work in their own little office.

**EIR:** In order to join a union, does a doctor have to present himself as an employee of a managed care company or hospital?

**Levy:** Yes, that's a real dilemma. There are some doctors who are straight salaried, and it's easy for them to join a union. There are some doctors who just sign private contracts, like with managed-care companies. As of now, those doctors are covered by the Sherman Anti-Trust Act and

some other anti-trust acts, which forbid them to join together as solo practitioners. It's called restraint of trade. It's bonkers. You have huge corporations that join together, and it's not called price-fixing or anything. Then you have two independent doctors, and they're not allowed to get together.

**EIR:** Is this something that you're challenging?

**Levy:** We're not doing it now, because there were some bad decisions along this line. But there are a whole bunch of people who are looking into how to do it, where to do it.

**EIR:** It's similar to the application of the Employee Retirement and Income Security Act (ERISA) law, which allows managed care companies to get out of responsibility for what they do.

**Levy:** Yes, absolutely. It's sort of an historical quirk that's been applied, and you have to figure out the best way to attack it. One of the ways that we're thinking about attacking it, is as an independent union; it's very hard to do something like that. So, if you're part of the AFL-CIO, you can begin to look at the whole structure of laws.

**EIR:** I receive the AFL-CIO's publications and I've noted that they're very happy about the development of physicians affiliating with the AFL-CIO.

**Levy:** Right. My only question is that some of the ones who are affiliating and saying they're union doctors, are not doing it in such a way that it's really appropriate. They're more like associations.

**EIR:** Is that like the podiatrists?

**Levy:** Like the podiatrists and also like the group in New York, MD-NY. It's not the kind of thing that will lead to collective bargaining and contracts.

**EIR:** Is that what you prefer in terms of your associations?

**Levy:** Yes. That's really what happens. You can't just go hand out the union label or put a stamp on somebody because they say, "Hey, I want to be in the union." It means that they have to act in certain kinds of ways where they're influencing what happens to them.

**EIR:** Let me just ask one other thing with respect to New York. We reported in the Feb. 28 issue of *EIR* on the decision by Queens Supreme Court Judge Herbert Posner not to allow the privatization of Coney Island Hospital. Were you involved in that?

**Levy:** We were very much involved in that. I think it was an important victory for the community, and it's parallel to a lot of the things that the doctors are fighting for. You cannot dramatically change the quality of health or the quality of a hospital without the voice of the community, without the voice of the people who work there.



# Who is Richard Mellon Scaife?

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*Part 2 of our exposé on the moneybags behind the media campaign against the President. Edward Spannaus reports on Scaife and the Bush “secret government.”*

*Richard Mellon Scaife has recently come into prominence as the bankroller of a news-media campaign aimed at President Clinton, while he is sponsoring a cushy “retirement” position for Whitewater special prosecutor Kenneth Starr. In Part 1 (EIR, March 21), we showed that “Dickie” Scaife has been deployed for almost 25 years by the old Office of Strategic Services Anglo-American financier-intelligence circles, to do exactly this sort of thing.*

Since Dickie Scaife was allowed to take over the Scaife family foundations and trusts in 1973, he has been a principal funder of that network of nominally “conservative” foreign policy think-tanks which operates as a training ground and as the agenda-setter for the foreign service and intelligence communities. During the Reagan-Bush administrations, this cluster of conservative think-tanks virtually *became* the government.

In reality there were two governments in the Reagan-Bush administration—the official, public government, and the “secret government” run by Vice President George Bush. The official government, particularly the National Security Council, the State Department, and the intelligence community, were riddled with Scaife’s grantees and beneficiaries. But behind the official government lay what became known as the “secret government”—and Scaife’s network of think-tanks and foundations provided the intellectual rationalization which justified its creation, including the infamous Executive Order 12333. As far as is known, most of Scaife’s hirelings didn’t dirty their hands with actual drug-running or assassinations, but they did provide key funding and staff for the entire so-called “Project Democracy” apparatus, and also for the semi-official “public diplomacy” propaganda machine which ran cover for Bush’s Contra drug-runners and Afghani terrorists.<sup>1</sup>

Then and now, Scaife does not limit his largesse to strategic and foreign policy matters, but he is also a primary funder of a burgeoning network of think-tanks and propaganda mills promoting the feudal economic policies coming out of the

Mont Pelerin Society. Under the guise of “Thatcherism,” these groups provided the social and economic policies, and much of the staffing, for the so-called “Reagan Revolution,” and more recently, for the Gingrich-Gramm gang in the wake of the Republican Party takeover of Congress in the 1994 elections. One could say that the earnest money for the “Contract with America” was paid by Dickie Scaife.

A third distinctive cluster of organizations funded by Scaife are the right-wing legal foundations and litigation groups; originally founded to counter civil libertarians and environmentalists, they have increasingly become pro-environmentalist and libertarian in their outlook—as well as financing legal attacks on President Clinton and the Clinton administration.

Here, we will look more closely at the intelligence and foreign policy think-tanks which virtually took over the Reagan administration in 1981, and which provided the underpinning for Bush’s “secret government” built up in 1981-86.

## Origins of the secret government

As the Iran-Contra scandals played out in televised Congressional hearings in 1987, many Americans began to get a glimpse of what some Congressmen called the “parallel” government, and others simply called the “secret government.” What most Americans didn’t know, is the intellectual foundations were developed by Richard Mellon Scaife’s hirelings.

Two Scaife-funded operations played central roles in preparing the way for the creation of this “secret government” machinery. The first was a series of national security seminars held during 1973-79 by the International Security Studies Program at the Fletcher School of Law and Diplomacy at Tufts University—organized by Prof. Uri Ra’anana. The second was a series of seven conferences held during 1979-84 by the “Consortium for the Study of Intelligence,” organized by Roy Godson.

