

# EIR

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LaRouche on 'Political Theocracy Defined'  
Venezuela's Chávez Revives Nazi Legal Model  
'Trilateral Depression' Increases Its Toll

## **KKK-Katie Graham Runs 'Negro Removal' in Washington**





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## From the Associate Editor

**J**ohn Chambers, the CEO of Cisco Systems, the world's largest producer of Internet equipment, announced a 30% decline in sales during the first quarter of 2001, and the layoff of 8,500 employees. He said that he had previously thought that a "100-year flood" would be a 10% decline in sales within a quarter, and it would probably not happen in our lifetimes. Instead, "not only did it occur in our lifetimes, but the magnitude was about five times what we thought possible. We never built models to anticipate something of this magnitude. . . . This may be the fastest any industry our size has ever decelerated. . . . Changes that used to occur over quarters are now literally occurring over months."

These bozos, in their infinite wisdom, didn't listen to LaRouche! They "never built models" that corresponded to reality, because they were not interested in reality. And now they, and the people of their nations along with them, are getting slammed. A "100-year flood" is mild, compared to what is coming fast upon us.

If you, dear reader, have been holding back from throwing yourself into all-out support for LaRouche's leadership, deluding yourself that "he must be exaggerating," it's past time to wise up.

In this issue, we report LaRouche's April 18 statement of what must urgently be done (see page 66), to put an end to Alan Greenspan's hyperinflationary insanity.

We also feature dossiers on the oligarchy that is steering the United States toward certain doom, unless LaRouche prevails. See LaRouche's article on "Political Theocracy Defined," for an understanding of the Nietzschean reign of President George W. "Do As I Say, or I Might Have To Kill You" Bush. Our *Feature* provides an investigative report on KKK-Katie Graham and her "Kritter Kompany"—the fascist Tories behind the plan to shut down D.C. General Hospital and drive blacks out of the District of Columbia. We also report the exciting news of serious resistance emerging to this plan (see *National*), in a reborn Civil Rights Movement.

The opposition to LaRouche's solution to the crisis is coming from the same crowd, in Wall Street and London, those behind President Bush and Chairman Greenspan now, which backed Hitler and opposed Franklin Roosevelt in 1933. That is the pivot on which world history today is precariously balanced.

*Susan Welsh*

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## The 'Trilateral Depression' Increases Its Toll

by Lothar Komp

Following the April 18 desperation interest-rate cuts by the U.S. Federal Reserve, and that day's pattern of severe losses and bankruptcies at major U.S. corporations, economist and Presidential pre-candidate Lyndon H. LaRouche, Jr. called for emergency counter-actions by the European countries, Japan, and the United States itself. These nations must raise short-term rates, said LaRouche, and dry out speculative markets; and they have to issue large volumes of low-interest, *long-term* credits as governments, especially into infrastructure-rebuilding projects (see *Editorial*).

A stream of corporate and financial announcements during the morning of April 18, prior to the Fed's "surprise" rate-cut, showed a dramatic worsening of the financial crisis at the end of the first quarter of 2001.

The "American boom" has fallen to pieces. In Japan, bankruptcies and bad debts have reached record heights, in spite of bailouts amounting to over \$1 trillion. And now, the economic Ice Age is also spreading over Europe. The technology sector is the first to feel the chill. Siemens plans to eliminate 2,000 jobs, or one-fourth of its workforce, in the mobile telephone branch; the British telecom producer Marconi is scheduled to lay off 3,000 people, 50% of them in Great Britain; the Dutch electronics giant Philips has announced 7,000 job cuts, due to the drop in worldwide demand for mobile phones and computers. As for the Swedish Ericsson, the world's largest producer of mobile phone infrastructure equipment, in addition to the 10,000 layoffs announced a few weeks ago, another 12,000 are now planned. Swedish trade unions fear that Ericsson may fire 30,000 workers this year, which would mean a full one-third of its workforce.

But that is only the beginning. In Germany, a drop in

foreign orders is reported in more and more sectors of the "old economy" as well, from motor vehicles to the chemical industry. The companies concerned are expected to cut capacity. A survey conducted by the IFO economic research institute found that 37% of German companies plan to reduce investments this year, and only 4.4% expect to increase them. The construction sector, which depends on domestic demand, is in the worst crisis of the postwar period, and will have to cut another 60,000 jobs this year. In the meantime, federal and state finance ministers are bracing for a fall of about 100 billion deutschemarks in tax revenues over the next four years.

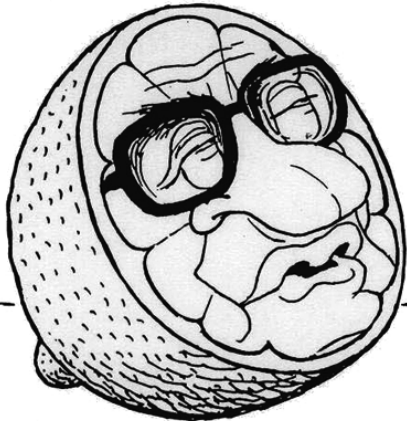
The economic situation in Europe will quickly get out of control, if economic policy remains one of privatizing what is left of public infrastructure, of copying the already failed American "new economy" model, and of hoping that the United States and Japan might, somehow, experience a miraculous recovery in the third or fourth quarters.

### 'A One-Hundred-Year Flood'

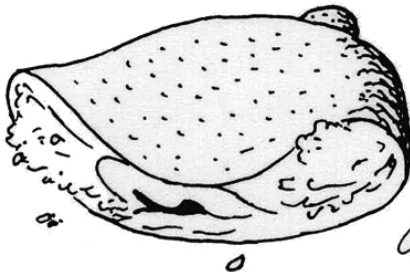
If any doubt remains about the true state of the American economy, one need only consider the latest bad news coming from the major U.S. companies. The corporate sector is being hit by an avalanche of mass layoffs, dramatic drops in earnings, and bankruptcies. It started at the end of 2000, but gained tremendously in destructive strength during Spring 2001. And no end is now in sight.

In the week after Easter, disastrous quarterly earnings were announced by General Motors (-88%), by the number-one chip producer Intel (minus 82%) and by International Paper, the world's largest forest products company (-92%).

## Systemic Crisis



Mr. Greenspan's original condition



Mr. Greenspan's present condition

Eastman Kodak plans at least 3,000 layoffs. Hewlett-Packard, the second-largest U.S. computer producer, will have to let 3,000 workers go, because, according to director Fiorina, the drop in demand “has spread to other regions [outside the United States], notably Europe.” Texas Instruments, producer of two-thirds of all mobile phone computer chips in the world, announced a whopping 37% drop in sales during the first quarter, leading the company to lay off 2,500 workers. Bill Aylesworth, chief financial officer of Texas Instruments, stated that “this is the sharpest deceleration that the semiconductor industry has ever experienced.”

One year ago, Cisco Systems, the largest Internet equipment producer in the world, was the most expensive company internationally in terms of share values. Today, its chief executive, John Chambers, speaks of a “one-hundred-year flood”

submerging the entire high-tech sector. He stressed such an event was highly unusual, but “not only did it occur in our lifetimes, but the magnitude was about five times what we thought possible.” He added: “We never built models to anticipate something of this magnitude. . . . This may be the fastest any industry our size has ever decelerated.” In the first quarter of 2001, Cisco’s sales were down by 30% compared to the fourth quarter of 2000, and since the next quarter is expected to get worse, Cisco is to cut 8,500 jobs.

Even according to official government statistics, job losses in March (86,000) were the steepest ever since November 1991. And even these figures are notoriously doctored. Big companies alone laid off 226,000 workers during March, as government surveys prove. But because the U.S. Labor Department is not able to cover small and medium-sized companies in its surveys, it is simply assumed—extrapolating on trends from better days—that these companies created 140,000 workplaces in March!

Given the supplier relationships among large, medium-sized, and small companies, this fictitious assumption is not only arbitrary, but massively fraudulent. As economics journalist John Crudele wrote in the April 10 *New York Post*, it would be much more realistic to suppose, that small and medium-sized companies eliminated, rather than created, 140,000 workplaces in March. That would make a total loss of 366,000 jobs, or four times greater than officially admitted.

### Bigger and Bigger Bankruptcies

Not quite so easy to conceal are the mega-bankruptcies shaking the American economy and setting off a chain reaction of financial difficulties for other companies and banks. In March, the financial group Finova collapsed, in one of the biggest bankruptcies in U.S. history. At the beginning of April, it was Pacific Gas & Electric’s turn, with \$9 billion debt. Then, on April 17, Winstar Communications filed for bankruptcy due to its \$6.3 billion debt. The day before, this telecom services provider had defaulted on a loan from telecom equipment giant Lucent Technologies. Lucent, as well as its competitor Motorola, had had to issue a statement a few days before, denying that it was bankrupt and was therefore not in a position to grant an extension on the loan.

Winstar also owes debts to Cisco Systems, which will never be repaid. At the beginning of April, Winstar had laid off almost half of its workforce, prompting Moody’s Investors to declassify it to a D or “default” status. Winstar’s shares fell from \$65 twelve months ago to 35¢ on April 16.

And Winstar is only the tip of the iceberg. It will hardly be possible now to prevent a series of gigantic bankruptcies, much greater than what has happened in the Internet sector over the past year. The next domino to fall may be PSINet, a telecom company with a debt of \$5 billion, whose share value went from \$34 to 20¢. For the moment, the main production of the American corporate sector is bad debts.

# Energy Deregulation Also Threatens Crisis in U.S. Transmission Grid

by Marsha Freeman

This Summer, electricity shortages that will cause brownouts and life-threatening blackouts will plague the nation. So-called shortages in the state of California will be caused principally by the deregulation of that state's electric utility industry, which, as this magazine has been documenting, put electricity generation in the hands of national and international conglomerates which have created artificial shortages in order to drive up prices, and their profit margins.

But along with the *manipulated* supply shortages, many states and regions of the country are facing *actual physical limitations* on the delivery of electricity to home, industry, and agriculture. The electricity highway that moves power from generating plants to localities has been left to deteriorate and is dangerously congested. Already ten years ago, some long-distance transmission lines were operating at 90% of their physical capacity. Thanks to deregulation, this condition has spread throughout the North American power grids and worsened, as more and more electric power is sold and consumed far away from where it was produced, in search of the highest wholesale prices.

Last year, Northern California was hit with blackouts even when enough power was available in the state, because of congestion on the Path 15 series of high-voltage transmission lines that run north-south through the state. In Texas, the major north-south transmission artery could not move enough power in the Summer of 2000, and parts of the state suffered power shortages. And in New York, the city is now struggling to bring small, emergency power plants on line before the Summer heat arrives, because 80% of the electricity for the city has to be produced inside it, due to constraints on external transmission lines.

No area of the country is exempt. On April 8, the chief economist for the Missouri Public Service Commission warned that with 500 different "power marketer" companies in the United States all looking for transmission lines to sell their power where high prices can be found, the existing power lines "aren't big enough to handle the loads that are expected this Summer." The PSC added that while generation has marginally increased over the past decade, nationally the number of transmission lines has remained static.

Until now, long-distance high-voltage power lines have been built and owned by the regulated utilities that use them cooperatively to transport power to consumers. But now that the disastrous sell-off of electric generation capacity by utilities to financial conglomerates is well under way, the attention of the "free marketeers" has turned to divesting the utilities and regional grid operators of the transmission system, to turn it over to profit-making pirates.

## A Highway in Electrons

When Thomas Edison started operating his Pearl Street Station in New York City in 1882, the wires carrying the electricity to the customer only had to travel a few blocks. As electric generating technology advanced, larger, more efficient, and more cost-effective plants were built, with customers farther and farther away from the site. High-voltage power lines, to increase the density of energy transported, and therefore its economic efficiency, were soon needed. A revolution in transmission technology began in 1896, when hydroelectricity generated at Niagara Falls in upper New York State, had to be delivered 22 miles to the Buffalo Street Railway. That 11,000-volt line was soon surpassed by a 60,000-volt line over San Francisco Bay in 1901, and today 750-kilovolt (750,000-volt) lines criss-cross the nation.

As consumption of electricity grew, small electric companies were consolidated into town or city-wide organizations to avoid duplication of infrastructure, to take advantage of economies of scale, and to provide reliable power when a local generating plant went out of service. Coordination of high-voltage transmissions lines, built to bring power from one large generating unit to a number of localities, became necessary, especially as different states shared power from single facilities.

This process of coordination was accelerated under President Franklin Roosevelt's 1930s establishment of the seven-state Tennessee Valley Authority, the Federal agencies to market power to states in the West from huge hydroelectric dams, and the Rural Electrification Administration. Eventually, this transmission system brought reliable, affordable electricity to every home and farm in America.





*The U.S. electrical transmission grid is being overloaded by the demand of deregulated “power marketers” to sell to the highest bidder, no matter how far away.*

As the electricity highway grew, state-wide power grid operators found it advantageous to “pool” their resources, to be able to draw upon power from systems in neighboring states in the event of emergency, through interconnected transmission lines. After the blackout in Canada and the East Coast in 1965, during which the interconnected grid system allowed electricity to be brought in from as far away as Tennessee to restore service, the National Electric Reliability Council (NERC) was formed, to bring all of the players into voluntary cooperation, and prevent a similar event in the future.

NERC divided North America into four large transmission interconnections in the West, the East, Texas, and Quebec. These large regions could coordinate activities, when needed, to improve reliability. In an emergency, with equipment down, power from one part of the country could be “wheeled” across state lines to another, to keep the entire system stable.

But in the national frenzy that took place after the oil crisis of 1974, and the assault by environmentalists, this intricate electricity transmission system was under attack, from which it has never recovered.

### **Deregulation on Top of Environmentalism**

In 1976, Dr. Andrew Marino, a research biophysician, asserted that exposure to electromagnetic fields, such as those near high-voltage transmission lines, could cause altered blood pressure, fatigue, headaches, and malfunctioning of the

central nervous system. A study in 1979 hypothesized that childhood cancer could be the result of living near power lines.

This hocus pocus “science,” akin to the two-headed cow stories after the Three Mile Island nuclear plant accident in 1979, began a wave of “citizen” protests, fueled by anti-nuclear environmentalists. They succeeded in stopping the construction of badly needed transmission lines all over the country, with the most celebrated legal cases in New York, Texas, and Florida.

In 1977, coalitions of environmentalists and frightened farmers, American Indians, and students began protests against new transmission lines. In New York, after demonstrators were arrested and protests grew larger and more violent, the head of the Power Authority of the State of New York agreed to cancel all plans for additional high-voltage lines.

Farmers and environmentalists in Minnesota disrupted the land surveying for a new line, and in 1978, some 215 state troopers were used to keep angry farmers under control. When construction on the line finally started, fifteen 150-foot-high transmission towers were toppled.

There has been no reputable scientific study that has conclusively shown that electromagnetic radiation from power lines causes any debilitating physical effect. Yet few utilities even try to start the process of expanding capacity under current political conditions.

The environmentalist assault on transmission lines in the mid-1970s, went hand-in-hand with the Federal energy poli-

cies being developed for President Jimmy Carter by Trilateral Commission think-tanks and their environmentalists, after the oil hoax of 1974.

It was under the Carter Administration that the electricity deregulation policies, which are crippling our energy supply today, began. In 1978, a panoply of bills was signed by the President to deal with what he termed “the moral equivalent of war.” They were based on the idea that conserving energy was “cheaper” than building new power plants, and that “small is beautiful” decentralized plants would take control of electricity out of the regulated electric utilities.

The Public Utilities Regulatory Policies Act (PURPA) opened the electric grid system to all non-utility producers who qualified. These “qualifying facilities” were exempted from state and Federal regulatory procedures, and were encouraged to wheel electricity across grid systems, so they could sell to any utility in the country to get a better price. They were also exempt from the Public Utility Holding Company Act of 1935, enacted to prevent Wall Street financial abuse in the electric utility industry.

For the first time in history, it was proposed that the interconnected grid system would be used (or abused) for “economic” purposes, rather than to ensure reliability. The law stated that the grid had to be opened specifically to encourage the use of “alternative” energy sources. Studies were produced to show that the country would run out of oil, natural gas, and nuclear fuel, in order to justify these expensive and unreliable “alternatives.” In 1980, the Federal Energy Regulatory Commission (FERC) ruled that Qualifying Facilities must derive more than 75% of their energy input from biomass, renewable sources (solar, wind), or waste.

By 1988, NERC was warning that the wheeling of power around the country to find the cheapest source to buy electricity, or the highest price to sell it, would put stress on a system that was not designed for that purpose. Some power lines were already operating at 90% of capacity. In an emergency, NERC stated, the capacity would not be available to bring power where it was needed, threatening the reliability of the entire system.

When states began passing deregulation bills in 1996, a major requirement was that utilities divest themselves of their generating capacity. Free marketeers today are promoting the complete “unbundling” of utility services, next targetting the transmission system for deregulation. Companies, such as Trans-Elect, want to spin off networks of independently owned transmission lines. For 20 years, FERC has promulgated rules to promote deregulation, and in the current administration, this will only become intensified.

The current push from FERC is for Regional Transmission Organizations. FERC’s Order 2000, approved in December 1999, promotes such a development, stating that the grids can be state-wide non-profit Independent Systems Operators, such as in California, but they can also be stand-alone, for-profit businesses.

Before deregulation, regional transmission grids were already in place. Participation by utilities was voluntary, and the only objective was to make sure the system was stable and reliable. Introducing the profit motive into the transmission system will do for delivering power what deregulation has done to producing power in California.

## ‘California Effect’ Set for U.S. Northeast

by John Hoefle

Since the beginning of 1998, regulated U.S. electric utilities have sold some 378 power plants with a generating capacity of 128,000 megawatts of electricity to non-utilities, an amount equivalent to nearly 20% of the utilities’ generating capacity as of the end of 1997. In 1998, fifty plants with a nameplate capacity of 24,976 MW were sold, followed by 225 plants with 55,070 MW of capacity in 1999, and 103 plants and 47,991 MW in 2000.

The sales fall into three general categories. First, holding companies which own regulated electric utilities are transferring the plants out of their regulated utilities into their own unregulated subsidiaries (example: Dominion Resources, the parent of Virginia Power, has transferred virtually all of Virginia Power’s generating capacity to Dominion’s Dominion Generation subsidiary, creating its own pirate “marketer” operation). Second, holding companies which own regulated utilities are buying the generating plants being sold by unrelated regulated utilities (example: in 1998, Pacific Gas & Electric bought 15 power plants with a generating capacity of 3,975 MW from New England Power Company, while selling some of its own power plants in California). Third, regulated utilities are selling generating plants to non-utility companies, i.e., pirates like AES, Dynegy, Calpine, and Reliant.

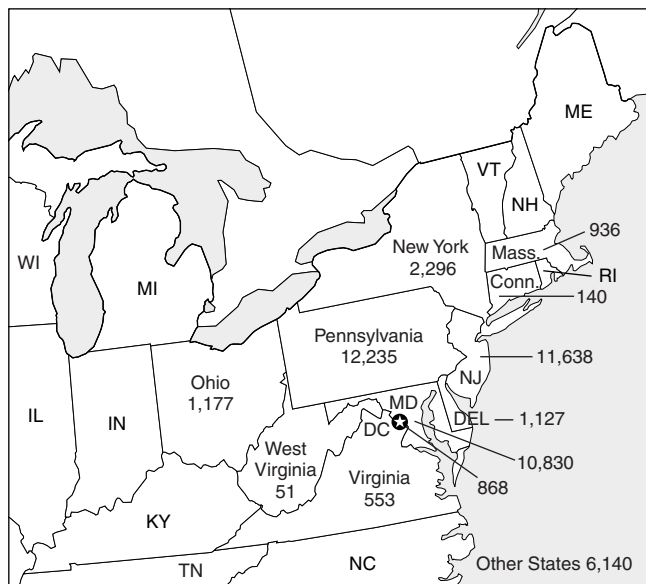
At the same time, there is a merger wave among the utility holding companies, concentrating the remaining utility generating capacity in ever fewer hands.

The timing of the waves of power plant sales over the past few years, has been governed principally by what states would permit as part of their new deregulation laws. In Nevada this month, their law was reversed, and sales were stopped dead. On April 17, Gov. Ken Guinn signed new legislation to stop deregulation, which cancelled pending sales to Reliant and Mirant, of power plants owned by Sierra Pacific Resources and Nevada Power, the traditional utility companies in the state.

Figure 1 shows that of the 103 power plants sold last year, and reclassified as “unregulated,” 95 of them were concentrated in the Northeast/Mid-Atlantic region, with 53 of them

FIGURE 1

## Electric Output Capacity (Megawatts) of 103 Generating Plants Sold in Y2000, and Reclassified as 'Unregulated'



Source: Energy Information Administration, U.S. Department of Energy.

in Pennsylvania, New Jersey, and Maryland alone. The figure has the particulars of sales in these states, to document the point: The process of re-categorizing plants over to an unregulated status, just paves the way for California-style chaos, in terms of fostering speculation, unreliability, and hyperinflation.

## Spring Energy Cutoffs, Protests Mounting

by Mary Jane Freeman

Since our coverage of last week, the number of households at risk of having their utility and/or energy shut off has continued to climb, and organized protests have begun. Most states' Winter moratoriums on shutoffs have ended, and daily reports show the magnitude of the potential harm, due to the superprofits being raked in by energy conglomerates under deregulation, is much greater than previously reported.

- In Philadelphia, citizen and city council pressure on PGW, the city's main utility company, won a ten-day delay in effecting disconnect actions. At risk, immediately, are

7,200 customers whose bills are over \$750 and more than 90 days old. City Councilwoman Marian Tasco asks PGW to do more, i.e., to hold face-to-face meetings and give people 72 hours thereafter to work out a payment plan. PGW has a total of 200,000 customers, 43% of its clientele, who are not current on bills. Of those, 70,000 are in its low-income program, and 20,000 of those have payment plans, but the remainder, 50,000, do not, and therefore are at risk of cutoff soon.

- In Chicago, a minimum of 10,000 households faced April 16 shutoffs, with delays being negotiated on a day-to-day basis by protests involving the Rev. Jesse Jackson, Sr. Another 30,000 households may be cut off by May 1. On April 12, former Illinois State Treasurer Pat Quinn filed a petition with the Illinois Commerce Commission to ban gas utilities cutoffs for the next 150 days. The petition, signed by 10,000 people, states that cutoffs pose a serious health threat. The ICC has set a hearing for April 24 on the petition.

Illinois cutoffs of an estimated 6,000 households began as of April 9. Peoria township supervisor Joe Whalen said that the town's relief office has run out of funds. "It wasn't the first year" this has happened, but "we have never had anything deluge us like this. . . . Many of these were people on fixed incomes who had never in their lives asked for help," but this Winter "they found themselves up against a wall." A relief worker in the area put it this way: "The utility problem has put the American dream on hold."

- As of April 16, almost 40,000 households in St. Paul, Minnesota, serviced by only one of the state's energy providers, are in jeopardy of having their energy service disconnected due to unpaid bills. Another provider, Minnegasco, reports delinquent accounts have risen sharply. Statewide, the shutoffs are in the hundreds of thousands. Cutoffs will effect customers who use electric- and natural gas-regulated utility services. The Public Utility Commission estimates that of the 2.1 million households served by regulated utilities, 100,000 are in arrears and face cutoffs. The 51 rural electric cooperatives serve almost 910,000 households, for which data on arrearages are not collected. But, they report a 45% increase in delinquent accounts this year over last, and that disconnect notices began going out as of April 9.

- Thousands are at risk in Jackson, Mississippi, where the non-profit community group, Unify Souls, Inc., which screens people seeking aid to pay bills, reports being overwhelmed with new requests. The head of the Department of Human Resources told Doris Rhodes, head of Unify Souls, that as of April 15 all state and Federal funds were exhausted. Unify Souls has called for a protest rally and march to the legislature on April 27.

- Citizen action in New Orleans secured a one-week postponement of cutoffs, to April 24. LaRouche activist Marty Rowland and the Citizens For Change plan further actions.

# Agenda for National Energy Emergency Action

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## I. State Initiatives For Energy Re-Regulation

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In the last two weeks, there was action against deregulation in Nevada and Oregon.

■ **Nevada enacts re-regulation.** On April 18, Nevada Gov. Kenny Guinn signed into law, newly passed legislation ending energy deregulation, originally passed in 1997, in the state. Immediately halted are pending sales to pirate marketer-companies Reliant and Mirant, of the generating plants of Sierra Pacific Resources and Nevada Power. The state retains authority to set energy prices. The measure passed unanimously in the Democratic-controlled Assembly in early April, and reached a showdown in the Republican-controlled Senate on April 13. Senate Chairman Randolph Townsend (R-Reno), nicknamed the “Senator from Enron,”

blocked any hearings on the re-regulation bill, but Sen. Joe Neal (D-Las Vegas) and others, defeated the opposition (see remarks by Senator Neal below).

■ **Oregon: A political brawl.** On April 17, hearings on two bills to re-regulate electricity were summarily cancelled by State Senate Majority Leader David Nelson (R). Oregon is the home state of U.S. Rep. Peter DeFazio (D), who is calling for re-regulation. His bill, H.R. 264, would “return to the cost-based regulation of wholesale interstate sales of electricity.” DeFazio was going to speak at the April 17 hearing, but Senator Nelson, who is heading up Senate Republican elections next year, complained that DeFazio’s presence would “politicize” the energy issue in Oregon!

Oregon is scheduled to deregulate en-

ergy on Oct. 1. Two bills sponsored by Sen. Tony Corcoran (D), would cancel deregulation entirely. Corcoran had arranged for DeFazio to testify at the hearing. Pat Ruckert of the FDR-PAC, a multicandidate political action committee founded by associates of Lyndon LaRouche, was also scheduled to testify. The FDR-PAC has coordinated a mobilization of mayors and city councils from around the state, demanding an end to deregulation. Many city councils have adopted such resolutions. Others, such as the Salem City Council, demand a delay of deregulation.

Senator Corcoran held a rally/teach-in inside the capitol on the day of the cancelled hearing. About 75 attended, at which DeFazio, Corcoran, State Rep. Robert Ackerman, and others spoke. DeFazio attacked “robber barons,” who are driving up the price of power. He warned that Oregon is headed down California’s path unless it reverses a 1999 law moving the state into partial energy deregulation on Oct. 1.

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## II. Lines Drawn in Washington, D.C.

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■ **Bush Administration is backing radical deregulation** energy policy—to the point of preparing emergency-rule-by-decree, even as the economic destruction worsens, and the mega-profits of the Bush-associated energy cartel are documented in the latest corporate reports.

■ **Draft GOP House bill calls for emergency rule by decree.** The office of Rep. Joe Barton (R-Tex.), chairman of the Energy Subcommittee of the House Interior Committee, has prepared, at the request of the White House, a draft bill, “The Electricity Emergency Act,” expected to be introduced by early May. A 24-page

“Discussion Draft” obtained by *EIR*, begins with when and how to impose emergency powers, covers how to “manage” scarce power, and gives new, sweeping rights to private energy “marketer” companies to abrogate contractual responsibility to provide reliable supplies of electricity. A few excerpts from the table of contents:

“Title I—General Measures for Electric Energy Emergencies

“Section 101. Preparation for Electricity Blackouts

“This section directs the Secretary of Energy, in coordination with the Federal Emergency Management Agency

(FEMA), to initiate emergency planning in states likely to face electricity shortages. FEMA undertook a number of contingency measures in preparation for Y2K, many of which were directed at the potential for electric power disruptions. This section would employ similar mitigation measures when the Secretary of Energy determines that a state is likely to experience blackouts. . . .

“Section 104. FERC Clearinghouse for Agreements to Forgo Electricity Purchases.

“This section directs the FERC to establish a clearinghouse system to facilitate agreements between wholesale sellers and wholesale purchasers who are willing to forgo the purchase of electric energy. This will provide a venue for those who would auction electric energy to which they have

contractual rights.”

Another section allows electricity providers to opt out of contracts if they have not been paid after 60 days, and to market elsewhere. A so-called “Public Assistance” section calls for increased funding for Federal Low-Income Home Energy Assistance, to be made available when a state governor declares a state of energy emergency. This would funnel more money into the “jaws” of the energy cartel. Section 109, called “FERC Transmission Siting Authority,” empowers the FERC to overrule states, on where transmission

routes can go—a high priority of energy cartel designs for new, for-profit systems.

### **Congress: Moves Toward Re-Regulation**

■ **New legislation for cost-based electricity pricing**, intended to stop hyperinflation, is expected to be introduced on April 24, by Sen. Dianne Feinstein (D-Calif.) and Sen. Gordon Smith (R-Ore.).

The “Energy Price and Economic Stability Act” (H.R. 1468) was introduced on April 4 by 40 House Democrats, and is intended “to stabilize the dysfunctional

wholesale power market in the Western United States.” The bill mandates the FERC to impose cost-of-service-based rates for electric energy sold at wholesale, which is subject to the FERC’s jurisdiction under the Federal Power Act, in the portion of the United States that is covered by the Western Systems Coordinating Council for the North American Electric Reliability Council. Most of the co-sponsors are from Western states, with the exception of House Minority Leader Richard Gephardt (D-Mo.). The leading spokesman is Rep. Jay Inslee (D-Wash.).

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## **III. Continuing Deregulation**

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### **Results in Worsening Economic**

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### **Destruction, Financial Chaos**

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■ **California:** Gov. Gray Davis (D) reported on April 18, following a meeting with state legislators, that the state is now paying up to \$73.2 million a day for electric power. Wholesale suppliers are adding a “credit charge” to their price, after the April 6 declaration of bankruptcy by Pacific Gas & Electric. Davis spoke of the state now floating bonds for up to \$14 billion, not the intended \$10 billion, to

pay for the purchases under way, meaning more rate hikes and taxes.

Electricity futures contracts for August delivery in California, are now trading at \$750 per megawatt-hour, already five times higher than last August’s level of \$147 per mwh. Predictions are for 35-40 days of rolling blackouts, because of tight supplies, regardless of cost.

**Pennsylvania:** Supposedly the “model

deregulation state.” Pennsylvania now has plans for electric rate hikes of 30-50% for 2 million of its 5 million households.

Allegheny Power, in Western Pennsylvania, announced in March, plans for a 50% rate hike in the near future.

Another request for a rate hike for more than 1 million electricity customers, is now before state consumer and utility authorities, from GPU Inc., of New Jersey, and FirstEnergy Corp. of Akron, Ohio. FirstEnergy has a \$10.7 billion bid to buy GPU, and wants Pennsylvania’s rate cap to be lifted on two utilities GPU owns in Pennsylvania. A decision may come in May. GPU is claiming it could lose \$250 million because of high wholesale electric prices, and capped retail prices, and wants an \$82 million income hike.

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## **IV. Triple-Digit Profits for the**

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### **Energy Cartel/Bush ‘League’**

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The April 16 *Fortune* magazine documents the mega-profits of the Bush-associated energy companies, which stands in dramatic contrast to the losses and layoffs elsewhere. ExxonMobil leads all U.S. companies in revenue for the year, with a 28% increase in revenue and a 124% increase in profits over 1999. Enron, the largest single contributor to the Bush campaigns, moved up to 7th place from 18th, with a 151% increase in revenue, and a 10% increase in profits. Enron’s sales have grown more than 65% each year for the last five years. Texaco moved up to 16th from 28th, with a 43% increase in revenue,

and Duke Energy was 17th (up from 69th), thanks to a 127% increase in revenue.

### **Neal: Deregulation Has Been ‘Turned Back’**

State Sen. Joe Neal (D-Las Vegas,) an international leader against energy deregulation, and a 25-year veteran legislator, gave a report to *EIR* on April 14, on the vote the day before in the Senate. “Deregulation has been turned back in the state of Nevada,” he said. He reported that the legislature disallowed the selling of power plants, and that they are going with the Assembly bill, which includes a provision for de-

ferred energy costs, which means that the regulated utilities “don’t have to pay for their costs immediately. And they can increase their bond rating, and their services, by not having to pay immediately.”

Neal reported that the vote to stop deregulation came despite efforts by Enron. “They’ve been down in the Las Vegas area, trying to whoop up support to keep up deregulation going,” Neal said.

The electricity crisis has begun to hit the state. “In the northern part of the state, where it is affected by what is happening in California, we have had that effect,” he said. “Where people have to lay off people—in the motels, and things like that, in order to compensate for the high cost of energy. But in the southern part of the state, we have not reached that point yet. Neither have we reached that point in the rural areas, because they are under . . . rural electrification.”

## ‘Planned Shrinkage’: Washington, D.C. Gets The New York Treatment

by Edward Spannaus

What is being done to Washington, D.C. today—the destruction of city services, the forced, brutal reduction of the city’s impoverished minority population—was all done first to New York City by the same players, the same institutional networks, and the same methods. The only difference, is that it hit earlier in New York, because of the differing nature of the two cities: that New York was formerly a city based on manufacturing and commerce, whereas D.C. was, and is, a city whose primary “business” is the Federal government, not trade or manufacturing.

Just as the Control Board was created by Congress as a financial dictatorship over Washington, D.C. in 1995, the Municipal Assistance Corp. (known as “Big MAC”) was established 20 years earlier, as a bankers’ dictatorship over New York City. In both cases, the purpose was to impose brutal austerity and wholesale cuts in public services—fascistic measures which no democratically elected city government could possibly carry out, if its leaders expected to survive politically.

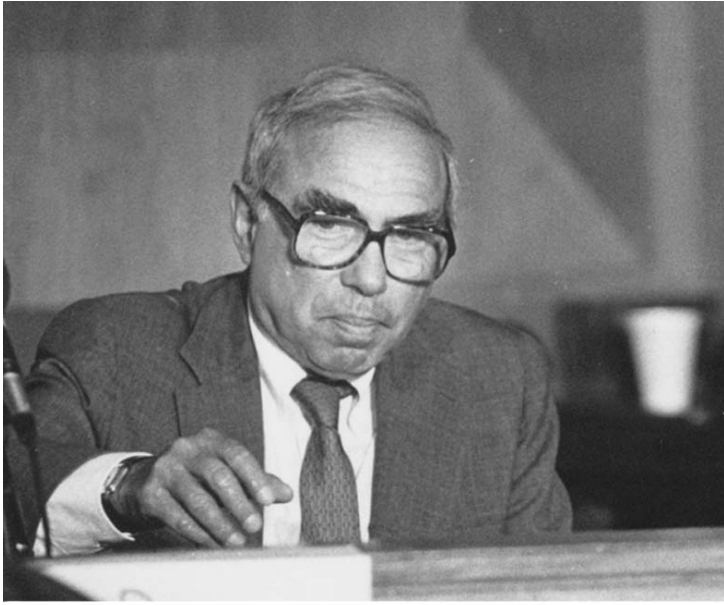
### **Door Closes on ‘Full Participation in American Life’**

The genocidal policy was formally spelled out in 1976 by New York City’s private housing “czar,” and *New York Times* editorial board member, Roger Starr—although it was already well under way by that time.

In a Nov. 14, 1976 feature in the *New York Times Sunday Magazine*, Starr set forth what he called a policy of “planned shrinkage”: a drastic reduction of the city’s population, to be accomplished by draconian cuts in public services, which would force people out of “deteriorated” neighborhoods.

Starr explained that “planned shrinkage is a recognition that the golden door to full participation in American life and the American economy is no longer to be found in New York.”

“A New York with a population even considerably smaller than the present 7.5 million people could be a very good city,” Starr proclaimed. “New York would continue to be a world city even with fewer than 5 million people.” (It now has



*Felix Rohatyn, the Lazard Frères general partner known later as “Felix the Fixer” for his leading role in the merger-mania of the 1980s and 1990s, ran “Big MAC”—the bankers’ seizure of New York City’s government in 1975. He and his bank are closely linked to the Washington Post’s Katharine Graham, who is doing the same to Washington.*



fewer than 7 million.)

Starr argued that the same level of public services—sanitation, public transportation, health care, fire protection, and education—could not be maintained for a smaller population. But, rather than wait until the population in these areas moved out on its own, Starr advocated the *planned* cutting of services immediately, to accomplish this shrinkage of the population. “Better a thriving city of 5 million than a Calcutta of 7 million,” Starr declared.

