

EIR

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From the Editor

The *Feature* this week is directed to independent thinkers. The upsurge in both Nazi and “anti-fascist” violence in Germany has received much international media attention (especially the former, although the latter is equally a threat). This media campaign is designed to weaken Germany as a potential force for the good in the world, by portraying Germans as innately prone to right-wing fascism. Our report shows that whatever ideological flaws a tiny minority of Germans may harbor, Germany’s gravest error has been to tolerate the meddling into its economic, political, and cultural life by racists of the Anglo-American oligarchy.

Meanwhile, that oligarchy, operating through its “secret government,” handed a fresh setback to the cause of justice in the United States, when a jury in Alexandria, Virginia on Dec. 31, 1992 acquitted four defendants on trial for conspiracy to kidnap 36-year-old Lewis du Pont Smith, an heir to the du Pont fortune, and his wife Andrea Diano-Smith, and “deprogram” them of their allegiance to the political cause of Lyndon LaRouche. The decision came after the judge in the case, Timothy Ellis, undermined the charge he had made only one day earlier and in effect ordered the jury to acquit on bizarre technical grounds, despite the massive evidence of a crime which had been presented in the courtroom.

Before the verdict was ordered by a corrupt judge, the trial first exposed in a courtroom the blatantly criminal methods of the “Cult Awareness Network” against LaRouche. The transcripts of taped conversations between the defendants are now a permanent part of the public record. *EIR* will be involved in the publication of these records and we urge you to assist us in circulating the truth as widely as possible.

The interview with Lyndon LaRouche in *Economics* offers a fresh portrait in his own words of the man the Anglo-American establishment most fears, because his moral and scientific approach to economics is one essential element for getting the world out of its current dangerous mess. Finally, we would stress, in harmony with the Bosnian foreign minister’s statements in the U.S. on Dec. 18 (see p. 54) that the criminal western indifference to Bosnia still *can*, and *must*, be reversed.

Nora Hamerman

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The P.R.C. government's announcement of a new annual festival, dedicated to the most infamous tyrant of Chinese history, is equivalent to holding a festival in the West in honor of the Roman Emperor Caligula. Not coincidentally, it coincides with strengthened ties to U.S. economist Lawrence Klein. Michael Billington reports.

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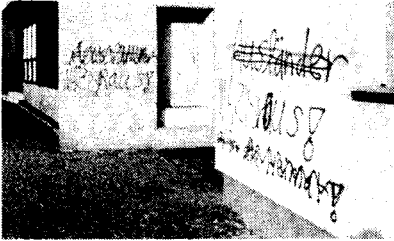
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Bankers push forbearance to keep debt bubble afloat

by John Hoefle

U.S. bankers and banking regulators have launched a full-scale push for forbearance, and for further deregulation of the already-insolvent and fast-sinking U.S. banking system. This con job by the banks to save themselves by further looting of the physical economy and the public, is being presented to the public not as the thievery and fraud that it is, but as an attempt to stimulate the "recovery" and benefit the consumer.

The bankers and their pet regulators are pushing the line that "overregulation" of the banks is hampering their ability to make loans and thereby help the economy. Ease up on us, the bankers recently told President-elect Bill Clinton, and we can pump \$86-100 billion in new loans into the economy, and get this recovery moving.

That's like a vampire telling its victim, "Let me bite you and I'll fill you with blood."

The claim that regulators have been too hard on the banks is ludicrous. There is no adversarial relationship here: the regulatory system is, as a whole, dominated by the big banks and exists to protect and subsidize them—at the expense of the economy and the population.

Over the past year, the government has pumped billions of dollars into the big banks to keep them afloat. The most blatant example is the Treasury securities scam, in which government lends the banks money at 3% interest rates to buy Treasury securities, for which the government then pays the banks 7-8% interest, giving the banks a 4-5% profit. This life-support system amounts to a direct government subsidy to the banks, with the taxpayer picking up the tab in the form of increased federal debt.