Both Godson and Ra’anana were subsequently deeply involved in what became known as the “Iran-Contra” scandals; and—not surprisingly—both were personally and heavily involved in dirty operations against Lyndon LaRouche.

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1. For a thorough description of Bush’s “secret government” apparatus and Public Diplomacy, see *EIR Special Report* “George Bush and the 12333 Serial Murder Ring,” October 1996, Chapter 2.



*Vice President George Bush and Secretary of State Alexander Haig in April 1981. They fought over control of the national security apparatus and the “secret government” structures masterminded by think-tanks funded by Richard Mellon Scaife. Bush won, and Haig left. Roy Godson (above), an architect of the secret government, is shown in 1969, when he was on Scaife’s payroll in Pittsburgh; Godson was a consultant to the Reagan-Bush National Security Council.*

## **Ra’anan and the Fletcher School**

The Fletcher School is the oldest graduate school of diplomacy in the United States. Its students are tracked into careers in the foreign service, the CIA, and the military. From its founding, the International Security Studies Program within the Fletcher School was financed almost exclusively through grants from the Scaife family foundations and trusts. On its Advisory Council in the 1980s were R. Daniel McMichael and Gen. Matthew B. Ridgway, both trustees of Scaife family foundations.

After the arrest of Israeli spy Jonathan Pollard in November 1985, Ra’anan, the chairman of Fletcher’s International Security Studies Program, was quoted praising his former student Pollard in the *New York Times* as “bright and articulate.” Upon Pollard’s graduation from the Fletcher School in 1978, he had gone to work for U.S. Naval Intelligence. One of his classmates, Mira Lansky Boland, went to work for the CIA for two years, and then for the Pentagon; in 1984, Boland transferred to the Washington office of the Anti-Defamation League (ADL), where she soon became devoted full-time to the “Get LaRouche” task force.

Pollard was no accident, nor was Boland. Ra’anan (born Heinz Felix Frischwasser in Central Europe in 1926) spent the war years in London, and then emigrated to Israel. He came to the United States in the early 1960s, and, working out of the Israeli Embassy in Washington, set up an Israeli spy-recruiting unit. In 1967, he joined the faculty at the Fletcher School.

In 1973, the International Security Studies Program initiated a series of annual conferences, funded by Scaife, on a wide range of strategic topics. Dozens of senior figures in the U.S. military-intelligence community were brought in to participate. The last seminar, in April 1979, was on “Intelligence Policy and National Security.” Ra’anan himself was named to an advisory committee in 1980 to help shape Reagan’s foreign policy and defense platform.

## **Godson and the Consortium**

Roy Godson, a wholly-owned asset of Scaife, Inc., is the son of a longtime Lovestonite State Department official, Joe Godson, who served principally in London and Belgrade, Yugoslavia after the war, and who founded the London branch of Georgetown University’s Center for Strategic and International Studies (CSIS).

Roy Godson, after getting his master’s degree at Columbia University (where he was already known as a “CIA watcher of left-wing groups”), was immediately sent to Pittsburgh, where he was given his first teaching post at Carnegie-Mellon University (1967-69), and where he was also hired as a program director of the Pittsburgh World Affairs Council (where Scaife’s aide R. Daniel McMichael was president). Godson’s first book, *American Labor and European Politics* (1976), was financed by a grant that McMichael arranged; his next book was published by the National Strategy Information Center (NSIC).

From Pittsburgh, Godson went to Georgetown University

in Washington, D.C., and by the late 1970s, was regarded as an “expert” on Soviet methods. In 1979, Scaife money enabled Godson to launch the Consortium for the Study of Intelligence (CSI), a direct extension of the 1970s Fletcher conference series, reflecting the expectation that the Republicans would be victorious in the 1980 elections, which would present an opportunity to get in on the ground floor of re-organizing U.S. intelligence and counterintelligence capabilities.

The Scaife-funded effort by the American Tories to take over and subvert the country’s intelligence reorganization had an important, if unwitting, ally in the new Director of Central Intelligence William J. Casey. He had been a founder in 1962 of the NSIC (along with George Bush’s brother Prescott), and he considered Leo Cherne, of the International Rescue Committee and the Scaife-funded Freedom House, as one of his closest intelligence community colleagues and advisers. While Casey did not hold Godson in very high regard, he viewed the network of intelligence community “hard-liners” who frequented the Godson Consortium events as a resource to be drawn upon.

And although Casey was not a great fan of George Bush, he was an enthusiast of “off-the-books” covert operations, and he often preferred using non-CIA personnel to run such operations—usually drawing on Pentagon personnel requisitioned through the NSC—which effectively put Vice President Bush in charge of such operations.

tioned through the NSC—which effectively put Vice President Bush in charge of such operations.

The “charter” of the secret government and privatized intelligence operations was Executive Order 12333, signed by Ronald Reagan on Dec. 4, 1981, along with EO 12331 (signed Oct. 20, 1981, which reconstituted the President’s Foreign Intelligence Advisory Board, or PFIAB), and EO 12334 (also signed Dec. 4, 1981, which created the three-member Intelligence Oversight Board). The relationship between the three orders, was that PFIAB would identify areas where intelligence “active measures” or covert operations were desired; the Oversight Board then reviewed covert actions and provided the legal justification for them.