Earlier, in a January 1976 article in the New York *Real Estate Weekly*, Starr had gone even further, proposing that the South Bronx be turned into a national park. Lazard Frères’ Felix Rohatyn—whom we will discuss below—proposed that the South Bronx should simply be paved over.

Another infamous expression of the same policy, was the “benign” neglect policy of Daniel Patrick Moynihan; the future Democratic Senator from New York wrote in 1969 that “the Negro lower class must be dissolved. . . . It is the existence of this lower class, with its high rates of crime, dependency, and general disorderliness, that causes nearby whites to fear Negroes and to seek by various ways to avoid and constrain them.” Moynihan was one of the earliest critics of medical benefits to the poor, such as were established by the Medicare and Medicaid programs in 1965.

## **Fires and Epidemics**

A few years later, Starr confided to a reporter, while speaking about the urban poor: “I know what we did with them

100 years ago, we gave them tuberculosis, but we can’t do that anymore.”

But in fact, they *did* do that in New York City. They knowingly and deliberately caused the deaths of people to get their way. Here’s how:

In 1969, the city commissioned the New York City RAND Institute to develop computer models of the city to “improve the efficiency” of fire services. The report recommended closing many fire stations. In 1970, the deputy Fire Chief, Charles Kirby, warned city officials of a coming fire epidemic in the Bronx if they went ahead with the program as planned.

Nevertheless, the program did go ahead in 1972, and fire stations were closed in the South Bronx, Harlem, Crown Heights, East New York, and the Lower East Side. The incidence of fires increased dramatically over the next few years.

The result was that people who were burned out of their apartments, or forced out as buildings were abandoned, doubled up with relatives in surrounding neighborhoods. The overcrowded, unsanitary conditions then increased the rate of fires in those neighborhoods. Moreover, devastating health consequences followed, with a TB epidemic, and the rates of drug addiction, AIDS, and other diseases rising dramatically in those overcrowded areas—and then further spreading throughout the metropolitan area.

## **The Decline and Fall of New York City**

It was not always this way. New York City had generally worked, as a city, up to the beginning of the 1960s. The city



*New York's banker-mayor of the 1970s, John Lindsay, who prepared the city for the "Big MAC" takeover and the "planned shrinkage" which followed.*

was governed by an FDR-type alliance of Democratic political machines, some moderate Republicans, labor unions, and ethnic and civil rights leaders. But with the mid-1960s shift toward a "post-industrial" society, Wall Street put in one of their own as Mayor: John Lindsay, whose brother was a top officer of J.P. Morgan bank, and whose father was also a banker.

Using blueprints drawn up by the RAND Corporation's New York City branch, and by the Ford Foundation, Lindsay proceeded with assaults on the Police Department, and against the sanitation and transport unions. He attempted to break up the school system, and to pit black communities against the predominantly white and Jewish teachers' union, with the Ford Foundation's scheme of "local control" decentralization. He promoted real estate boondoggles such as tax breaks for businesses and developers, along with cutbacks in city services.

With the shutting down of much of New York City's manufacturing industry (one-third of the city's labor force was in manufacturing in the 1950s), and the breakout of a

series of international monetary crises in the late 1960s culminating in the dumping of the Bretton Woods system in 1971-72, the city's revenues fell, and its debt—becoming increasingly short-term debt, the only kind that the banks would accept—skyrocketed.

By 1975, the city's debt was \$14 billion, and there was a significant movement, led by political forces around Lyndon LaRouche, for a debt moratorium (coinciding with similar moves for an international debt moratorium spearheaded by leaders of the Non-Aligned Movement).

### **The 'Big MAC' Dictatorship**

Mayor Abe Beame, who replaced John Lindsay as Mayor after the 1973 elections, resisted the blackmail of the bankers, to the point where he was threatened with jail (just as Washington, D.C. officials have been), if he allowed the city to default on its debt to Wall Street.

Wall Street appointed, as Beame's financial adviser, Felix Rohatyn, the general partner of the private investment bank Lazard Frères. Rohatyn is reported to have drafted the legislation for the creation of the Municipal Assistance Corp. When "Big MAC" was established, Rohatyn became its chairman, and he proceeded to implement ruthless austerity measures.

In the first five years of the Rohatyn dictatorship, spending on fire protection, police, sanitation, and education was reduced by an average of 30%. Dozens of fire and police stations were closed, and staffing reduced. A number of public hospitals were closed, and the number of beds drastically reduced.

Predictably, the service cuts were concentrated in the poorest areas, while services were maintained—and in some cases even improved—in economically better-off areas.

This was just as Roger Starr had urged, for his "planned shrinkage" program. And, from 1970 to 2000, the city's population did indeed shrink (although not as drastically as the genocidal Starr had proposed), from about 7.9 million, to 7.0 million.

As in many cities across the country, this coincided with urban renewal ("Negro Removal") programs and the "gentrification" of selected neighborhoods, with corresponding skyrocketing of housing prices.

### **What Happened to D.C.?**

This is the model which was then applied to Washington, D.C., in recent years.

Washington is of course a unique city, which by its very nature as the seat of the Federal government, cannot possibly be financially self-sufficient. Unlike other cities, it has no state and county government to back it up; over half of its property is Federal government property which is tax-exempt, and Congress has prohibited it from taxing income earned by non-residents—as many other cities do, either through state income taxes, or a "commuter" tax.

The District is usefully described as a plantation run by



billionaire Katharine Graham, owner of the *Washington Post*, and a member of the extended family of the Lazard Frères investment bank.

To understand what is being done to Washington, it is necessary to understand the nature of Lazard Frères, and just how the Katie Graham and the Lazard crowd work with others of the old families and financial powers to control Washington, D.C.—all in the interests of the perpetuation of their own power, and therefore in fervid opposition to the principle of the General Welfare.

## Lazard and the Bush League

In the late 19th Century, Lazard Frères rose to prominence with three branches or “houses”: in Paris, London, and New York. Lazard has always represented the European-oligarchical interest, now London-centered, which despises the American System and the “American Intellectual Tradition,” and which yearns to transform the United States from an industrial, sovereign nation-state into a globalist, rentier-financier imperialist power. Illustrative of Lazard’s role, is its 1970s takeover of Assicurazioni Generali, the Venice-Trieste insurance giant at the heart of the Anglo-Venetian financial oligarchy.

Lazard is reportedly the world’s largest private, family-owned investment bank.

As could be expected, in the United States, Lazard Frères is also an integral part of what *EIR* has identified as the “Southern Strategy” political/economic assault on the American Republic. (See *EIR*, Jan. 1, 2001.) Lazard was involved in the creation of the Bush League, in the restructuring of Wall Street in the 1970s, and in launching the mergers and acquisitions business. Lazard has long been interlocked with Schlumberger, and Lazard’s Felix Rohatyn has sat on the board of Schlumberger since 1981. Nominally a major Texas-based oil-services company, Schlumberger is, in fact, an integral part of a Swiss-based intelligence network which has been operating against the United States since the time of the American Revolution (see *EIR*, Jan. 1, 2001, p. 26; Anton Chaitkin, *Treason in America* [Washington, D.C. Executive Intelligence Review, 1998]).

The Bush family dynasty owes its prominence to the power of the Harrimans, the Skull & Bones Society, Schlumberger, Lazard, and dirty money. To focus on Lazard’s role in particular: It shows up either representing, investing in, or sitting on the boards of, the major Bush family corporations, including Zapata, Pennzoil, and Houston Natural Gas (now Enron). Lazard was one of the original investors in George the First’s first company, Bush-Overbey; Bush-Overbey gave way to Zapata, which later became Pennzoil, which spun-off Zapata Offshore.

Lazard was also the investment banker for Houston Natural Gas, representing it in a series of mergers up to and including its acquisition by InterNorth of Omaha, in the deal which created what we know today as Enron.

Halliburton, which has surpassed Schlumberger as the world’s largest oil-services firm, has ties to Lazard as well.

## Reorganizing Wall Street

In 1970, with a number of Wall Street investment banks facing bankruptcy, the New York Stock Exchange created a Crisis Committee to deal with the problem, and the man chosen to head the committee was Lazard’s Felix Rohatyn. Rohatyn would open the door for a new class of parasites, laying the ground-work for the go-go 1980s and the derivatives ’90s.

One of Rohatyn’s first operations was to find a way to deal with the bankrupt Hayden Stone investment house, the 78-year-old house where Joseph Kennedy had made much of his fortune, which had suffered losses for a couple of years, and was being kept afloat by loans from a consortium of its Oklahoma clients. Rohatyn arranged for the smaller Cogan, Berlind Weill & Levitt (CBWL) to take over Hayden Stone for \$1, with the Stock Exchange giving CBWL several million in cash plus assuming Hayden Stone’s liabilities. The firm was renamed CBWL-Hayden Stone, and the merger represented a major step upward in the career of Sandy Weill, the man who now heads the largest bank in the U.S.—Citigroup.<sup>1</sup>

Rohatyn—“Felix the Fixer” as he became known—was also involved in many other investment banking deals. He arranged for Ross Perot to bail out DuPont, Glore Forgan, and he helped broker Sumitomo’s \$500 million investment in Goldman Sachs. He also helped arrange the mergers between Philipp Brothers and Minerals & Chemicals, and the merger of the result with Engelhard Minerals, forming Engelhard Minerals & Chemicals.

By the time he was tabbed to head the Stock Exchange’s Crisis Committee, Rohatyn was already working to transform the U.S. economy through mergers and acquisitions. In the Summer of 1968, ITT was on the merger prowl, led by CEO Harold Geneen and advised by Rohatyn. It was Rohatyn who advised ITT to go after the Hartford Fire Insurance Company, in an attempt to duplicate Saul Steinberg’s takeover of Reliance—in which Rohatyn had also been involved.

Rohatyn also got Lazard to buy Avis; other investors included his close friends David Rockefeller and David Sarnoff. In 1979, Rohatyn represented American Express in its failed attempt to take over McGraw-Hill. Circa 1981, Rohatyn represented Seagram in the fight between DuPont and Mobil

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1. In 1974, Hayden Stone, led by Sandy Weill, acquired Shearson Hammill, doubling in size and creating Shearson Hayden Stone. In 1981, Weill sold Shearson to American Express and became an AmEx executive, and then its president. Shearson bought Lehman Brothers, creating the firm known as Shearson Lehman Brothers. In June 1985, Weill resigned from AmEx. In 1986, working with Rohatyn, he took over Primerica, the company once known as American Can, which owned Smith Barney. Primerica later bought the Travelers insurance company, changing its name once again, and the new Travelers bought Salomon Brothers, merging it with Smith Barney to form Salomon Smith Barney. Then Weill made his biggest deal ever, with Travelers buying Citicorp, transforming itself into Citigroup.

over Conoco. Rohatyn also represented United Technologies in its takeover attempt of Bendix in 1982. The “Dean of Deals” was also involved in the continuing series of mergers and takeovers around Honeywell, RCA, and General Electric. And, Rohatyn was also in the middle of the biggest takeover of the 1980s: KKR’s \$25 billion leveraged buy-out of RJR Nabisco.

### **Katie Graham’s power**

Lazard is the key to the wealth and power of Katharine “KKK-Katie” Graham, the reigning monarch of Washington, D.C.

Katharine’s grandfather, Marc Eugene Meyer, was a cousin by multiple intermarriage of the Lazard and Weill families of France who owned Lazard Frères; he became the managing partner of Lazard’s New York branch in the late 19th Century. Her father, Eugene Meyer, declined a Lazard partnership, but he rose in power in Wall Street to become chairman of the Federal Reserve in 1930-33, under President Herbert Hoover. Eugene Meyer, along with Andrew Mellon, who had been Treasury Secretary under Hoover, was an avowed enemy of Franklin D. Roosevelt and of FDR’s promotion of the principle of the General Welfare. Not surprisingly, he was also part of the Nazi-sympathizing right wing of the Republican Party.

Eugene Meyer bought the *Washington Post* at auction in June 1933. Philip Graham, his son-in-law through marriage to Katharine, took over ownership of the *Post* during the 1950s. After his suspicious “suicide” in 1963, his estranged widow regained control on behalf of the Meyer family, and she turned to Lazard for guidance and protection. Lazard was then led by Andre Meyer (no relation to Eugene), who had emigrated from France in 1940. It is reported that Katharine turned over half of her private funds to Andre Meyer, as well as all major decisions regarding the *Post*. She is now reported to be one of the richest women in America.

At the same time, Andre Meyer was David Rockefeller’s investment strategist.

Austrian-born Felix Rohatyn, who replaced Andre Meyer as the general partner of Lazard in New York, is a protégé of Meyer, and is sometimes described as Meyer’s virtual adopted son. In 1975, as noted above, Rohatyn became the financial overseer of New York City.

### **Where the Fed Was Born**

Washington, D.C., like the financial centers of New York and Boston, is controlled by a treasonous nest of agents and sympathizers of a foreign power; this traitorous nest is centered around certain American aristocratic families, who see



*David Rockefeller, with Felix Rohatyn, ran the bankers’ committee which planned, starting in 1970, to head off the growing movement for a debt moratorium by New York City, and to seize New York City’s government for bond debts.*

themselves as extensions of the old European oligarchy which is represented today by the British monarchy and the hangers-on of the Hapsburg Empire. These are the Mellons, the Harrimans, the Meyers, the duPonts, and so on. They tend to be concentrated in a network of investment banks, law firms, and private clubs, such as the most-exclusive private club in Washington, the secretive Metropolitan Club.

In Washington, this grouping controls both governmental and “private” institutions. Historically, it is the center of the “American Tory” faction. It is reported that the idea of the Federal Reserve was born at the Metropolitan Club, and it was the location of intrigue and plots against Franklin Delano Roosevelt, such as the Liberty League.

The key cultural and religious institutions through which this crowd operates, are the National Cathedral, the National Gallery of Art, the Smithsonian Institution, and the Kennedy Center for the Performing Arts.

The Federal City Council—the “private” grouping which operates as the actual government of Washington since 1954—was reportedly created at the Metropolitan Club, at the initiative of Philip Graham, then the owner of the *Washington Post*. It is also said that the establishment of the Financial Control Board and the installation of Andrew Brimmer as its first chairman, was cooked up on the same premises, and then implemented by Congress.

From the outset, the Federal City Council defined its purpose as combatting urban “blight” and promoting “renewal and development.” It was explicitly modelled on Pittsburgh’s “Allegheny Conference,” financed by Richard Mellon, which had spearheaded “slum clearance” in Pittsburgh for the previous decade. Its first staff director had led the “slum clearance” program in Baltimore which had displaced thousands of

black families.

The Federal City Council's first project was the infamous "urban renewal" of Southwest D.C.—which drove the black population of that area out in favor of the construction of office buildings and expensive apartment buildings. This includes the site of the misnamed L'Enfant Plaza, which was first a project of New York's Lazard- and Rockefeller-financed William Zeckendorf.

In 1958, four years after its founding, the Federal City Council added 50 "national" members, including the Rockefeller-related Winthrop Aldrich of Chase Manhattan Bank, Henry duPont, New York redeveloper Zeckendorf, and Baltimore redeveloper James Rouse. In 1959, it added a National Advisory Council, which included Eugene Meyer, Overta Culp Hobby of the *Houston Post*, Robert Kleberg of the King Ranch in Texas, and Gordon Gray of the North Carolina tobacco family, who had been President Eisenhower's National Security Adviser.<sup>2</sup>

### A 'Big MAC' for Washington

While the Federal City Council has focussed on the physical "redevelopment" of Washington, with projects such as urban renewal, the Metro subway system, the freeway system, and sports arenas, Lazard Frères has played a critical role in Washington, as in New York, on the financial side of city affairs. In both cases, the objective is the same: to apply the New York model to the special circumstances of Washington, and to cleanse the District—to the extent possible—of its poor and black population, and "redevelop" it into a gentrified, commercial center which will attract tourists and upscale white residents, to replace the blacks who are being driven out.

With D.C.'s financial straits worsening in the late 1980s, then-Mayor Marion Barry was compelled to appoint an independent "Commission on Budget and Financial Priorities," headed by Alice Rivlin, formerly of the Congressional Budget Office. Lazard general partner Franklin Raines donated "time and resources" to the Rivlin Commission, which recommended sharp reductions in the city's workforce, an increased Federal payment, and new taxes.

In 1994, the Federal City Council commissioned a report on the District's financial future, which was prepared by McKinsey & Co. and the Urban Institute (a *Washington Post*-dominated think-tank). The FCC/McKinsey Report noted that the Rivlin Commission's demands for layoffs of city workers had not been fully implemented: Rivlin recommended reducing city workers from 48,000 to 42,000, but only half of this had been carried out.

The FCC/McKinsey Report also called for measures to

2. Gordon Gray, the father of George H.W. Bush's White House counsel, was well-qualified to oversee "Negro Removal" programs; he had organized a sterilization experiment in the late 1940s, of children considered to be of low intelligence, as part of an American Eugenics Society project. Gray was named president of the Federal City Council in 1963.

FIGURE 10

### Political Wards in the District of Columbia



Source: District of Columbia Government.

*The 2000 Census shows that population declined in Wards 4-8, all of which are majority black. Ward 7 (97% black) and Ward 8 (92% black), both east of the Anacostia River, together lost almost 19,000 residents from 1990 to 2000.*

reverse the middle-class flight to the suburbs, in order to bring middle-class taxpayers back into the city.

When Marion Barry returned as Mayor in 1995, he found that his immediate predecessor, Sharon Pratt Kelly (elected as the bankers' "good government" candidate in contrast to the street-wise Barry), had run up huge deficits, hidden by bookkeeping tricks.

Lazard Frères's Franklin Raines had been an official adviser to the District of Columbia throughout the 1980s and into the 1990s. In addition to his work with the Rivlin Commission, Raines was also financial management adviser during the mayoral transition in 1990 to Sharon Pratt Dixon; and when Barry came back in as Mayor at the beginning of 1995, Raines demanded that Barry carry out budget cuts.

But, shortly thereafter, D.C. terminated the contractual arrangement with Lazard, *due to the conviction of a Lazard partner for swindling the District government.*

Barry declared a fiscal crisis in February 1995, and called

on Congress for assistance. The new Gingrichite Congress scoffed at Barry's request, and Wall Street made things worse by downgrading the District's bond rating to junk-bond status, precluding the city from borrowing on the markets.

The *Washington Post*, as always, did its bit. On the day that Barry declared the emergency, the *Post* demanded that the overwhelming poverty of Washington's citizens be disregarded, and that immediate drastic measures be taken to cut services to the population. "If Mayor Barry doesn't or cannot make the necessary unpopular decisions to reshape the government from top to bottom, then Congress won't wait an extra minute to step in," the *Post* editorial declared. "Plans to do that are already being drafted on the Hill, and the forms that this action could take range from most welcome to intolerable.

"Can [Barry], or will he, do what it takes—layoffs by the hundreds, renegotiations of union contracts, closings of entire institutions, elimination of services that will be protested by every affected interest group, parents, children and faint-of-heart council members?

"This is where the assistance—and pressure—from the Federal government will be needed; *the city simply does not have the tax base to maintain services for an increasingly disproportionate number of poor people— . . . 73% of the city's public schoolchildren come from poor families. Nonetheless, there is no way the city can make a lasting turnaround if it does not take up the challenge first on its own*" (emphasis added).

## The Control Board Rules

Claiming that she was preserving the remnants of "home rule," the District's non-voting delegate, Eleanor Holmes Norton, worked with the Republican Congress to fashion the legislation which resulted in the creation of the Control Board (the "District of Columbia Financial Responsibility and Management Assistance Authority") in April 1995. President Clinton appointed a former Federal Reserve Governor, Andrew Brimmer, as chairman of the Control Board.

The Control Board took over management of many vital city agencies, including fire and emergency services, health, human services, public works, and the school system. And, just as under Big MAC in New York, city services were drastically cut—including police and fire services.

In 1996, Lazard's Franklin Raines was appointed Director of the Federal Office of Management and Budget (OMB), and he became the point-man in the Clinton Administration responsible for policy toward the District. Incidentally, Raines was recruited for the OMB position by Vice President Al Gore. Republican Dick Arney characterized Raines as "a serious guy who understands what needs to be done and is going to do his level best to do it." In 1998, Raines became head of Fannie Mae, the government-sponsored mortgage finance agency, and a year later, Raines and Fannie Mae, together with Mayor Tony Williams, launched what was

called a \$1 billion housing and development initiative for Washington.

In September 1998, Alice Rivlin, who meanwhile had served as vice chair of the Board of Governors of the Federal Reserve System, was appointed to replace Brimmer as chair of the D.C. Control Board.

On Dec. 4, 2000, Control Board chairman Rivlin issued a statement declaring that D.C. General Hospital would run out of money by the middle of March and be forced to close. Rivlin demanded that a restructuring and privatization plan be submitted by city officials, as had been required by Congress in the 2001 D.C. Appropriations Act. Rivlin proceeded to issue an order mandating the elimination of 500 full-time positions at the hospital, and the elimination or reduction of various services provided by D.C. General. She also demanded that the D.C. Council repeal a law it had passed requiring that the Council approve any restructuring plan, i.e., giving up its power to review any plan.

Failure of the Mayor and the Council to quickly approve a restructuring and privatization plan would result in "imminent closure" of the hospital, Rivlin warned—although the hospital was to be effectively shut down anyway, by the plan demanded by Rivlin and the Congress.

## 'Planned Shrinkage' in Washington

The effect of decades of Federal City Council and Lazard Frères rule over D.C.—"urban renewal," demolition of public housing, and cutbacks in city services—has been, in fact, a steep reduction in the population of the District, from about 764,000 in 1960, to about 572,000 in 2000.

Recently released Census figures show that the District lost 5.7% of its population over the past ten years, even while the Washington metropolitan area grew at one of the most rapid rates in the country. The District's population losses occurred in the five majority-black wards in the eastern half of the city (Wards 4-8), with many being driven out into low-income areas in surrounding suburbs.

During the past decade, the size of D.C.'s black population has shrunk at an accelerating rate—even faster than in previous decades—falling by more than 56,000 between 1990 and 2000.

But, from the standpoint of KKK-Katie Graham and the Federal City Council, there was still more good news.

Not only were blacks fleeing the city at increasingly rapid rates, but—following the script of the New York model—the overall trend of population loss for the District itself was reversed in the mid-1990s. During the past two or three years, middle-income whites have begun moving back into remodeled, pricey neighborhoods—helping to create the sort of whitened and "gentrified" elite city, for which KKK-Katie Graham and her Invisible Empire strives.

*Research assistance was provided by Anton Chaitkin, John Hoefle, and Lonnie Wolfe.*

# The Imperial Katharine Graham in Washington

by Anton Chaitkin

Billionaire Katharine Meyer Graham runs the *Washington Post* for a set of British and American banking and aristocratic families motivated by intense hatred for the American republic and a desire to overturn the American Revolution.<sup>1</sup> These families, in their clubs and foxhunts, in their European castles, in intimate social gatherings of bankers and intelligence agency chiefs, do not simply live on a plane above ordinary citizens: They see themselves as essentially a different species, whose unique power is threatened by the “rabble” seeking the rights of a true citizenry.

A picture of this world of Mrs. Graham and her father, Eugene Meyer (1875-1959), may be glimpsed in the means by which the *Washington Post* got control of WTOP radio station in 1949. Allen Dulles (soon to be CIA Director) personally intervened with CBS boss William S. Paley to sell WTOP to the *Post*.<sup>2</sup> Dulles vouched for Eugene Meyer because Allen and his brother John Foster Dulles had been international lawyers for the tiny community of top Anglophile New York bankers, such as Morgan, Rockefeller, Kuhn Loeb, and Lazard Frères—the Meyer family enterprise.

Katharine Graham took over the *Post* in 1963 when her estranged husband, Philip Graham, was found shot to death. A bright, ambitious “commoner,” Phil had become close to President Kennedy, whom the Meyers despised, and had pro-Civil Rights tendencies. Phil Graham’s alleged suicide gave

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1. A quite typical example of this attitude was printed in the *Post* on July 4, 1993, American Independence Day: an attack on the American Revolution, taking the British side in that conflict. The headline read, “The Revolting Truth: Now It Can Be Told! A Canadian Exposes Our July 4 Charade.” The “Canadian” author of the column was Malcolm Gladwell, the New York bureau chief of the *Washington Post*. An accompanying cartoon showed the heroic images of Revolutionary soldiers as mere facades, borne by grovelling peasants clutching at money and guzzling beer. The *Post* spokesman said, “The American colonists who declared their independence from England . . . were not an idealistic band of freedom fighters but a pack of whiners, welters and tax cheats.” The author said he learned this “truth” in Canadian schools. The *Post* decried the “senseless vandalism of the Boston Tea Party,” when the tea of the world-looting East India Company was thrown into Boston harbor, as “an act that today would certainly violate every environmental and clean water regulation on the books.” The Americans were depicted as “freeloading,” “ungrateful” to the British for stationing an army on American soil and asking only that the colonists pay their fair share of the cost.

2. Federal law forced the *Post* to sell WTOP in 1976.

her full control and put the *Post* back on the track for which Eugene Meyer had trained his daughter.

Her first step was to turn over her private wealth to André Meyer (no relation). He was managing partner of Lazard Frères in New York, where her grandfather had been the managing partner, and where her father had started his own fortune. Lazard had veto power over all *Post* corporate decisions, and reorganized the *Post* stock shares so that control would reside permanently with Katharine Graham and her heirs. André Meyer became the family counselor and protector, especially close to Graham’s daughter, Lally Weymouth.

## A Deeply British Point of View

Eugene Meyer, a leader of the right wing of the Republican Party, bought the *Post* in 1933 at auction, anonymously through agents, so that he could have a newspaper in the nation’s capital with which to oppose President Franklin Roosevelt’s policies. In 1936, Meyer arranged for his daughter to transfer from Vassar to the University of Chicago, where in her last two years of college she deeply imbibed a British, anti-Roosevelt point of view.

She studied directly under University of Chicago president Robert M. Hutchins, a collaborator with Lord Bertrand Russell in setting up at his school the anti-U.S. and anti-FDR projects of the left and the right, unified by their hatred of the nation-state. The young millionairess entered a clique of world-government fanatics gathered under Hutchins, including Elizabeth Borgese (daughter of writer Thomas Mann, an intimate friend of Katharine’s mother). Hutchins, Borgese, and CIA leader Cord Meyer later worked together on World Federalism, while Borgese was a leader of the Club of Rome, demanding a reduction of the world’s “colored” population.

During this period, Eugene Meyer employed the pro-Hitler Felix Morley as editor (1933-40) of the *Washington Post*, while young Katharine Meyer worked in the “peace” movement in which Morley was a top Quaker functionary. Not long after Katharine Meyer left the University of Chicago, Morley set up his base at that university for a nasty culture-shaping enterprise: Hutchins sponsored Morley and young Henry Regnery to begin the Human Events firm, later called Regnery Publishing. They first printed Hutchins’s speeches, which called for a one-world government, then published and sponsored the works of William F. Buckley, feudalist Russell Kirk, and the Anglophile ravings of Robert Welch, whose John Birch Society was founded by this Hutchins clique.

At the University of Chicago, which Hutchins made the home base for the free-trade radicals Friedrich von Hayek and Milton Friedman, Katharine Meyer learned the fundamentals of “globalism,” and was trained to hate the American intellectual tradition.

Eugene Meyer’s money and connections subsidized the growth of the *Post* empire, with his son-in-law at the helm in the 1950s. Phil Graham and Middleburg, Virginia foxhunter/investor George Angus Garrett jointly founded the so-called

Federal City Council in 1954, to secure London-New York banker rule over the capital city.

But during the Kennedy Presidency, Phil Graham became an intimate of John F. and Bobby Kennedy, meeting with them once a week and playing a growing role in the space program. He publicly criticized the U.S. special relationship to Britain. He broke up with Katharine, and drew up a will leaving the *Post* to his fiancée.

In 1963, Phil Graham was put in a mental hospital. He was released into the custody of Katharine, and was found shot to death in the bathtub of her Marshall, Virginia house the next morning. A court declared his last will incompetent. All death records remain secret, under Virginia “Hunt-Country” laws. President Kennedy was killed three months after Phil Graham.

With Graham out of the way in 1963, his widow carried on the Meyer family tradition. She made Boston Brahmin Benjamin Bradlee the *Post* managing editor in 1965. Amplifying the paper’s Lazard/Rockefeller/Dulles connections, Bradlee brought along his own ties to the intelligence community, to CIA counterintelligence chief James J. Angleton, to Bradlee’s own brother-in-law Cord Meyer, and to other covert operations men in the British mode.

Katharine’s son Donald Graham, being groomed to take over the *Post* some day, was trained as a spook. After she supported Richard Nixon’s 1968 election and supported Nixon’s continuation of the Vietnam War, Donny Graham joined the Washington, D.C. Police Department in 1969. He was given Civil Disturbance Unit training, learning how to deal with terrorists, anti-war protesters, and uppity residents. He then worked at least several months as an undercover police operative. Graham appointed Donald as publisher in 1979, herself remaining the boss as chairman.

### ‘Phil Shot the Wrong Graham’

In 1976, Graham provoked a strike in order to break Local 6, the pressmen’s union at the *Post*. She advertised for scabs to replace the workers, whose careers and lives were destroyed by her savagery. One of the *Post* strikers that year carried a picket sign reading, “Phil Shot the Wrong Graham.”

It was The Families who decided in 1974 that Nixon had



KKK-Katie Graham in 1989, with Soviet Ambassador Yuri Dubinin.

to go, and Graham became famous, as her *Post* was their instrument for overthrowing the President in the Watergate burglary scandal. National Security Adviser Henry Kissinger, who had created the “Plumbers” unit, and Republican National Chairman George Bush, whose Texans had paid for the burglars, both got off completely, after Democrats who wanted to investigate the affair were intimidated into concentrating all their fire on Nixon. After Nixon and Vice President Spiro Agnew fell, Katharine, in a published essay entitled “The Press After Watergate: Getting Down To New Business,” assured her friend Kissinger, and her friend, the replacement Vice President Nelson Rockefeller, that what her reporters Woodward and Bernstein did to Nixon, would not be the pattern for her relations with the power elite.

This promise was certainly kept in the 1980s, when the Contra crimes of Vice President Bush and his covert operatives, such as Oliver North, went unheralded in the *Post*.

In the mid-1990s, while Mrs. Graham was demanding that the District of Columbia be purged of its “burden” of a poor, black population, the *Post* took the lead in attacks aimed at bringing down President Bill Clinton. From Whitewater, to Monica Lewinsky, whatever the sewers poured out against Clinton, it all was run through the *Washington Post*.

It was *Post* reporter Robert Woodward who put out the story, “leaked” to him by his FBI/Justice Department/intelligence community sources, that Chinese officials approved an alleged plan to buy influence in U.S. elections by bribing Clinton Democrats.

## Kudos From the British

The original source for much of the witch-hunt against Clinton was Ambrose Evans-Pritchard, the America-hating Washington reporter for the Thatcherite London *Sunday Telegraph*. But Evans-Pritchard himself celebrated the *Post*'s leadership in a Feb. 16, 1997 story, where he exclaimed, "China finally replaced the old Soviet Union as the number-one enemy last week in the eyes of the U.S. political establishment. If one could date the beginning of the new Cold War, it would be Thursday, Feb. 13, 1996, the day that the *Washington Post* reported that U.S. counter-intelligence had caught the Chinese embassy plotting to subvert the U.S. political system."

Was it strange for the *Post*, falsely labelled a Democratic paper after Watergate, to be so lauded by the Tory British?

Actually, it was all in the family; a matter of fox-hunts, and Washington's Metropolitan Club, to which the reader may never be invited. Katharine's daughter Lally Weymouth named her second daughter after Lady Pamela Berry, Graham's great British friend. The Berrys were *important* friends to the Meyers, after all. Lady Berry's husband Michael Berry and his father, Viscount Camrose, had been the owners of the London *Daily Telegraph* since 1927.

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# Gingrich-Gore Fascist Hand behind 'The Plan'

by Jeffrey Steinberg and Carl Osgood

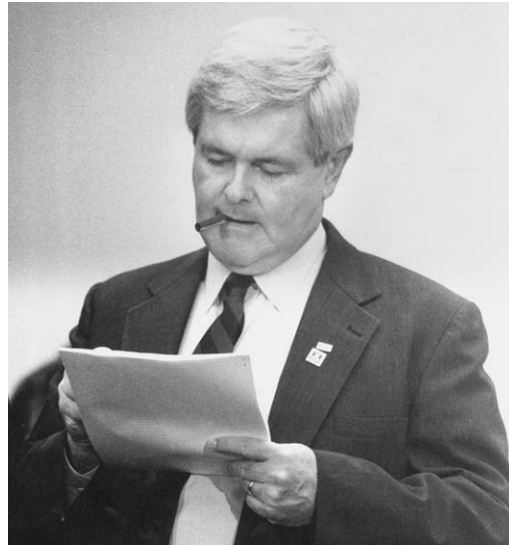
Liberation is at hand. . . . A paradigm-shattering revolution has just taken place. In the signal events of the 1980s—from the collapse of communism to the Reagan economic boom to the rise of the computer—the idea of economic freedom has been overwhelmingly vindicated. The intellectual foundation of statism has turned to dust. This revolution has been so sudden and sweeping that few in Washington have yet grasped its full meaning. . . . But when the true significance of the 1980s freedom revolution sinks in, politics, culture—indeed, the entire human outlook—will change. . . . Once this shift takes place—by 1996, I predict—we will be able to advance a true Hayekian agenda, including . . . radical spending cuts, the end of the public school monopoly, a free market health-care system, and the elimination of the family-destroying welfare dole. Unlike 1944, history is now on the side of freedom.

—Rep. Dick Armey (R-Tex.), *Policy Review*,  
Summer 1994

Like all true revolutions, the Information Revolution is also a revolution of power. Miniaturized technologies miniaturize institutions. In time, the microchip will destroy the nation-state. It will give small groups and even individuals the capacity to employ violence in ways that could overturn governments and destroy large organizations. . . . Invisible machines programmed through artificial intelligence could literally force anyone to behave any way the ultimate programmer wished. . . . Slavery could return. . . . Slaves will be anyone without control of nanotechnology, and they will do anything that might have been asked by Aladdin when he rubbed his lamp.

—Lord William Rees-Mogg, *The Great Reckoning*

We need to understand that the scale of revolution that we need is so great and it is so dramatically different. . . . This is a real revolution. In real revolutions, the defeated faction doesn't tend to convert. It tends to go down fighting. . . . I mean, if you look at the Bourbons, in France, they didn't rush in and say, "Oh please, can I join the revolution?" They remained Bourbons. In fact most of them learned nothing and forgot nothing, and



*The collaboration between Al Gore and the “New Democrats,” and Newt Gingrich and his “Conservative Revolutionaries,” was key to imposing bankers’ rule on the District.*

50 years later were looking into a world that was dead. . . . I am a genuine revolutionary; they [the Democrats] are the genuine reactionaries; we are going to change their world and they will do anything to stop us, they will use any tool, there is no grotesquery, no distortion, no dishonesty, too great for them to come after us. . . . The future of the human race for at least a century rests on our shoulders. If we fail . . . then Bosnia and Rwanda, Haiti and Somalia are the harbingers of a dark and bloody planet.

— Speaker of the House Newt Gingrich, Jan. 20, 1995

Now that the transition from the Second Wave to the Third Wave is under way, the GOP can enjoy its moment in the sun. The GOP is the party of the Third Wave. History is on our side.

— Sen. Phil Gramm (R-Tex.), Jan. 20, 1995

The ink had hardly dried on Newt Gingrich’s “Contract on America” when the newly installed Conservative Revolution-run U.S. Congress, in April 1995, rammed through legislation creating a “Big MAC” financiers’ dictatorship over the nation’s capital. The District of Columbia Financial Responsibility and Management Assistance Authority, more widely known as the D.C. Control Board, was a joint venture of the Conservative Revolution fanatics in the Congressional Republican majority, and the Al Gore “Third Way” Democrats inside the White House and the Congress.