While the government has been pumping money into the banks, it has also conspired with them to hide the extent of their losses from bad loans and devalued assets. It is this

combination of government funds and unreported losses which has allowed the banks to claim record profits for 1992. Those artificial profits, and the corresponding phony increases in equity capital, are the cornerstone of the pretense that the banking system returned to health in 1992. But were these claims of financial health true, there would be no reason for this near-hysterical push for deregulation.

In fact, 1992 was a disastrous year for the U.S. banking system. Many problems were swept under the rug during the election season, and those problems are now resurfacing with a vengeance, much worse for having been ignored. That is especially true with real estate, where values continue to drop with no end in sight. Many banks will attempt to clean up their balance sheets in the coming period, writing off some of their real estate and other losses. At some point after Congress reconvenes, the Resolution Trust Corp. will be refunded, and the liquidation of S&Ls will resume, dumping even more real estate on an already-overloaded market. Many real estate developers and other investors are also trying to sell their properties in order to meet their debt payments or cut their losses. With more than \$850 billion in direct real estate loans on their books, and property values down 50% or more from their peaks in many places, the banks have suffered catastrophic losses. It is against that backdrop that the latest push for forbearance must be viewed.

Replay of the S&L crisis

Forbearance, which essentially is the practice of allowing banks to lie about the values of the assets and liabilities on their balance sheets, is nothing new to federal regulators. Regulators routinely overlooked the losses run up by the S&Ls in the late 1980s, helping to turn what could have been a manageable problem into a trillion-dollar fiasco. In the

wake of the so-called S&L bailout, regulators and politicians fell all over themselves promising that such forbearance would never happen again. But then the banking crisis hit with full force, and the cries for forbearance began anew. But this time, the word "forbearance" being politically incorrect, the code phrase "deregulation" is being used.

The policy of forbearance was stated explicitly one year ago by federal regulators, who summoned 500 federal bank examiners to Baltimore, Maryland on Dec. 16, 1991, to demand that the examiners overlook the lies on the banks' balance sheets. "You have a tough job," Deputy Treasury Secretary John Robson told the examiners. "We want you to carry it out in a way that promotes economic growth and protects the public. . . . You are encouraged to give the benefit of the doubt, even if it might ultimately turn out to be a misjudgment.

"Do not assume a doomsday scenario," Robson instructed the examiners. "Our economy will turn around and so will troubled credit." "If America's banks are the engines for growth in this country, then you are at once the throttle and the governor," Treasury Secretary Nicholas Brady added. "On the one hand, your decisions and examinations can choke expansion. On the other, you can foster the injection of fuel that will lead to solid economic growth."

Having informed bank examiners of the virtual no-such-thing-as-a-bad-loan policy, federal regulators then began to dismantle regulations which exposed the unpleasant truth about the health of the banking system.

In January 1992, the Federal Reserve, the Comptroller of the Currency, and the Federal Deposit Insurance Corp. (FDIC) eliminated the requirement that banks report separately their highly-leveraged transaction (HLT) loans. HLT loans are the loans which occur when buy-out bandits take over a corporation with borrowed money, then make the acquired company pay the debt. Many of these takeovers were funded with nearly worthless junk bonds. The effect of this rule change is to further hide the losses to the banks arising from the junk bond-takeover bubble.

On April 2, the Federal Reserve cut to 10%, from 12%, the amount of reserves a bank must set aside for transaction accounts such as checking accounts and negotiable order of withdrawal accounts. By doing so, the Fed supposedly gave the banks an additional \$8-9 billion with which they could make loans. The primary beneficiaries of this change were the big banks, which used much of these new funds to buy Treasury securities instead.

On April 7, the FDIC board overrode an FDIC staff recommendation and postponed action on a proposed 8% increase in the insurance premiums charged to the banks for deposit insurance. This, at a point in which the FDIC's Bank Insurance Fund was admitted to be some \$7 billion in the red, having lost money for six straight years.

"Deferral of the increases until next January provides a politically attractive means of reducing costs to banks and

eliminating the politically unattractive spectacle of closing banks during an election year," House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) observed at the time.