EO 12333 and its sister orders were the product of the Godson CSI Consortium process, along with a workshop on “Law, Intelligence and National Security” sponsored by the American Bar Association’s Standing Committee on Law and National Security held in Washington in December 1979. All of this was funded by Scaife, and naturally, almost everyone who played a major role in the creation of EO 12333 was involved with the Scaife-funded think-tank network. It was reportedly drafted by two regulars at the Godson Consortium—Angelo Codevilla, from the Hoover Institution and a senior staffer for the Senate Intelligence Committee, and

## The new administration

From the very beginning, the Reagan administration was packed with officials who had come from Scaife-backed and -financed private institutions. Some of these were:

- Martin Anderson: Assistant to the President for Policy Development; Hoover Institution, Committee on the Present Danger (CPD).
- Richard Allen: Reagan’s first national security adviser; a founder of Georgetown Center for Strategic and International Studies (CSIS); then senior staffer at Hoover Institution.
- Richard Pipes: National Security Council (NSC) Soviet specialist; attended five of seven Consortium for the Study of Intelligence (CSI) seminars; CPD.
- Geoffrey Kemp: NSC Middle East specialist; from Fletcher School; CSIS.
- Roger Fontaine: NSC Latin America specialist; CSIS, American Enterprise Institute (AEI).
- Roy Godson: NSC consultant; National Strategy Information Center (NSIC); entire career was Scaife-financed and -sponsored.
- Kenneth deGraffenreid: NSC director of intelligence programs; attended six of seven CSI seminars.
- David Abshire: head of national security transition

team, chairman of President’s Foreign Intelligence Advisory Board (PFIAB); CSIS.

- Leo Cherne: PFIAB; Freedom House, CSI seminars.
- Paul Seabury: PFIAB; all seven CSI seminars.
- Glenn Campbell: transition team; chaired Intelligence Oversight Board (IOB); Hoover Institution.
- John Norton Moore: chief legal consultant to IOB; University of Virginia Center for Law and National Security.
- William Casey: Director of Central Intelligence; a founder of NSIC in 1962.
- William Van Cleave: Reagan’s transition team on defense; financed by Scaife grant at University of Southern California.
- Jack Marsh: Secretary of the Army; NSIC; worked directly for Scaife.
- John Lehman: Secretary of the Navy; Foreign Policy Research Institute (Philadelphia).
- Fred Iklé: Undersecretary of Defense; CSIS, CSI seminar.
- Alexander Haig: Reagan’s first Secretary of State; board of Foreign Policy Research Institute (Philadelphia).
- Jeane Kirkpatrick: Ambassador to United Nations; AEI.
- Edwin Meese: Counsel to President, then Attorney General; Center for Criminal Justice Policy and Management, University of San Diego; Pacific Legal Foundation.

Kenneth deGraffenreid, also a former Senate Intelligence Committee staffer and a Reagan-Bush NSC official—and then run through the Senate and House Intelligence Committees.

Others reportedly involved in the drafting were Paul Seabury and Anne Armstrong of PFIAB, and Prof. John Norton Moore of the University of Virginia, who became the chief legal consultant to the Intelligence Oversight Board.

EO 12333 was touted as “unleashing” the intelligence agencies from the restrictions of the Carter years, much of which stemmed from the post-Watergate Congressional investigations of the intelligence agencies in 1975-76.

Among significant changes from the previous 1978 Executive Order 12036, was that the President could designate agencies other than the CIA to conduct “special activities” (covert operations), and that CIA was permitted to conduct “special activities” inside the United States. Although private contracting had been permitted under the earlier EO, it could only be done covertly with the approval of the Attorney General; EO 12333 allowed concealment of private contracting without any approval by the U.S. Attorney General. According to one source who was involved in the process, deGraffenreid had sought an even broader privatization charter; this was beaten back, but the loophole was still big enough to permit almost anything that the dirty deGraffenreid faction wanted. This also opened the door even wider for the Bush networks to bring British and Israeli intelligence operatives into official U.S. intelligence operations.

EO 12333 also designated the NSC as “the highest Executive branch entity” for review and guidance of all foreign intelligence, counterintelligence and “special activities.” Under the committee structures being set up within the NSC, Vice President Bush was then effectively put in charge of *all* intelligence activities.

### **Theodore Shackley and covert operations**

The role of Theodore Shackley requires special mention—for it was critical to the creation of the Bush “secret government.” When Bush was CIA director in 1976-77, Shackley was his deputy director for plans (covert operations). Shackley was forced to resign from the CIA in 1978, but he had already built up a vast financial and intelligence network in Asia and the Middle East, which he put at Bush’s disposal during the Reagan administration. Vice President Bush’s national security adviser, Don Gregg, was a Shackley protégé; it was Gregg who brought his longtime associate Felix Rodriguez on board for the Contra gun- and drug-running operation.

At the December 1980 Consortium event on “Intelligence Requirements for the ’80s: Covert Action,” in Washington, Shackley laid out a detailed proposal for “rebuilding” America’s covert paramilitary capabilities. The Shackley speech was a recipe for the subsequent Contra and related efforts, complete with the “offline” funding. According to one intelli-

gence source, Shackley gave a similar presentation to the Reagan Presidential transition team on intelligence. Attending the briefing, according to the source, were Casey, Bush, and Max Hugel, Casey’s first deputy for covert operations.

Shackley reportedly urged that the rebuilt covert intelligence and paramilitary apparatus be run “offline”—which meant using the band of intelligence community “asteroids” who had gathered around him from his days as CIA station chief in Miami and later in Laos, such as Felix Rodriguez and the operatives who staffed the Oliver North-Richard Secord Contra supply operation and their international arms ring. Shackley also reportedly urged that the new special teams be run directly out of the White House: What this meant in practice, was through the NSC staff apparatus that functioned under Vice President Bush’s direction under the authority of EO 12333, and National Security Decision Directives 2 and 3.

All of Shackley’s proposals were enthusiastically promoted by Godson in the seven-volume proceedings of the CSI. The proceedings were published by the Scaife-funded NSIC, which appointed Roy Godson to head up its expanded Reagan-era Washington office.

### **Caught!**

Scaife’s network did not just provide the “intellectual” underpinnings for the “secret government” and offline intelligence operations. In a couple of instances, his operatives were caught directly laundering money for the drug-running Contras, and they almost found themselves indicted as a result of the Iran-Contra investigation. Two of these were Godson and the aptly named Clyde (“Terry”) Sleaze, who described himself, during his Iran-Contra deposition in 1987, as having been “general counsel for Richard M. Scaife and his family and entities” during 1974-86. Sleaze testified that he had met Godson while the latter was working for the NSIC, and Sleaze said that he had attended some of the NSIC seminars, as well as having often visited the NSIC to check up on what they were doing with Scaife’s money.