It was this coalition of “two Republican parties” that Sen. Edward Kennedy (D-Mass.) had forcefully attacked in a National Press Club speech in January 1995.

On Capitol Hill, District of Columbia Delegate Eleanor Holmes Norton worked hand-in-glove with the Gingrich-Gramm self-described “Jacobins” to push the initial Control Board legislation through Congress. Holmes Norton personi-

fied the “Republicans in Democratic clothing” that Kennedy had singled out as a threat to the General Welfare; for Holmes Norton was no stranger to “Big MAC” austerity and bankers dictatorship. According to her Congressional campaign website, she served, during 1970-77, as Executive Assistant to John Lindsay, who was Mayor of New York City during 1965-73, and who paved the way for the original “Big MAC.” New York City sources have confirmed that Holmes Norton played an active role in “economic affairs” while she was Lindsay’s executive aide.

Although it was President Bill Clinton who signed on to the Control Board scheme, peddled by Holmes Norton, Gingrich, Gramm, and House Republican Majority Leader Armey, it was Vice President Al Gore who ardently advocated the scheme, according to well-informed sources. Gore’s Y2000 campaign finance chairman, Steve Rattner, was, at the time of the Control Board legislative fight, head of Lazard Brothers in New York (he later set up his own “boutique” brokerage house). In 1996—the same year that Gore and Roy Cohn-clone Dick Morris convinced President Clinton, against his own better judgment, to sign on to Gingrich’s welfare-to-work slave-labor law, a core component of the Contract on America—the Gore-Morris duo got the President to bring in Franklin Raines as Director of the Office of Management and Budget. Raines had spent the previous 11 years at Lazard Brothers in New York, ending up as a partner in the firm. Raines was designated as the Administration’s point-man for dealing with the D.C. Control Board.

A year later, on July 30, 1977, Gore-man Raines pushed through an even more draconian “rescue” plan for Washington, D.C.—which gave further dictatorial powers over the District to the Control Board. Like the original April 1995 legislation, the National Capital Revitalization and Self-Government Act of 1997 was a joint venture of the Lazard/Gore gang inside the Clinton Administration and the Gingrich-



Gramm “conservative revolutionists” in the Congress.

Lazard man Raines had first floated the idea for the Control Board vise grip over the District budget and major social service agencies at a Jan. 14, 1997 press conference, at which he vowed to administer “tough love” to a city whose elected officials had failed, in his opinion, to impose enough austerity. The final version of the bill was passed as a rider to the Balanced Budget Act of 1997, another piece of Schachtian austerity strait-jacketing. It gave the Control Board dictatorial control over Fire and Emergency Services, Public Works, Administrative Services, Corrections, Human Services, Consumer and Regulatory Affairs, Employment Services, Housing and Community Development, Personnel, and Procurement. Public Schools, Police, and Financial Management had already been turned over to the Control Board in the initial 1995 legislation.

When the final version of the 1997 plan was sealed, in a midnight “compromise” between the White House, Gingrich, and Senate Majority Leader Trent Lott (R-Miss.), the *Washington Post* the next day gloated, in banner headlines, “D.C. Rescue Agreement Strips Barry’s Power,” a reference to Mayor Marion Barry. That compromise had been orchestrated by Holmes Norton and Sen. Lauch Faircloth (R-N.C.), who at the time headed the D.C. Appropriations Subcommittee.

In an Aug. 2, 1997 open letter, Holmes Norton portrayed herself as a heroine, for having forced Faircloth to drop his demand that the District’s elected mayor be replaced by an appointed city manager. “My only recourse,” she pleaded, “was to appeal to the Republican leaders to accept my counter-proposals rather than Faircloth’s in order to preserve home rule.” Her counter-proposal, in fact, endorsed the Congressional/Control Board rape of the District, preserving only the fig-leaf of a powerless mayor under the hypocritical slogan, “home rule.”

Mayor Barry had a clearer sense of the reality of what had just transpired. “Senator Faircloth,” he wrote, “who has led the effort to re-colonize the citizens of the District, has raped democracy and freedom. Apparently Senator Faircloth and other Republicans feel free to trample over our rights with impunity.”

Former City Council member H.R. Crawford went one step further, daring to point a finger the infamous “Plan,” the Federal City Council and KKK-Katie Graham’s dream-scheme for driving the poor African-American population out of the District in sufficient numbers to restore white majority rule. “We were doomed from the start with this limited home rule,” Crawford told the *Post*. Congress was never going to let control of this nation’s capital slip away. It feeds the idea that the city would be returned to Congress and the majority will move back in.” He continued, “There’s always been an undercurrent that this city would eventually become the Manhattan of the South and Prince George’s County [Maryland] would become the old Harlem. And that’s exactly what’s happening now. You can see the shift in population, already.”

## The ‘Bleaching of Chocolate City’

by Edward Spannaus

As we noted in our article on Katie Graham’s “Invisible Empire” in the April 13, 2001 issue of *EIR*, black activists have often referred to the projected reduction of Washington’s black population and their replacement by affluent whites as simply “The Plan.”

At the same time that *EIR* and the Coalition to Save D.C. General Hospital were circulating our charges about Katie Graham’s promotion of “Negro Removal” scheme, her *Washington Post* ran a column in its April 10 edition, which began by referring to “the age-old argument over whether Washington is succumbing to The Plan—that mythical but perpetual design for returning the city to white domination.”

The column described the changes under way in the U Street corridor in the Shaw neighborhood, an area wracked by the urban riots of the 1960s:

“Now U Street is the vanguard of Washington’s most dramatic gentrification since World War II, an economic transformation that has returned the street to its roots as an entertainment corridor and is replacing the Shaw area’s urban decay with \$400,000 townhouses and shops selling \$2,000 coffee tables.”

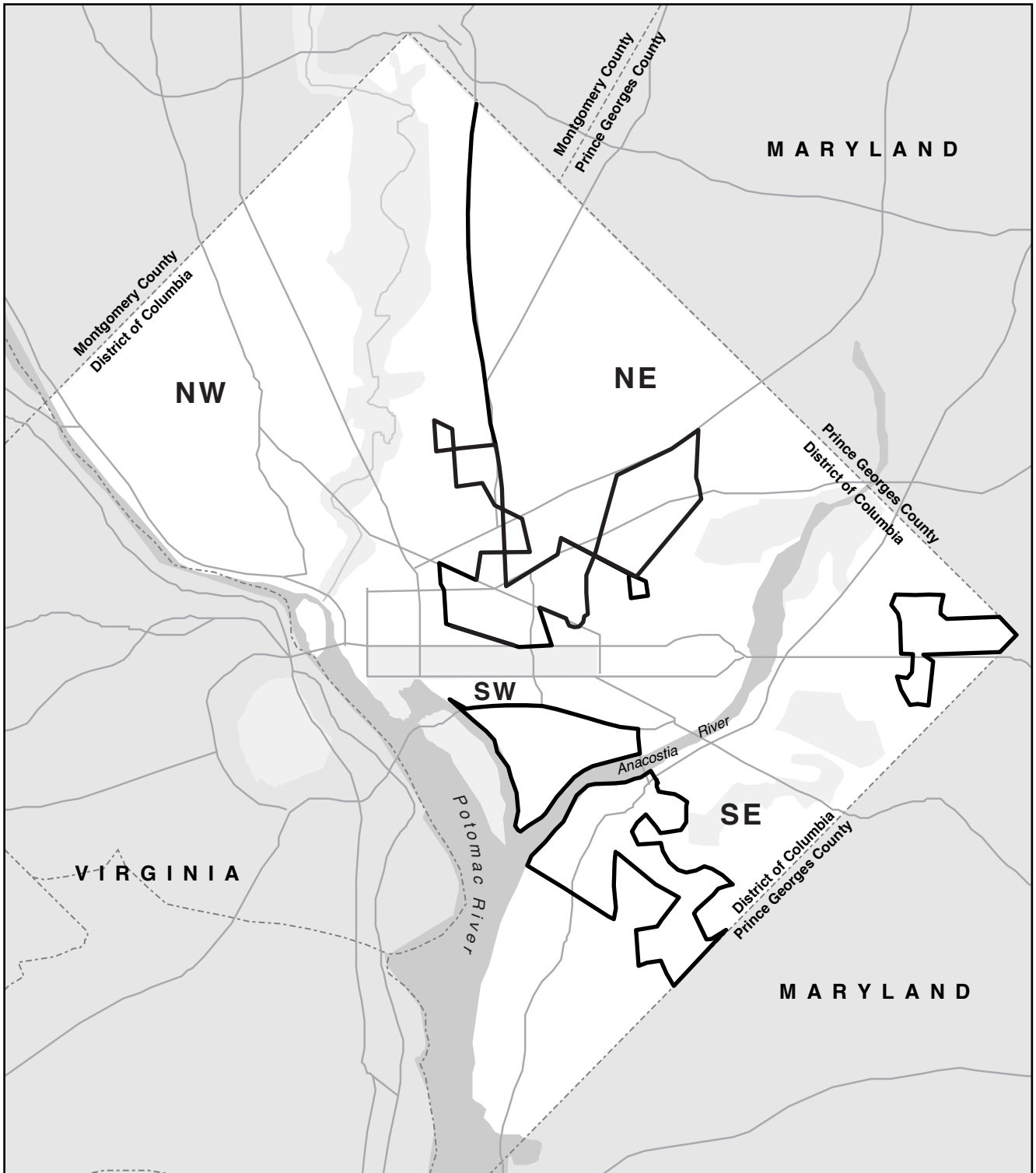
This followed a big feature on the U Street in the March 24 real estate section of the *Post*, which described how townhouses are being built on the site of the former Children’s Hospital, with the smallest model now selling for about \$375,000. Renovated townhouses are selling for \$500-\$600,000. New three-story townhouses are selling for \$700,000, and developers are contemplating rents of \$3,000 a month. And who’s moving in? The description provided by the *Post*: “many young, many gay, many white.”

A letter to the editor, criticizing the *Post*’s lopsided coverage, noted that the longtime residents of the neighborhood have devoted their lives to the neighborhood, sticking around and hoping things would get better. “Now that they are getting better, they’re being kicked out, because they can’t afford to live in the neighborhood,” the letter-writer observed.

To rub the point in more deeply, the *Post*’s Sunday magazine ran a lengthy feature on “the luxurious organic grocer Fresh Fields” which has opened a 61,000 square-foot store in the same general area, selling overpriced foods to the new residents of the neighborhood, “increasingly white, gay and affluent.”

FIGURE 10

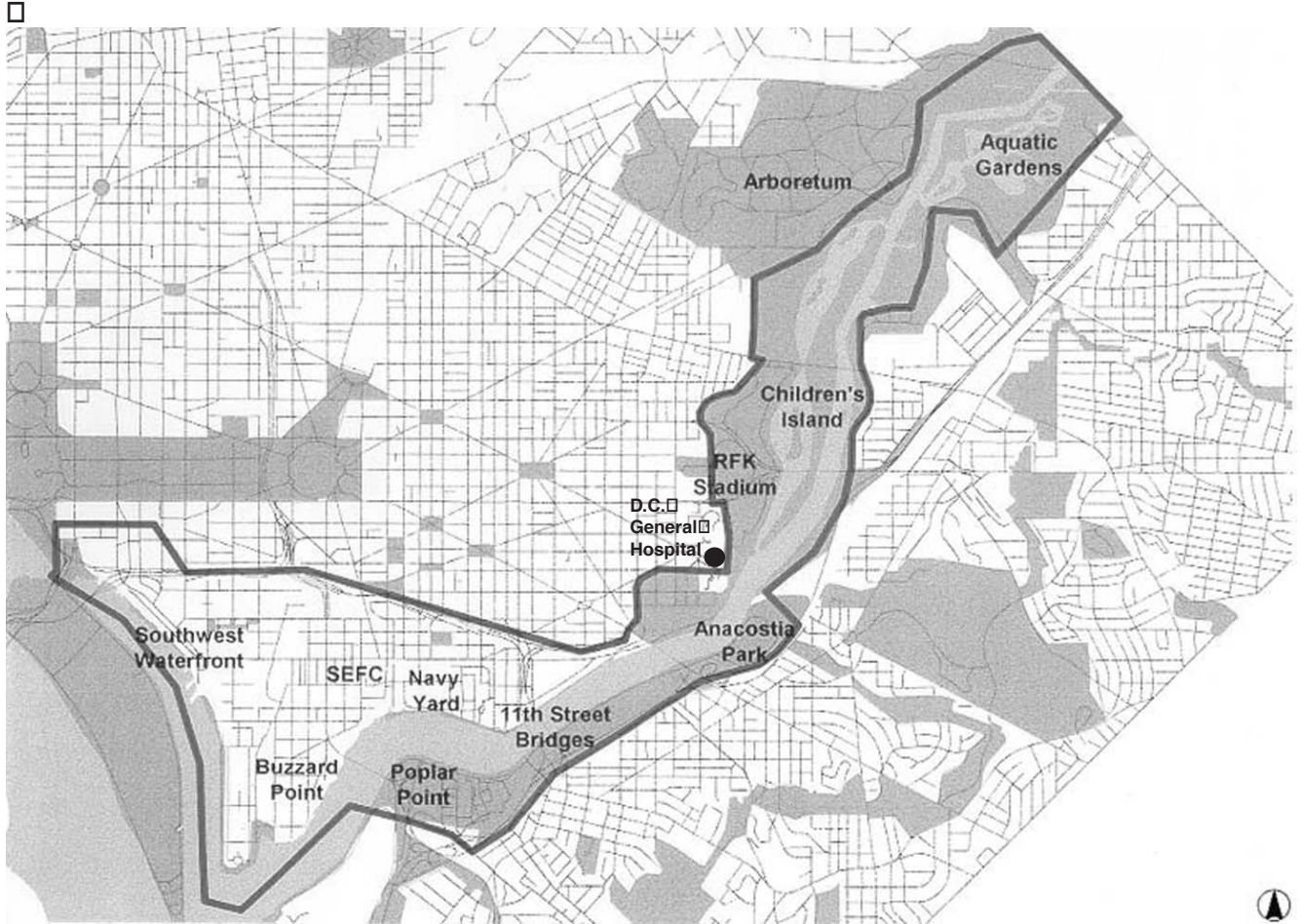
**Priority Development Areas**



Sources: National Capital Planning Commission; D.C. Government.

FIGURE 2D

## Anacostia Waterfront Initiative



Source: National Capital Planning Commission.

*The Anacostia Waterfront Initiative is a joint Federal and D.C. plan to coordinate use of the waterfront along the Anacostia River in Southeast D.C. Its literature describes this area as “in the early stages of a potential development boom,” with \$100 million in new office buildings under way, a \$200 million Navy project, etc. The most rapid development is under way in the area of the Navy Yard and the Southeast Federal Center (SEFC).*

What is already happening in this area, is what now is projected to take place in Southeast Washington, in the area served by D.C. General Hospital. That is the secret behind the elimination of D.C. General as a public hospital, which traditionally takes all comers — insured or uninsured, white or black, rich or poor — and treats them with the highest-quality medical care. As a public hospital, D.C. General provides

treatment first, and asks about insurance or payment later — unlike the private, for-profit hospitals of the sort that are supposed to replace it. The elimination of services, as we have seen from the description of the New York City model, is the condition for the elimination of the poor population, and that — not budgetary or other motives — is what is behind the closing of D.C. General.

*The map on page 24 shows the Priority Development Areas for the National Capital Revitalization Corporation. In Southeast, the priority areas are the Southeast Federal Center and the Navy Yard area, and the Buzzard Point/Anacostia and Congress Heights communities. In the far eastern part of the District is the Marshall Heights community. These will be the areas whose population will be most affected by the closure of D.C. General Hospital. (The line running toward the north, is the Georgia Avenue area.)*



*Office building construction in Southeast D.C., in the triangular area just east of the Navy Yard; according to the Washington Business Journal, it is hoped that this project, along with others, “could help build the momentum for a major transformation of this historically underdeveloped area.”*

## Swarming Mortgage Brokers

The instrument for the “redevelopment” and gentrification of Southeast Washington is the National Capital Revitalization Corporation (NCRC), established in 1998 as the economic development agency for the District, which is just now getting off the ground. NCRC describes itself as a “public-private entity designed to serve as an important manager of real estate projects” in the District. It is also a real-estate company, which can put together what it calls “public-private partnerships” for large-scale real estate projects, and can assemble parcels of land which will then be used for big real-estate projects.

In other words, it intends to use the powers of the government, including tax incentives and the like, to assist private developers in carrying out billions of dollars of construction in targeted areas of the city.

It is reported that national mortgage lenders are already swarming all over the city, looking for speculative investment opportunities. Mortgage brokers are targeting properties in or adjacent to the areas slated for “redevelopment,” especially Southeast and Anacostia (see **Figure 1**).

As in other cities, mortgages and/or properties are bought up cheaply. They are then purchased by the Redevelopment Land Agency, a Federal-city agency which is authorized to purchase and assemble property, and then to offer such properties, at discounted prices and with tax breaks, to developers. In July, the RLA’s functions will be taken over by the NCRC.

One long-time participant in the battles around redevelopment in D.C. described the powers of the NCRC as “danger-

ous,” and said that it is equivalent to “giving the Board of Trade the power of eminent domain.”

## Helpful Holmes Norton

To put a pretty face in the whole redevelopment effort in Southeast—which will mean driving out thousands of residents now living in low-income housing in the areas on both sides of the Anacostia River—the city has launched the Anacostia Waterfront Initiative, a joint Federal-city planning project which encompasses the seven-mile strip along the Anacostia River in Southeast Washington, up to the area surrounding RFK Stadium and D.C. General Hospital (see **Figure 2**).

The Initiative’s immediate concentration is the southern part, the area around the Navy Yard and the Southeast Federal Center. The Navy is transferring 5,000 jobs from Crystal City in Arlington County, to the Navy Yard, accompanied by defense contractors, who are building and renting new commercial office space along the newly widened and spruced-up M Street S.E. At least four new commercial buildings are under construction adjacent to the Navy Yard and the Southeast Federal Center, a 55-acre Federal site which itself will be built up with both Federal office buildings and private commercial development.

That private developers will be able to build on Federal land, is thanks to a special bill sponsored by D.C. Congressional Delegate Eleanor Holmes Norton, and passed by Congress last year, which allows the federal General Services Administration to enter into joint ventures with private developers.

Behind the public face represented by the Waterfront Initiative, are whispered grandiose plans for a potential trillion-dollar speculative real-estate scam for this entire southern part of D.C.—on both sides of the Anacostia River. Especially desirable, are the campus of St. Elizabeth's Hospital (a psychiatric hospital scheduled for closure) and adjacent areas.

Consider the fact, that the real estate in this area has an estimated current value of several billions of dollars, now limited by the fact that much of it is now inhabited by many of the city's poorest residents, mostly black. If those residents can be removed, then the potential value of this land skyrockets, opening up a massive speculative potential which knowledgeable sources have estimated at up to \$1 trillion. Look, for example, at what has already happened in the Shaw/U Street area described above, and you can see the dollar-signs in the eyes of the developers and bankers gathered around the Federal City Council.

## **KKK-Katie Graham's Own Secret Society Rules in Nation's Capital**

by Arthur Tiknor

The Federal City Council (FCC) was founded in 1954 by Philip Graham and is now headed by *Washington Post* owner and billionaire Katharine Graham. It is now the "war room" for the Wall Street and European financial oligarchy's plans to transform Washington, D.C. into an imperial capital, built on a trillion-dollar real estate bubble. That scheme, which requires the forced removal of the vast majority of poor African-Americans from the District, is known as "The Plan." The misnamed FCC is a private club, comprised of representatives of 150 of the leading banking, real estate, media, and academic institutions in the D.C. area, and has been described as the "secret government" that pulls all the strings in the nation's capital. The members of the FCC criss-cross the leading cultural institutions of the capital, including the National Cathedral, the National Gallery of Art, the Smithsonian Institution, and the Kennedy Center for the Arts. They also form the core of such private clubs as the Metropolitan Club.

Below is a representative profile of the FCC's current membership.

### **Joe L. Allbritton**

Allbritton is senior chairman of Riggs National Corp., a D.C.-based holding company, and CEO of Riggs Bank, its primary subsidiary, of which he won control in a hotly contested takeover battle in 1981, after making a huge fortune in

real estate. Riggs Bank is a member of the Kennedy Center's Corporate 100 Club (donors of \$100,000 or more).

Allbritton Communications Co. owns and operates nine television stations, all ABC affiliates, in the Southeast U.S., including WJLA (Ch. 7) in Washington, whose employees staged a protest in 1993, claiming that Allbritton cut costs (not giving raises for 30 months) to support his 24-hour cable news station, Channel 8.

His Allbritton Foundation, established in 1958 in Houston, gave \$25,000 to the George Bush Presidential Library Foundation in 1994.

### **Thomas Hale Boggs, Jr.**

Chairman of the Executive Committee of the law firm Patton Boggs, he is credited with helping design, and securing Congressional approval of, the \$1.5 billion Federal bailout of the Chrysler Corp., the largest government bailout of a single corporation in U.S. history.

Patton Boggs, Qorvis Communications and National Media celebrated Bush's inauguration, although Boggs served as a member of the Charter Commission of the Democratic National Committee in 1973.

### **Timothy A. Boggs**

Boggs is senior vice president for global public policy at AOL-Time Warner, Inc., a newly created position. He has been a backer of the New Democrats, giving \$10,000 to House Democrats last year, \$85,000 in 1998, and \$10,000 to the Democratic National Committee in 1994.

AOL-Time Warner is a member of the Kennedy Center's Corporate 100 Club.

### **Calvin Cafritz**

A son of Morris Cafritz, an original member of the FCC in 1954, Calvin is president of Cafritz Enterprises, a real estate firm, and founder of DigitalSelect, an Internet connections company. From 1993-96 he was on the Board of Directors of Riggs National Corp. He is chairman, CEO, and president of the Morris & Gwendolyn Cafritz Foundation, which is a member of the Laureates' Circle of the Kennedy Center (donors of \$250,000 or more).

Cafritz is a member of the Trustees' Council of the National Gallery of Art.

### **Timothy C. Coughlin**

Coughlin has been president of Riggs National Corp. since 1992. Before joining Riggs in 1983, he was at Banque de Paris et des Pays Bas (Paribas) from 1978-83, and previously at Chase Manhattan from 1964-78.

He is chairman of the British-American Business Association (BABA), founded in 1987 by a group of British and American companies (including Riggs), with the support of the British Embassy. BABA's International Advisory Board includes Lady Margaret Thatcher and Enron Corp. Chairman Kenneth Lay.

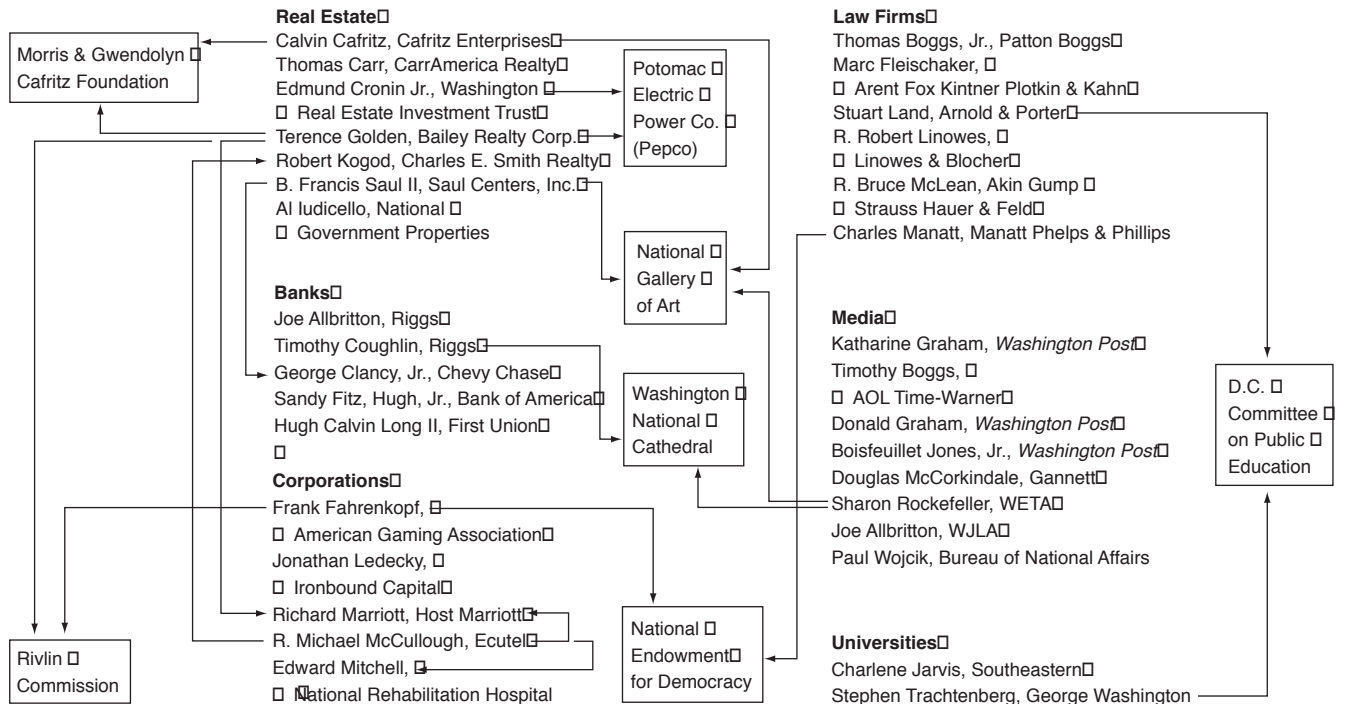
Coughlin is a member of the Washington National Cathedral and Trustee of the Corcoran Gallery.

### **Frank J. Fahrenkopf, Jr.**

As president and CEO of the American Gaming Associa-

FIGURE 1□

## Members of Washington's Secretive 'Federal City Council'□



tion, Fahrenkopf is the national advocate for the commercial casino industry.

He gained prominence in the 1980s as chairman of the Republican National Committee for six of President Reagan's eight years in the White House.

Fahrenkopf is co-chairman of the Commission on Presidential Debates, board member of the International Republican Institute, and vice chairman of the International Democrat Union. He was a founder of the National Endowment for Democracy and served as vice chairman and board member from 1983 to 1993. He also served as a co-chairman of the Rivlin Commission, investigating the D.C. government's finances, as a prelude to establishing the Financial Control Board attack on the capital's home rule.

### G.S. (Sandy) Fitz-Hugh, Jr.

A bank executive since 1964, Fitz-Hugh is currently president of Bank of America, Virginia. He served as chair of the working group in 1998 that wrote the strategic plan for D.C. economic development.

### Terence C. Golden

Katharine Graham rains praise on Golden, owner and chairman of Bailey Realty Corp. in D.C. He is vice president for planning of the FCC.

In the late 1970s, Trammell Crow introduced Golden to H. Ross Perot, who enlisted Golden to help him reorganize

the Texas school system. As a big contributor to Republican candidates and causes, he landed a job in the Reagan Administration as assistant secretary of the Treasury, and then headed the General Services Administration. Golden was co-chair of the D.C. Committee on Public Education from 1988-92, which advocated privatizing public schools.

### Donald E. Graham

A son of Katharine Graham, he is chairman and CEO of the Washington Post Co., one of the Kennedy Center's Corporate 100, and chairman of the FCC's nominating committee.

### Charlene Drew Jarvis

City Councilwoman Jarvis, president of Southeastern University, is chairman of the Greater Washington Board of Trade Community Business Partnership. She sponsored the National Capital Revitalization Corp. Act of 1998.

### Boisfeuillet (Bo) Jones, Jr.

Jones is publisher and CEO of the *Washington Post*.

### Robert P. Kogod

Chairman of the executive committee of Charles E. Smith Realty, Kogod held a \$50,000 luncheon for Bill Clinton during the start of the impeachment process.

### Jonathan Ledecy

Managing partner of Ironbound Capital, Ledecy received a Man of the Year Award from the right-wing Zionist

outfit, the Anti-Defamation League of B'nai B'rith (ADL), and established the Leducky Foundation in D.C.

**R. Robert Linowes**

Senior counsel for the Linowes & Blocher law firm, he is founding president of the Economic Club of Washington, and served as chair of Maryland's Commission on State Taxes and Tax Structure in 1990. He received the B'nai B'rith Humanitarian Award.

**Charles Manatt**

Sworn in as U.S. Ambassador to the Dominican Republic in December 1999, he was previously chairman of the law firm Manatt, Phelps and Phillips. He was chairman of the Democratic National Committee from 1981-85, founding chairman of the National Democratic Institute for International Affairs (NDI), and vice-chairman of the National Endowment for Democracy. (The International Republican Institute is the NDI's counterpart in the National Endowment for Democracy.)

Manatt and Fahrenkopf have endowed the second professional lectureship at the Graduate School of Political Management at George Washington University, introduced in February.

**Douglas H. McCorkindale**

Chairman, president, and CEO of Gannett Company, Inc., McCorkindale is also a director or trustee of numerous mutual funds in the Prudential Group.

**Sharon Percy Rockefeller**

President and CEO of WETA, Washington's public television and radio stations since 1989, Rockefeller is vice president for membership/finance of the FCC.

In the 1970s she served on the advisory board of the National Women's Political Caucus and as co-chair of ERAmerica. She was a member of the Democratic National Committee and a board member of the Center for National Policy. Rockefeller also serves on the boards of the Washington National Cathedral and the National Gallery of Art.

**B. Francis Saul II**

Chairman and CEO of Saul Centers, Inc., a Maryland real estate investment trust which owns, manages and develops properties in the Washington, D.C./Baltimore metropolitan area, Saul is also chairman, CEO, and founder of Chevy Chase Bank. The Justice Department alleged in 1994, that the bank refused to make its services available in predominantly African-American neighborhoods.

Saul is a member of the Metropolitan Club, the Trustees' Council of the National Gallery, an honorary trustee of the Brookings Institution, and, with his wife, members of the Kennedy Center's Laureates' Circle.

**Stephen Joel Trachtenberg**

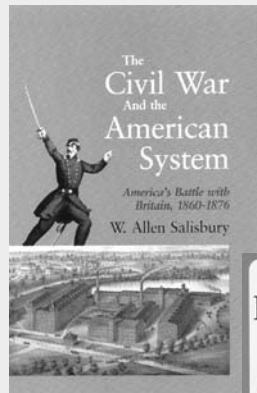
President of George Washington University since 1988, he serves on the D.C. Committee on Public Education. His wife is a vice president of WETA.

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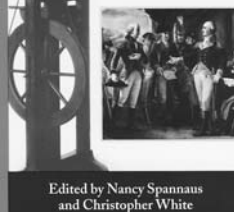
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## Nazi Jurist Carl Schmitt Revived as Legal Model For Venezuela's Chávez

by David Ramonet

How would you react if a state were to emerge in our Americas which, in all its essential aspects, were a copy of what Adolf Hitler imposed in Germany? In this state:

- all institutions associated with the previous discredited regime — congress, courts, trade unions, business federations, even religious organizations — are wiped out;
- a new Caesar is enthroned as absolute authority, from whom arbitrarily emanates the “rule of law” (constitution, laws, etc.);
- enraged Jacobin mobs are unleashed, whose irrational *vox populi* is used to terrify any and all opposition to that Caesar; and where
- all the theories of German jurist Carl Schmitt, the legal architect of Hitler's Nazi regime and a follower of the Romantic school of G.W.F. Hegel and Karl Savigny, are adopted.

This is precisely what is happening today in Venezuela, under President Hugo Chávez Frías. Drawing on the generalized discontent that the globalist “economic reforms” of the past 25 years have created within the population, Chávez has driven Venezuela's angry masses into destroying the traditional institutions of the nation, which were already discredited because of their own subservience to the dictates of the International Monetary Fund.

In the two years that he has run the government, Chávez has turned himself into a native “Caesar,” a dictator who, with the aura of the “charismatic leader,” has chosen and imposed each of the nation's authorities, to the point that there is not one among his cabinet ministers, with all their academic degrees, who dares to contradict Chávez. And all of this has been done, citing as precedent and justification, the legal arguments formulated by German jurist Carl Schmitt, 60 years ago, in defense of Hitler.

Despite the Romantic leftist rhetoric which Chávez employs — his constant praise for Fidel Castro, his verbal critiques of neo-liberalism (while applying these same IMF-World Bank austerity policies inside Venezuela) — the “Chávez project” is identical in all essentials to the financial oligarchy's “Hitler project,” and its architects would extend it across all Ibero-America.

### The ‘Constituent Assembly’ Process

The key to the whole process employed by Chávez in Venezuela is the Constituent Assembly, inspired from beginning to end by Carl Schmitt, known in the 1930s as “the Crown Jurist of the Third Reich.”

Chávez's first act after assuming power in February 1999, was to issue a decree to hold a referendum to approve the creation of a Constituent Assembly that would rewrite the constitution. That referendum was held on April 25, 1999, after the Supreme Court was armtwisted into providing a sophist justification for legalizing the referendum, which was in clear violation of the existing constitution.

However, the Supreme Court did not approve Chávez's attempt to include in the terms of the referendum, the condition that the Constituent Assembly would be defined as the country's “originating power.” That is, the court rejected the idea that the Constituent Assembly would have absolute powers to eliminate the existing legislature and judiciary, the Congress of the Republic and Supreme Court of Justice. However, Chávez simply trampled on the Supreme Court, and proclaimed that, independent of the court's decision, the National Constituent Assembly, born of the referendum, would take the “sovereign” decision to declare *itself* the “originating power” — a carbon copy of the arguments used by Carl





Venezuelan President Hugo Chávez Frías, at first elected democratically in 1998, has subjugated the legislative and judicial branches of government to his personal rule, and ended Constitutional government. His actually fascist government bases itself on the legal justifications which Nazi “Crown Jurist” Carl Schmitt (inset) originally provided to Hitler.

Schmitt to justify Hitler’s coup. On July 25, the members of the Constituent Assembly were elected, with 53% of the electorate abstaining. Of the 131 members elected, 127 were personally designated by Chávez.

From the beginning, even before the referendum itself, Schmitt’s name began to surface publicly as the inspiration for the Assembly. On Jan. 19, 1999, lawyer Ignacio Quintana, the current Venezuelan ambassador to the Vatican, wrote an article in the Caracas daily *El Nacional*, entitled: “Constitutional Violence Against the Constituent Assembly.” He there states: “Carl Schmitt described in his *Theory of the Constitution*, on page 225, the underlying structure of a Constitution that responds to the interests of the people, and not to the interests of economic groups, of parties, of a political and ideological superstructure which seeks, through ‘constitutional’ text, to usurp political power and its derivatives.”

Quintana, of course, did not feel it necessary to tell his readers that Schmitt was a Hitlerian. And at that time, no one responded publicly to Quintana, a financier whose intellectual capacity is acknowledged to be rather precarious, who is linked to the Banco Latino which, in 1994, helped drive the national banking system into bankruptcy.

### The Precedent Is Hitler

A short time later, the president of the Commission to Reform the State, Ricardo Combellas, a specialist in constitutional law and former Social Christian converted (briefly) to Chavism, published an article in the newspaper *El Universal* of April 23, 1999, entitled “Byzantine Discussion?” which explicitly defends Schmitt’s concept of “the originating act.” According to Combellas:

“By its very nature, the constituent power is the originating power, which is additional and supraconstitutional, and belongs to the people who hold title to sovereignty. Its limits are meta-constitutional (democracy, human rights), never constitutional, given its rank above the established powers, which cannot obstruct its activity. As Carl Schmitt emphasizes: ‘It is not just one more power, coordinated with other different ‘powers’ (legislative, executive, and judicial). It is the power which embraces all the other ‘powers’ and ‘division of powers.’ ”

Combellas also “forgot” to mention the Schmitt-Hitler connection.

But historian Jorge Olavarría responded two days later, with an article in *El Nacional* entitled “The Blackest Hour,” where he wrote the following, under the subhead “Tell Me Whom You Quote . . . and I Will Tell You How You Think”:

“Dr. Combellas published an article in *El Universal*, in which he insists yet again on the totalitarian nature of the Constituent Assembly.