On April 24, President Bush announced a series of regulatory reforms for financial institutions which would, he claimed, save taxpayers "tens of billions of dollars." Among the items in the package was one to reduce the number of bank examinations by federal regulators, while another measure would allow banks to avoid property appraisals when the banks felt they were unnecessary.

In June, the administration sent to Congress legislation to repeal parts of the FDIC Improvement Act of 1991. Treasury Secretary Brady called upon legislators to repeal "antiquated laws" that prohibit big banks from establishing nationwide branch networks and underwriting and selling securities and insurance. "These reforms are long, long, long overdue," Brady told bankers at the International Monetary Conference in Toronto on June 1.

Unjustifiable actions

The effect of these so-called reforms were not lost on some regulators, however. "It is difficult to even imagine, let alone justify, why such actions are being taken while a record number of bank failures are occurring, and that the Bank Insurance Fund has a \$7 billion deficit," Comptroller General Charles Bowsher told the House Banking Committee on June 30.

In July, Standard and Poor's released a report which claimed that U.S. banks are "substantially over-reserved" for their loans to lesser developed countries, in large part due to the increased creditworthiness of the major Ibero-American debtors. "The primary lesser developed country lenders—Bank of America, Bankers Trust, Chase Manhattan, Chemical Bank, Citicorp and J.P. Morgan—are now able to redeploy a portion of their LDC reserves to cover current domestic problems," S&P claimed.

What made these countries suddenly more creditworthy, even as they are being bled dry by the banks and International Monetary Fund conditionalities? According to June 30 testimony by Gonzalez, the "U.S. Treasury [is] backing developing countries' bond issues," providing "guarantees" to "big, big private banks" that "have been, for at least 2-3 years, being rescued by the U.S. Treasury."

In October, federal regulators decided to further relax guidelines on real estate lending, and in December, *American Banker* reported that regulators are planning to ease restrictions on banks' securities dealings.

Finally, the Federal Financial Institutions Examinations Council, which consists of the Fed, the FDIC, the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration, released a report which concluded that "the regulatory burden on the banking system is large and growing," and called for "statutory changes to further reduce regulatory burden."

Gaidar is out, but his policies remain

by Denise M. Henderson

To the surprise of many western observers, Russia's Seventh Congress of People's Deputies, which met Dec. 1-14, succeeded in unseating the Anglo-American financiers' choice for prime minister, Yegor Gaidar, who promptly was appointed by President Boris Yeltsin to the post of presidential adviser. Gaidar was replaced by the Civic Union political lobby's choice, Viktor Chernomyrdin.

The Civic Union represents three main political groups (directors of large state industrial enterprises, to whom industry is a pork barrel, not the locomotive for the regeneration of the entire economy; the military leadership concerned about industry from the standpoint of overall national interest; and the Democratic Party, a mixture of democratic and Great Russian populism and nationalism). It had hoped to see a policy favoring state industry come out of the change in leadership. Yet it seems as though for the moment Gaidar's policies—and most of the members of his cabinet—will remain.

In effect, the compromise worked out between Yeltsin and the Civic Union favors a continuation of the shock therapy economics championed by Gaidar, with minor concessions to the Civic Union. Gaidar's policies have included allowing prices for basic consumer goods such as food to rise "as the market dictates," making it difficult for Russians in certain parts of the country to even purchase bread. Gaidar has also taken a "sink or swim" approach to industries formerly run by the Soviet government. If a factory can't turn a profit or find a buyer, it is deemed bankrupt and closed down, thus causing unemployment, something previously unheard-of in Russia.

Russia's economy is already so unstable that in the consumer sector, *Izvestia* reported on Dec. 19, "The cost of basic necessities is now so high that they swallow up all the population's resources and people cannot afford anything extra." And *Rossiyskaya Gazeta* added that "prices are rising faster than wages and salaries." Internationally, Russia is not faring much better. On Dec. 23, it was reported that Russia had defaulted on its U.S. agricultural loans, a total of \$95.7 million; and overall, Russia's exports declined in 1992 by 26%.