Sleaze testified that Godson had asked him for a contribution involving Nicaragua, and that as a result, he had then met personally with Oliver North, then-National Security Adviser Robert McFarlane, and Roy Godson in the White House Situation Room, where they asked Sleaze to raise \$400,000 for a Contra organization. However, Sleaze testified that he raised only \$5,000 from another individual, which he sent to Godson to be deposited with an offshore entity called “I.C. Inc.” Sleaze also said that he had arranged a substantial contribution (actually, \$60,000) to Godson from a Goldman Sachs stockbroker, and that then there was another \$100,000 donated to the Heritage Foundation, arranged through Ed Feulner, for Central America.

The money was laundered through Heritage, then through another non-profit organization controlled by Richard Miller and Frank Gomez, and then into I.C., Inc. The \$60,000 contribution ended up in one of the North-Secord “Enterprise” bank

accounts (that of Lake Resources) in Switzerland.

Miller was subsequently indicted and pled guilty to a charge of conspiracy to defraud the United States by using tax-exempt organizations for improper purposes. Gomez was given immunity from prosecution in exchange for cooperation with the independent counsel. Godson, Sleaze, and Feulner managed to escape indictment.

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## Documentation

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# Richard M. Scaife's private government

Following is a partial listing of grants from 1973 to 1993, made by the three Scaife family foundations run by Richard Mellon Scaife that publicly report their grants. The three are the Sarah [Mellon] Scaife Foundation, the Allegheny Foundation, and the Carthage Foundation. The complete list of grantees is much longer. There are also three private family trusts that do not report their activities publicly; it is reported that some of the most sensitive, intelligence-related grants made by Dick Scaife are handled through the private trusts. These are the Richard Mellon Scaife Family Trust No. 1 and No. 2, and the Trust for the Grandchildren of Sarah Scaife.

### **Intelligence and foreign policy think-tanks**

National Strategy Information Center (NSIC)  
Tufts University, Fletcher School of Law and Diplomacy  
Georgetown University, Center for Strategic and International Studies (CSIS)  
Stanford University, Hoover Institution on War, Revolution and Peace  
American Bar Association, Standing Committee on Law and National Security  
The Committee for the Free World  
Committee on the Present Danger  
Foreign Policy Research Institute, Philadelphia  
Institute for Foreign Policy Analysis, Cambridge, Massachusetts  
American Security Council Foundation  
U.S. Global Strategy Council  
Jamestown Foundation  
University of Virginia Law School, Center for Law and National Security  
New York University, National Security Education Program of the Graduate School of Public Administration  
Freedom House, New York  
Prodemca (Friends of the Democratic Center in Central America)

National Endowment for Democracy  
Institute for the Study of Conflict, London, U.K.  
Center for European and Strategic Studies, London, U.K.  
World Affairs Council, Pittsburgh

### **Social-economic policy think-tanks**

Mont Pelerin Society  
American Enterprise Institute  
Heritage Foundation  
Cato Institute  
Reason Foundation  
Free Congress Foundation  
Atlas Economic Research Foundation  
American Legislative Exchange Council  
National Taxpayers Union  
Foundation for Economic Education, Irvington-on-Hudson, New York  
Manhattan Institute, New York  
Citizens for a Sound Economy  
Competitive Enterprise Institute  
Intercollegiate Studies Institute  
National Center for Policy Analysis  
Rockford Institute  
Institute on Religion and Democracy

### **Population control**

Planned Parenthood  
Population Action International  
Population Crisis Center  
Federation for American Immigration Reform (FAIR)

### **News media propaganda**

Accuracy in Media  
*American Spectator*  
American Spectator Educational Foundation  
Center for the Study of Popular Culture  
Foundation for American Communications, Los Angeles  
Foundation for Cultural Review  
Media Institute  
Western Journalism Center, Sacramento

### **Legal foundations**

National Legal Center for the Public Interest, Washington  
Washington Legal Foundation, Washington  
Pacific Legal Foundation, Sacramento  
Landmark Legal Foundation, Kansas City, Missouri  
Atlantic Legal Foundation, New York  
Mid-Atlantic Legal Foundation, Philadelphia  
Southeastern Legal Foundation, Atlanta  
New England Legal Foundation, Boston  
Mid-American Legal Foundation, Chicago  
Capital Legal Foundation, Washington  
The Mountain States Legal Foundation, Denver

## Senate asks Reno for yet another prosecutor

On March 19, the Senate passed a resolution, 55-45, calling on Attorney General Janet Reno to apply for the appointment of an independent counsel to investigate allegations of illegal fund-raising practices by the 1996 Clinton-Gore Presidential campaign and by the Democratic National Committee. The resolution was the pet project of Majority Leader Trent Lott (R-Miss.), who explained during the debate that the independent counsel statute's requirements for "credible and serious" allegations of wrongdoing have "already been met by what we already know from news reports about illegal foreign donations and the use of White House facilities for campaign fund-raising."

Sen. Robert Byrd (D-W.V.) took the GOP leadership to task, pointing to the fact that the Senate had already given bipartisan support to a broad investigation by the Government Affairs Committee. Unlike that resolution, he said, "this resolution specifically targets for investigation by an independent counsel the President, the Vice-President, unnamed White House officials, and the Democratic National Committee, and it does so based on nothing more substantial than reports in the media."

Byrd accused the Republicans of seeking partisan political advantage and suggested that the Senate should "let the law work as it was intended." He added that the Senate ought to be pursuing "the mundane necessities of governing, like crafting a budget. . . . Instead, we are engaged in a feeding frenzy, like sharks that have tasted a little blood and hunger for more."