I won’t bother to refute the sophisms to which Combellas resorts, as he prepares the bed for the tyrant he now woos. I am simply going to call attention to the quote Combellas uses from the German jurist Carl Schmitt, to reinforce and give authority to his ideas about what, according to him, the all-powerful Constituent Assembly can do, and what Chávez announces he will do, in open defiance of the court’s ruling.

“Who is Carl Schmitt, and what does he represent in contemporary history? Professor at the universities of Cologne and Berlin, Schmitt is the most important theoretician of the modern totalitarian state. A fierce critic of the Weimar Constitution, and of the ‘bourgeois freedoms’ of liberalism, his ideas about a strong and monocratic state were adopted literally by Adolf Hitler, who based himself on them to install, in 1933, the brutal dictatorship which ended in the fashion which we all know.”

Olavarría continues: “Argentine neo-Nazi Norberto Ceresole begins his book entitled *The Leader, Army, People*, in which he analyzes the election of Hugo Chávez, with another quote from Carl Schmitt. And why not? Carl Schmitt is the author of the thesis of ‘presidential exclusivity in managing the state,’ with which President Chávez concludes his arguments in his memorable letter to the magistrates of the Supreme Court of Justice.”

### Who ‘Invented’ Chávez?

The Ceresole to whom Olavarría refers, is an Argentine conspirator, a true, anti-Semitic Nazi-Communist, with shadowy ties to various international intelligence services, including Cuba’s. He has served intermittently as an adviser to Chávez, including during his electoral campaign and the

formation of his government. Ceresole, too, premises much of his argumentation on Schmitt.

Schmitt supervised the project to revise German law to conform to Nazi theories. The Nazi regime was to include three elements: the state, the movement, and the people, in which the state represented the administrative apparatus, the movement represented the political leadership, which abrogated representation of the people, and the people, fully identified with their leader, all under the protection of “a higher political order.” Whenever the Führer required “democratic” legitimacy, he presented the people with a plebiscite. In this way, according to Schmitt, under “charismatic leadership,” the state would no longer be a mere “bureaucratic regime.”

Ceresole’s job was to give all this theorizing a “native” flavor. In his pamphlet “The Leader, People, Army,” Ceresole boasts of having “invented” Chávez, supposedly after seeing him on the streets of Caracas and realizing that here was his “dream come true.” However, Ceresole thinks that his “dream” will only be fully realized when it is generalized throughout the continent, and the formula becomes “Army, Leader, people.”

Once these theories of Schmitt and his followers were put into practice, the result of the manipulation of Venezuela’s various elections over the past two years has meant the virtual disappearance of all political parties, except for those aligned with the regime.

“The current government wants to be the expression of a united national political will, which seeks to put an end to the state methods of multiple parties, which were destructive for the state and for the Constitution.”

Although this reads like a quote from one of the innumerable speeches in which Chávez fiercely attacks the traditional political parties, it is actually a quote from Carl Schmitt, referring to Adolf Hitler’s Nazi regime.

### ‘Ontological Temporariness’

But despite the fact that the Constituent Assembly approved a new constitution, the Bolivarian Constitution of Venezuela, the day-to-day implementation of that constitution has remained in the hands of Hugo “Caesar” Chávez. To justify such arbitrariness, a number of magistrates of the new Supreme Court have put their Romantic legal rhetoric at the service of the regime, wherein the dominant influence of the Schmitt school is evident.

Such Romanticist criteria of the Chavista regime contrast sharply with the Renaissance tradition in law, which establishes that the state has legitimacy solely and exclusively to the extent that it fulfills the precept of guaranteeing the General Welfare of the entire population, and of its posterity. This is something completely foreign to the Chavista process, for which there are only friends or enemies.

Magistrate José Delgado Ocando gave a speech on Jan. 11, 2001, in which he used rhetoric taken directly from Caesarist Roman law to argue that the “process” is going through an “ontological temporariness” which enables the ruler to

make decisions outside the framework even of its own, hand-crafted Constitution. “By means of that ontological temporariness, projected onto the effectiveness of the originating constitutional change, the validity of the constitutional order goes beyond the purview of the Constitution of 1999,” Delgado concludes.

In other words, the “Questions and Bases of the Referendum,” which was voted up on April 25, 1999 as a mere draft by Chávez and his legal advisers, has greater authority than the new constitution approved Dec. 15 of that year! In practice, this has served to undermine the new Bolivarian Constitution itself, allowing the “charismatic leader” to make arbitrary decisions about the direction of the “process,” and giving *ex post facto* legal justification to whatever Chávez chooses to do. This is pure Carl Schmitt.

In this way, Chávez was able to name all the magistrates of the new Supreme Court, without taking into account the requirements established by the Constitution. The same held true for the Prosecutor General, the Comptroller General, and the People’s Defender, with which he consolidated power in the hands of total loyalists. Similarly, he eliminated “undesireable” governors in various states of the republic, and concentrated 60% of the Constituent Assembly seats in the hands of “friends” of the process.

### The Chavista Leviathan

In his book *The Concept of the Political*,<sup>1</sup> Carl Schmitt noted that the existence of the state presupposes the existence of the political, and the political consists primarily of the relationship between the friend and the foe. In this sense, the state achieves its legitimacy, thanks to its capacity to identify and exterminate its foes. According to Schmitt, sovereignty is the ability to make decisions under states of emergency (he called them “states of exception”), and to define the enemies of the state under these exceptional circumstances.

This has been precisely Chávez’s approach. Chávez draws his main support from the lumpenized sectors of the Venezuelan population, the real audience to whom he directs all his speeches, offering them a sentiment of moral impunity in the face of all the abuses they are forced to face in their daily lives, while leading them to believe, with almost religious fervor, that their anti-social acts have the quality of heroism. Following his inauguration in February 1999, Chávez told the mob that they can steal if they are hungry. Later, Chávez justified land invasions by the homeless, in the same way.

Those Venezuelans who own farms today live in fear, because Chávez’s weekly televised speeches are warning that he will throw into the “garbage” all property titles that he deems to be illegal. For the past two years, he has been encouraging mob invasions of productive lands. And, according to Defense Minister José Vicente Rangel, whoever complains

1. As emphasized by Barbara Boyd in her article, “Carl Schmitt Revival Designed To Justify Emergency Rule,” *EIR*, Jan. 19, 2001.

of being invaded, will first have to prove that they are the legitimate owners of the challenged land. This gives the invaders recourse to take their case to the courts, “legally.”

The ranks of the lumpen masses upon whom Chávez has built his regime, have been swollen over the past ten years, in particular, thanks to the brutal effects of the International Monetary Fund’s austerity dictates. But rather than challenge the IMF, Chávez has chosen to glorify these lumpen masses into a national culture. Indeed, it is in the Mussolini-style emulation of the proletarian masses of the Roman Circus, where Chávez gives his Romantic charisma its religious trappings. For Chávez, the church is “the people,” a reference not to the citizens of a republic, but to the *vox populi* of the mob. According to Chávez, “Jesus thought and believed, like all revolutionaries, that there was great power in the gathering of men. What we are talking about here—unity, the force of the collective—that is the force of Jesus.”

In this way, with the mob elevated to the status of a “church,” and Chávez as its Roman *Pontifex Maximus*, the vast majority of Venezuelans who oppose his regime have been silenced. Chávez has proclaimed them enemies of the state; and the terror follows.

### Corollary

The Chávez government’s social programs have no intention of integrating marginalized workers, but rather to formalize the widespread petty thievery and other illegal acts, and encourage it, to turn it into a base of political support. All the surplus oil revenue of the past two years has been wasted on demagogic populist works which have only served as booty for their administrators. Corruption scandals in every social program of the current government have reached such a point, that the citizenry today identifies the initials of the ruling party, the V Republic Movement (MVR) as “*Me Volví Rico*,” or “I Got Rich!”

Some in the opposition in Venezuela still hold onto the illusion that, somehow, “the United States will not permit a dictatorship in Venezuela and will do something.” George Bush, Sr. himself shattered those illusions, for anyone willing to hear. During his visit to Venezuela on Feb. 16 of this year, Sir George Bush made remarks that were fully in agreement with the criteria expressed by Magistrate Delgado.

“I was very courteously received by President Chávez, a very charismatic leader. I expressed my opinions when I was President; I still have the same opinions, and I know that my son shares them. We want to see an entirely democratic and free hemisphere, all friends of the United States. There are many regimes, many ways to run a democracy, [and] many theories of how to achieve a pure democracy. But most important is to hear the voice of the people,” Bush explained to anxious journalists, who were hoping for some hidden “message” to Chávez, and not such a blessing of his regime.

In the meanwhile, the model of the native Caesar Chávez is slowly spreading, within and outside Venezuela.

# Teddy Goldsmith Deploys Terrorists in ‘Anti-Globalization’ Drive

by Scott Thompson

On April 20-22 an estimated 30,000 terrorists, proto-terrorists, and their broader support networks will converge on Quebec City, to try to stop the Summit of the Americas, at which the heads of state of all Western Hemisphere countries (except Cuba) will be attempting to hammer out a Free Trade Agreement of the Americas. The FTAA represents a vast extension of the North American Free Trade Agreement (NAFTA), through which the physical economies of the United States, Mexico, and Canada have been looted by the globalist financier oligarchy. There is every possibility that security forces may be overwhelmed, not only in Quebec City, but also along the U.S. borders with Canada and Mexico. The potential exists for even more chaos and violence than that which shut down the Nov. 29-Dec. 3, 1999 Ministerial Conference of the World Trade Organization (WTO) in Seattle, Washington.

The demonstrators say they are protesting against “globalization,” but the real agenda of the gamemasters who are pulling the strings of these Jacobin mobs, is something quite different. As *EIR*’s Lyndon H. LaRouche, Jr. has emphasized, the godfather of the “anti-globalist” countergangs is Theodore Goldsmith, the London-based brother of the late “green billionaire” Sir James Goldsmith. Teddy Goldsmith, who holds dual British and French citizenship, is today’s equivalent of the British Foreign Office’s controller of the French Jacobin Terror, Jeremy Bentham. Quite consciously, Goldsmith’s intent, and that of the Anglo-American establishment faction which he serves, is not to stop the genocidal process of “globalization,” but rather, to direct those opposed to it, who might otherwise follow LaRouche’s leadership in combatting it effectively, into a mindless rabble, to destroy the institutions of the sovereign nation-state.

In an interview with a Washington, D.C.-based journalist, Goldsmith made clear what he has in store for the United States, for example. Asked what might happen if the U.S. economy were to continue its “hard landing,” Goldsmith said: “Well, I think eventually America will have to break up. America is not a country, it’s a continent. And, of course it’s going to break up.” In short, Teddy Goldsmith seeks to do what the British, with their Boston bluebloods, Wall Street financiers, and the Southern slavocracy, failed to do during the American Civil War.

## Global Terror Alert

Had it not been for the lessons learned from the Seattle riots, law enforcement and intelligence services would likely have been overwhelmed, when the so-called A16 coalition forces gathered in Washington, D.C. in April 2000, to attempt to disrupt the annual meeting of the International Monetary Fund and World Bank. As the Canadian Security Intelligence Service states in its Aug. 22, 2000 report, "Anti-Globalization—A Spreading Phenomenon," despite the "shock and surprise" at the disruption of the WTO meeting, there had already been the precedent of J18, the name given to the proto-terrorist actions against the June 18, 1999 Group of Eight (G-8) summit in Cologne, Germany, which saw Europe-wide "direct action" that was particularly ferocious in Britain, where £1 million of damage was caused.

What is especially ominous now, is the growing alliance of the proto-terrorist protest groups, with hard-core terrorist organizations such as the EZLN ("Zapatistas") of Mexico or the narco-terrorist Revolutionary Armed Forces of Colombia (FARC), and the emergence of the "New Red Brigades" in Italy. For example, the international calendar of events for the so-called A20 coalition against the Summit of the Americas actually began with the Feb. 25-March 11, 2001 march of the EZLN on Mexico City. (See "EZLN Coup in Mexico Sets Stage for Dismembering Ibero-America," *EIR*, April 13, 2001.)

The daily *Il Mattino* in Naples, Italy, reported that Italian security authorities are worried by the reference in a terrorist document put out by the Nucleus of a Revolutionary Armed Initiative (NIRP), which claimed credit for the April 8, 2001 bombing of a building in Rome. The group dedicated their terrorist act to the Genoa members of the Red Brigades who were killed by anti-terrorist forces in the 1980s, and the NIRP has called for the "anti-globalizers" to "revolt and pick up weapons." Police spokesmen, and also the leader of the PDS party, Walter Veltroni, warned that the Rome bombing could be the beginning of an offensive against the G-8 heads of state summit, which will take place in Genoa on July 20-21.

As we shall show, the Goldsmith brothers not only intersect the "proto-terrorist" mobilizations since J18 in Europe, but they have been in contact with hard-core terrorist organizations such as the EZLN and FARC. Also, longtime Goldsmith family friend, Wall Street financial adviser John Train, who played a key role in the railroading of LaRouche to prison, has ties with Sir James in creating the Afghansi terrorist networks that have wreaked havoc internationally.

The ultimate irony is that President George W. Bush may face a Jacobin disruption of the United States (thanks to the activities of the Goldsmiths), that his dear old Dad helped to bring into existence. Sir James had worked closely with Vice-President George Herbert Walker Bush as a member of the board of the Public Diplomacy section of Project Democracy. Under Executive Order 12333, the Vice President was placed in charge of an army of public-private intelligence networks,

and became the director of every covert operation from Iran-Contra (including a drugs-for-guns network that introduced crack cocaine into the United States) to support for the anti-Soviet Afghan mujahideen.

## How Big a Disruption?

On its website ([www.A20.org](http://www.A20.org)), the A20 coalition states that it plans to hold at least 90 affiliated events in 75 cities, mostly in the United States, in addition to the Quebec City operations.

One major focus will be to close key points on the U.S. borders with Canada and Mexico. On both sides of the "Peace Bridge" crossing from Niagara Falls, New York to Canada, there will be demonstrations. Also, in Detroit, a march that has some support from the United Auto Workers (UAW), will seek to impede traffic in the tunnel to Windsor, Canada by leafletting, and so forth. The AFL-CIO, at the urging of President John Sweeney, has posted on its website support for actions against the Quebec City summit, as an "anti-NAFTA" protest. Trade unionists, ignorant of the oligarchical strategy behind the protests, have been active, side-by-side with proto-terrorists, since Seattle.

And, on the U.S. border with Mexico, proto-terrorist demonstrations are planned to hit several points. A caravan is travelling from Cleveland, Ohio to Columbus, New Mexico, to protest militarization of the border. California plans a Tijuana-San Diego joint operation on the border ("for justice without borders"). And, A20 has extended an invitation to the terrorist EZLN to attend events in Baja California, as well as asking them to write a public declaration in support of the border events.

Australia is another hotspot. In Melbourne, a group plans to wall in the Canadian consulate with cardboard boxes and a demonstration, while in Sydney, an effort will be made to blockade the Australian Stock Exchange and several major corporate headquarters. Support actions can also be expected in Europe.

As the *Washington Post* reported on April 13, both the demonstrators and law enforcement and intelligence services have been preparing for this confrontation for months, and security services are prepared to put up stiff resistance.

Border guards are trying to identify and turn back terrorists and their supporters at the border. The Canadian federal government may declare Quebec City a militarized zone, which would give police extraordinary powers. Security officials have also built a chain-link fence and car-proof wall four miles long around Quebec City's already fortified old city, to keep the estimated 30,000 protesters away from the heads of state. And, Canadian officials state that 6,500 police and 3,000 troops are on standby. Quebec's Provincial Minister of Public Security, Serge Menard, has said that Quebec's strategy is, "Prepare for war to have peace."

The April 20-22 Summit of the Americas coincides with some foreboding anniversaries. On April 19, 1993, the Branch

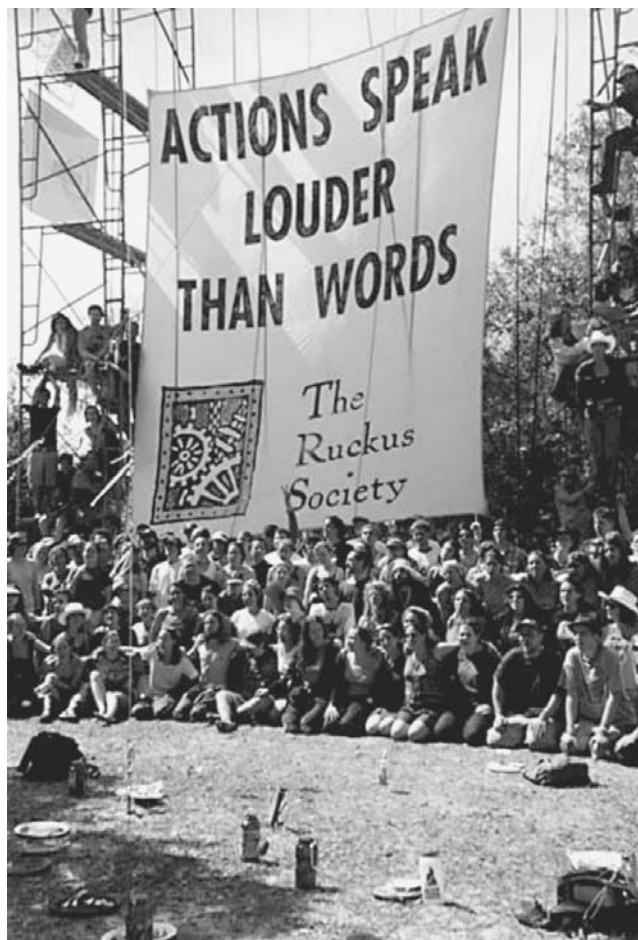
Davidians were killed in a blazing inferno at their Waco, Texas compound, and two years later on the same date, the Oklahoma City bombing took place, killing 168 people in the Alfred P. Murrah Federal Building. Also, April 22 is Earth Day, which is sacred to many of the proto-terrorist environmentalist crazies.

With this in mind, it is significant that the Canadian CSIS (comparable to the U.S. Federal Bureau of Investigation, and under direction of Canada's Solicitor General) reports: "One relatively small but vocal and violent protest element is the militant anarchist faction, often identified as the *Black Bloc*. Considered to be exponents of a virtually defunct philosophy, anarchists received a filip for their cause in 1995 when the Unabomber's political manifesto was published."

The Black Bloc, according to CSIS, has been part of all the demonstrations since the Seattle WTO shutdown, and the movement, which is centered largely in Europe, has grown rapidly in the United States and Canada. Using tree huggers and nursing mothers as their skills, members of the Black Bloc, together with other more militant organizers, according to CSIS, are part of a *mélange* of "extremists—often anarchists, animal rights supporters, or environmentalists," who "indulge in such violent actions as smashing windows, setting fires, or trashing shops and fast-food outlets," not to mention "direct action" with molotov cocktails and other devices against security forces. These were the people in black ski masks in Seattle, who would strike against police, then melt away into the crowd, changing their clothes to hide their identities.

Again, from the CSIS report, the member organizations of the Black Bloc include: The Third Position, which combines both left- and right-wing members; the Anarchist News Agency; the Black Army Faction; and the Anarchist Action Collective. The CSIS continues: "Individuals identified with the *Black Bloc* were believed responsible for much of the violence in Seattle and, to a lesser extent, in Washington. The *Black Bloc* is a loosely organized cluster of anarchist affinity groups and individuals estimated in North America to number a few hundred, who come together to participate in protests and demonstrations." According to CSIS, the organization known as The Third Position, which was originally based in Europe, has been especially successful in recruiting in the United States.

The report also names one of the groups covered extensively by *EIR*, the Berkeley, California-based Ruckus Society, as well as its Canadian offshoot, Co-Motion Action, as having devised new tactics and technology for these "anti-globalist" actions. It was Ruckus, whose founders are from the Greenpeace radical environmentalist organization, that innovated affinity group leadership, so that terrorist actions could continue without central authority figures who could be arrested. Also, at training camps throughout the United States and Canada since 1995, Ruckus has created a cadre group that is trained in boot camp fashion, to rapel up walls,



*Goldsmith's Ruckus Society organized ecological terrorist outbursts in Seattle, In December 1999 and Washington, D.C. in April 2000.*

use kerosene or vinegar-soaked rags to counter tear gas or pepper spray, use ball bearings to cripple police on horseback, and to coordinate with one another, through encrypted messages on cellular phones and by e-mail, as well as using bicycles for reconnaissance—all so that mobile groups can strike where the security forces least expect them. As a result, CSIS warns that communications must be monitored and decrypted, while security forces themselves become more mobile.

### **Teddy Goldsmith, Terrorist Controller**

Teddy Goldsmith is the founder and chief editor of *The Ecologist*, which promotes the so-called Gaia ("Mother Earth" goddess) hypothesis. He paid for Jacobin proto-terrorists to go to Seattle, and himself travelled to Washington, D.C. to address the mobs during the IMF-World Bank annual meeting last year. In this capacity, he worked through the International Forum on Globalization, of which he is a board member and chief funder, through the Goldsmith Foundation established with his brother James. After the IFG met at Gold-

smith's Siena, Italy villa, it issued a "Siena Declaration,"<sup>1</sup> which, while echoing the call for a "New Bretton Woods" in a full-page ad in the *New York Times* on Nov. 20, 1998, made it clear that their proposal had nothing to do with Lyndon LaRouche's famous call for a reorganization of the bankrupt global monetary system. The ad made the scurrilous claim that the problems with the IMF and World Bank had originated with President Franklin Delano Roosevelt—although in fact, it was Roosevelt's untimely death which allowed the Bretton Woods institutions to be transformed into instruments for oligarchical looting of that formerly colonial sector which Roosevelt had hoped to wrest from the financial control of the British and other colonial powers.

During the World Economic Forum at Davos, Switzerland on Jan. 25-30, 2001, the U.S.-based IFG sent three speakers to the World Social Forum (WSF) in Pôrto Alegre, Brazil, at precisely the moment that the Brazilian branch of Prince Philip's World Wide Fund for Nature brought suit against LaRouche's associates for attacking this genocidal organization. "Subcommander Marcos" of the EZLN has been invited to next year's meeting of the WSF, which Teddy Goldsmith praised in an interview with a Washington-based journalist: "Well, they were working out, how do you create a society

1. See "Eco-Fascists Promote Fake New Bretton Woods," *EIR*, Dec. 18, 1998, for an analysis of the IFG's operation.

that will try to do the opposite of the people at Davos. That's what they were trying to do. They called it the Social Summit. The social, as opposed to the economic one." The invitation of a top terrorist gives an indication of what kind of Brave New World Teddy Goldsmith and his Jacobin followers are building.

Goldsmith is a high-level intelligence functionary, who knows that with the global economic collapse, it will be essential to channel the rage of those who are impoverished. As he told the journalist, "anti-globalization" action is "all over the place now. There's one at the G-7/G-8 meeting. There are going to be demonstrations there, and, around the world, this is only the beginning. The demonstrations are going to get bigger and bigger. The opposition to the global economy is going to increase massively, because all people have to do is to know about it. If they knew what was in it, they would explode." What Goldsmith wants, is to channel the genuine fight against globalization into an international social explosion of the sort that would lead to dictatorial suppression.

### The Goldsmiths and John Train

The Goldsmith brothers have been friends of Wall Street financier and spook John Train since the 1950s, when they worked as a virtual commune together to publish the *Paris Review*. This magazine promoted psychedelics, through the writings of Aldous Huxley, as well as promoting the "poetry" of such associates of British triple agent H.A.R. "Kim"

Spender.

Teddy Goldsmith's wife at the time, Gillian Marion Pretty, was Train's editorial assistant at *Paris Review*. Also, working with this avant garde clique was Prince Sadruddin Aga Khan, who would become a founding member of the elite 1001 Club, which Prince Philip co-founded with former Nazi SS intelligence officer Prince Bernhard of the Netherlands, to fund the World Wildlife Fund.

John Train, with Sir James Goldsmith, worked with the Public Diplomacy section of the U.S. "Project Democracy" intelligence apparatus that was created under Executive Order 12333, by the Reagan-Bush Administration.

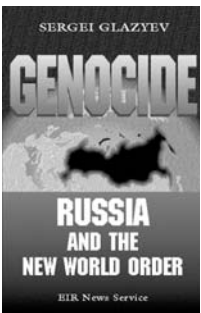
During a series of salon meetings hosted by Train under the auspices of Public Diplomacy, between 1982 and 1984, Train set into motion a campaign to discredit Lyndon LaRouche—a process that accelerated until the 1988-89 railroading of LaRouche and six associates in the Alexandria, Virginia Federal court infamously known as the "rocket docket."

It was Train who, with the assistance of Sir James, ran the Afghanistan Foundation, under the aegis of EO 12333—an organization that supplied the Afghansi, who, today, are among the world's leading terrorists. It is groups such as this that are now being folded into the proto-terrorist "anti-globalization" movement of which Teddy Goldsmith is the chief intellectual godfather and moneybags.

# GENOCIDE


## RUSSIA AND THE NEW WORLD ORDER

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# Sharon Attacks Syrian Positions, as War Nears

by Dean Andromidas

Despite a slap on the wrist by U.S. Secretary of State Colin Powell, Israeli Prime Minister Ariel Sharon's war plan continues in high gear. By ordering the April 16 bombing of Syrian radar positions in Lebanon, Sharon indicated his intent to attack Syria directly, thus spreading the conflict into a much wider war.

Within hours of acceding to Powell's demands to pull Israeli troops out from Palestinian-controlled areas in Gaza, the Israeli military launched another "surgical" operation, this time against a Palestinian police post a few meters from the Egyptian border. Sharon also signalled his intent to launch a religious war, meeting with his security officials on reopening to "tourists" the Al Haram Al Sharif/Temple Mount, which has been closed since Sharon touched off riots last September, by visiting the area, where mosques are among Islam's most holy sites. Since tourism has collapsed by more than 90%, the only people interested in touring the site, believed to be the site of Solomon's Temple, are Jewish extremists and Christian fundamentalists.

Powell's expression of displeasure with Sharon in no way signals a change in U.S. policy, which has been to support Sharon. Quite the contrary, no sooner did Powell voice his dismay, than President George W. Bush talked to Sharon by a telephone, reassuring him of continued U.S. support for Israel.

As long as Sharon is in power, a Middle East war is inevitable, and Washington has made no sign of dropping its support. As of now, U.S. Middle East policy is programmed to lead to a wider war. On the one hand, there are the right-wing Zionist extremists and the Christian fundamentalists, Bush's political base, who are giving their full support to Sharon as a means of achieving religious redemption by bringing on Armageddon. On the other hand, there are the geopoliticians, who were the architects of the Iran-Iraq War of the 1980s and of former President Bush's 1991 Gulf War against Iraq, who are trying to rebuild the "Allied Coalition" against Iraq. Both policies will lead to religious war throughout the Middle East-Central Asian region, on the model of Europe's Thirty Years War.

Even though Powell has done little to curb Sharon's excesses, he himself has become a target of attack, and rumors abound about his imminent resignation. A commentary in the April 19 London *Daily Telegraph*, the flagship of the media empire of Bush-allied Conrad Black, denounced Powell as

being "anything but a friend of Israel" and "out of step with the fundamental ethos of the Bush Administration." The commentary warned that Powell's policies are dangerous for Israel at a time when "Sharon is preparing for a war to defend Israel against Palestinian violence sponsored by Mr. Arafat and Hizbollah attacks sponsored by Syria."

## Sharon on Peace Agreements: 'Never'

Sharon declared his intent never to sign peace agreements with his Arab neighbors, in interviews only days before ordering Israeli jet fighters to bomb Lebanon and ordering tanks into Gaza. In an interview with the April 13 Israeli daily *Ha'aretz*, he stated that he would give the Palestinians only 42% of the West Bank (which is the area they now control), and would never dismantle any Jewish settlements in any of the Occupied Territories. When asked whether he would give up the Golan Heights in return for peace with Syria, he said, "No. We cannot leave the Golan Heights." Sharon declared that the Israeli occupation of the Golan puts Israel within reach of the outskirts of Damascus, the Syrian capital. "If we do not sit across from the outskirts of Damascus, I cannot conceive that the border with the Syrians will be quiet."

Such a position is obviously totally unacceptable to the Syrians, the Palestinians, and the rest of the Arab world. Sharon told his interviewer that he is not interested in peace agreements with Arab states, because he believes that "from the strategic point of view, I think that in another 10 or 15 years, the Arab world will have less ability to strike at Israel than it has today."

This interview should have sent alarm bells throughout the world's capitals, particularly Washington. In the interview, Sharon declared United Nations Resolution 242, which calls for Israel to exchange captured land for peace, null and void. Yet, in signing the Oslo Accords, Israel accepted that resolution. Furthermore, 242 is suppose to be the cornerstone of U.S. Middle East policy, yet Washington is silent. Despite the fact that this is also contrary to the coalition agreement Sharon signed with the Labor Party in order to frame a "unity" government, Foreign Minister Shimon Peres made no attempt to distance Israeli policy from Sharon's comments.

Washington's stony silence can only be seen as encouragement of Sharon. This was the view of Palestinian Authority Information Minister Yasser Abed Rabbo, who said, "The United States . . . , through its policy of not frankly telling the Israeli government to stop its crimes and violations, is aiding indirectly the government of Ariel Sharon to continue its crimes against our people."

## War with Syria

Make no mistake, the rocket attack against Israel along its northern border by the Lebanese guerrilla movement Hizbollah, was just a pretext for Israel's attack on a Syrian radar base. With this attack, Sharon has signalled his intent



*With Israeli Prime Minister Ariel Sharon becoming bolder in his war provocations, Secretary of State Colin Powell may wish he was back as chairman of the Joint Chiefs of Staff. Above, with then Defense Secretary Richard Cheney.*

to attack Syria itself.

The Israeli attack on Syrian forces in Lebanon was the first since the Israeli invasion of Lebanon in 1982, when Israel bombed the entire Lebanese air defense system which was built and manned by the Syrian Army. The architect of the 1982 Lebanese war was Sharon, who held the post of Defense Minister, and earned the title “Butcher of Lebanon.” It is less well known that Sharon’s intent in 1982 was not a “surgical strike” to secure Israel’s northern border, but to attack Damascus, lying only 60 miles from the Lebanese border. In 1982, Sharon apparently did not get a U.S. green light for such an attack; nonetheless, it was not until Sharon was forced out of the Israeli government in 1983, that the danger of a wider war against Syria began to subside.

But, in 2001, the Bush Administration gave Sharon full backing for his attack on the Syrian positions, thus accepting Sharon’s view that Syria, not the Hizbollah, is the real enemy. According to senior Israeli intelligence sources, if Syria becomes the target of further attacks, not only Iran, which is one of Syria’s strategic allies, but Saudi Arabia, as well as the rest of the Arab world, will come to Syria’s defense.

### **The Jordanian-Egyptian Initiative**

The Israeli attack occurred within hours of the arrival of Jordanian Foreign Minister Abdulilah Khatib, who came with an Egyptian-Jordanian initiative, which had the support of the Palestinians and the recent Arab summit, and had also been presented to Powell by Egyptian President Hosni Mubarak and Jordanian King Abdullah.

On his arrival in Israel, Khatib declared that his visit was “a mission of peace,” an effort to lift the Israeli economic and military siege of the Palestinians, “to end confrontation, to create the right conditions that will allow Israel and the Palestinians to get back to the negotiating table to continue their

efforts for a comprehensive settlement that would guarantee the national rights and independence of the Palestinian people, establish an independent state in the Palestinian territories, and provide security for the Israeli people.”

Sharon rejected the proposal, and within hours of the Jordanian Foreign Minister’s departure, he launched “Operation Hot Pastel Colors” into Palestinian-controlled territory in the Gaza Strip. The official reason for the attack was the alleged targeting of Israeli settlements with home-made mortars by the Hamas Palestinian militants. But, this, too, was simply a pretext. After six hours of bombardment by Israeli gunboats, helicopter gunships, tanks, and rocket launchers, Israeli troops, backed by tanks and armored personnel carriers, set up positions inside the Gaza Strip. Contrary to statements by Israeli government spokesmen that it was a 24-hour operation to stop Palestinian attacks, Brig. Gen. Yair Naveh,

three hours before Israel acceded to Powell’s demands, gave a press conference in which he declared that Israeli troops would remain in their positions for “days, weeks, and even months,” and indicated that other operations were to follow. While he spoke, Israeli bulldozers levelled Palestinian homes and olive orchards, and Israeli soldiers erected fortifications. In addition, the Israelis cut the Gaza Strip into three sectors, making it impossible for the Palestinian population of 1.2 million people to travel from one sector to another, thus turning the Gaza Strip, which is only 27 miles long and three miles wide, into three Warsaw Ghetto-like entities.

Only after a massive international outcry from Western Europe, Russia, and the Arab world, did Powell demand that the Israeli troops pull out. Nonetheless, in his statement, Powell accused the Palestinians of provoking the attack, while declaring that the Israeli “response was excessive and disproportionate.” Although Sharon reluctantly complied, another Israeli attack occurred within hours of the withdrawal, this time against a Palestinian police station near the Refah border crossing with Egypt. Although no new territory was occupied by the Israelis, it clearly signalled that Israeli “excessive” military operations are not ebbing.

“Operation Hot Pastel Colors” also showed that Sharon is prepared to threaten Egypt’s interests as well. Within hours of launching the operation, President Mubarak appeared on Egyptian television, warning, “I’m telling him [Sharon]: Stop, stop. Do not go beyond the limit of what is acceptable. . . . This policy will lead to nothing, it will have terrible repercussions; and if they believe they are going to halt the violence this way, the violence will increase everywhere.”

Mubarak’s statement came after he had met Palestinian Authority President Yasser Arafat. Arafat called the Israeli actions an “unforgivable crime.”



# Indian Planners Look At U.S. Economic Meltdown

by Ramtanu Maitra

On March 22, India's Planning Commission invited the Schiller Institute to present a seminar on the present global economic crisis and its likely future. The seminar was part of an ongoing process for the preparation of the draft paper for India's Tenth Five-Year Plan, which will go into effect in 2002.

The organization of the seminar by the Schiller Institute, represented both India's aroused concern over the breakdown taking place in the U.S. economy in particular, and the great interest among Indian economic policy circles in Lyndon LaRouche's forecasts and policies. LaRouche has recently given major presentations on the U.S. collapse and its implications, to diplomats and German economic institutes' representatives in Berlin, and to representatives of seven African nations in Khartoum, Sudan. In addition, the Russian State Duma's (lower house of Parliament) economic institute invited Jonathan Tennenbaum of the Schiller Institute to Moscow in early March, for a presentation based on LaRouche's known and vindicated forecast on the United States' current crisis.

However, the reaction of the Indian government participants, showed a continuing tendency to believe in the powers of the likes of Federal Reserve Chairman Alan Greenspan to control the so-called "hard landing." Greenspan has, in fact, "lost it," and become an irrelevancy to the accelerating decline in the United States. But Indian officials, because of the continuing (up to now) large inflows of net capital to the United States, believe that *some* U.S. Administration figures will still come up with a way to control the crisis.

## Whither the United States?

The seminar was organized by the Planning Commission, Government of India, under the aegis of Dr. S.P. Gupta, of that Commission. The seminar was attended by Planning Commission members and staff, along with the former Director and Chief Economist, Asian Development Bank, Dr. Satish C. Jha, and Dr. Charan Wadhwa and Dr. B.B. Bhattacharya, two noted economists in India.

Michael Liebig, for the Schiller Institute in Germany, and this author made the seminar presentations. Liebig's presentation, on "The Demise of the U.S. as the Importer of Last Resort," was the primary focus of the discussion which followed, and for subsequent informal discussions. The responses from the Indian side could be characterized, broadly,

under the following headings:

- While the figures and data presented by Liebig were correct and extremely useful for evaluating the whole picture, the Indian Planning Commission participants did not agree with the conclusion drawn from them. The vast economy of the United States has checks and balances, they indicated, and Liebig's conclusion is based on macroeconomic factors without taking into account the microstabilizing factors that guide the U.S. economy, particularly during the time of crisis. New Delhi had foreseen a collapse of the U.S. economy on a number of occasions, but has realized that the U.S. institutions are capable of shifting gears quickly. However, the Indian side admitted that the problems now are definitely more acute because of the effect of globalization on the world economy.