Strangely enough, the resolution is in the form of a joint resolution, which means it not only has to be approved

by the House, but it has to be signed by President Clinton in order to have the force of law.

## Waters probes agencies ties to drug running

In the course of an hour-long "special orders" speech on the topic of "CIA Operations" on the floor of the House of Representatives on the evening of March 18, Rep. Maxine Waters (D-Calif.) said that she and others are running their own "parallel investigation" of U.S. intelligence community involvement in drug-trafficking, including the Central Intelligence Agency, the Defense Intelligence Agency (DIA), and the Drug Enforcement Administration (DEA).

Waters noted that many people are suspicious of the investigations being conducted by the Inspectors General of the CIA and Justice Department, but "I tell them it is important that we let the process go forward; that some of us are not simply relying on these investigations. . . . Some of us are responding to the calls that we are getting with people who have information about drug trafficking and intelligence community involvement." She said that she and others have been meeting with people who have called her office and provided documents and information. "We are doing this, because we want to be able to compare what we are learning with the so-called investigations that are going on."

Although Waters previously has restricted her comments to the CIA alone, she now appears to have broadened her perspective to include other agencies. "I am very serious about wanting to know who knew what, and when did they know it, and how high

did it go, and whether or not the CIA or the DEA or the DIA or any other intelligence agency has been involved in drug trafficking." The investigation stems from revelations that the covert weapons-supply operations to the Nicaraguan Contras had given these "resistance fighters" a massive drug franchise in the United States. The covert operations which became infamous as "Iran-Contra" were run out of the White House under Vice President George Bush.

Waters reported on her recent trip to Nicaragua, during which she interviewed Enrique Miranda Jaime, who indicated his willingness to cooperate with the investigations and asked that she share his information with the investigators. Waters said that she has asked the Justice Department Inspector General to go and talk with Miranda, and to make sure nothing happens to him. "I am concerned that if we do not get to him and place him in a witness protection program so that he can make the information available to us, that we may not have him available to us sometime later on."

Waters said that she is going back to Managua at the request of some legislators "who have new information, and they are looking at some money-laundering schemes. We have identified that one of the persons now in the Nicaraguan government was connected to Danilo Blandón, and was responsible for laundering money out of Miami during the 1980s, when Mr. Danilo Blandón was trafficking in cocaine and crack cocaine in South Central Los Angeles." So, she said, "I will be going back," and there will be others going back. "This is the kind of work that must be done, because the Congressional Black Caucus of the Congress of the United States have decided that they are going to make the

eradication of drugs in our community our number-one priority.”

Much of her speech was devoted to calling for the CIA to be abolished altogether, and for its \$30 billion budget to be spent for schools and other domestic programs.

## **GOP pushes time for pay bill in House**

On March 19, the House passed a bill that allows employers to give compensation time in lieu of overtime pay for overtime worked. Cass Ballenger (R-N.C.), waving the “family values” flag against just compensation for labor, said the bill “is designed to give hourly employees the opportunity to have more flexibility in their work schedules so that they can better meet the demands of work and family.”

Democrats rightly dubbed the bill “the paycheck reduction act.” Rep. Major Owens (D-N.Y.) called it a “revolutionary and reckless” change to the Fair Labor Standards Act “which has existed since 1938 as part of Franklin Roosevelt’s New Deal.” He added that the bill is unenforceable, and that existing law is often violated, as witnessed by the nearly 700,000 workers covered by settlements between 1991 and 1996, “which were necessary to get their overtime pay, because it was not being given to them.”

Freshman Dennis Kucinich (D-Ohio), however, went further: The bill repeals an existing economic, legal right, “that workers now possess, the right to obtain time-and-a-half for overtime work” and exchanges it for an IOU “issued by their employer to maybe give comp time in the future. . . . In this era of labor-saving technol-

ogy and falling real wages, when working families are struggling with two jobs, the 40-hour week plus overtime is already too long. We need to be discussing public policies that promote more jobs, higher wages, and a shorter work week.”

## **Mexican resolution passed in Senate**

A rather moderate resolution on President Clinton’s certification of Mexico as cooperating in the war on drugs passed the Senate 94-5 on March 20. Unlike the House version passed the previous week, the Senate one does not overturn Clinton’s decision. Instead, it calls for the President to report to Congress by Sept. 1, on progress made by both countries in reducing the flow of drugs across their border. The resolution was the product of a negotiating team that included Senators Dianne Feinstein (D-Calif.), Paul Coverdell (R-Ga.), and Kay Bailey Hutchison (R-Tex.) and the Clinton administration.

Feinstein said the compromise resolution is “the first step to a new and forceful partnership to fight drugs on both the supply side and the demand side, and to join with Mexico in so doing.” She said that if the resolution is ignored, it will be the “first step in a major battle next year to decertify Mexico as being noncooperative in the supply side of the cooperation that goes into retardation of drug flow into this country.”

The resolution criticizes U.S. anti-drug efforts and urges more border patrols and anti-drug education for American youth, and urges Mexico to show progress in the following areas: “Speedier investigations and prose-

cutions of Mexican drug traffickers, better extradition procedures, the end to money laundering, and greater diligence in identifying and prosecuting officials at all levels of government.” It also calls on Mexico to “simplify rules of evidence to make it easier to prosecute suspected drug criminals, eradicate more illicit crops, especially marijuana and opium, and do more to protect U.S. anti-drug agents.”

## **House GOP feathering committee nests**

The House of Representatives was required to vote on its committee funding, because Democrats objected to funding for the Government Reform and Oversight Committee to investigate the same issues of the 1996 Presidential campaign that have hung up the Senate for the past several weeks. The funding resolution provides \$20 million to the committee, chaired by Rep. Dan Burton (R-Ind.), for its operations in the 105th Congress, an amount which exceeds any other House committee. The resolution also provides a \$7.9 million “reserve fund for unanticipated expenses.”

The resolution was derailed on March 20, failing a procedural vote when 11 conservatives broke ranks with the GOP leadership and criticized the budgeted amounts for committees as too high. House Speaker Newt Gingrich (R-Ga.) accepted a compromise during negotiations that night, with a rewritten resolution that freezes all committee funding at the levels of the 103rd Congress, except for the Government Reform and Oversight Committee, which retained its \$20 million. The compromise passed by 213-179.

# National News

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## McCaffrey slams U.S. prison system as 'gulag'

Appearing before the House Treasury, Postal Service, and General Government appropriations subcommittee, on March 19, White House drug policy director Gen. Barry McCaffrey listed crowded prisons and jails as one of the unacceptable consequences of the nation's drug abuse problem. He said that more than \$17 billion is spent each year in the United States on prisons, and that this is "simply atrocious." He added that there are more than 1.6 million Americans behind bars, and that this is expected to increase by 25% by the year 2000. What we have with this, he said, is a "gulag in America."

Later on, in an exchange with Anne Northrup (R-Ky.), he pointed to the fact that over half of the people behind bars have drug and alcohol abuse problems, but only 7% have access to any kind of drug treatment program. "If you do in-prison treatment," he said, "you can reduce the likelihood of addictive behavior when these people return to the streets."

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## Italian daily dubs Scalia high court 'executioner'

"Scalia, the Executioner on the Supreme Court," headlines one in a series of articles in the Italian daily *Il Giornale* of March 20, referring to the death penalty appeal before the U.S. Supreme Court, of Virginia inmate Joseph O'Dell. Justice Antonin Scalia, who avers that morality in law should take back seat to the "will of the people," has become the focal point of *Il Giornale's* attacks, and has also been denounced by the anti-Mafia political group La Rete. The article refers to Scalia as the "Khomeini" of the U.S. justice system, who is "the extreme protector of the tradition of a literal and rigid interpretation of the American Constitution, [known as] 'judicial restraint.'"

Among other background information, *Il Giornale* notes that Scalia is a personal

friend of Virginia's Gov. George Allen, as well as of the prosecuting attorneys of Virginia Beach and Richmond, who succeeded in having O'Dell sentenced to death. O'Dell has a strong claim to innocence, but cannot obtain a new trial, because the evidence was uncovered more than 21 days after his conviction. His case has caused an uproar in Italy because of its rank injustice, and has even been cited by the pope.

On March 19, four Italian officials, including parliamentarian Luciano Neri, visited O'Dell at Mecklenburg prison and emerged to say that they are convinced O'Dell is innocent and to denounce the conditions in the prison. O'Dell's case was argued before the Supreme Court on March 18 and a decision is expected by June.

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## LaRouche associate files state habeas corpus

LaRouche associate Donald Phau filed legal papers in late March with the Supreme Court of Virginia, charging that he is being illegally held in prison by Virginia authorities, who, in collaboration with corrupt federal officials, the news media, and the Anti-Defamation League of B'nai B'rith, obtained an illegal conviction of Phau on bogus charges that he violated Virginia's securities statutes.

The 142-page petition, accompanied by eight volumes of evidence, charges Virginia authorities with an accumulation of prosecutorial misconduct, including, presenting false evidence, witness tampering, brainwashing witnesses, black-bag jobs, illegal wiretaps, withholding exculpatory evidence, making false representations in court, and conducting a nationwide campaign of defamation to cover for these illegalities. The petition also charges that Phau's trial attorneys were grossly incompetent.

Phau is one of five LaRouche associates who remain as political prisoners in the Virginia spin-off from the 1986-87 "Get LaRouche" federal prosecutions. The five are serving inhumane sentences ranging from 25 years (for Phau) to 77 years (Michael Billington). An expanded report on their case is included in a new edition of the

*New Federalist* pamphlet, "The Summary of Relevant Evidence on the Record Demonstrating the Innocence of Lyndon LaRouche and Co-Defendants." First published at the outset of the international campaign to secure LaRouche's exoneration, over 12 million copies of the pamphlet were circulated. The new edition begins with a run of 200,000 and is titled "Have the Mass Media Brainwashed your Neighbor about Lyndon LaRouche?"

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## FBI doctored evidence in Oklahoma City bombing

The *Los Angeles Times* leaked what it said were excerpts from the Justice Department's Inspector General draft report, which suggests that the FBI laboratory doctored evidence in the Oklahoma City bombing investigation. The March 22 feature appeared after FBI lab scientists Frederic Whitehurst and the National Association of Criminal Trial Lawyers failed to win a court order approving the release of the draft report on corruption at the lab. The excerpts cast a heavy doubt over some of the crucial forensic evidence in the Oklahoma City case, whose first defendant, Timothy McVeigh, was to go to trial on March 31.

According to the excerpts, David Williams, a supervisory agent in the explosives unit of the FBI lab, produced a deeply flawed report on the nature of the bomb that blew up the Murrah Federal Building on April 19, 1995. According to the *Times*, Williams drew a series of conclusions about the composition of the bomb, the specific detonator, the velocity of the explosion, and even the kind of plastic containers used to construct the bomb, based on evidence obtained in raids on defendant Terry Nichols's house and other locations—not on rigorous forensic proof. Under aggressive interrogation by IG investigators, says the *Times*, Williams admitted that he had produced unjustified "scientific" findings, based on the evidence obtained in searches, and other field investigative details. Further, says the *Times*, Williams's boss failed to independently cross-check the findings before signing off on the assessment.



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The presiding judge in McVeigh's trial has imposed a gag order on both the defense and the prosecution, against making any reference to the draft IG report. The final report is expected to be released by April 15.