- The Indian hosts of the seminar agreed with the Schiller Institute on the issue of the Bush Administration adopting a re-armament policy—including the attempt to develop anti-missile defenses. But they indicated that they believe that it would require building up U.S. economic infrastructure significantly. As a result, they believe, the United States will manage its unemployment problem by putting people to work, at lower wages associated with infrastructure development, in order to prepare for and support a new arms buildup.

- The view of the participants was, that while the United States has distorted its economy vastly by creating the huge bubble of asset inflation, indebtedness, and speculation in "new economy" forms of debt, Europe and Japan, among others, have contributed to that process immensely. They were of the view that while these developed nations will be able to tide over the recession, by keeping interest rates high and utilizing the inflowing dollars for creating lower-wage jobs, the developing nations, particularly those which depend upon high consumer spending in the United States and plan their economic development on foreign direct investment, will suffer more.

According to them, the foreign direct investment in the Third World countries, particularly in Asia, will dry up fast and the investors will keep investing in the United States bubble for at least a year or more.

- The participants also wanted to know what measures Europe, and Germany in particular, is adopting in order to tide over the "global economic recession" they see in progress.

The consensus is, that for the Tenth Five-Year Plan, India will have to adopt measures which will help it avoid derailing its planned development because of the recession. The measures suggested by the Indian Planning Commission members included developing bilateral economic relations, signing regional trade pacts, and not expecting availability of large sums of foreign direct investment for implementation of infrastructure projects.

The Schiller Institute representatives countered that only a New Bretton Woods agreement could shelve the vast debt bubbles and organize an international recovery.

# India and Iran Are Strengthening Their 'Civilizational' Ties

by Ramtanu Maitra

Indian Prime Minister Atal Behari Vajpayee's April 10-13 trip to Iran has been described in Tehran as the "virtual manifestation of a timely strategic handshake between two ancient civilizations."

Referring to various commonalities between India and Iran, and stressing that the time has come to reinvigorate bilateral relations in areas including energy, education, culture, science and technology, economy and commerce, agriculture and industry, the Indian Prime Minister addressed the Islamic Consultative Assembly, also known as the Majlis, in Tehran. "I come to your country to renew the strong civilizational links between India and Iran," said Vajpayee. "In our two countries, language and literature, art and architecture, philosophical and cultural traits, all bear the enduring stamp of this continuing dialogue and interaction."

The Indian Prime Minister and Iranian President Seyyed Mohammad Khatami discussed in depth the troubles and turmoils that have brought the region to the brink of potential disaster. Expressing great concern about terrorism and instability in Afghanistan, and agreeing to develop regional cooperation in the continent, especially among the Indian Ocean Rim countries, both sides called for fostering bilateral, multi-lateral, regional, and international cooperation to establish peace in Asia.

On April 10, the first day of Vajpayee's visit, the two sides signed seven agreements, including the Tehran Declaration on energy, water, trade, and science.

## 'Strategic Ties'

The key issues under focus during the trip were what were described by the Iranian diplomats as "strategic ties." These included:

- Establishing a North-South trade corridor which would link India and Iran to Russia and the Caucasus. Indian goods are already arriving from India's west coast by sea to the Iranian port of Bandar Abbas for consumption within Iran. In the near future, the goods will be transported by rail to the Iranian Caspian Sea ports and onward.

India-Iran trade is now close to \$1.2 billion annually, with Iran being the major beneficiary of the trade so far. New Delhi, however, expects the North-South corridor will not only enhance India-Iran trade significantly in the coming years, but it

would open up new dimensions to India's trade and economic linkage to Central Asia and Russia.

- Setting up a multibillion-dollar pipeline to transport natural gas from Iran to India. After Russia, Iran has the second-largest gas reserves in the world, estimated at 23 trillion cubic meters. One of the important features of the Iranian gas is that about two-thirds of it is non-associated gas (recoverable without joint production with oil). About half of the gas reserves have been discovered as a result of extensive exploration after the Islamic Revolution of 1979.

A Joint Committee has been set up by India and Iran to evaluate and publish a definite set of proposals. India's leading private petroleum company, the Reliance Group, has set up a major refinery at Jamnagar on the India-Pakistan border in anticipation of the pipeline coming through Pakistan overland. Security through Pakistani territory, where extremist and terrorist groups operate, is the major issue.

Former U.S. President William J. Clinton, who was recently in India, has met with the owner of the Reliance Group and has reportedly expressed keen interest in the pipeline project. During his trip to Iran, Vajpayee made it clear that it is his intent to forge an energy tie-up with Iran. "Iran is willing to sell its gas, and we are willing to buy," he said.

- Building Indo-Iranian cooperation to contain the spread of the Afghani Taliban's influence in the region. Iran, inhabited by the Shia Muslims, had always felt threatened by the orthodox brand of Sunni fundamentalism preached by the Taliban regime in Afghanistan.

## The Taliban: A Problem in Common

The rise of the Taliban in Afghanistan in recent years has drawn India and Iran closer in their assessment of the new threats to regional security. If Iran is worried by Kabul's role in drug trafficking and its harsh treatment of the Shia minority, India has made no secret of its antipathy toward the Pakistan-Afghanistan nexus in the so-called Kashmir *jihad*. Neither India nor Iran recognized the administration of the Taliban militia, which swept through Afghanistan in 1996 and ousted the government of President Burhanuddin Rabbani. Both countries are now backing the anti-Taliban forces represented by Rabbani's government-in-exile.

The Indo-Iranian call for a global mechanism to combat

international terrorism unleashed by the Taliban did not go down well either in Islamabad or Kabul. The Taliban reacted angrily to the Indian Prime Minister's speech at the Majlis, where he said that the Taliban pose a threat to the region.

Pakistan's Foreign Minister Abdul Sattar also reacted to the Iranian suggestion that Pakistan should work with India and Iran to resolve the Afghan issue. Foreign Minister Sattar said: "The world community has identified eight countries which have to play a role in bringing peace to Afghanistan and India is not among them." What Sattar was referring to is the UN-established "six-plus-two" group of nations which should try and broker an end to the two decades of war in Afghanistan. The six countries are: Pakistan, Iran, China, Turkmenistan, Tajikistan, and Uzbekistan. The two are the United States and Russia.

Importantly, however, the Indo-Iranian concern about Afghanistan got endorsement from Beijing. Foreign Ministry spokeswoman Zhang Qiyue told reporters on April 15 that "China welcomes and supports all the efforts that are conducive to peaceful resolution of the Afghanistan issue."

## Historic Connections

The Indo-Iranian ties are historic in nature, though they waxed and waned throughout the Cold War. Then-President Hashemi Rafsanjani of Iran had visited India in April 1995, and a wide range of discussions had taken place during his visit. It is he who had emphasized the need for strategic cooperation to ward off outside domination in the South Asian and Persian Gulf region. He also underlined the significance of cooperation among Iran, Pakistan, India, and China, to forestall any pretext by hostile foreign forces to interfere in the region.

Then-Iranian Foreign Minister Ali Akbar Velayati visited India in January 1996 for bilateral discussions on various political and economic issues. In October 1996, then-Indian Vice President (now President) K.R. Narayanan visited Iran, and the Iranian Majlis speaker Nateq Nouri visited India in November 1996. During Nouri's visit, an agreement on the formation of a Joint Business Council (JBC) was signed. The election of Mohammad Khatami as President in 1997, and the appointment of Kamal Kharrazi as Iran's new foreign minister opened up the possibility for more fruitful Indo-Iranian ties.

As part of India's new diplomatic thrust in the Islamic world, External Affairs Minister Jaswant Singh visited Iran in May 2000. The formal reason for his trip was to attend the 11th meeting of the Indo-Iranian Joint Commission that dealt with bilateral cooperation on a range of issues. These issues covered agriculture, science and technology, industry, communications, transport, energy, and trade. Singh's overtures to the Islamic world in general, and Iran in particular, are part of India's well-formulated national security strategy.

The Indo-Iranian equation is a significant evolving factor affecting regional politics in South and West Asia. In reality,

this brings to the fore a more exciting aspect of India's current foreign policy conducted by the Vajpayee government.

## Broader Security Issues

Over the years, India's relationship with West Asia, and all the Islamic nations in general, had hinged on the Israel-Palestine issue, and India's requirements for oil from that region. Another reason for maintaining friendly relations with West Asia was to soften the impact of Pakistan's anti-India campaign on India's vast Muslim population.

Under Prime Minister Vajpayee, the policy has shifted and widened. India has developed close defense and economic ties with Israel. India is now in the process of developing closer bilateral ties with Turkey. Prime Minister Vajpayee's visit to Iran, and External Affairs Minister Jaswant Singh's visit to Saudi Arabia earlier this year, indicate that India is keen to strengthen its ties with major Islamic nations—representing Turkic, Arab, and Persian ethnic groups—without compromising its relations with Israel or the West. Indian Home Minister L.K. Advani, a staunch advocate of Israeli friendship, will be visiting Turkey soon, news reports indicate.

The strategy of the Vajpayee Administration is now to tie strong knots with West Asia, offering India's infrastructure development capability and its advancement in science and technology, as the barter for energy (oil and gas) and security. This is the reason why Prime Minister Vajpayee announced, while he was in Iran, a credit of \$200 million to help Iran's developmental plan and to shore up its infrastructure development in particular.

In essence, the idea that New Delhi is pursuing is no longer to isolate a Pakistan supported by Turkey, Saudi Arabia, and Iran. What New Delhi is seeking is an "extended security" for India. New Delhi has realized that most Islamic nations, if not all of them, are worried about the rise of extremism in the form of Islamic *jihad*. Used by the Western nations in 1980s to drive back the "godless" Soviets from Afghanistan, the believers who were brought into Afghanistan, and trained with deadly weapons, now threaten all the Islamic nations from the southern tip of the Gulf to the borders of Russia. New Delhi, by providing support to the West Asian nations, expects that it will help India to resolve the Kashmir conflict. It is widely acknowledged, as was evident from Iranian religious leader Seyed Ali Khamenei's discussions with Vajpayee, that the Kashmiri extremists are a part of the same terrorist nexus that has destabilized Afghanistan.

The Central Asian region had been a captive market for Indian products. A significant share of Indian goods exported to the erstwhile Soviet Union earlier was used in the Central Asian Republics. Additionally, New Delhi is aware that India could play an important role in developing the technical infrastructure in all the Central Asian countries. Iran, for its part, could provide the Central Asian countries the necessary infrastructure support to promote their external trade.

# Saudi Arabia, Iran Sign Security Accord

by Muriel Mirak-Weissbach

Saudi Arabia and the Islamic Republic of Iran signed a landmark security agreement on April 17, which constitutes an important step toward establishing independent regional security. The document was signed in Tehran, by Saudi Interior Minister Prince Nayef Ibn Abd al-Aziz and Iranian Interior Minister Abdolvahed Mousavi Lari.

The mere presence of the Saudi minister was significant, because it was the first time in 22 years that an interior minister had visited the Islamic Republic. Relations between the two countries had been broken in 1988, after Iranian pilgrims to Mecca clashed with Saudi police during an anti-U.S. protest, which left 400 dead. Ties were resumed in 1991, and in 1999, Iranian President Seyyed Mohammed Khatami visited Riyadh, the Saudi capital.

The security accord, which has been worked out over the past year and a half, identifies "measures to combat organized crime, forgery of state documents, economic crimes, smuggling of goods, arms, and cultural heritage, as well as exchange of information on security issues and police cooperation," according to Iranian Deputy Interior Minister Gholamhossein Bolandian. The agreement provides for cooperation in the campaign against drug trafficking, providing nationals of both countries with security, and surveillance of borders and territorial waters.

Although the agreement "has no military dimension," as Prince Nayef stated in January, it has obvious military-strategic implications. Nayef stated that the two countries have rejected the notion that Iraq poses a threat to Kuwait. This is extremely important, as the presence of U.S. and U.K. military forces in the Persian Gulf has been justified in Washington and London by the alleged Iraqi threat.

The central issue is, in fact, whether the United States, U.K., or any other non-regional force, has the right to maintain a military presence there. Iran, which has the strongest military in the region, has sought security agreements with Arab states, as an alternative to the presence of the United States and Britain. As President Khatami has stated in the past, "The idea that the big states and Arab states of the region would need others to guarantee their security is annoying and hard to digest. We can, through all-out cooperation, guarantee [the] security of the region; we are confident that our security would be possible through security of our brothers and neighbors in the region."

Iran's view was explicitly endorsed by Saudi Defense Minister Prince Sultan Ibn Abd al-Aziz, during a visit to Tehran last year. It is this convergence which has led to the signing of the pact. Iranian Minister Lari told the press on April 15, that "Tehran maintains that Iran-Saudi security cooperation is a paragon of cooperation for the whole region," and added that he hoped Iran would sign similar pacts with other Arab states.

The fact that Iran, officially still a "rogue state" in the U.S. State Department annals, and an explicit military target of the Israelis, should seal such an agreement with Saudi Arabia, will throw a monkey-wrench into the geopolitical scenarios of such as the New York Council on Foreign Relations, the Center for Strategic and International Studies, et al. That the Saudi kingdom has found grounds for security cooperation with the first Islamic republic to be established which is Shi'ite, is not without significance, in consolidating the Islamic world. Finally, that the Saudis are Arabs and the Iranians, Persians.

## Benefits for Others

It is no wonder, therefore, that a spate of articles issued upon the news of the security agreement all stressed the fact that it will tend to establish unity among diversity, with benefits for others throughout the world. Thus, for example, Hassan Abutalib, a researcher at the Cairo-based Al Ahram center for strategic studies, said that close cooperation between the two Persian Gulf giants would benefit all Arab and Middle East countries. Valid Arabi, a professor of political science in Lebanon and France, stressed that, given the position of Saudi Arabia in the Persian Gulf and among the Arab states, and given Iran's position in Central Asia, any agreement between the two will benefit all Islamic and Arab countries. Syrian political writer Salih al-Seyyed said that expansion of ties between the two would help strengthen regional cooperation, while Jordanian parliamentarian Khalid al-Tarawna said that it would help establish regional security, as well as enhance economic and trade relations.

While in Iran, Prince Nayef, accompanied by a 130-person delegation, held talks with Iranian President Khatami, Majlis (parliament) Speaker Mehdi Karroubi, Chairman of the state Expediency Council Akbar Hashemi Rafsanjani, and other top officials.

Among the agenda items in these talks, were Afghanistan, Iraq, and the Middle East. Secretary General of Iran's Supreme National Security Council, Hojatolislam Hassan Rowhani, in talks with Prince Nayef, said that the two countries should cooperate in fighting drugs emanating from Afghanistan (whose outlaw Taliban regime is supported by Riyadh). Furthermore, regarding Iraq, Rowhani said, "We favor restoration of stability and security in Iraq through the latter's friendly ties with all regional countries and hope that all problems facing that country will be removed as soon as possible." Prince Nayef, in all his discussions, joined his Iranian guests

in denouncing the aggressive actions of Israeli Prime Minister Ariel Sharon against the Palestinians, and the actions of the Bush Administration, which, “despite the accords already made, has stood by Israel.”

The security arrangement, as mentioned above, has been in negotiation for two years, as an important feature of Khattami’s foreign policy. However, certain disturbing developments, occurring as the pact was finalized, raise questions as to whether other forces, inside Iran and Saudi Arabia, may be seeking to manipulate the alliance in a different direction. These include Iran’s Scud missile attacks on April 18 against positions in Iraq of the Mujaheddin e Khalq (MKO), an Iraqi-based anti-Iranian terrorist organization; and the report that Prince Nayev met with the leader of the Iranian-based anti-Iraqi terrorist organization Supreme Council of the Islamic Revolution in Iraq. SCIRI had just announced its intention to work with the Bush Administration and use U.S. funds to fight the Iraqi government.

## ‘St. Augustine Links Islam and the West’

by Mark Burdman

The Algerian government is promoting the great Christian writer and theologian, St. Augustine, as the basis for a “dialogue of civilizations” between the Islamic and Christian worlds, and as the key to fighting “theocracy” and “fundamentalism,” inside Algeria, and elsewhere.

On April 1-6, there was a conference on the subject of Augustine’s “Africanness and Universality,” reported in an article by Henri Tincq in *Le Monde* of April 18. The conference was held in the two Algerian cities of Algiers and Annaba. There were some 100 historians, archaeologists, and European and Arab theologians, in attendance.

The featured speaker was Algerian President Abdelaziz Bouteflika, who said that he wanted to make Augustine the symbol of a “new Algeria.” This “new Algeria” would seek to bring an end, simultaneously, to the “demonization” of the West, and to the “devaluing of the cultural heritage of the peoples who were colonized.” He stressed, that returning Augustine to Algeria, would be the basis for a “new ethic of relations between Islam and the West.” The specialists gathered at the conference agreed with him, that to do this would be, more than anything else, “an act of justice.”

While *EIR* does not yet have full details of the April 1-6 colloquium, it seems, from preliminary accounts, to have been very much in the direction of the famous 1985 Schiller

Institute Rome conference to celebrate the 1600th anniversary of St. Augustine’s conversion, which put forward Augustine the African, as the figure around whom various forces in the world could be rallied, for a cultural and political renaissance.

The April 1-6 event is all the more poignant, and a positive cultural shock, because, over the past years, Algeria has been the scene of civil war conditions, because of the assault of violently irrational Islamic fundamentalist forces, particularly the Armed Islamic Group (GIA), which has significant support bases outside Algeria, particularly Great Britain. In that extremely bloody conflict, tens of thousands of people have been killed, often in horrible massacres.

### A Weapon Against Fundamentalism

*Le Monde* begins its report on the event, by quoting André Mandouze, who declares the conference initiative to be a “cultural revolution.” *Le Monde*’s religious-affairs writer Henri Tincq then adds the comment: “That this country recognizes, as one of its sons, the great St. Augustine, is a strong signal addressed to international opinion, which is constantly worried about the fate of Algeria.”

He notes, quoting one speaker, that there was a rich Christian tradition in what is now Algeria, before the coming of Islam, and that Christianity was critical in fighting “paganism,” so the revival of Augustine is particularly important.

Tincq later writes, that Christian writer St. Thomas Aquinas, as well as various Muslim writers, such as Avicenna (Ibn Sina) saw in Augustine’s writings, “the alliance between faith, intelligence, and liberty.” “This is a potent weapon against ‘fundamentalism,’ because, as one speaker at the colloquium stressed, Augustine’s belief that ‘the light of God’ brings about ‘the aspiration of faith to intelligence,’ is a real ecumenical idea, for both Christians and Muslims.”

Furthermore, according to the *Le Monde* account, the Archbishop of Algiers, Msgr. Henri Teissier, argued at the colloquium against the “Augustinian legend,” that Augustine had insisted on the superiority of the spiritual order over the temporal, the which legend has been used to reinforce “caesaro-papism” and “holy wars,” throughout history. Nothing is more false, insisted Archbishop Teissier, than to make of Augustine, the advocate of an “ecclesiastical theocracy.” Rather, citing the work of the jurist Mawardi, who died in Baghdad in 1058, he said that both this Islamic jurist and Augustine believed that there must be freedom, for “the work of God” to be “in the heart of men.” This is necessary, rather than to substitute a religious law for the free temporal power of human beings. Tincq comments: “Who could deny, that this ultimate lesson of Augustine is useful, as much in the West as in the Islamic world?”

Tincq ends his account, by quoting André Mandouze: “We have won, against fundamentalism. The assassins will be able to do nothing against the Algerian philosopher.”

# New Bretton Woods Debate in San Marino

by Claudio Celani

Italian Solidarity Movement chairman Paolo Raimondi and *EIR* Italian desk chief Claudio Celani were the main speakers at a March 31-April 1 conference sponsored by the Interior Secretary of the Republic of San Marino, on the issue of financial globalization and the New Bretton Woods.

The two LaRouche representatives were also officially received by the outgoing “Capitani Reggenti” (head of state and government) and were invited to attend the inauguration ceremony of the new government. Both the conference and the reception were filmed by the state television, which broadcast a five-minute segment on its main evening news program March 31.

The conference took place in the State Library. Introduced by Interior Secretary Francesca Michelotti and by moderator Walter Muccioli, Raimondi and Celani gave two short presentations on the world systemic crisis, LaRouche’s New Bretton Woods proposal and the perspectives for Europe. The discussion was long and animated. The leader of San Marino’s Social Democratic party was particularly interested to know what kind of support the New Bretton Woods proposal has gained in the world. Many younger activists of “anti-globalization” and pro-Third World groups, raised questions, which reflect a critical view of the free-market economy, but also

environmentalist prejudices.

The San Marino government palace, where this reception took place, is a reconstruction, executed about 150 years ago, based on the famous government palace in Gubbio, Italy. The LaRouche representatives were received by the Reggenti, Gianfranco Terenzi and Enzo Colombini, who were given copies of the *EIR*’s Italian-language special report on the New Bretton Woods. In his presentation, Colombini expressed “real pleasure for this initiative sponsored by the Interior Secretary and the International Solidarity Movement.” Colombini also said that in the World Bank, which San Marino has recently joined, has called for reducing and eventually cancelling Third World debt. He criticized globalization, because “it does not lead to overcoming the economic gap among different areas of the world.”

## San Marino’s History

The Republic of San Marino, a member of the United Nations, claims to be the oldest republic in the world, and is certainly the smallest, covering an area of 60 square km. This year it celebrates its 1,700th birthday. The town of San Marino was founded around 300 AD by refugees from Roman Emperor Diocletian’s persecutions, who probably escaped from Dalmatia and, led by a monk named Marino, settled on the 700 meter-high Monte Titano.

Although historically, its long struggle for independence from foreign domination—especially that of the Church state until the latter’s dissolution in 1860—was motivated by a strong anti-oligarchical sentiment, today San Marino is dominated by a financial oligarchy. The main source of income is officially tourism, and secondarily some agricultural and small manufacturing activities, but large revenues (whose dimensions are officially unknown) come from capital deposits of Italian citizens, who profit from the local regime of lower capital taxation. Such revenues allow San Marino, with a total of 28,000 inhabitants, of whom maybe half are the economically active population, to sustain 5,000 public employees.

The main political debate in San Marino today is whether the current economy offers a future or whether it is not better to shift emphasis away from overhead and financial activities, more into production. One faction on the left, which has opposed the oligarchy, has become interested in LaRouche’s New Bretton Woods program. At the same time, other factions in the establishment, which probably see no future in a financial economy due to the world financial collapse, have shown interest as well.

The LaRouche representatives were invited by the movement “Idee in Movimento,” which is part of the coalition of left-wing parties. It has been in the government, in a “grand coalition” with the Christian Democratic and the Socialist Party. The recent breakdown of this coalition has led to the calling of early elections.



*LaRouche representatives Paolo Raimondi (left) and Claudio Celani (center) presented the New Bretton Woods policy in San Marino. Here, they met Interior Secretary Francesca Michelotti (at right), moderator Walter Muccioli of Democratic Party (second from right), and newspaper editor Patrizia Dolcini.*

# Brazil Stands At a Crossroads

by Silvia Palacios

Brazil faces life-and-death decisions, which will define its future in the short term. Until now, President Fernando Henrique Cardoso has sought to keep his promises to the international banks, to maintain a liberal free-trade economic policy, under the illusion that this will ensure the financial flows needed to cover the country's enormous balance of payments deficit. These flows are becoming ever more tenuous, however, given the explosive international financial crisis, and the way in which this is hitting Brazil and its neighbor, Argentina.

At the same time, Cardoso seeks to "manage" the growing pressure against globalization coming from domestic diplomatic, industrial, and agricultural sectors, which are tired of handing the public and private patrimony over to foreign interests, as has occurred since the irresponsible policy of economic "opening" was adopted in 1990. Thus, in his foreign policy, Cardoso is developing "alternatives" to rampant globalization, around a strengthening of Brazil's relations with nations including China, Russia, South Africa, and India.

Brazil's choices emerged during President Cardoso's first meeting with George W. Bush on March 20 in Washington, followed by Chinese President Jiang Zemin's private visit to Brazil on April 11, as part of his tour of six Ibero-American nations.

At the meeting with Bush, Cardoso was treated roughly, raising the specter of the "Big Stick" policy characteristic of the colonial era of Teddy Roosevelt at the beginning of the 20th Century. The Bush government seeks to force Brazil to adhere unconditionally to a Free Trade Accord of the Americas (FTAA), as a precondition for the intended dollarization of the hemisphere.

The conflict which dominated the meeting was captured in the crude comments by U.S. State Department officials which followed. *O Estado de São Paulo* reported on April 3, that Assistant Secretary of State for Inter-American Affairs Peter Romero "had a negative evaluation of the conversation between the Presidents, making clear the sentiment of frustration which the Brazilian leader's visit to Washington left behind at the State Department." Romero said the visit "added nothing new, and was as if it had not occurred." He used the term "schizophrenia," to describe Brazil's attitude toward the subject of Colombia.

The New York Council on Foreign Relations joined the

chorus of threats. In an April 9 interview in *Jornal do Comercio*, Kenneth Maxwell, the coordinator of the CFR task-force which recently issued a study recommending how the United States should handle Brazil, said: "The study recognizes that the Brazilian globalization is recent and vulnerable. The issue before Brazil, is: What are the alternatives? Will it remain outside? Close itself off? Would a return to autarky better its income distribution? Unfortunately the world is not going to wait. Or, worse, it won't care."

Cardoso's evaluation of his meeting with Bush was also negative. In an April 5 interview with *O Estado de São Paulo*, Cardoso said that Brazil "needs space at the global level." He compared President Bush to his father, who "perhaps has a broader capacity to understand things" than his son. Cardoso added: "Today, U.S. supremacy is such, that it has transformed the President of the United States into a man responsible for practically everything, more, even, than when his father was President. This is going to require very great agility on the part of the U.S. government. For example: What should be done with Africa? Should it be left out of globalization? And the FTAA? What do we do with the poorest regions of the continent? Do we build an integration which excludes even more areas? These are questions which require very great social sensibility."

## Independent Nations Build Big Things

Cardoso's meeting with Bush provided a sharp contrast to the fraternal tone of Jiang Zemin's visit. In welcoming the President of China, Cardoso said, "China being the largest country in Asia, and Brazil in Latin America, shows that there is a great convergence of interests between the two countries, which cannot be ignored in the new world order." Jiang Zemin emphasized: "We share the same historic responsibility and a good basis for cooperation in respect to maintaining world peace and promotion of joint progress."

One notable aspect of the meeting was the recognition that both nations aspire to develop great infrastructure projects. As a symbol of this, Cardoso gave Jiang Zemin a photograph of one of the turbines which is being made for China's Three Gorges Dam hydroelectric plan by Siemens of Brazil. Brazilian technicians have been working with China, passing on their experience in managing Brazil's Itaipú hydroelectric plant, until now the largest in the world, which served, in part, as a model for the Three Gorges Dam.

The most advanced area of collaboration between China and Brazil is their aerospace program, a joint project to build and launch satellites. To strengthen this collaboration, an accord for cooperation in the areas of information technologies, biotechnology and genomes, and advanced materials was signed. Brazil's Minister of Science and Technology Ronaldo Sandenberg said, "The agreement is another step in the deepening of scientific-technological relations between Brazil and China, opening up perspectives for important advances in the short term for the governments of both countries."

# Bosnia Pushed Into An Ethnic War, Again

by Umberto Pascali

“Step by step, in a sort of perverse process, everything seems to lead toward a new war in Bosnia-Herzegovina,” a well-informed Balkan observer told *EIR* after the April 18 NATO raid against the Herzegovacka Banka in Mostar, the Herzegovina capital. In the pre-dawn hours, the bank was raided by NATO troops on orders of the International Representative in Bosnia, Wolfgang Petritsch, who accused it of acting as the financial center for the leaders of the Bosnian Croats, grouped around the HDZ party of Bosnia, who since the beginning of March have declared “temporary self-rule.”

NATO Stabilization Forces (SFOR) used explosives to enter the building, and, according to bank officials, they removed all documents and computers. Immediately after the raid, witnesses saw furniture turned over and opened, paper spread all around, and the basement floor littered with charred bank notes and coins. A senior bank official said that there was more than a million German marks of cash in the vault, and “they took it all.”

It was the second NATO raid on the bank. On April 6, NATO troops raided the bank’s central office in Mostar, and ten other branches. At that time, Croatian protesters broke into the bank, engaging the troops in a confrontation that left at least 25 citizens and 21 NATO troops injured. Petritsch accused the HDZ of having organized the riots, and he installed “international administrators” at the bank.

The military operation, according to local sources, resulted in a strengthening of support for the HDZ “self-rule” strategy. “I saw robberies in movies, but something like this, thank God, never,” a passerby told reporters. One HDZ official expressed fear that “there could be confrontations with the international community.”

Support for “self-rule” has so far been relatively weak in Croatia itself, but that is now changing rapidly. Former opponents of separating the Croatian community from Bosnia are now campaigning against the “provocations of the international community.” A majority of Bosnian Croats have already abandoned *en masse* the Bosnian army, and many Bosnian Croats in the police have formally made it clear that they are not going to obey orders from the federal police chiefs.

## ‘Mapmakers Will Soon Ink New Borders’

Though the official trigger of the separatist process in Bosnia was the decision by the international administrator to disregard the result of the Croat community’s vote in Bosnia,

the real reason, as *EIR* has repeatedly stressed, is to be found outside the Balkans. The green light for the dissolution of Bosnia was given in the most open way by one of the most powerful British oligarchs, Lord David Owen, in an infamous commentary, entitled “Redraw the Map,” in the March 13 *Wall Street Journal*. Lord Owen indicated that the three ethnic communities of Bosnia must be broken up “following the recent refusal of the Bosnian Croats to cooperate in the Muslim-Croat Federation. A Muslim republic would include Brcko and should also include Srebrenica.”

And what about the third Bosnian community, Republika Srpska? Lord Owen dictated that there will be “the transfer of some territory” to Serbia. Kosovo, in Owen’s “New 1878 Congress of Berlin,” will be independent, and become part of “Greater Albania.”

What about the second remaining Yugoslav republic, Montenegro? The signs are “that it, too, will continue to insist on independence,” and shall so be, with a little geopolitical engineering, by sub-dividing a little strip of land in order to “allow Serbia access to the sea.” The overwhelming pressure exercised by Lord Owen and his faction is so strong, that news wires from the Balkans start with unusual rhetoric, such as Associated Press from Belgrade on April 17: “Europe’s mapmakers may soon be inking new borders for the Balkans.”

The geopolitical orgy outlined by Lord Owen was preceded by a clear call for redrawing Balkan borders along ethnic lines, by some of the most influential U.S. military leaders, at a seminar organized by the U.S. Army War College on Feb. 26-27.

Lord Owen’s vision is rapidly becoming reality. Spokesmen for the Bosnian Croats do not hide their belief that statements by high-ranking Pentagon officers, and officials known for their close links to the Bush Administration, constitute a clear signal that something in U.S. policy is going to change soon. In Montenegro, where parliamentary elections will take place on April 22, President Milo Djukanovic announced that, if his electoral coalition wins a majority, he will call for a referendum on splitting Montenegro from Serbia.

Yugoslav Prime Minister Zoran Zizic stated after meeting Russian Foreign Minister Igor Ivanov on April 18, that the threatened split “could provoke a destabilization of the Balkans, a political crisis, and the disappearance of the Balkans from Europe’s political map.” Ivanov stressed, “Russia supports the territorial integrity of Yugoslavia, and a democratic Montenegro which is part of Yugoslavia.” Among the possible consequences of such a split, is the opening of a new tragedy for Sanjak, a province inhabited mostly by Muslims that straddles the border.

## ‘The Most Violent Century’

Reaction to Lord Owen’s proposals was evident in Kosovo as well. On April 17, the international administration that took over the Yugoslav province after the 1999 NATO bombing campaign, decided that it will establish a customs



tax on the “border” between Serbia and Kosovo. Immediately, violent protests exploded, organized by Kosovo’s remaining Serbians, mostly crowded into the northern city of Mitrovica. They claimed that only a sovereign state can levy taxes, and that, according to the United Nations, Kosovo is still part of Yugoslavia. In the Kosovo capital, Pristina, a bomb exploded in the offices of the Yugoslav government. One Yugoslav official was killed, and others were injured. It was the third fatal bombing since last August.

In Macedonia, the apparent calm that followed the resolute Army action against the Kosovo Liberation Army aggression from Kosovo, is considered by all informed sources to be temporary. Macedonia’s capital, Skopje, became the meeting point for some of the most powerful Western leaders, including British Foreign Secretary Robin Cook and U.S. Secretary of State Colin Powell. All had words of great praise for Macedonia. However, according to reliable local sources, the “smile offensive” hides one purpose: to make Macedonia accept a territorial division into two “ethnically pure” areas.

Among the many letters of protest against Lord Owen’s commentary that the *Wall Street Journal* received, one read in part: “Too bad [Lord Owen] forgets (or hopes everybody else forgets) that it has been exactly the British penchant for redrawing maps of other people’s territories that created the conditions for so far the most violent century in European history (and elsewhere).”

## The Cracks Get Wider In Windsors’ Britain

by Alan Clayton

The British state has once again been rocked to its royal foundations by yet another royal wife whom the Windsors deem to be of “questionable” background, showing an ability to get things as dramatically “wrong” as did the unfortunate Princess Diana before her. The wife of the Queen’s youngest son, Prince Edward, known by the royal title of “Sophie of Wessex,” in a deliberate attempt to move away from the open use of the “Royal Highness” appellation, which has become very unpopular, was the subject of a tabloid “sting” operation in which she made a range of highly indiscreet remarks about politicians and some of the royal family themselves.

The newspaper in question was a Sunday tabloid, *News of the World*. Known colloquially throughout the island as the “Screws of the World,” the paper is a very old scandal sheet which reveals the peccadillos of the great and the small with equal fervor and determination, and covers all its revelations with a traditional and highly effective legitimizing rhetoric of disapprobation—in order that the voyeurs can pretend they are really opposed to and appalled by voyeurism. In recent times, its influence and networking have been so widespread that some have felt there is an MI5 and MI6 connection.

The sting involved an interview with an alleged Arab dignitary ostensibly known as Sheikh Mohammed, who purported to be interested in using Sophie’s public relations company, RJH (the initials stand for Sophie’s maiden name, Rhys-Jones, and that of her business partner, Murray Harkin), for some of his business operations. Judging from the direction of the conversation, the initial motivation of *News of the World* was to ascertain whether, in fact, Prince Edward were gay and his marriage just a convenient sham.

In the event, it came out that the 37-year-old Harkin was not only gay, but also, in the words of the *News of the World*, a “cocaine-sniffing, promiscuous homosexual with an encyclopaedic knowledge of the world’s most notorious gay pickup spots.” Harkin was once hired to promote an X-rated video, which included scenes of simulated rape, group sex, and bondage. The 60-minute “adult” video, entitled “Fantasy Sex,” was so explicit that it had to be modified, before it could be sold in video outlets.

It also emerged that Sophie quite blatantly uses her royal status to obtain business for her struggling company. Prince Edward owns a filmmaking company which loses substantial sums annually, and has to be regularly bailed out by the

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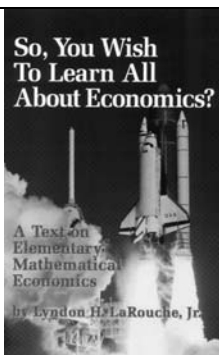
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*Scandal over Sophie Rhys-Jones, Countess of Wessex, is rocking Britain, as commentators point out that the royals have always been “a bit bonkers.”*

Queen, making minor if extremely reluctant inroads into her vast fortune.