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## Dirty Dick Morris goes to work for Murdoch

A tantalizing item on the Republican Party's "inside" man in the Clinton campaign, "Dirty Dick" Morris, appeared in the March 24 issue of the *New York Post*, the U.S. tabloid of Australian press czar Rupert Murdoch, whose "respectable" publications include the *London Times*: "He may be spurned at home, but former Bill Clinton aide Dick Morris seems to have fans in Britain, the land of Profumo and countless other political trouser-droppings. Morris has been writing for the *Times* of London, which ran his thoughts on Britain's upcoming election on its op-ed page on Saturday. The deal was fixed by the paper's New York correspondent, Quentin Letts, who says, 'Unlike the liberals of the Upper West Side we think Dick Morris quite a boy. He is a bloody good analyst and also writes well.'"

Lyndon LaRouche, asked for his comment, summarized Morris's common background with Murdoch as intimates of "Gay Edgar Hoover's Roy Cohn." Morris, Cohn's cousin and lifelong protégé, came out with a "kiss and tell book" so quickly after he was fired from the Clinton campaign (he was caught with a high-priced prostitute), that he probably had the book in galleys, before being cashiered.

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## Hongkong banker scores 'donorgate frenzy'

A Hongkong banker told *EIR* recently that he has received two or three dozen calls from U.S. media about the alleged Chinese effort to influence the U.S. elections through contributions, which he disdainfully called "donorgate." He said, "This is a feeding frenzy for the politicians. The *Washington Post*

wants to make this another Watergate, that is clear. There is an extraordinary resonance with what happened in Watergate, 23 years ago.

"The correspondents in the region [East Asia] are all apologetic about having to ask me these questions; they are disgusted with their head offices in the U.S. But they are under great pressure to follow this story.

"So far, we do not know the facts. But what is frightening in the U.S., is the coalition formed between the left, such as Rep. Nancy Pelosi, and the right, such as Jesse Helms. And the Christian Coalition is playing a very heavy role in this. The U.S. is a very ideological nation; it is held together by ideology," he said. "Both the *Washington Post* and the *New York Times* are anti-Chinese fundamentalists." He concluded, "I think that Clinton has it right on China policy. With a strong President, there would be no fundamental problem in U.S.-Chinese relations. But if the President is weakened, there is a very dangerous risk of a new Cold War."

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## Sweeney: Fed rate hike may weaken economy

AFL-CIO President John Sweeney released a statement on March 25, sharply criticizing the Federal Reserve's decision the day before to raise interest rates: "By increasing short-term interest rates even though there is no evidence of accelerating inflation in the actual data, the Federal Reserve has sacrificed the economic interests of America's working families on the basis of a hunch. . . . A hike in interest rates means real economic pain for working Americans. They will pay higher rates on their consumer and mortgage debt, and face the prospect of a weaker economy with reduced job opportunities and slower wage growth.

"The Fed has carefully searched across the range of inflation indicators actively looking for one that indicates higher inflation. The plain vanilla facts are that there is no evidence of accelerating inflation, and there is no need to raise interest rates. . . . America needs a raise—not a rise in interest rates."

# Briefly

**AMBROSE** Evans-Pritchard is about to be a Beltway has-been, according to a recent gossip item in *George* magazine. The *Sunday Telegraph's* Washington correspondent has been the leading mouthpiece for Britain's Clinton-bashing operations, including such whoppers as setting up the Paula Jones suit and stoking the rumors that Vincent Foster's death was murder.

**ASIAN-AMERICANS** were justifiably outraged by the March 24 racist cover of the *National Review*. Ostensibly meant to feature the alleged scandal of Chinese contributions to Democratic election campaigns, the cover depicts the President as a coolie, Mrs. Clinton with Asian-stereotyped buck teeth, and Vice President Gore in a Chinese robe and slippers. Maybe the real yellow peril comes from the Conservative Revolution's press sewers.

**NATIVE AMERICANS** are going to be hit extremely hard by the ravages of "welfare reform," sources who work on the Indian reservations have told *EIR*. Since unemployment on the reservations is 65%, most people are on welfare, and the only way they can go into "workfare" is to be sent off the reservations.

**THE COMMERCE** Department announced on March 18 that for the month of January, the United States ran a \$12.7 billion trade deficit on goods and services. But, excluding services, the U.S. trade deficit in physical goods alone was \$19 billion in January. This is the highest monthly physical goods trade deficit in U.S. history.

**THE LOS ANGELES** city council passed a living-wage ordinance on March 18, under which city contractors and businesses receiving city assistance must pay workers \$7.25 per hour plus health coverage and holidays, or \$8.50 without benefits. Republican Mayor Richard Riordan has vowed to veto the measure, but a 12-0 margin virtually assures an override.

# *An urgent strategic deal with China*

Whenever the *Washington Post*, the *Washington Times*, **and** the *New York Times*—along with a host of outright British agents—are so hysterical about an event, you might guess that something worthwhile is going on. Such is definitely the case in the matter of the recent diplomacy of the Clinton administration toward the People's Republic of China.

As *EIR* founding editor Lyndon LaRouche put it in an interview on March 26, "it is urgent strategically for the United States, to maintain a constructive engagement with the present government of China." With the world on the edge of total financial disintegration, the potential for creating an economic renaissance—and indeed, maintaining civilization—depends upon two focal points, that of the government of the United States, and the government of China. If these two capitals do not have a working agreement on the creation of a new monetary system, and the reconstruction of the world economy, along the lines of the Eurasian Land-Bridge policy, there is little hope for humanity's survival through the next 100 years.

*EIR* does not speak about this matter as an "outsider;" in fact, Schiller Institute founder Helga Zepp LaRouche and *EIR* have played a critical role over the past several years in putting together the conception of a Eurasian Land-Bridge, starting with Lyndon LaRouche's idea of the European Productive Triangle, back in 1990, and culminating, so far, in the participation of Mrs. LaRouche and two associates, in Beijing's International Symposium on Economic Development of the Regions Along the Euro-Asia Continental Bridge," in May 1996.