### The ‘Wessex’ Paradox

There is paradox in this whole affair, as Sophie was to be the model of a royal princess, in the way that both Diana Princess of Wales, and Sarah Ferguson Duchess of Windsor, were not. Sophie’s family background was considered by the Queen to be a virtue. Unlike the aristocratic Lady Diana Spencer and Sarah Ferguson, whose troubled family histories the Windsors blamed for their elder sons’ failed marriages, Edward’s new companion, though middle class, came from an unbroken home. Sophie Helen Rhys-Jones was born in Oxford on Jan. 20, 1965 to Christopher Bourmes Rhys-Jones, a salesman of car tires, and Mary O’Sullivan, a charity worker.

Four years earlier, her father Christopher had added a certain refinement to the family name by adding a hyphen. The Rhys-Joneses were no strangers to royal life, as Sophie’s mother had, as a young woman, danced with Prince Philip at a society ball, something profoundly status-bestowing within the class-ridden and quintessentially pathetic British system. The couple settled with their daughter Sophie and her elder brother David at Homestead Farmhouse, a thatched, four-bedroom, 17th-Century cottage in Brenchley, Kent. Now in their sixties and still happily married, they continue to reside there.

The marriage to the Queen’s youngest son, Prince Edward, in July 1999 was surrounded with fail-safe systems to ensure that the new wife could never, ever threaten the succession and the very throne itself in the way that Princess Diana had done, and only close observers of the *modus operandi* of the Windsor state noted its significance: The “Wessex” title does not represent any currently existing geographical-political entity. The non-territorial aspect of the title incensed the prominent historian Dr. David Starkey, who sug-

gested that the title was a disgrace, if not an actual humiliation to the young couple.

There was worse than that, as the choice of the title “Wessex” has a “Brigadoon” character, whose use in this context could only have been the work of the ultimate power-broker and evil genius of the Windsor state, Prince Philip himself.

The name “Wessex” was resurrected by the author Thomas Hardy in his 19th-Century novel *Far From the Madding Crowd*. This Romantic novel was about the common folk of an imaginary English county. Prince Philip’s message could not have been more poignant for those few prepared to listen to what was really happening behind the pageantry of state. Nonetheless, caveats have been included in terms of a reward for good behavior, and Prince Philip has promised to his younger son his own “real” title of Duke of Edinburgh upon his, Philip’s, death. It is no insignificant promise, because within the context of the constitutional changes that now threaten to break up the United Kingdom, the titles of Duke of Edinburgh and Prince of Wales could ensure a House of Windsor presence within whatever emerges from the current constitutional maelstrom.

### Blair and ‘Fool Britannia’

Meanwhile, Prime Minister Tony Blair, still very much against the ropes in a hoof-and-mouth crisis that refuses to go away, has been making frantic efforts to crisis-manage the situation. He has distanced himself from comments on what have become known as the Sophie-gate tapes (endless variations of the “Watergate” appellation are still in constant use by the U.K. media) by Consumer Affairs Minister Dr. Kim Howells, in which he claimed that the royals are “a bit bonkers.” Howells also called for restrictions on the use of taxpayers’ money to fund royal activities. Blair made clear that Howells’s comments were his own, not government policy.

However Howells’s intervention has caused further dismay at the Palace, which now sees itself under siege by the media. Howells said: “I’ve never understood the attraction of royalty. This isn’t the first generation. They’re all bonkers. Think of George III, they even made a film about it [‘The Madness of King George’]. They choose very strange partners, they’re not managing the modern world very well.” On the Prince of Wales, Howells, who is the Member of Parliament for the constituency of Pontypridd in Wales, said: “We don’t see him in Wales very much.”

The British state now has all the very apparent characteristics of the last days of Empire, and the House of Windsor of the last days of the dynasty which sustains it. Those associated with the family are once again shown to be motivated by a lust for power, possession, and greed. In the midst of the very literal funeral pyres, which symbolize Britain to the world, its Prime Minister continues in his toffee apple “virtual reality” Cloud-Cuckoo Land. His “Cool Britannia” has well and truly become Fool Britannia.

# EIR's Peru Office Burglarized: Investigate Goldsmith Networks

*The following is a press released issued by EIRNS on April 16, after the latest of several break-ins to EIR's Lima, Peru bureau. For more details on the terror tactics used during the recent election period, against supporters of the war on drugs and terrorism of the former Fujimori government, see EIR, April 20, 2001. EIR had just published, in its April 13 issue, an exposé of the financial and oligarchical backers of the growing anarchist-fascist movements threatening to split apart the nations of Ibero-America.*

On Friday, April 13, *Executive Intelligence Review's* office in Lima, Peru was burglarized, and two desktop computers were stolen. Despite the fact that other valuable electronic equipment was in full view, none of this was taken, although the thieves did rifle through documents on desks and in files. The burglars evidently were operating on instructions to gather information, of the sort often found on computer hard drives, possibly related to subscribers to *EIR News Service's* publications and other lists of supporters of the policies of *EIR* Founding Editor, U.S. 2004 Presidential pre-candidate Lyndon H. LaRouche, Jr.

The circumstances surrounding the break-in are highly suspicious, and point to a politically motivated attack. There is a police station less than 50 meters from the *EIR* office, and there are police and security guards in the vicinity 24 hours a day. When *EIR's* Lima bureau chief filed a formal complaint with the relevant Peruvian authorities, he was told by detectives that the operation seemed very professional, that it had to have involved at least four or five people, and that it was "very strange."

## Goldsmith Retaliation for Exposé

A spokesman for EIRNS said that such a blundering "dirty trick" operation hardly comes as a surprise, and will likely backfire against those who ordered it to be carried out.

"There is an ongoing witch-hunt being carried out against all nationalist forces in Peru, by foreign-run elements in the current government who are open advocates of drug legalization, such as Justice Minister Diego García Sayán, an errand boy for mega-speculator and drug legalizer George Soros, et al. *EIR* has played a prominent role in exposing this witch-hunt for what it is: a thinly disguised effort to

dismantle the successes of the Fujimori government and the Armed Forces in defeating drugs and terrorism in Peru.

"Moreover, this witch-hunt is part of a destabilization of the whole continent, being run by the networks of Teddy Goldsmith, the French-British financier of radical environmentalist terrorist groups around the globe, and which has the backing of the U.S. State Department and the bankers' think-tank, the Inter-American Dialogue.

"Goldsmith is already working with drug-runners in the Colombian FARC and Mexico's Zapatista narco-terrorists," the EIRNS spokesman elaborated. "He was the *éminence grise* behind the January 2001 Pôrto Alegre meeting of the World Social Forum, which pulled together a network of like-minded groups continentally. These forces include the São Paulo Forum, whose pro-drugs and -terrorism outlook is shared by the current Peruvian government."

## Is Bush Aiding Anti-U.S. Terror?

"Now these same international networks have targetted the April 20-22 Summit of the Americas in Quebec City, Canada, and are planning some 90 events in 75 U.S. cities in support of 'direct action' and possibly hard-core terrorism. Has the Bush Administration registered the fact that the very narco-terrorist networks which the State Department is backing in Ibero-America, are now directly threatening the security of the U.S. as well?" he asked.

"We know this gang well, and we have declared political war on them," the EIRNS spokesman explained. "In the April 13 issue of *EIR* magazine, and the forthcoming edition of the Spanish-language *Resumen Ejecutivo de EIR*, we published a 35-page package fully exposing this network, and how they have launched fascist Jacobin movements across the Americas on behalf of their financial oligarchic controllers. Venezuela's President Hugo Chávez is the visible political pointman of this continental apparatus, which includes the drug-running FARC cartel. Brazil is the ultimate prize of their destabilization efforts, in order to fully open it up to looting and to supranational seizure of its raw material wealth.

"The Lima break-in only confirms that the Goldsmith gang is stung," the EIRNS spokesman concluded, "and it appears that they have deployed their Peruvian pro-drug allies in a transparent effort at political intimidation."

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## Anwar Ibrahim Defends His Colonial Masters

by Michael O. Billington

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### **The Asian Renaissance**

by Anwar Ibrahim

Kuala Lumpur: Times Books International, 1996  
159 pages, hardbound, S\$14.50

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Over the past three years, the British-American-Commonwealth banking establishment and the nest of “human rights” non-governmental organizations (NGOs) serving their interests have attempted to create a new martyr in Asia—former Malaysian Deputy Prime Minister and Finance Minister Anwar Ibrahim. Support for Anwar as a hero of “democracy and human rights” is part of an offensive to drive Malaysian Prime Minister Dr. Mahathir bin Mohamad from office, because he is one of the principal opponents among Asian leaders (and Third World leaders generally) of the International Monetary Fund (IMF) role as the new colonial lord over countries bankrupted by the global financial collapse.

On Sept. 1, 1998, Dr. Mahathir dismissed Anwar Ibrahim from all his government positions. At the same time, the government took the historic step of imposing selective capital controls, setting an example to all sovereign nations in the developing sector as to how to break the stranglehold of global speculators and the IMF over their economies.

Anwar was later arrested on charges of moral misconduct and abuse of power, charges which led to his conviction and two jail sentences, of six and nine years, respectively. In addition to the criminal charges, however, it was well known that Anwar had opposed currency controls, advocating instead that Malaysia submit to IMF dictates, as several other crisis-racked Asian nations had done. In fact, as Finance Minister,

Anwar had implemented IMF-style austerity and deregulation policies, even though the government had not signed a deal with the IMF.

Then, immediately following his dismissal and the implementation of the capital controls, Anwar launched a public attack on Dr. Mahathir for corruption, nepotism, cronyism, and human rights abuses. The obvious target of Anwar and his international supporters was the Prime Minister’s defense of the Malaysian economy against the speculators and the IMF.

Despite President Bill Clinton’s clearly stated policy of friendship and support for Malaysia, Vice President Al Gore and Secretary of State Madeleine Albright entered the fray, with brutish threats against Malaysian sovereignty and security, including Gore’s notorious public support for rioting in the streets in Kuala Lumpur, Malaysia’s capital, in a speech at the Asia-Pacific Economic Cooperation conference in Malaysia in November 1998. Anwar was hailed as the hero of reform and defender of human rights and justice against the “dictator” Dr. Mahathir. The fact that the democratically elected Dr. Mahathir enjoys majority support within Malaysia, and that Malaysia’s selective capital controls policy is now generally acknowledged to have been successful, while those nations subjected to IMF conditionalities are suffering various economic and social disasters, has not lowered the level of invective from Anwar and his international backers.

It is appropriate, therefore, to review the professed philosophy of Anwar Ibrahim, this would-be comprador for the new colonial powers, as presented in his 1996 book, *The Asian Renaissance*. This review will serve, first, to demonstrate the hypocrisy of Anwar’s current diatribes against the Malaysian government; and, second, to show that Anwar’s epistemology comes directly from Malaysia’s former British colonial mas-



*Anwar Ibrahim's epistemology comes directly from Malaysia's former British colonial rulers.*

ters—which is, of course, the reason he is so beloved by London and London's allies on Wall Street and in Washington.

### **A Serious Flaw**

This reviewer addressed the issue of Anwar's worldview once before, in 1996, when Anwar published an essay entitled, "Asian Renaissance and the Reconstruction of Civilization," in the May 1996 issue of the Malaysian journal, *JUST Commentary*. In a spirit of constructive friendship toward the then-Deputy Prime Minister, I responded personally with a letter addressed to the director of *JUST*, Dr. Chandra Muzaffar, who is now deputy chairman of the Keadilan Party, the opposition movement founded by Anwar's wife, Datin Wan Azizah Wan Ismail. In my letter, I commended Anwar for approaching Asia's future from the perspective of universal history, and for his condemnation of the moral decay in the West emanating from the Enlightenment. I also applauded his advocacy of a return to the worldview of man as expressed in the Christian idea of *imago viva Dei*, man created in the living image of God, and in the Islamic *khalifatullah fil ardh*, the vice-gerent of God.

However, I wrote, there was "a serious flaw in the assumptions underlying Anwar's analysis, a flaw which could lead to severe and deadly consequences in the global financial and social crisis we are now confronting. Stated summarily: In attacking the ideas of the Enlightenment, Anwar has . . . adopted the fundamental, flawed axiom of the Enlightenment itself, as introduced into Europe by the Venetian enemies of the Renaissance—that is, that there exists an unbridgeable gap between reason and faith, between science and religion. While Anwar decries the practitioners of the Enlightenment for exalting reason over religion, he accepts the underlying assumption that man must choose between these supposedly

irreconcilable worldviews. In fact, perhaps the most profound contribution of the Renaissance was to make manifest mankind's unique position in the Creation, that of being in the image of the living God, *by virtue of the divine spark of reason*, and thus [mankind] is capable of discovering and mastering the laws of nature, participating in the continuing creation of the universe."

I expounded on this point at some length, showing that Anwar was actually *denying* the concept of *imago Dei* by accepting the absolute dichotomy between science and religion, whether or not he favored the latter over the former.

### **British Distortion of History**

The key to understanding Anwar is understanding the intentional and systematic manner in which the British distorted Western history, especially as presented to its colonial subjects. To justify their colonial policy of imposing backwardness upon the "inferior races," the British claimed that the wealth and power of the Western powers were the necessary result of the Darwinian character of man as a sensate beast, pitted in a Hobbesian battle of each against all. British colonial rule, they argued, was the natural consequence of this survival-of-the-fittest law of the jungle applied to the human beast, with the Anglo-Saxon race merely living up to the "white man's burden" to rule the world. The history of Western thought was presented as commentaries on Aristotle. Totally ignored or distorted was the fierce and continuous battle between the Platonic/Christian worldview of man as a creative participant in God's unfolding creation, against the contrary Aristotelian view of man as devoid of any innate qualities distinguishing him from the beasts, with some destined by birth to rule, others to be slaves. The Aristotelian view of the mind as no more than a processor of sense perceptions through pre-programmed rules of Aristotelian logic, was expanded upon by the empiricists of the Enlightenment, resulting in the "hedonistic calculus" of Jeremy Bentham and Adam Smith, whereby man has no higher criteria for determining his actions than the principle of maximizing sensual pleasure and minimizing pain.

Absent entirely from the British conception of man was the process of creative discovery, Plato's method of hypothesis, and the grounding of that creative process in the notion of *agapē* as found in Plato and St. Paul—the passion for truth and the love of mankind as a whole, which motivates the cognitive discoveries of the scientist and the artist alike.

The rediscovery and flowering of this Platonic-Christian worldview in the 15th Century gave rise to the Golden Renaissance, with its explosion of scientific and artistic discovery, and the establishment of the nation-state as the necessary sovereign institution to provide for the development of the population as citizens, rather than serfs.

The Enlightenment, contrary to British teaching, and contrary to Anwar's misperception, was not a further flowering of the Renaissance, but a direct reaction against it, orches-

trated by the Venetian oligarchy and their assets in northern Europe, centered in the “Venetian party” in London. (See, “Lord Palmerston’s Multicultural Human Zoo,” *EIR*, April 15, 1994.) The Enlightenment rejected the Renaissance view of man in the image of God, promoting instead the unbridled liberty of the individual to satisfy his sensual desires. Anwar does, in fact, identify this degenerate character of the Enlightenment, quoting a particularly revealing passage from Bernard de Mandeville’s infamous *Fable of the Bees*, which holds that the unrestrained pursuit of vice by each individual is the best means for achieving the greatest good for society as a whole:

The root of Evil, Avarice,  
That damn’d ill-natured baneful Vice,  
Was Slave to Prodigality,  
That noble sin; whilst Luxury  
Employed a Million of the Poor,  
And odious Pride a Million more;  
Envy itself, and Vanity  
Were Ministers of Industry;  
Their darling Folly, Fickleness,  
In Diet, Furniture and Dress,  
That strange ridiculous Vice, was made  
The very wheel that turn’d the Trade.

But, although Anwar claims to *oppose* this hedonistic creed of the Enlightenment, he accepts the British lie that such overt pursuit of evil is indeed the source of the West’s wealth and power. To justify this fraud, he also accepts the lie that the Renaissance was based on the same, hedonistic impulse. “In the case of the European (Florentine) Renaissance between the 14th and 16th Centuries,” Anwar writes, “the intense assertion of the power of the individual to determine his own destiny led to the flourishing of secular humanism at the expense of Judeo-Christian religiosity.” Incredibly, Anwar denies *any differences of worldview* in the West, asserting that one-and-all have agreed on the degraded, Enlightenment conception of man. “The West has expressed its identity,” he writes. “Its ideals and moral values have been articulated fully. There is little dispute of its own self-image.”

Against this falsely defined monolithic West, Anwar counterposes his concept of an Asian Renaissance: “The Asian Renaissance . . . differs fundamentally from the European in that it has its foundations in religion and traditions—Islam, Confucianism, Buddhism, Hinduism, and Christianity being the major ones.”

Having thus defined a religious East versus a pagan West, Anwar has set himself up to adopt in full the British colonial worldview designed for its subject populations. There are three central issues taken up by Anwar which reveal this subservience to the Enlightenment he professes to oppose: the role of the Prometheus myth, the philosophy of John Locke, and the economics of Adam Smith.

## Prometheus and the Greens

“European Renaissance thought,” writes Anwar, “resurrected the ancient myth of Prometheus as an agent *independent of the theological and natural order*. This is dramatically opposed to not only the Islamic concept of man as God’s vicegerent on Earth, and the Confucian *jen*, but also the Christian concept of man as *imago Dei* or *Pontifex*, the bridge between Heaven and Earth” (emphasis added).

It is not clear from which textbook Anwar derived this particularly perverse formulation (he quotes the third-rate textbook writer Will Durant in other locations). Prometheus did not deny God, nor the “natural order,” as Anwar contends. Rather, he defied the utterly *unnatural* order of the pseudogods of Olympus (the oligarchical elite), in order to teach mankind the divine arts and the technology of fire. The Prometheus myth is, in fact, an early Greek premonition of the very *essence* of the Mosaic concept of *imago Dei*, that mankind is capable of mastering the laws of the universe in order to “have dominion over nature” (Genesis 1:26).

Anwar’s distortion is in keeping with Prince Philip’s demonic environmentalist movement, which insists that mankind must forgo technological progress in order to be in harmony with the environment, and must be the *custodian* of nature rather than its master. Such a “greenie” mentality ignores the fact that billions of people will die if the world reverts to a more primitive stage, as would be inevitable if the current post-industrial, anti-science prejudices of the New Age are not reversed.

Anwar repeatedly expresses his greenie prejudices against progress. He writes: “It is foolhardy to assume that the success of the last thirty years can be repeated over the next thirty,” and he condemns the “obsession with mere economic indices.” He also quotes at length from the UN’s *Human Development Report* from 1996, which constructs multiple justifications for suppressing growth—e.g., capital-intensive growth is “bad” because it doesn’t create enough jobs; so also is “rootless” growth, which “causes the people’s cultural identity to wither”; and, of course, there should be no growth in which “present generations squander the resources needed by future generations.” These are classic cover stories used by the IMF in denying development aid to Third World countries.

Even worse, Anwar praises the oligarchical Club of Rome and its 1972 publication, *Limits to Growth*. While he admits that this book, which purports to discover natural limits on the capacity of the Earth to sustain population growth, has been exposed as a witting fraud, Anwar nonetheless states approvingly that “the report contributed immensely to the consciousness of the harmful effects of the growth mania on the environment.”

## Locke vs. Leibniz

Anwar also weighs in on the fundamental issue of the historic conflict between the American System of physical economy and the British model of free trade—and, again,

Anwar is on the side of the British. The American Republic was founded as a continuation of the European Renaissance conception of the sovereign nation-state, a conception which was under lethal attack within Europe by the Enlightenment forces of Empire, centered in England and the Netherlands. The American Founding Fathers were particularly inspired by G.W. Leibniz, the greatest Renaissance mind of his age. The American System, created by Alexander Hamilton and his followers, was based directly on Leibniz's development of the science of physical economy, locating economic progress in the discovery of new physical principles, which become, in turn, the basis for the design of heat-powered machines to enhance man's mastery over nature. It was Leibniz also who contributed to the Founding Fathers the concept of man's inalienable right to "life, liberty, and the pursuit of happiness."

Leibniz wrote fierce polemics against John Locke, who had formulated the ideology used by the emerging financial oligarchy, based on property rights, free trade, and inheritance (which Locke had the audacity to describe as "natural law"). Even more audacious is Anwar Ibrahim's claim that Locke "launched a revolution in political thought to emancipate man from political tyranny, [with] the idea of the inviolability of human life and property." Anwar quotes Locke claiming that the two rights natural to all men are "the right to freedom of his person . . . and a right before any other man, to inherit, with his brethren, his father's goods." This defense of oligarchical family rights over the general welfare of the citizenry was entirely rejected by those who led a true "revolution in political thought to emancipate man from political tyranny"—the framers of the American Declaration of Independence and the U.S. Constitution.

It is of note, however, that the Constitution of the British-inspired slavocracy of the Confederate States of America included no "general welfare" clause, and replaced the Founding Fathers' Leibnizian concept of "the pursuit of happiness" with Locke's right to "property."

Anwar also acknowledges his (and Locke's) debt to Aristotle on this count, praising Aristotle's view of justice as "the bond of men in states, for the administration of justice, which is the determination of what is just, the principle of order in a political community." This notion of a "social contract" is the core of British common law, ignoring the higher, constitutional question of the true meaning of Justice. In his embrace of Aristotle, Anwar never even mentions Plato, let alone his masterpiece, *The Republic*, which is in its entirety a refutation of Aristotelian notions of positive law, in favor of a quest for true Justice conceived in terms of the general welfare of the citizenry, as the necessary basis of a Republic.

### Adam Smith, the 'Moralist'

Given Anwar's adherence to the free-trade dogma of the IMF, it is not surprising that he embraces the spokesman

for British 18th-Century free-trade imperialism, Adam Smith. But it is doubly disturbing that he attempts to portray Smith as a misunderstood paradigm of moral virtue. Anwar claims that a supposed recent renewal of concern over ethics in economics derives from "a rediscovery of the moral philosophy of Adam Smith in its more integral form." Anwar continues: "While the founder of the discipline of economics has been largely credited with the discovery of self-interest as the engine of wealth accumulation, he himself considered 'wisdom and virtue' more worthy of admiration than material riches."

Smith's *Wealth of Nations*, written in 1776 as a direct attack on the emerging republican revolution in the American colonies, was viewed by the first century of American System economists as the most evil book of its age, justifying slavery, drugs, and the subjugation of "lesser races," all in the name of "free trade." Smith's moral depravity should have been clear to Anwar even from the passage which he himself quotes from his *Theory of Moral Sentiments*: "The disposition to admire, and almost to worship, the rich and the powerful, and to despise, or at least to neglect persons of poor and mean condition, *though necessary both to establish and maintain the distinction of rank and order of society*, is, at the same time, the great and most universal cause of the corruption of our moral sentiments" (emphasis added).

Indeed, such evil is *necessary*, says Smith, regardless of the offense to our moral sentiments, in order to maintain the oligarchical order. This is no different than Mandeville's *Fable of the Bees*, which Anwar claims to despise.

It must be noted, that if Anwar read the entirety of Smith's *Theory of Moral Sentiments*, he'd have come across the following infamous passage which demonstrates Smith's (and the Enlightenment's) satanic view of the Will of God and the role of mankind: "The administration of the great system of the universe . . . , the care of the universal happiness of all rational and sensible beings, is the business of God and not of man. To man is allotted a much humbler department, but one much more suitable to the weakness of his powers, and to the narrowness of his comprehension; the care of his own happiness, and of his family, his friends, his country. . . . *Nature has directed us to the greater part of these by original and immediate instincts. Hunger, thirst, the passion which unites the two sexes, love of pleasure, and dread of pain, prompt us to apply those means for their own sakes, and without any consideration of their tendency to those beneficent ends which the great Director of nature intended to produce by them*" (emphasis added).

Does Anwar's Asian Renaissance, which he claims is based on "religion and tradition," endorse this hedonistic view of religion?

This reviewer has elsewhere developed at length the actual parallels between the European Renaissance and the Confucian Renaissance in 11th- and 12th-Century China, showing the close affinity between Confucian *ren (jen)* and the

Platonic/Christian *agapē*, as well as the similarities between the Song Renaissance giant Zhu Xi and the Western Renaissance leaders Nicolaus of Cusa and Leibniz (see, e.g., “Toward the Ecumenical Unity of East and West: The Renaissances of Confucian China and Christian Europe,” *Fidelio*, Summer 1993). In both Asia and the West, Renaissance thinkers rejected the hedonism and moral relativism displayed by the likes of Locke and Smith as a curse, not a pragmatic necessity.

### Hypocrisy

While Anwar was apparently willing to compromise his professed high moral standards in order to justify his allegiance to the Adam Smith dogma of free trade, his book does, at least, retain moral indignation against those who have attacked Asia under the cover of human rights concerns. However, today, now that Anwar has joined full tilt with those same enemies of Asia, his earlier protestations ring hollow indeed.

Consider this admirable passage from *The Asian Renaissance*: “When they hector us on issues such as human rights, patronize us on the matter of values, impose conditionalities on trade, we cannot help but suspect a hidden agenda—a new form of domination in place of the old.” Or the following: “True, the age of *la mission civilisatrice* is over and no one talks about it any longer without a touch of remorse or embarrassment. However, in our day, the tone is as condescending, although it has metaphorized into *la mission democratisatrice*. That enterprise has acquired the status of a dogma in foreign relations . . . , ready to be enforced with the mightiest firepower known in human history.”

These are powerful words, but we are hearing a very different story from Anwar and his backers today, who are whining for the “international community” to intervene against the nation’s elected government. In fact, the “human rights mafia” has always been financed and controlled by the London-New York financial oligarchy, who despise Dr. Mahathir for bucking the new globalized empire of the IMF. The fact that Anwar has now become one of the leading “hectorers” for these hypocritical human rights crusaders demonstrates not only his ever-shifting moral relativism, but also his primary allegiance to those financial oligarchs. Among Anwar’s leading defenders internationally is Human Rights Watch, an NGO financed by the same George Soros who orchestrated the deadly “shock therapy” against the former Soviet bloc nations, and later led the speculative assault on the Asian economies, creating the human rights disasters of poverty, disease, and communal strife throughout the region.

A new, global Renaissance is indeed a dire necessity for the current world crisis. Such a Renaissance, however, will come not from the Anwar Ibrahims, but from those who are joining forces to replace the bankrupt global financial system with a new, just world economic order.

# The American Intellectual Tradition, Imprisoned

by Martin Chew

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## Reflections of an American Political Prisoner: The Repression and Promise of the LaRouche Movement

As Seen by Michael O. Billington  
Washington, D.C.: EIR News Service, 2000  
430 pages, paperbound, \$20

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When the true history of the United States is finally taught in schools, a fitting chapter would be one where, in the best of all possible worlds, Michael Billington turned a ten-year, framed-up imprisonment, into the laying of the foundation for an ecumenical union between East and West, based on commonly discovered ideas of humanity.

His work on the similarities between the Platonic and Confucian discoveries of Man as naturally Good, and the Sung (Tenth Century) neo-Confucian development of the idea of the Oneness of *Li* (Principle), *brought back to life* the Sung Renaissance, which was aborted by the Venice-allied Mongols in the 13th Century.

Another important contribution was his uncovering of the fight between the flowering rationality of the Sung Renaissance, against the oligarchism of the Dao, and the mysticism of Zen Buddhism.

The corruption of Chinese culture by these two forces, into the syncretism of the “Three Religions,” is one of the main obstacles to the resumption of China’s journey toward the Golden Renaissance. Even up to the present day, this corruption manifests itself in cults such as the Falun Gong and the “holier-than-thou” caricature of the Dalai Lama. Such cultural corruption not only impedes the further advancement of society, but also serves as potential socio-political destabilization tools for the enemies of human progress.

### British Miseducation in China

Another obstacle identified by Billington, is the corruption of the Chinese perception of Western philosophy and science, first by the Venetian oligarchy-directed Enlightenment’s undermining of Kepler’s ideas by Galileo’s fraud; and in China during the Qing dynasty; as well as British intelligence operations against modern China’s intelligentsia, such as the May 4th Movement.



Today in Asia, there is a misconceived label called “Asian values.” This misconception is based on a supposed dichotomy between Western and Eastern culture. This mistake is a direct result of colonial miseducation, the usurpation of ivory tower academia by the British oligarchy, using the tool of the Enlightenment, and the oligarchy’s mass media portrayal of the Tavistock-invented counterculture, as if it were modern Western culture.

Any “value” worthy of the name, is a valid universal principle, discoverable through the cognition of the human mind, regardless of race or gender. Valid universal principles have the common characteristic of enabling Man to willfully increase the potential population density of humanity, else it is not a valid universal principle, and hence, not a “value,” Asian or otherwise.

From Billington’s work, we now have a more truthful image of Eastern culture, as opposed to the common popular portrayal of Eastern culture in the “New Age” image of a mysterious vegetable in silent meditation.

By uncovering the principles shared by the Confucian tradition of the aborted Sung Renaissance, and the Platonic tradition of the Golden Renaissance, the walls have been overcome, for the continued evolution of Chinese culture, with the ideas developed in the tradition of the Golden Renaissance.

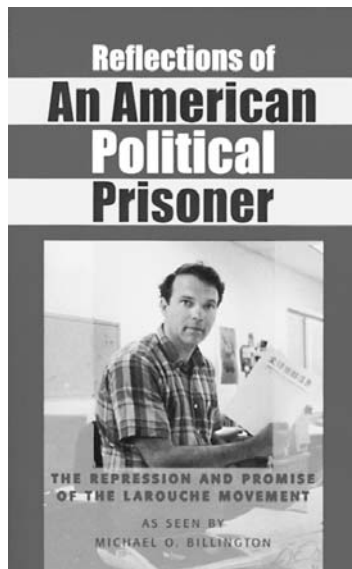
Therefore, from the prison in which the careers of politicians, such as those who were too cowardly to stop John Ashcroft from becoming U.S. Attorney General, expire, the influence of Michael Billington is raised toward his life’s providential mission—the ecumenical unity of the cultures of Man, based on the principle of Man being created in the image of God. In these interesting times, only joint international effort, based on the foundation of this scientific principle, is capable of reversing the Anglo-American financial oligarchy’s imposition of a New Dark Age on humanity.

Above all, it was the unwavering *commitment to truth and justice*, in the face of a barbaric 77-year prison sentence, and the less-than-optimum working conditions in prison, which made it possible to make the necessary conceptual breakthroughs.

## Simple Matters of War

The 77-year sentence was part of an operation to destroy the LaRouche movement. LaRouche and a number of his associates were railroaded into prison on trumped-up charges, by Henry Kissinger, acting on behalf of his British masters. Behind the threat of imprisonment, lurked something more sinister—the trap of a plea bargain.

The LaRouche movement derives great strength from its commitment to truth and justice. It is this integrity which gives it the ability to rally forces, not only in the United States, but around the world as well. In order to destroy the LaRouche movement, in the United States and around the world, the British aimed, primarily, at the movement’s integrity. For the movement to lose its integrity, the British had to make it



*Michael Billington, Asia intelligence specialist for EIR and writer of the review of Anwar Ibrahim’s book (see p. 50), was a LaRouche political prisoner in Federal and Virginia prisons for most of the last 12 years, and wrote this work in prison. Martin Chew, who lives, works, and organizes in Malaysia, focusses on Billington’s achievement, while in prison, with regard to the true history of Asian, especially Chinese, culture.*

*compromise on truth and justice.*

In the end, it was a question of whether “to be or not to be.” In hindsight, when reading the book in the comfort of our homes, the answer seems simple enough. So simple that we may even be tempted to think that our free will would, and could, make the same moral choice. However, in war, everything is simple, but all the simple things in war accumulate to form a friction which no man, who has not seen war, could imagine.

Michael Billington could, and did make the moral choice, of his own free will. When he made that choice, he did not have the benefit of hindsight. It was a journey into a dangerous unknown.

God allowed evil to exist in the world so that we may become better by fighting it. Humanity’s moral fitness to survive comes from the commitment to truth and justice. This commitment is the foundation for any *valid* conceptual breakthrough, necessary for the successful survival of the human species. By making moral compromises, humanity becomes impotent, and ultimately loses the ability to survive. In the face of unknown dangers, our free will has a choice: Live by the faith that, in the best of all possible worlds, evil ultimately destroys itself; or, die a spiritual death by plea-bargaining for short-term gains.

For those who betrayed the movement, by “testifying” for the persecution, they lost something which every intellectually potent human being longs for—an immortal place in history.

*Reflections* is not only the story of a personal journey from the dark days of the 1960s counterculture, to eventual moral triumph. It also serves as a reminder to those, whose free will faltered at the moment of becoming (such as the Democrats during the Ashcroft nomination), what their life’s providential mission could have been.

## Political Theocracy Defined

by Lyndon H. LaRouche, Jr.

April 18, 2001

The following topic is essential for any competent grasp of the leading strategic problems confronting both the U.S.A. and the world today. It will be studied, and assimilated accordingly, by all who wish to be competent in addressing the decisive issues of the immediate, present period of history.

The subject on which our attention is focussed in this report, is among the most important, and also the most politically sensitive of all leading issues which must be faced, that by a world presently in the grip of a global existential crisis beyond the imagination of most experiencing that very process at this presently onrushing moment. As it touches upon the matters of the privacy of personal religious professions, it is a hot issue; but, like the evils of the Spanish and related practice of both the nominally Catholic and Protestant Inquisitions, and like the Venice-orchestrated religious wars which rocked and ruined so much of Sixteenth- and Seventeenth-Century Europe, it, like the pagan religion of Hitler's Nazis, is a matter of law and statecraft which, by its practice, loses its cloak of privileged immunity from obligatory public close scrutiny, and, if necessary, public, even official denunciation.

This subject is not only a very sensitive one, but may require a degree of intellectual effort beyond what is considered customary today. In this case, that habitual intellectual reluctance itself, is to be considered perhaps the most important of all the contributing factors in making the existential crisis confronting civilization as a whole at this instant.

### What Is 'Political Theocracy'?

The choice of the term, "theocracy," to describe such phenomena as that minestrone of Bush-allied gnostics, including the Christendom College set and pro-Temple Mount types, such as Pat Robertson, Jerry Falwell, and the Bob Jones Uni-

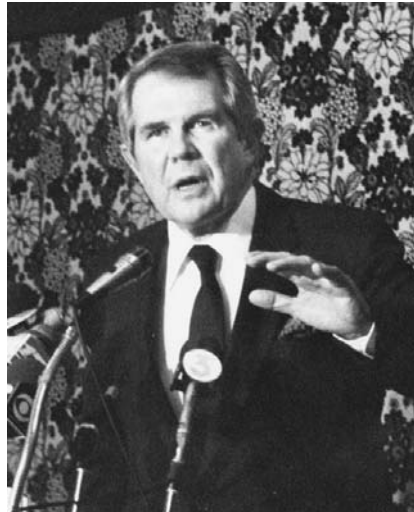
versity gang, should be read as equivalent in meaning to an alternate, more descriptive choice of term: "political theocracy."

By "political theocracy," I mean an organic doctrine of law and related political practice, premised upon the ancient legacy of the Roman empires of both Rome and Byzantium, such as the Code of the Emperor Diocletian, and also the ancient Delphi cult of the Pythian Apollo, a legacy whose current expressions are best described in the relevant academic lexicon of the present-day world, as "universal fascism."

In the cases of Christendom College, with its Buckley family-linked streak of Escorial-cult Carlism and Falangism, or the Temple Mount and kindred, "fundamentalist" single-issue cults and alliances, political theocracy signifies a gnostic conception of supranational world law higher than, and thus opposed to both Papacy and national sovereignties. This is the mentality which Justice Department and related mass-media reports have imputed, implicitly, to be the characteristic feature of the case of St. Catherine of Siena's accused FBI official Hanssen.

Whatever becomes ultimately of the due-process outcome of the charges against Hanssen himself, the charge of "political theocracy" against the indicated minestrone of gnostics, sticks. Obviously, given the position of great influence exerted by this gnostic cabal, in not only the Bush camp, but its deep penetration of the institutions of the U.S. national-security apparatus in general, it represents perhaps the most deadly political threat, both internal and external, to the security of the U.S.A. today.