It is transparent, as *EIR*'s recent feature stories have shown, why the British would like to prevent such a U.S.-Chinese strategic deal. We refer you to our feature story of Nov. 22, 1996, "Ring Around China: Britain Seeks War," which outlined the role of British spokesmen like Gerald Segal, as well as U.S. Congressmen on the British leash, in seeking provocations. In our last issue, we updated this story, with reference to both the on-the-ground activations in China, and the burgeoning anti-China propaganda campaign in the United States.

British policy is Commonwealth imperial policy, and calls for the breakup of China. Only a fool, or historical illiterate, could overlook this fact, in light of British hysteria over having to give up their Crown Colony of Hongkong, a colony which they stole "fair and square," through the notorious Opium Wars of the nineteenth century. British geopolitics proceeds from the axiomatic assumption that nation-states, particularly major ones, must always be at each other's throats, especially because such conflicts enhance the role of the British-dominated financier oligarchy.

But what about the objections of others? Is developing China, and landlocked Asia, a threat? To the contrary, it is economic disintegration that would lead to wars and instability. Is concern about China's human rights violations a reason to avoid collaboration? Who are Americans to talk about human rights? Look at the atrocities being committed by the U.S. Department of Justice. Look at the genocide we're permitting to be carried out in Africa, some of which is clearly by "off-the-reservation" U.S. assets, and the bulk by our "dear ally" Great Britain.

Reality must be faced. If the policy of Eurasian development, also known as the "New Silk Road," is not adopted by the world's leading governments—led by the United States and China—the world is headed for hell. This should be obvious everywhere, from western Europe, to the countries of the Third World, to Russia. The policy of establishing corridors of development through Russia, as well as the southern route through Iran and India, is already on the table for the Russian government, and it is just about the only hope to prevent the disintegration of that imploding, nuclear-armed superpower.

So far, it seems as though the Clinton administration, including through Vice-President Gore, has been pursuing a rational policy of engagement. It has not yet quite reached the level former Commerce Secretary Ron Brown had chosen, by putting billions of dollars of large construction projects on the table. But it is in the right direction. Ultimately, it's the Eurasian Land-Bridge which must be adopted, for the sake of all mankind.

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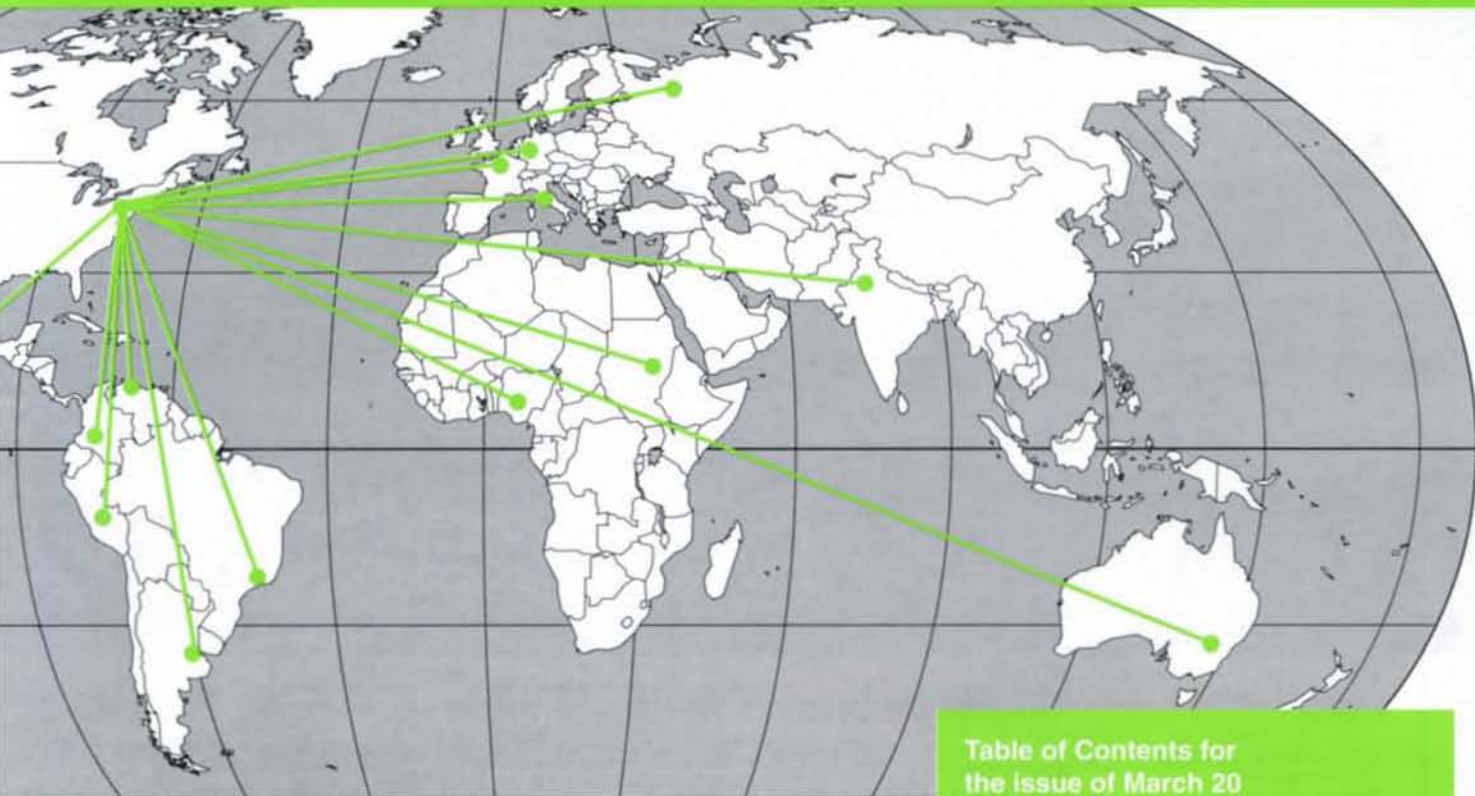
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