The core issue is the same as that I have addressed in the case of the nominally Catholic, but, actually, radically gnostic U.S. Supreme Court Associate Justice Antonin Scalia, himself a typical ideologue and member of Christendom Col-



*Televangelists Jerry Falwell and Pat Robertson, and Christendom College founder Paul Weyrich. The religious right gathering of gnostic "political theocracy," is the Bush league's fascist mass-base for launching a "universal fascist" world order.*

lege's gnostic orbit. On all of the fundamental issues of statecraft, law, and of theology, too, no competent judgment can be presented, until it has been developed from that Classical standpoint in natural law from which the U.S. 1776 Declaration and Independence and 1789 Preamble of the Federal Constitution were derived. Therefore, all competent definitions of phenomena such as gnosticism in general, or the gnostic theology of Christendom College's practice, must be rigorously grounded from that very same standpoint in natural law which Scalia has rejected as abhorrent to him.

The issue of "political theocracy" must be so defined, and in no contrary way.

### **The Standpoint in Natural Law**

As I have emphasized, repeatedly, of late, from the standpoint of reference to the best standard of practice of physical science today, such as that of biogeochemist Vladimir I. Vernadsky, physical science signifies the evidence of the existence of efficient forms of universal physical principles, which are adducible from physical-experimental studies of what he terms "natural objects." He defines three distinct general categories of such natural objects: non-living processes, as contrasted in their expressed efficiency to the higher authority of living processes, and noetic processes, as contrasted in their expressed efficiency to living processes otherwise. Thus, he defines human nature as absolutely, distinctively superior to all other forms of existence within that universe.

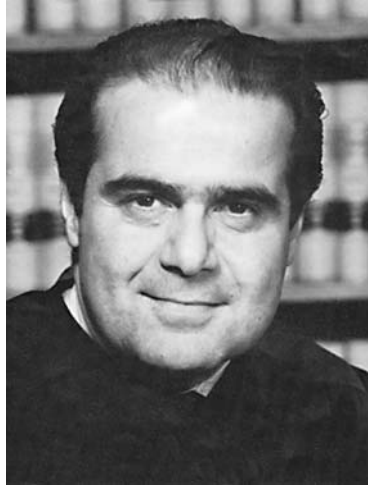
Therefore, the body of law derived, by the most rigorous application of scientific method, from those phenomena which are uniquely characteristic of human existence in the universe, constitutes the scientific basis for defining what may be reasonably identified as "natural law."

There is no opposing method practiced in the name of

physical science, for example, which has ever made, or could make a competent argument against the definition of natural law which I have just summarized. The empirically based discoveries of Vernadsky, are to be regarded as simply a consistent expression of, and contribution to the furtherance of that Classical scientific tradition, which the greatest Christian Apostles and theologians have traced immediately from such sources as the continuing work of Plato's Academy through the work of his follower Eratosthenes. However, as Vernadsky suspected, and I have shown, the more appropriate way in which to situate and conceptualize the relevant physical evidence and conclusions proffered by Vernadsky is the revolution in mathematical physics established by Gauss follower Bernhard Riemann.

By "natural law," we should understand one another to signify the nature of man, as expressed in terms of those among mankind's specific choices of actions which prove themselves to express our species' efficient ability to increase its power to existence within and over the universe. This experimental evidence shows, contrary to the empiricists and Kantians, for example, that the immortal processes of individual human cognitive action, which Vernadsky identifies as the noetic characteristics, are the only acceptable definition of both individual human nature, and of mankind's relationship to the universe as a whole. This standard, and this standard alone, defines man's nature, as in efficient relationship to the universe as a whole. Thus, only "natural law," so defined, enjoys any just claim to universal authority.

Thus, those institutions of mankind which are efficiently dedicated to the promotion of the general welfare of mankind, as mankind is so defined, and as the performance of society is so defined, is the highest temporal or spiritual authority governing the practice of law within all of human society.



*The roots of fascism trace back to ancient Rome. Left, Benito Mussolini, who revived the Roman fasces as the symbol of continuity with imperial Rome. And today's modern variant, U.S. Supreme Court Associate Justice Antonin Scalia.*

That is what is to be regarded as what may be justly termed the justifiable authority of lawful political, religious, and other institutions, and of constitutions crafted, like the U.S. Declaration of Independence and the Preamble of the 1789 Federal Constitution, in obedience to recognition of this principle of natural law.

In contrast, we have the cases of what is fairly described as “unnatural law.” This includes today, and prominently, the avowed, “textualist,” implicitly fascist misconception of law, as professed by Justice Scalia. The notion of “shareholder value,” is such an implicitly fascist, and unnatural conception in law. This same, “unnatural” conception of law, is the basis for the gnostic sects of Christendom College and other cooperating, pro-Bush members of that tangle of political-theological minestrone which includes the aforementioned sects of Robertson, Falwell, Bob Jones University, and the “Elmer Gantry”-like, pro-racist, barking circles of Attorney General John Ashcroft.

Among the relevant historical precedents for such “unnatural law,” are, as I have said above, the cases of ancient Roman law, which, as precedents, are consistent with the implications of the degenerate ancient Mesopotamian cultures, and with the Delphi cult of the Pythian Apollo. The typification of all relevant “unnatural law,” such as Roman law and cultural tradition, is the satanic concept sometimes known as the law of “Pontifex Maximus” of both ancient Roman empires. Under this rule of Roman law, the head of state, such as Caesar, was the ultimate authority in matters of law, religious beliefs included. The Delphi cult’s practices, including its myth-making “spin doctors,” typify this same evil. This doctrine called in Latin, *Pontifex Maximus*, is the doctrine of imperial law, upon which is premised the division of society between rulers and their lackeys, on the one side, and the great mass of “human cattle,” on the other side, and was the general

ordering of society and its courts and laws.

This central feature of pagan Roman tradition is otherwise best identified today as the “political theocracy” exhibited as the common trait of that gnostic minestrone represented by today’s Bush-league, slime-mold-like combination of the “single-issue”-oriented cults of Christendom College and its allies among the “Elmer-Gantry”-style, “Temple Mount” and kindred, Protestant “fundamentalists.”

Although the members of what is called, fairly, that “Bush-league religious minestrone,” differ among themselves as much as competing shop-keepers in a flea-market, there is a common theocratic principle, which unites them in common cause against all that is sane and decent in humanity. That principle is most efficiently identified as centered around the heritage of the Bogomil cult from which the modern doctrine of “free trade” was

derived in Western Europe. It is the assertion of a doctrine of “free trade” as a universal religious principle, which defines the gnostic quality of political theocracy controlling the base of the Bush-league, in particular, today.

### **The Bogomil Cult**

By the modern European, gnostic cult-dogma of “free trade,” we signify chiefly the various outgrowths of the introduction of empiricism to modern Europe, initially, by the circles of the sometime lord of Venice, Paolo Sarpi, and his most notable ideological successor, Abbé Antonio Conti, and the Conti-organized, Europe-wide network of anti-Leibniz salons. The most notable satanic apostles of the empiricist doctrine of “free trade,” are Thomas Hobbes, John Locke, Bernard Mandeville, David Hume, Adam Smith, and the utilitarian school of the British Foreign Office’s Jeremy Bentham. We also mean to include, among the circles of Conti and Voltaire, the bestial Dr. François Quesnay and Minister Turgot, of “laissez-faire” notoriety, from whom Adam Smith plagiarized the most crucial features of his own *Wealth of Nations*.

All things considered, it should not be surprising that Lord Shelburne’s lackey Gibbon included a significant account of the Bogomils, otherwise called in English slang, “the buggers,” in his account of the history of the Roman Empire. Much of what Gibbon reports on these “buggers,” is true to fact in its bare essentials.

As part of their “special operations” of strategic defense of Byzantium against actual or potential threats from uncontrolled populations to the north, Byzantium imported a typically gnostic cult, known as the Manicheans, into the region of Thrace, as a kind of satellite marcher-lord and buffer, along that border of the empire. In a later time, as the infiltration of the Bulgars into this same region occurred, Byzantium,



*Adam Smith (left) and John Locke, who believe that “the rich and prosperous class is the rich and prosperous class, only because the ‘little green men’ have arranged it thus. . . . When that dogma is adopted as a presumably universal moral authority, we have a corresponding form of the worst kind of heathen cult, of the type known, traditionally, as gnosticism.”*

consistent with its custom, produced a modified version of the Manichean cult, a form of gnosticism, modelled upon the Manichean, but adapted to the Slavic cultural influences, a lunatic cult which became known as the Bogomils.

This Bogomil influence became a feature of the Bulgarian Empire, thus spreading across part of the southern Balkans, to the Adriatic coast. Later, when the migration of Carpathian Slavs occupied both sides of the river dividing Diocletian’s western from eastern portion of the Roman Empire, the emergence of what are recognized as the pro-western Croats and the pro-Byzantine Serbs, checked and contained the Bulgarian influence, but the Bogomil influence continued in areas such as today’s Kosovo, until the Bogomils converted *en masse* to Islam and the related alliance with the Ottoman Empire.

Inevitably, in the course of time, Venice cultivated the Bogomils in the area of Illyria, and promoted the cult as an agent of influence in northern Italy and southern France, where it also became known as the “Cathari” or Cathars. That portion of southern France recognized historically as Languedoc, featuring the area of the Pyrenees, along the Garonne, Tarn, and Rhône, and reaching up to the modern city of Geneva in Switzerland today.

This was the richest part of France during the relevant period of time, and, thus, a rival to the power of Venice’s ally, the Plantagenets, of the early Thirteenth Century. Typically, in the immediate aftermath of Venice’s direction of the Plantagenet 1202-1204 conquest of Byzantium, in the Fourth Crusade, Venice and its Plantagenet partners used the lurid reputation of the Bogomil cult, to launch a genocidal campaign against Languedoc, slaughtering Bogomils and many others alike, a Nazi-like slaughter of all together under the notorious slogan: slay them all, and let God sort them out.

It is important to stress what should be the obvious point. The fact that an agency as evil as Simon de Montfort and the Venice-directed Plantagenet agency he represented, slaughtered Bogomils, does not credit either the Plantagenet action as moral, nor the Bogomils among the victims as good, but simply demonstrates the pure hypocrisy and evil intrinsic to the introduction of the institution of the Inquisition as a combined practice of both church and state during a period which continued, in fact, from that period of the Thirteenth Century, until the 1648 Treaty of Westphalia, which ended the Thirty Years War.

Nonetheless, the ideological influence of the Bogomils not only persisted, but increased, to the present day, when many of that legacy parade, as do our present-day’s mine-strone of Bush-league gnostics, still professing the core of the same Bogomil dogma associated today with the Mont Pelerin Society’s adopted paragon, the pro-satanist Bernard Mandeville, which is also the “laissez-faire” cult otherwise parading under the banner of “free trade.” There is no point of importance, on which any of the Bush-league gnostic cult-mine-strone differs in essentials, from the essentially anti-Christian features of the Bogomil cult-doctrine.

Several features of the adherence to that pro-satanic (e.g., gnostic) cult-doctrine, are to be stressed in connection with the case of the Carlist, even outrightly pro-Falangist fanatics embedded, for example, within the Christendom College ingredient of that Bush-league’s religious slime-mold. The first to be considered here, is the radically gnostic implications of any effort to elevate the doctrine of “laissez-faire” to a moral principle of not only national law, but also, much worse, of international law. The second, is the fact that the doctrine itself is not only purely irrational, and false as to fact, but represents, in the inevitable consequence of its practice, a

result directly and absolutely contrary not only to the fundamental principle of our Federal Constitution's Preamble, but to the Mosaic conception of man and God, in general, and the fundamental principle of Christianity, in particular.

Thus, on these two accounts, even taking into account the exculpatory implications of President Bush's so conspicuously crippled mental powers, the common quality of the Bush-league's theocratic slime-mold base, is an anti-Christian, lunatic cult: in fact, a characteristically gnostic form of "political theocratic" dogma, a dogma placed by the "true believers" of that slime-mold collection, as moral authority higher than government, and also an implication inhering in their sundry varieties of curiously perverted religious beliefs.

The central feature of the religious dogma of the Bogomil cult, is their theory of "the elect," otherwise known as the "purified ones," or the "perfected ones." The mechanics of the doctrinal argument differs in no respect or degree of sheer lunacy from the arguments of John Locke, the Mont Pelerin Society's Bernard Mandeville, Quesnay, Adam Smith, or all among the utilitarians. The argument is, that there exist "little green men under the floor-boards (god)," who manipulate the statistical mechanics of the minutiae of kinematic social interactions among people motivated essentially by lusts such as petty greed, to the effect of producing a result which, because it is the result, is "the good." Thus, the rich and prosperous class is the rich and prosperous class, only because the "little green men" have arranged it thus. To interfere with that marvelous ingenuity of the "little green men," is what is morally reprehensible, the unwanted intervention of the human will, which must be prevented at all costs. When that dogma is adopted as a presumably universal moral authority, we have a corresponding form of the worst kind of heathen cult, of the type known, traditionally, as gnosticism.

When such a cult-belief is elevated to a place of authority above Paul's *I Corinthians* 13, for example, we have a characteristically evil, pro-satanic, gnostic cult of the type found in the Bush league's theological slime-mold.

## Why Bush Is No Christian

President Bush has presented himself, so far, as the perfect Nietzschean superman, a depraved creature stupid enough, bestial enough, to be "beyond good and evil." He, as President, has acted, chiefly, in the same sort of flagrant defiance of the consequence of his own and his administration's action, which Hitler showed in his targeting of Czechoslovakia, Poland, and the Ariel Sharon-like operations against the Warsaw Ghetto. (Only a nation, such as Israel operating under the protection of European guilt—and that of President Bush's grandfather, Prescott—over its allowing the Nazi holocaust, only under the dictatorship of a Lazard Frères protégé such as Ariel Sharon, would commit Hitler-like crimes against humanity, against the Palestinians, and not be instantly crushed by international abhorrence for

Sharon's Hitler-like atrocities.)

In short, the recent actions of the Bush Presidency have been characterized by a repeated disregard for the most obvious countervailing, economic and strategic consequences of unbelievably stupid Bush policies. The word is out, "How long will it be, before Secretary of State Powell resigns, in embittered frustration?" trying to serve such a stupid, foolish President?

To assess this sort of Nazi-like behavior by the Bush Administration, we must focus upon the affinities and connections between the legacy of the mother of Twentieth-Century fascism, the avowed satanist Friedrich Nietzsche, such followers of Nietzsche as Nazi philosopher Martin Heidegger, and Nietzsche's British Fabian admirers and followers, such as George Bernard Shaw and the H.G. Wells whose fascistic dogma is the foundation of the belief-structure of the circles of such products of Central European-aggravated, Twentieth-Century cultural and moral decadence, as Czechoslovakia's President Eduard Benes' Josef Korbel, Zbigniew Brzezinski, Korbel's daughter Madeleine Albright, and Korbel's protégé Condoleezza Rice. These cultural and moral degenerates, represent the explicitly pro-paganist complement to, and natural allies of the gnostic slime-mold of the Bush league's radical religious right.

Full circle to the fascist legacy of the Falange! The religious right represented by the slime-mold which features the Christendom College gathering of gnostic "political theocracy," is the Bush league's fascist mass-base for its attempted launching of a globally consolidated "universal fascist" world order.

The human essence of this matter, is that Christ was born and crucified to redeem all humanity, to the status of a creature made in the image of the Creator of the universe. Thus, for the Christian, in particular, the obligation of society, including political society, is to submit itself to the overriding obligation to promote the general welfare of humanity, at all costs, to foster the conditions of life consistent with that nature of the human individual which identifies the individual person as made in the image of the Creator. This is the principle of *agapē*, as implicit in Plato's dialogues, and affirmed by Paul in *I Corinthians* 13.

Those who, in the name of their notions of a "political theocratic" sort of "ultramontane" principle, would, like Associate Justice Scalia, and all of the members and supporters of the Mont Pelerin Society, Heritage Foundation, and American Enterprise Institute, subject mankind to a division between overlords (shareholder interest) and virtual "human cattle," are the enemies of all Christianity, and are to be cast out from decent company accordingly.

In summary, the efforts to globalize the world, as the Thornburgh Doctrine did, for example, in service of an "ultramontane" theology of "free trade," are the enemies of Christianity, and of all humanity, in whatever costume, Ku Klux Klan or clerical robes, they may wish to attire themselves.

# Coalition to Save D.C. Hospital Announces Strategy for Victory

by Michele Steinberg and Dennis Speed

The campaign to save D.C. General Hospital, the single remaining public hospital in the United States capital, has become an international movement rooted in the principle of the General Welfare clause of the U.S. Constitution. *International*, because the forces that seek to shut D.C. General, do so on behalf of financial forces engaged in destroying nations through the use of planned epidemics, as well as the willfully uncontrolled spread of disease. This policy option is not new, and was spelled out in the work of both H.G. Wells and Bertrand Russell. It was exposed by Lyndon LaRouche and associates as early as 1980, in *The New Dark Ages Conspiracy*.

Russell, in his *Impact of Science on Society*, stated, "If a Black Death could spread throughout the world once in every generation, survivors could procreate freely without making the world too full. The state of affairs might be unpleasant, but what of it?" Wells said, in *Anticipations of the Reaction to Mechanical and Scientific Progress Upon Human Life and Thought*, that "The men of the New Republic will not be squeamish either in facing or inflicting death. . . . They will have ideals that will make killing worthwhile."

This "New Republic," called by George Bush, Sr. the "New World Order," and its "New Republicans" typified by Conservative Revolution ideologue Newt Gingrich, intend to end public health care *globally*, using "globalization" to do so. They are the made-for-TV Zarathustras, dedicated, as was President George Bush, Jr.'s grandfather, Prescott Bush, to imposing Nazi financial austerity, in the name of "ending corruption," by purging society of the lives not worthy to be lived.

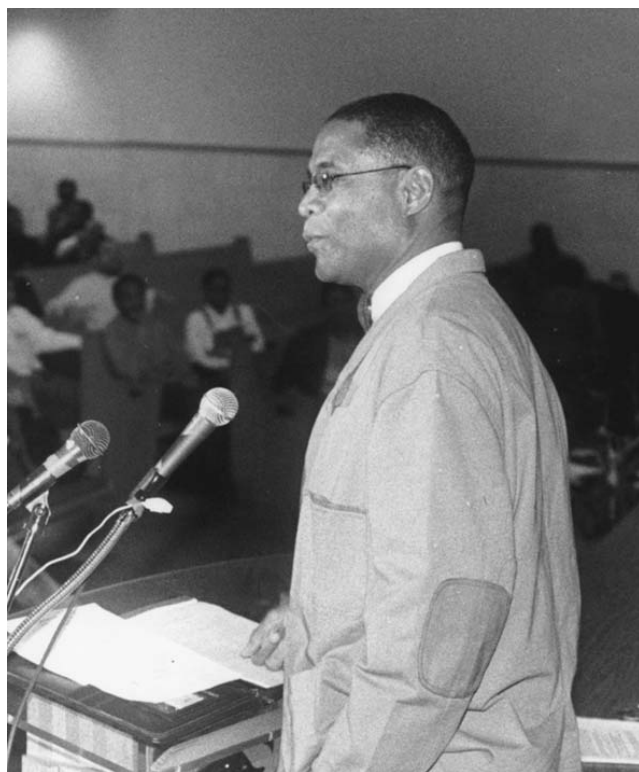
Many citizens throughout the world who have up to now assumed that it was "not their place" to challenge these policies, are now beginning to fight back. That process developed in Washington, D.C., in a dialogue, via webcast, between LaRouche, and Dr. Abdul Alim Muhammad, founder and director of Washington's Abundant Life Clinic. It has now caught the attention of medical professionals and others worldwide. Recently, for example, doctors in Germany have allied themselves with the fight for D.C. General Hospital, "in defense of the general welfare."

Doctors at Berlin's Moabit Hospital, faced with the same shutdown process being fought in Washington, sent a statement to the Coalition To Save D.C. General Hospital, saying, "The doctors and the medical personnel of Moabit Hospital

have been fighting for years to maintain their hospital in the center of Berlin, a hospital which also has a long Jewish tradition, and want to ensure that in the future medical care will be provided in the area where the hospital stands. . . . Now we find out, that you have similar problems in Washington, D.C., with your hospital, and therefore, with this letter, want to convey our solidarity. We want to motivate you, to fight for the hospital, so that you can continue the important work for the patients who have been entrusted to your care. . . ."

## Eleventh Mass Meeting in Washington

In the United States, such support has been built through the circulation of an FDR-PAC petition which grew out of a discussion between Lyndon LaRouche and a group of elected



Dr. Abdul Alim Muhammad, Minister of Health of the Nation of Islam, as well as a founding member of the Coalition to Save D.C. General, told the cheering crowd, "We can smell victory in the air."

officials, trade unionists, and constituency leaders in Washington, D.C. in February. Called "It is time to draw the line: Saving D.C. General Hospital is a matter of international importance," the statement has been signed by more than 400 current and former elected officials, religious and community leaders, and medical professionals from all over the world. In part, the petition states: "There can be no argument that the world has entered the greatest financial and economic crisis in modern history. In the context of that crisis, the United States is at a crossroads. Either we re-adopt the commitment to the General Welfare clause of the U.S. Constitution that was the basis of Franklin Roosevelt's policies and of Dr. Martin Luther King's, or we will find our nation going the way of Nazi Germany. . . . There is no middle ground."

On April 18, organizers held their eleventh town meeting, attended by some 400 citizens, as well as major media at the Union Temple Baptist Church of Rev. Willie Wilson. The meeting came on the heels of the April 12 City Council decision defying the Mayor and Control Board, voting up of the funds to keep a *public* D.C. General operating as "the center of the District's health care system." The City Council move was such a shock to the Washington "elite" that the vote was immediately called "disgusting" by the *Washington Post*, the newspaper owned by KKK-Katie Graham. Graham is queen bee of the "Invisible Empire" of financiers who plan to "whiten" Washington with a vast "Negro Removal" program centered on the shutdown of D.C. General and destruction of medical and other critical services.

Reverend Wilson, perhaps the most important constituency figure in D.C. in the election of Mayor Anthony Williams, has now led the fight against the Mayor's incompetent, and dangerous, campaign to shut D.C. General. Wilson announced that on April 28, the church would conduct an all-day "trash-burning," in which he invited citizens to collect the mayor's "letter to citizens" defending the plan to shut the hospital.

## The Philosophy of Victory

Moderator Dr. Abdul Alim Muhammad, Minister of Health of the Nation of Islam, as well as a founding member of the Coalition to Save D.C. General, told the cheering crowd, "We can smell victory in the air." On Thursday, April 12, the Washington, D.C. City Council voted unanimously, 13-0, to reject the attempt of the Mayor, and the D.C. Control board, to allot \$75 million (actually more) to the seedy, shady Doctors Community Healthcare Corporation (DCHC) to close D.C. General. Instead, the Council acted to keep D.C. General as a public hospital, by allocating \$21 million for its functioning until Sept. 30.

Sept. 30 is both the end of the fiscal year, and the end of the five-year dictatorial rule of D.C. by the Control Board. Any attempt to extend the Control Board's dominance over the electorate of that city past that five-year deadline, will lead

to a political explosion. This is especially true, since it has come to light that Williams and Alice Rivlin, head of the Control Board, are now proposing to give to DCHC \$83 million for the first year of operation of D.C. General, when the Congress would allocate earlier only \$45 million. Members of D.C. General's Public Benefits Corporation (PBC), who are allied with the doctors and nurses in the call to keep the hospital fully staffed and fully funded, have offered a proposal to run the hospital for only \$75 million!

In essence, DCHC will be paid *more*, because it will ensure the deconstruction of D.C. General, *and the African-American community that lives there*. It is simply the "blood money" for implementing the *Washington Post's* Katharine Graham's 50-year-old policy for "Negro Removal" for the District.

Dr. Alim recounted how the coalition meetings had triggered a citizens' quest for truth, and uncovered, with the work of the FDR-PAC, that in reality, DCHC has been accused of crimes — looting the hospitals it takes over, and stripping them bare of assets and cash flows.

Two members of the D.C. City Council, Kevin Chavous and Phil Mendelson, made surprise appearances at the meeting. They joined the podium group to thank the citizens for their perseverance and determination, and to announce that they will continue the fight on behalf of the people who supported them. Chavous and Mendelson expressed their pride in the Council, that the action to fund D.C. General with \$21.5 million in operating expenses, was by a very rare *unanimous*, 13-0, vote.

Chavous reported Mayor Williams's announcement that he will veto that vote; but Chavous predicted that not only will the Council members deliver the minimum 9 votes to override the veto, but the vote will be 13-0 once again. He told the citizens to keep on fighting, because, after the City Council overrides the veto, the D.C. General budget will go *back* to the Control Board and then to Congress.

## Congress Is Target

Chavous made it clear to the audience that, as far as he was concerned, D.C. citizens had "nothing to lose" by challenging the "Negro Removal" plan. "The media said, 'Councilman, don't you feel you're threatening home rule by doing something Congress doesn't want you to do? I said, well, what are they going to do? Take away our right to vote? What are they going to do, take away our budget autonomy? What are they going to do, take away our voting members of Congress? What are they going to do? Put in a control board to oversee what we do? [all things Congress has already done to the city]. You know, under these circumstances, I take my chances. Sometimes, when your back's against the wall, you have nowhere to go but forward. The vote was a vote to move forward."

Joining Dr. Alim at the podium were Dr. Joycelyn Elders,





*D.C. City Council member Phil Mendelson made a surprise appearance at the meeting, and joined the podium group to thank the citizens for their perseverance and determination.*



*Lynne Speed, from the Schiller Institute and Coalition to Save D.C. General Hospital.*

former Surgeon General of the United States, who had flown from Little Rock, Arkansas to be there; Dr. Simmon Wilcox, past president of the Medical Staff of Aliquippa Community Hospital of Beaver County, Pa., where a victory had just been won to prevent DCHC from destroying that hospital; Dennis Speed, the Northeast coordinator of the Schiller Institute; Dr. Michal Ann Young, president of the Medical/Dental Staff, D.C. General Hospital; civil rights veteran, Rev. James L. Bevel, once Director of Non-violent Political Action for Dr. Martin Luther King, Jr.; and Lynne Speed from the Schiller Institute and Coalition to Save D.C. General Hospital.

Dr. Alim noted that with this kind of representation, the fight for D.C. General Hospital had turned into a “movement.” He explained that *now*, because the Congressional *fiat* that governs the District of Columbia makes the Congress the seat of ultimate decisions about the District, the issue of D.C. General has become the domain of *every citizen* of the United States. Any and all citizens can lobby every member of the U.S. Congress to vote for saving D.C. General.

Recalling the several months of work by the Coalition, Dr. Alim said that “this is a movement of love,” beginning with love of God. He said that the only way we can serve God is to serve our fellow man, especially the poor, and the least

of our brethren. “D.C. General is sacred ground, it is consecrated for the poor.” Alim reminded the crowd that, as Jesus said that the “poor will always be among us,” the doors must always be opened to those poor, “for the love of humanity.” He said that the citizens must turn out in “platoons, squads, and brigades” to demonstrate outside the Mayor’s office on Thursday, and march with the coalition to Capitol Hill to win this fight.

Schiller Institute leader Dennis Speed, citing a major article by Lyndon LaRouche on “The Philosophy of Victory” (see *EIR*, March 2, 2001), drew the participants to see the larger picture they were acting in. Speed gave a strategic briefing on the needless crises being *created* by the arrogant and stupid Washington elites—the economic and financial collapse, the Middle East bloodbath, the looming strategic crisis in China. LaRouche’s article is sub-titled, “Can We Change the Universe?” and Speed identified that, as the subject of the fight for D.C. General—to realize the human *purpose* for change, and to create a government of the people, by the people and for the people. He asked how elected officials can represent the “will of the people” who elected them, if the people are so indifferent that they have no “will.”

Speed recounted that at Howard University, a medical student named Robert Henderson had committed suicide on April 6, and that he was the third student to die at the Univer-

sity in the last three weeks. Two of the three had committed suicide. How ironic, Speed said, that a *medical* student at this African-American university, in the city in which the fight for D.C. General was raging, felt that his life had no purpose. This student could have been at this meeting, or last week's meeting, and seen that this movement, this fight for the General Welfare, gives purpose to every life.

### Challenge From 1960s Civil Rights Leader

Rev. James Bevel is a legendary figure in the American civil rights movement, and was also the 1992 candidate for the Vice-Presidency of the United States with Lyndon LaRouche, then in jail. Bevel, who had been called to Birmingham on Good Friday of 1963 by Dr. Martin Luther King, as King entered the Birmingham jail, and immediately devised the bold 1963 Birmingham "Children's March" that broke the

back of segregation in Alabama, inspired and challenged D.C. citizens to spread the General Welfare movement further than anything seen in their lifetime.

Bevel pointed out that while the U.S. government provides a *means* for true personal sovereignty, people who refuse to exercise it act like animals, instead of citizens. Bevel said that *no citizen* can ever truly be "oppressed" by another—neither the "powerless" by the "powerful," nor the "black" by the "white." He spoke of the "government," not as bureaucracy, but as the Constitution and Declaration of Independence of 1776, in the which, the Founding Fathers of America wrote of "inalienable rights," and "self-evident truths," such that "*all men are created equal.*" Bevel blasted the belief that the American founding documents were designed to exclude black Americans, or anyone else, and located the success of this battle for D.C. General in the real fight that is necessary:

## 'Time to Get Serious'

*The following interchange took place between Dr. Abdul Alim Muhammed of the Nation of Islam and Lyndon H. LaRouche, Jr., at the conference of the International Caucus of Labor Committees and Schiller Institute in Reston, Virginia on Feb. 17-18, 2001.*

**Dr. Abdul Alim Muhammed:** Greetings to you Mr. LaRouche. I'm very pleased to be here. As you know, I'm from Washington, D.C., which is the center of a lot of what you're talking about. And there are some of us in the District, who are attempting to be citizens, and to stand up on our hind legs, as you put it, but the barbarians are inside the gates. And they have occupied the high places in the powerful places, and among other . . . things that we're presently fighting to preserve, is the public health sector . . . especially D.C. General Hospital. As you probably know, there are probably 200,000 or more government-certified poor people who live in the District, 100,000 of whom have no health insurance, who rely almost completely on the public-health sector that's being dismantled.

The troubles at D.C. General Hospital have been imposed from the top down. Congress has specifically limited the amount of money that the District government can spend on public health. So, a hospital that last year had a budgeted amount of about \$120 million, only has \$60 million this year, and is slated to run out of money sometime in March, and the doors of the hospital are expected to close by April 1.

So, I'm just asking . . . how those of us who wish to be citizens, need to respond to this rather urgent emergency,

that has already cost lives. I mean, we can already count the number of people who have died as a result of the difficulties imposed on D.C. General Hospital. Thank you.

**Lyndon LaRouche:** I think what we have to do is, first of all—I think we have to use that. We have to probably put a death count against the management of this operation there, and keep building it up. Because we're in a, strategically, in a Valley Forge-type of situation, in which all the forces in government, in the majority, are against us. But it's not hopeless.

For example, the problem is, we came up against Ashcroft's nomination. Now, my associates and I did what was necessary, with a lot of help from a lot of people. We mobilized enough to get the votes, which if Daschle and company had stuck to it, would have tied up the Ashcroft nomination. We'd organized that number of votes. But then, because we didn't have the muscle to enforce what we had won, some of them finked out on us.

Now, there are two sides to that: One side is, we lost that particular fight; but we didn't lose it really. Because we're fighting a war, and we lost one battle, we had to retreat. But we made a show of force, and we got our forces united by fighting that battle. So, what we have to do, is look at these situations, as we take these battles on, and we make them cost as much, politically, to the enemy as possible, to give as much morale, and moralization to the victims and friends as possible, to build a movement of conscience around this issue.

We have to understand also, that this administration, while it seems momentarily all powerful—or, they'd like to convince people of such—is not. We're dealing with a doomed emperor. He's on a short fuse. And therefore, we have to get the troops mobilized and moving in. Lives are lost in wars, lives that should not be lost. We're losing

“You must bring out your neighbors, students, children—make them all act like citizens by *taking* their inalienable rights.” Organizing takes work, he stressed—meetings every night, planning each next step until victory.

Dr. Simmon Wilcox from Aliquippa Community Hospital received a standing ovation for his, and his fellow doctors’, defeat of the very Doctors Community Health Care Corp. which was tapped by the Control Board to ruin D.C. General. Dr. Wilcox, who has traveled throughout the world, practicing medicine in Jamaica, South Africa, and other nations, told the audience that the excellence of American public health was once a “crowning jewel” that set this nation apart. He said he had never thought he would see those hospitals closed and looted, as was now being done in the name of profit-making.

Dr. Wilcox recalled how DCHC had come in with a “better bid” than a proposal to incorporate Aliquippa into a univer-

lives already. We’ve got to keep the death toll—not for George Bush; he’s not going to be impressed; he’s going to delight in the number of people that die. He’s never shown, himself, much compassion for anybody. Remember, “Well, if innocent people have to die on death row, that’s good for my politics, therefore, they’ll die.” And he’ll do the same thing with Washington, D.C. . . .

We just have to keep fighting. And not be discouraged by the defeats we take. Because we’ve got to win. The question is when? How soon? I think we ought to keep the score. But keep the score for the purpose of getting *the people* to understand. The people who agree with us, but who aren’t fighting. *Get them to understand!* “Look, the reason we’re not winning is because we don’t have enough support from you guys. So get serious and start organizing more of your friends and neighbors, and we might have enough muscle, so you don’t face a defeat, as we did with Ashcroft. If we had had more strength to support what we did in organizing Democrats to come around on the Ashcroft issue, we’d have won it. The reason we didn’t win it, all the way, is because we didn’t have enough support.”

So, the key thing now, is on this issue, like the D.C. General Hospital, is to do two things: Continue the fight and expand it. But also, let’s take this thing to the other parts of the country, and build up a national movement on this thing, and take the D.C. General case, and use it not only as a D.C. issue, but make this a *national* issue: “Look, look at what they’re doing to us in Washington. What do you think they’re going to do to you in New York? What do you think they’re going to do to you in Boston? Or Detroit? Or elsewhere? You guys have got to get on board here. We’ve got to win a national battle in Washington, for the sake of the whole country.”

And so, I think we’ve got to go in that direction.

sity network that would have brought in the finest doctors and research facilities in the area. The hospital “accountants” praised DCHC for the “very high rating it had gotten from Wall Street,” and for its “great website.” The doctors at Aliquippa, however, “being more interested in knowing the medical performance after these people take over a hospital,” did their own “due diligence” check. They found that DCHC’s takeovers of other financially limited hospitals had destroyed those facilities completely, resulting in lawsuits that showed extensive fraud. Dr. Wilcox especially thanked the LaRouche movement for coming out to Aliquippa “within 24 hours” of speaking to him on the phone about DCHC, and providing the crucial information that led the hospital board to *cancel* the deal with DCHC completely.

Dr. Joycelyn Elders, possibly the most controversial U.S. Surgeon General in recent times, because of her well-known outspokenness, raised the issue beyond the fate of the one hospital: “You are not fighting about a hospital and that alone.” She told the assembled citizens that the budget-cutters and “control boards” of the world will never lack money to build a new jail, but they never have funds to build the schools that America’s young black men should be going to *instead* of prison. Children are graduating high school with diplomas that *they cannot read*, she went on. “We believe in having health care for the haves, and *sick* care for the have-nots. We always go out and vote up taxes to build a jail. But when we start talking about schools, hospitals, about health care for the poor, where are we? ‘We don’t have the money.’ ”

### ‘Why Did You Come Here?’

Attacking the continual media reports in the Washington area for months, that the takeover and closure of the city’s public hospital was “a done deal,” Dr. Elders reported that the first question the media asked her when she arrived today for the mass meeting was, “ ‘Why did you come here?’ I was asked two or three times, since I arrived, why have you come in now? It’s all over. It’s all done. Well, you see, I’m a doctor. And I am saying that nobody is ever dead until there is not another heartbeat, that I can’t make come about. You just have to keep fighting. You have to keep on working. You set a goal to save D.C. General. Don’t let that be an end in itself—keep fighting. Don’t let the fear of failure stop you. . . . If you disappear, the hospital will disappear.”

Elders, a veteran of political and civil rights battles, told the crowd she has been falsely called an atheist—and then humorously quoted her church’s bishop on the big, important battles like that going on in Washington: “When you are dancing with a bear, don’t sit down to rest; keep dancing until the *bear gets tired.*”

The Coalition to Save D.C. General stands now within sight of a victory for the principle of the general welfare—if it can now mobilize citizens all over the United States to make every member of Congress answer to the issue of that principle.

# LaRouche Calls for Emergency Actions After Reckless Rate Cut

The following press release was issued by EIR on April 18.

EIR's Founding Editor, economist Lyndon H. LaRouche, Jr., a registered candidate for the Year 2004 Democratic Presidential nomination, today called for the following three emergency actions, in response to today's reckless Federal Reserve interest-rate cuts, along with the pattern of severe losses at major U.S. corporations, and today's bankruptcy petition of Winstar Corporation. The United States, Japan, and Europe must:

1. Immediately raise short-term interest rates.
2. Dry out the speculative bubble now, which will melt in any case—but the purpose of an interest-rate increase is to force the dry-out now.
3. Adopt the approach of Chapter 11 bankruptcy-protection and reorganization towards the real economy. Protect

what is viable in the economy, and infuse vast, low-interest, long-term credits, earmarked for capital investment, especially high-technology investment, and for infrastructure. This is comparable to what Franklin Roosevelt did in the Depression-era U.S.A., and what economist Dr. Wilhelm Lautenbach recommended—but was not carried out—for Germany in the 1920s.

There is already an enormous amount of hyperinflation in the financial system, while at the same time, there is a severe credit-crunch in the real economy, especially in infrastructure.


Under these circumstances, today's interest-rate cut again highlights President Bush's recklessness, along with that of Alan Greenspan. As LaRouche has warned, they are proving that they will go to any length whatever to keep the dollar debt bubble going, without regard to the consequences to the real economy.

We are on the verge of a new hyperinflationary spiral already. As markets contract, desperate corporations, stumbling into bankruptcy, will raise prices. After the massive first-quarter losses by U.S. airlines, for instance, there will be moves to increase airline fares.

No one should be surprised at the events of April 18. LaRouche had forecast them, and it should be obvious that he has been right all along. The question now, is what must be done about them.

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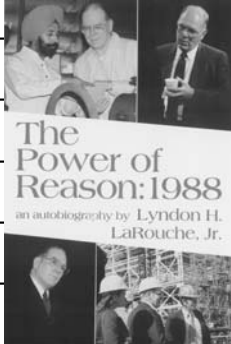
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# D.C. Mayor Williams's Lies to Residents About Hospital Closing, Refuted

by Lynne Speed

It has been announced that Washington, D.C. Mayor Anthony Williams will be "allowed" to spend up to \$1 million in a public disinformation campaign aimed at inducing D.C. residents to go along with the elimination of D.C. General Hospital. Williams's backers are becoming alarmed at the growing national movement in defense of the General Welfare, centered around saving the only public hospital in the nation's capital.

On April 6, Williams mailed out a "Letter to Residents" concerning the proposed shutdown of D.C. General Hospital, which is medically, morally, and mentally incompetent, and riddled with outright lies, half-truths, and fallacies of composition. For the welfare of the public, it is important that these be enumerated, and the truth of the matter set out alongside them, so that they may be effectively challenged.

**Lie:** "I am writing because there is a health care crisis in our city, and I'd like to share with you my determination to address this challenge."

**Truth:** The timing of this letter coincides with the growing uproar around the Mayor's plan to dismantle D.C. General Hospital. This letter was written within hours of the public exposure of revelations by D.C. Delegate Eleanor Holmes Norton that U.S. Rep. Ernest Istook (R-Okla.), former chair of the D.C. Appropriations Committee, last July threatened to jail Williams and City Council members, if they continued to finance D.C. General Hospital. U.S. Reps. Julian Dixon (D-Calif.) and James Moran (D-Va.), in their dissenting opinion to the Istook Report (#106-786), opposed the Congressional action to "force its [D.C. General's] insolvency," because this would exacerbate the health crisis in the city.

**Lie:** "With the help of elected officials, health care experts, and community representatives, I'm building a better health care system that puts the health of you and your family at the top of the city's agenda."

**Truth:** The City Council, on March 6, 2001, unanimously passed a resolution opposing the shutdown of D.C. General; major health-care associations, including the National Association of Public Hospitals, the American Public Health Association, the Medical Society of the District of

Columbia, the American Medical Association, the National Medical Association, and the Nurses Association of D.C. also oppose dismantling D.C. General; the community and their representatives are overwhelmingly opposed to the Mayor's plan. More than 400 prominent individuals from 35 states, including five former members of Congress and administration officials, 75 state legislators, and hundreds of trade union, religious, and civil rights leaders have endorsed statements supporting the retention of D.C. General Hospital as a full-service public institution.

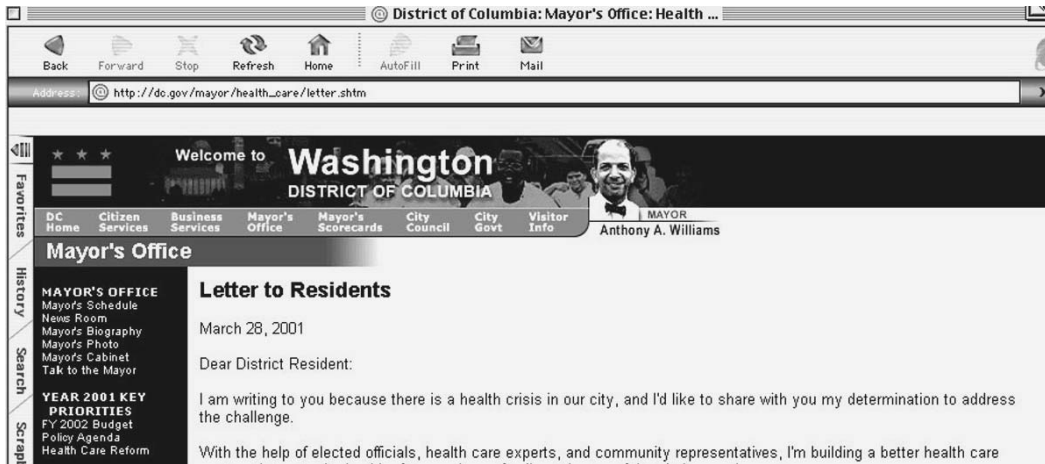
The closure plan, in fact, has been dictated by *Washington Post* owner Katharine Graham's Federal City Council, the secret, elite group of real estate developers, banks, law firms, and corporations, which run the city from behind the scenes, through myriad private institutions, media, and government agencies (see *Feature*).

**Lie:** "Obviously, the District's health care system is failing and needs reform."

**Truth:** D.C. General Hospital is one of the highest-rated hospitals in the District of Columbia. The Joint Commission on the Accreditation of Health Care Organizations, gave D.C. General a 94% rating, compared to 91% for George Washington University Hospital, 86% for Georgetown University Hospital, and 84% for Greater Southeast Community Hospital. So, exactly what in the District needs reform? Is D.C. General being singled out, because it has done such an excellent job in saving the lives of the poor, despite systematic underfunding and the highest ratio of uncompensated care cases in the District?

**Lie:** "Rumors have left some residents fearful and angry about the future of medical care and services in our city."

**Truth:** Not rumors, but documentation of lawsuits in four jurisdictions, charging the firm proposed to take over D.C. General, Doctors Community Healthcare Corporation (DCHC), and its partner, National Century Financial Enterprises (NCFE), with fraud, embezzlement, and racketeering involving several other hospitals, has left residents with legitimate concerns. On April 6, the board of Aliquippa Community Hospital, in Beaver County, Pennsylvania, voted unanimously to cancel its agreement with DCHC to take over managing its hospital as a result of similar concerns.



*Mayor Anthony Williams is grovelling to satisfy the demands of the Financial Control Board, while his constituents are rising up to demand that their elected officials defend the General Welfare. Here: the Mayor's website.*

**Lie:** "Of the 140,000 annual visits to D.C. General, only about 10,000 are inpatient admissions."

**Truth:** 10,000 admissions means annual use of 10,000 beds. It would be impossible for other area hospitals, which are already strained to the utmost, to absorb D.C. General's inpatients, given the last decade of budget cutting and the dramatic loss of 1,268 beds (22% of total bed capacity in Washington) during 1999-2000. Greater Southeast Community Hospital lost 27%, down to 266 beds; George Washington University Hospital lost 20%, down to 231 beds; Georgetown University Hospital lost 14%, down to 303 beds; Veteran Affairs Medical Center lost 56%, down to 167 beds; and Walter Reed lost 58%, down to 284 beds. The figures regarding critical-care beds are even more dramatic. The closure of Hadley as a hospital, meant the loss of 9 critical-care beds; D.C. General would mean the loss of 25 more; and Greater Southeast only intends to add two more such beds. This would be disastrous; in the event of an influenza epidemic or a bio-terrorist attack (a serious consideration here in the nation's capital), the District would be incapable of providing the necessary beds.

**Lie:** "D.C. General will not be closing."

**Truth:** The elimination of inpatient services, and the reduction of staff from 2,250 to 500 persons, mean that *D.C. General is closing as a hospital.*

**Lie:** "Its emergency room will maintain 24-hour full-service capability for most of the more than 50,000 annual visits, which include more than 12,000 ambulance runs. Two advanced cardiac-life-support ambulances will support this emergency center."

**Truth:** An emergency room is a department in a full-service hospital—there is no such thing as a free-standing emergency room, which would have the capacity to deal with trauma emergencies, when the speed with which the patient is treated is the difference between life and death, and when severe cases must be treated within 8 to 12 minutes. Of the 53,000 emergency room patients D.C. General treats every

year, 1,500 are Level 1, severe trauma cases. There is no hospital or group of hospitals, capable of absorbing those 53,000 emergency patients when D.C. General is turned into a "first-aid station." "Cardiac-life-support ambulances" will be of little use: Many cardiac emergency patients transported through city traffic to other emergency rooms will simply reach their destination "dead on arrival."

**Lie:** "But the larger number of people who visit D.C. General, but do not require hospitalization, which shows that the hospital's patients are using the emergency room as their primary care provider, which is both an expensive and ineffective way to provide health care."

**Truth:** This statement is an insult to the indigent and people without insurance. In fact, the ratio of hospital visits to inpatient admissions at D.C. General is comparable to most other District hospitals. D.C. General has a marginally higher rate of visits, in certain areas, because other hospitals routinely refer non-critical uninsured patients who show up at their hospital, to D.C. General. Further, D.C. General has more than 30 specialty clinics and programs including dental, ophthalmology, pharmacy, nutrition, and physical therapy, which indigent, uninsured, homeless, and other people use regularly.

**Lie:** "Emergency rooms don't provide the care people need to live healthier lives."

**Truth:** Emergency rooms save people's lives, a prerequisite to leading a healthy life.

**Lie:** "The centerpiece of our health services reform plan is to change that practice by providing a network of more than 100 primary care locations. These locations will provide 30% more care, specialty, and inpatient services than the current system."

**Truth:** Primary care and emergency care serve two entirely different functions. Both are necessary and one may not be counterposed, compromised, or eliminated for the other. The Mayor's plan would shut or privatize the six remaining public health clinics—originally there were 12 clinics—that



*The Coalition to Save D.C. General holds a rally in front of the hospital, the only public hospital in the District.*

operated in conjunction with D.C. General. This will eliminate the major primary care provider for citizens living in Southeast and Southwest D.C. The Mayor's "network of 100 clinics" already exists as private practices and clinics; they are not being newly created to service D.C. General's patient load. Most of these are far from the neighborhoods, creating insuperable additional travel problems for the indigent and infirm. As Dr. Debra Freeman reported to Rep. John Conyers' briefing on March 22 (see *EIR*, April 6, 2001), when Baltimore's public hospital was closed, and Medicaid was privatized, many participating physicians were in the suburbs, and 82% of the eligible patients never saw a doctor in the first year of operation, a big boon to the profits of the private companies.

**Lie:** "For the first time, thousands of uninsured residents will have access to regular health care."

**Truth:** Thousands of residents now turned away by private for-profit clinics and other hospitals because they lack insurance, who were served by D.C. General, will no longer have access to a full-service hospital.

**Lie:** "Greater Southeast [Hospital] will be held to its commitment to provide the same level of trauma services now offered at D.C. General within three months."

**Truth:** D.C. General is one of only two Level 1 trauma centers in the District meeting the criteria of the American College of Surgeons. Such a unit, necessary for chest wounds, gunshots, automobile accidents, etc., cannot be created within three months. The accreditation process alone takes a full year. Dr. James Howard, president of the medical staff at Washington Hospital Center, the other Level 1 trauma unit, has warned that the closing of D.C. General might necessitate the closing of WHC's emergency room, because the demands

placed on it would be far above its threshold of service capacity.

D.C. Department of Health Director Dr. Ivan Walks told the Public Benefit Corp. Board of Directors Planning Committee meeting last July: "A couple of folks may exsanguinate [bleed to death] per five miles on their way to the Washington Hospital Center."

**Lie:** "The media have reported that D.C. General's CEO backed a plan to build a new hospital on the D.C. General site that would require no capital investment by the city. But no such plan was submitted for evaluation by the city."

**Truth:** The PBC2 plan, prepared by the CEO of the Public Benefits Corporation which operates D.C. General, Dr. Michael Barch, which was extensively circulated to residents, the Mayor's office, the Financial Control Board, and the City Council, proposes building a new, full-service, state-of-the-art hospital on the site of D.C. General, financed through a public bond issue, thereby not costing additional city funds. This plan incorporated features of the proposal made earlier by Councilmembers Kevin Chavous, Sandy Allen, and David Catania for an Urban Health Campus at the same site. The other "Request for Proposal Bid," by Urban Healthcare Associates, was in line with the PBC2 proposal and would maintain all services currently operated by D.C. General.

**Lie:** "The plan that was supported by the Public Benefits Corp., which has been operating D.C. General, was fully reviewed by evaluators appointed by the D.C. Council, my office, and the Financial Control Board."

**Truth:** The "Request for Proposal (RFP)" process which "chose" DCHC was flawed and fraudulent from the outset. Since the July 2000 confrontation between Istook and the

Mayor, and the decision to force the insolvency of D.C. General Hospital, there has been a rush to privatize health care for the 150,000 patients D.C. General serves. Istook's excuse was "mismanagement of funds," saying that D.C. General "overspent its budget by \$90 million over three years." In fact D.C. General was allocated only \$45 million, while delivering more than \$75 million in services, a funding deficit of \$30 million per year. The "RFP," as outlined by the Congressionally imposed Control Board, placed shareholder values before the General Welfare (health of the citizens). There can be no plan, and no evaluation, except for a plan to have a full-service public hospital, funded at the necessary level.

**Lie:** "The unanimous decision of these evaluators was to select the Greater Southeast [Hospital] proposal, which included the commitment to build the network of neighborhood-based primary care providers. The Greater Southeast proposal received more than twice the points of the Public Benefits Corp. plan, which would have continued inpatient operations at D.C. General."

**Truth:** The evaluation process was also flawed and one-sided, emphasizing "price" and "cost" above all else. "A maximum score of 500 points" was automatically assigned the contractor offering the lowest price. A private for-profit system, given the same funding as a public not-for-profit system, can only make profit by cutting services, as we have seen many times. DCHC, which operates Greater Southeast for profit, does not propose to "build" a network of anything: Rather they intend to knit together a patchwork of individual private practitioners, most of whose practices are located a considerable distance from the patients now utilizing D.C. General.

**Lie:** "Some believe that closing D.C. General is part of the National Planning Commission's 1997 redevelopment plan, but the land on which the hospital sits is Federally owned and designated for the provision of health care and human services."

**Truth:** Nothing in the National Planning Commission Legacy Plan "designates" the area where D.C. General now sits, for health and human services. The Legacy Plan description of the area is that "a new environmental park . . . would replace RFK Stadium and *adjacent institutional buildings* with gardens, fountains, and waterfalls connected to playing fields and marinas. . . . New housing and commercial development would complete the redevelopment of the area." The scale model of the Legacy Plan, on public display at the NCPD's offices, shows high-rises and a playing field where the hospital now sits.

**Lie:** "I am committed to maintaining the site as a health care campus."

**Truth:** Sam Ford, reporting for Channel 7 TV on Feb. 8, 2001, recounts that in September 1998, just days before Anthony Williams won the Democratic primary for Mayor, he campaigned at D.C. General Hospital against a yellow

flyer which accused him of wanting to close the hospital. Urging employees not to believe it, Williams is shown saying, "This is not true. Let's put it on the table. It's a lie. There is no substance or documentation for any of these charges."

**Lie:** "Our health initiative places the responsibility for the reform plan with the District's Department of Health, not with any for-profit company. The health department has a proven expertise in their management and oversight of large health services contracts."

**Truth:** The health initiative hands D.C. General's 150,000 patients over to the for-profit hospital management company, DCHC, and its partner, NCFE; both companies are now facing civil racketeering charges in Boston, Massachusetts, Durham, North Carolina, and Louisville, Kentucky, where they allegedly looted hospitals and health care organizations.

**Lie:** "The management of Greater Southeast has been in place for more than a year and has turned a failed institution into a safe and effective facility."

**Truth:** Community activist Rose Smith has recounted the following horror story about Greater Southeast's emergency care, over March 8-11, 2001. Her granddaughter and great granddaughter were taken to Greater Southeast after falling down 13 steps, where they waited more than five hours, in an overcrowded waiting room, without adequate seating, before even seeing the triage nurse, whose first question was about their insurance coverage! The child (22 months), whose nose had been broken, was never thoroughly examined by doctors at Greater Southeast. It was only three days later, when she was taken to Children's Hospital, that doctors finally gave her a full examination. If D.C. General closes, such stories born of overcrowding would be multiplied many times over in hospitals in the District, and radiating into the suburban counties in Maryland and Virginia.

**Lie:** "I am confident that our community will come together to ensure that this reform leads to a substantially improved health care system for the District's neediest residents."

**Truth:** At the time that Rep. Istook ordered the Mayor and City Council to discontinue financing D.C. General above its Congressionally authorized \$45 million subsidy, it was well known that D.C. General, as a public hospital, required to take care of anyone who walks through its doors, needs at least \$75 million per year to operate. This amount, or slightly more, could probably run a full-service public hospital in conjunction with a host of specialty clinics and primary care facilities. But no matter the cost, shareholder values cannot be put before human life: The mandate of government is to protect and promote the General Welfare. The community remains resolute in its commitment not to sacrifice human lives on the altar of shareholder values and to restore D.C. General as a full-service, fully funded public hospital.



# Cincinnati Disturbances Threaten 'Garden Plot'

by Jeffrey Steinberg

On April 9, Cincinnati police officer Steven Roach shot and killed an unarmed 19-year-old black youth, Timothy Thomas. The incident triggered three days of the worst urban violence since the 1993 Los Angeles riots that followed the videotaped police beating of Rodney King. The Cincinnati shooting, which bears a striking similarity to the Feb. 4, 1999 New York City police killing of Amadou Diallo, raises anew the issue of what Lyndon LaRouche has labelled "the New Violence."

One crucial facet of the "New Violence" is the pattern of unwarranted police killings of unarmed African-American and other minority youth, often in a hail of bullets, as in the New York Diallo case. "Nintendo cops," trained on computer simulators, "programmed" to profile potential perpetrators on the basis of racial and other "criminal" characteristics, is a growing phenomenon. "Nintendo cops" are in many respects identical to the schoolyard shooters, who act out their violent video-game fantasies on schoolmates and teachers, as in the Columbine High School massacre of April 20, 1999, and the recent incidents at two San Diego County high schools.

Following the killing of Thomas, three nights of violence broke out in Cincinnati's Over-the-Rhine district, resulting in 250 arrests, scores of injuries, and millions of dollars in property damage. Mayor Charles Luken declared an overnight curfew, which as of April 20 was still partially in effect, and called in Ohio State Police to assist in restoring calm. Luken attempted to convince the Governor to call out the National Guard, made several inflammatory statements vowing to never allow Cincinnati to be turned into "another Detroit or Washington, D.C.," referred to the rioters (mostly teenagers) as "terrorists," and equated Cincinnati with Beirut at the peak of the Lebanese civil war in the 1970s and '80s. His push for the National Guard deployment followed the shooting of a police officer on April 11.

On April 14, during Thomas's funeral, police armed with riot ammunition fired on several groups of peaceful protesters, injuring a schoolteacher and two girls, ages 7 and 11. Eyewitnesses said that the police action was unprovoked.

The Thomas case provoked a strong reaction because Cincinnati has seen a rash of police killings of black youth in recent years. According to Associated Press, Thomas was the fourth black man killed by police since November 2000, and the 15th since 1995. Over the same time period, no Caucasians were shot and killed by the police.

As a result of the rioting, and the accusations of police racism, Cincinnati Public Safety Director Kent Ryan resigned from his post. Mayor Luken wrote to U.S. Attorney General John Ashcroft, requesting a Justice Department probe, to determine whether there were a pattern of racism inside the police department. Justice Department investigators are already on the scene.

## A Pretext for Emergency Rule

This is a classic case of inviting a fox into the hen house. Ashcroft represents the most deranged element inside the Bush Administration, and is capable of using the pretext of a new "urban insurgency" to activate the long-standing "Operation Garden Plot" plan for emergency rule in the face of civil disorder.

"Operation Garden Plot" was the government's code name for its classified plans for martial law. In the early 1970s, a copy of Garden Plot was leaked to several New Left publications, and an ensuing scandal fed into Congressional hearings into illegal domestic intelligence activities by the CIA, the FBI, and the military intelligence branches.

Nevertheless, the Department of Defense Civil Disturbance Plan, "Garden Plot," is still operational. It was last revised on Feb. 15, 1991, during the Presidency of Sir George Bush. Under this 256-page domestic counterinsurgency/martial rule scheme, in the event the President declares a domestic civil emergency, the U.S. Attorney General becomes the de facto commander-in-chief of domestic military and law enforcement forces.

The idea of such rule-by-decree has been promoted by the Bush Administration since taking office. Less than a month after the inauguration, during a visit to a U.S. Army Reserve facility in West Virginia, President Bush endorsed a revamping of the National Security Council system, to create a special assistant to the President for "Homeland Defense."

In early April, representatives of a score of Federal, state, and local agencies conducted a war game response to a U.S. outbreak of hoof and mouth disease. The war-gamers concluded that the only way the United States could avoid a \$5 billion disintegration of the meat industry, was by a nationwide deployment of the military and the Federal Emergency Management Agency, to slaughter the infected herds, and militarize the nation's highway system, in order to curb travel in and out of contaminated zones.

Sources in Cincinnati report that, during the violence, radicals were circulating leaflets, claiming that shut-down military bases have been turned into concentration camps, with crematoria, where African-Americans will be shipped for "final solution." While there is no doubt that these stories, like the infamous "black helicopter" tales of the Clinton era, are untrue, the reality of what the Bush Administration, and Ashcroft in particular, have in mind for many Americans is bad enough to warrant concern, and appropriate policy action.

## Counter Bush-Greenspan Recklessness

In the post-Easter week, a torrent of corporate and financial announcements of losses, bankruptcies, and mass layoffs in the United States, Europe, and Japan, were punctuated by Alan Greenspan's act of desperation, a half-point "surprise" interest rate cut on April 18.

Hyperinflation is continuing to spread from the financial system into a real economy which is experiencing simultaneously a credit crunch. Given these facts—forecast and publicized insistently by Lyndon LaRouche and this news service since Fall 1999—the Federal Reserve's emergency conference call and desperation rate-cut showed both Alan Greenspan's and George W. Bush's recklessness. As LaRouche immediately responded, this recklessness must be counteracted. What is necessary is *short-term interest-rate increases* by Japan, Europe, and the United States to dry out this hyperinflation; and government issuance of *long-term, low-interest credits* into the real economy, for infrastructure and capital goods exports.

The news of the morning of April 18 alone, showed the situation edging closer to a general debt blowout, perhaps to be triggered by Argentina or Turkey's debt crises.

- Telecom services provider Winstar Communications filed for bankruptcy protection, marking one of the biggest bankruptcies in U.S. corporate history; \$6.3 billion in debt, according to Moody's. Half its workforce has been laid off.

- Internet service provider PSINet announced it would file for bankruptcy.

- Cisco Systems, the world's biggest Internet services firm, reported a 30% decline in sales in the first quarter.

- All major U.S. airlines reported large losses, their first money-losing quarter since 1993.

- AOL/Time-Warner reported a \$1.5 billion first-quarter loss.

- General Motors reported an 88% drop in earnings in the first quarter, compared to one year ago. Gillette Co.'s net income was announced to have dropped by 29% with a sales drop of 7%; Whirlpool's net income

by 63%; and the huge International Paper Company's earnings by 91%.

- Intel's earnings in the first quarter fell by 82% against the first quarter of 2000.

- J.P. Morgan-Chase and Merrill Lynch reported drops in earnings of 28% and 16%, respectively.

- The U.S. trade deficit figures were announced for February, showing the third consecutive monthly decline because of falling imports into the United States. This was a sharply larger decline than the previous months: imports fell by 4.4%. China's imports to the United States fell by \$2.1 billion; Europe's by \$2.3 billion, and Canada's by \$2.4 billion.

- Japan's Financial Services Agency released an estimate that the bad debts of the Japanese banking sector are double previous official estimates, despite government bailouts already exceeding \$1 trillion. The rate of growth of losses from non-performing loans now exceeds the total annual profits of that banking sector, so these banks cannot use earnings to write off the bad debts.

- Japan's trade surplus was reported down 20% for the year ending March 31, in spite of the very low yen.

Thus the great irony of the "suckers' rally" which ensued on Wall Street, in reaction to Greenspan's desperate "surprise" rate cut on April 18.

No one should have been surprised at the reckless interest-rate cut by Greenspan and Bush, nor at the other events of April 18. LaRouche had forecast them, and since his international webcast of Jan. 3, had forecast very precisely what Greenspan was going to do as the evidence mounted that he and the Fed have lost all control. But now there is a great penalty to be paid for each reckless move by Bush and Greenspan for further hyperinflation, further extreme deregulation. LaRouche put it thus: Bush dodges a 10-megaton blowout by such measures, in order to rush on toward the 100-megaton blowout he creates by that desperation. The actual measures which are required, as LaRouche laid them out in his April 18 press announcement, go in the diametrically opposite direction.

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 Charter Ch. 21  
 Mondays—9:30 pm  
 Thursdays—11:30 am

• SPRINGFIELD—Ch.4  
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**INDIANA**  
 • DELAWARE COUNTY  
 Adelphia Ch. 42  
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**IOWA**  
 • QUAD CITIES  
 AT&T Ch. 75  
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 GRTV Ch. 25  
 Fridays—1:30 pm  
 • KALAMAZOO  
 Cablevision  
 Thu-11 pm (Ch.31)  
 Sat-9:30 pm (Ch.33)

• LAKE ORION  
 AT&T Ch. 65  
 Alt. Weeks: 5 pm  
 Mon., Wed., Fri.  
 • LANSING  
 AT&T Ch. 16  
 Tuesdays—4:30 pm  
 • PLYMOUTH—Ch.18  
 Mondays—6 pm  
**MINNESOTA**  
 • ANOKA—Ch. 15  
 Thu.—11 am, 5 pm,  
 12 Midnight  
 • GOLD SPRING  
 U.S. Cable Ch. 3  
 Nightly after PSAs  
 • COLUMBIA HTS.  
 MediaOne Ch. 15  
 Wednesdays—8 pm  
 • DULUTH—Ch. 24  
 Thursdays—10 pm  
 Saturdays—12 Noon  
 • MINNEAP.—Ch.32  
 Wednesdays—8:30 pm  
 • NEW ULM—Ch. 12  
 Fridays—5 pm  
 • PROCTOR/  
 HERMANTOWN—Ch.12  
 Tue. btw. 5 pm - 1 am  
 • ST. LOUIS PARK—Ch.33  
 Friday through Monday  
 3 pm, 11 pm, 7 am  
 • ST. PAUL—Ch. 33  
 Sundays—10 pm  
 • ST. PAUL (NE burbs)\*  
 Suburban Community Ch.15

**MISSISSIPPI**  
 • JACKSON  
 T/W Ch. 11/18  
 Mondays—3:30 am  
**MISSOURI**  
 • ST. LOUIS—Ch. 22  
 Wed-5 pm; Thu.-Noon  
**NEBRASKA**  
 • LINCOLN  
 Time Warner  
 Channels 80 & 99  
*Citizen Watchdog*  
 Tue.—6 & 7 pm  
 Wed.—8 & 10 pm  
**NEVADA**  
 • CARSON CITY—Ch.10  
 Sun-2:30 pm; Wed-7 pm  
 Saturdays—3 pm  
 • DEARBORN HEIGHTS  
 MediaOne Ch. 18  
 Mondays—6 pm  
 • GRAND RAPIDS  
 GRTV Ch. 25  
 Fridays—1:30 pm  
 • KALAMAZOO  
 Cablevision  
 Thu-11 pm (Ch.31)  
 Sat-9:30 pm (Ch.33)

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 T/W Ch. 11/18  
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**MISSISSIPPI**  
 • JACKSON  
 T/W Ch. 11/18  
 Mondays—3:30 am  
**MISSOURI**  
 • ST. LOUIS—Ch. 22  
 Wed-5 pm; Thu.-Noon  
**NEBRASKA**  
 • LINCOLN  
 Time Warner  
 Channels 80 & 99  
*Citizen Watchdog*  
 Tue.—6 & 7 pm  
 Wed.—8 & 10 pm  
**NEVADA**  
 • CARSON CITY—Ch.10  
 Sun-2:30 pm; Wed-7 pm  
 Saturdays—3 pm  
 • DEARBORN HEIGHTS  
 MediaOne Ch. 18  
 Mondays—6 pm  
 • GRAND RAPIDS  
 GRTV Ch. 25  
 Fridays—1:30 pm  
 • KALAMAZOO  
 Cablevision  
 Thu-11 pm (Ch.31)  
 Sat-9:30 pm (Ch.33)

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• TAOS  
 Adelphia Ch. 2  
 Mondays—7 pm  
**NEW YORK**  
 • AMSTERDAM—Ch.16  
 Mondays—7 pm  
 • BROOKHAVEN  
 (E. Suffolk)  
 Cablevision Ch.1/99  
 Wednesdays—9:30 pm  
 • BROOKLYN—BCAT  
 Time Warner Ch. 35  
 Cablevision Ch. 68  
 Sundays—9 am  
 • BUFFALO  
 Adelphia Ch. 18  
 Tuesdays—7 pm  
 • CORTLANDT/PEEKES  
 MediaOne Ch. 32/6  
 Wednesdays—3 pm  
 • HORSEHEADS—Ch.1  
 Mon., Fri.—4:30 pm  
 • HUDSON VALLEY  
 MediaOne Ch. 62/90  
 Fridays—5 pm  
 • ILION—T/W Ch. 10  
 Saturdays—12:30 pm  
 • IROQUOIS—Ch.15  
 Mondays—7 pm  
 Thu.—9:30 am & 7 pm  
 • JOHNSTOWN—Ch. 7  
 Tuesdays—4 pm  
 • MANHATTAN—MNN  
 T/W Ch. 34; RCN Ch.109  
 Alt. Sundays—9 am  
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 • N. CHAUTAUQUA  
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 Fridays—7:30 pm  
 • ONEIDA—T/W Ch.10  
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 • OSSINING—Ch.19/16  
 Wednesdays—3 pm  
 • PENFIELD—Ch.12  
 Penfield Community TV\*  
 • POUGHKEEPSIE—Ch.28  
 1st, 2nd Fridays—4 pm  
 • QUEENS—QPTV  
 Wed, 5/14: 1 pm (Ch.56)  
 Thu, 5/17: 1 pm (Ch.56)  
 • QUEENSBURY—Ch.71  
 Thursdays—7 pm  
 • RIVERHEAD—Ch.27  
 Thursdays—12 Midnight  
 • ROCHESTER—Ch.15  
 Fri-11 pm; Sun-11 am  
 • ROCKLAND—Ch. 27  
 Wednesdays—4 pm  
 • SCHENECTADY—Ch.16  
 Tuesdays—10 pm  
 • STATEN ISL.—Ch.57  
 Thu.-11 pm; Sat.-8 am

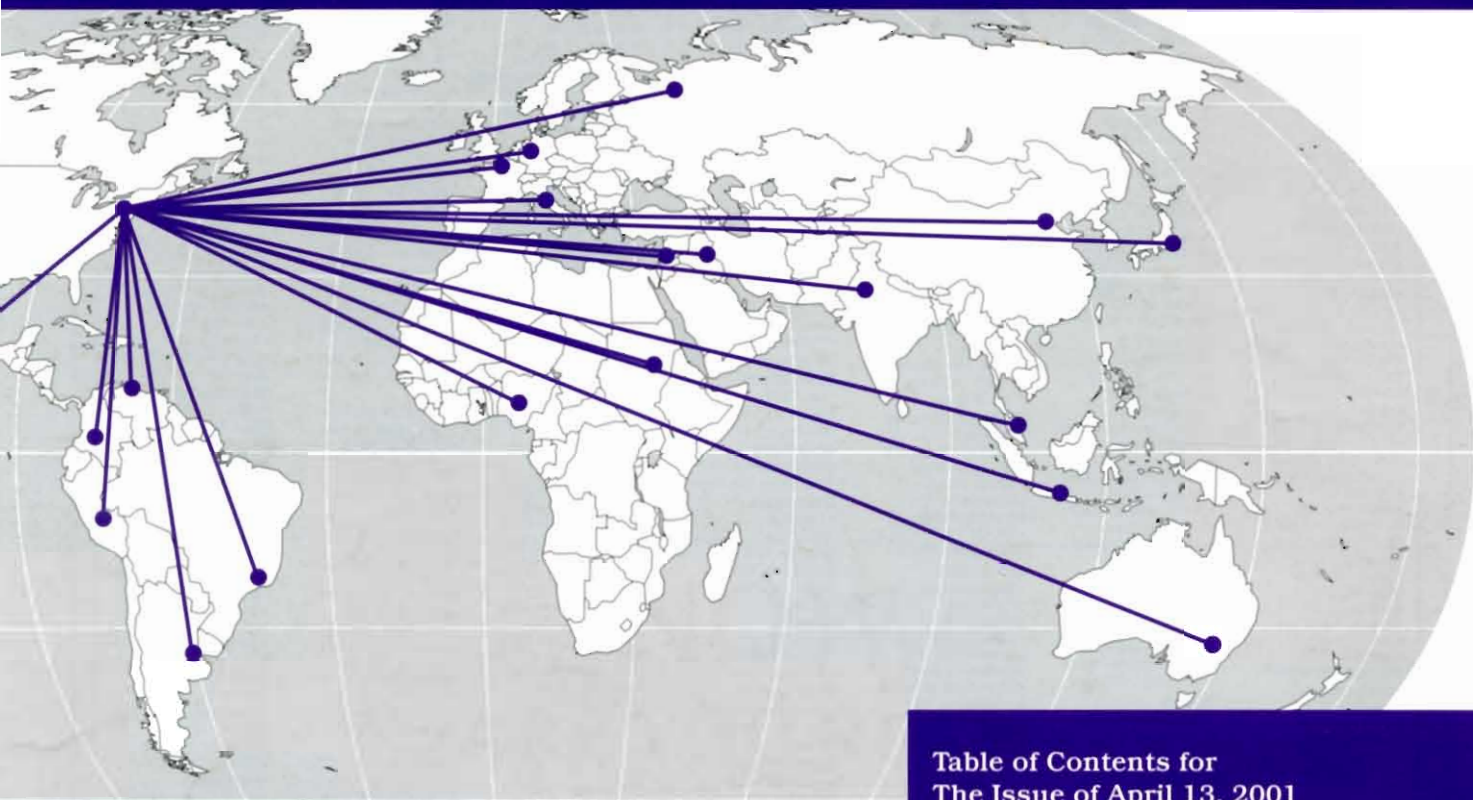
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