The day the Seventh Congress opened was also the day that talks began with western bank creditors. Russia did not get what she wanted, a comprehensive debt rescheduling

agreement. Instead, Russia will merely be allowed to continue suspending all debt principal repayments for the fourth quarter of 1992, and through March 31, 1993.

Political unrest

This feeds political instability, as even reflected by opinion polls; 38% of Russians polled by the news agency Interfax said that they were convinced the economy was headed in the wrong direction, and 37% deemed the situation "much worse" than a year ago.

The Civic Union lodged protests with Yeltsin over the fact that the core of the Gaidar team remains in the cabinet, including Aleksander Shokhin as deputy prime minister, Anatoly Chubais as deputy prime minister in charge of privatization, Andrei Nechayev as economics minister, and Andrei Kozyrev as foreign minister. The latest protest came on Dec. 26 from Aleksander Vladislavlev, a Civic Union leading figure, who complained that Yeltsin was able to exercise "too great an influence" in appointing the "new" cabinet, while Prime Minister Chernomyrdin was unable to put in place a team that could implement his economic ideas.

Moreover, the new Russian deputy prime minister for economic policy, Boris Fyodorov, has pledged to continue Gaidar's shock therapy at a slower pace. Fyodorov stated that for the near future the state will continue to subsidize industry, but not over an undefined longer term: "The state sector has not yet adapted to the new situation, and therefore needs help to pass the market economy challenges."

'Fascism and war stalk our nations'

One independent voice has attempted to warn Russia of the hazards of continuing to follow shock therapy. As the Seventh Congress convened on Dec. 1, the New Europe bloc, comprised of parliamentarians from eastern Europe and the republics of the former Soviet Union, wrote to the Congress: "Let the Harvard economists measure the depth of the depression into which their policy, within the framework of the International Monetary Fund, has sunk the entire world, a depression worse than that of the 1930s. Then as now, fascism and war stalk our nations. In the Balkans and the Caucasus looms the specter of a Thirty Years' War, which could spread like wildfire throughout Europe and Asia."

New Europe's statement continued, "The precondition for peace, the precondition to solve existing political conflicts rationally, is economic development for all the nations, from the Atlantic to beyond the Urals through to Asia. We call upon western Europe, particularly Germany and France, to deploy their full economic power in order to build up a modern infrastructure network, along the lines of the well-known 'Productive Triangle' program. . . . Let us . . . demand that in each nation, there be set up a National Bank, with the task of issuing credit to be applied to productive investments, and to rebuild our agriculture and industry in the domestic markets of our national economies."



Return to fundamentals of production-based economics

The following interview was conducted with U.S. economist and statesman Lyndon LaRouche from his prison cell in Rochester, Minnesota on Dec. 28, 1992. The interview was conducted by Mel Klenetsky for EIR's radio show "Talks With Lyndon LaRouche."

EIR: We're coming up to the one-year anniversary of the formation of Commonwealth of Independent States, and of the Yegor Gaidar and Jeffrey Sachs "shock therapy" program, which has given the former Soviet Union 2,000% inflation. Can any country survive that kind of policy?

LaRouche: No, absolutely not. It's a rather complicated but important point, important not only for eastern Europe, but also for the United States, that no nation, including our own, can survive the kinds of so-called free market deregulation policies which are currently advocated by the U.S. government, by people at the Harvard University economics department, and so forth. It just cannot be done. It is a radical form of monetarist policy, absolutely wild, which is guaranteed to destroy any economy which is foolish enough to accept such policies.

In the case of the so-called shock therapy, this little fellow Sachs, educated in the modern fads in economics, that is, in totally incompetent economics, has proposed to use the shock therapy to destroy the structures of economy which were associated with the former communist economies, in order to clear the way for the gradual mushrooming, beginning with little peddlers, of a new so-called free market economy. And what he gets, is a combination, on the one side, of a total destruction of the economy, piece by piece; zooming inflation as a result of a collapse of the economy—for no other reason—and then a host of speculators playing upon the shortages thus created to make superprofits.

The image of the Mercedes Benz 600 vehicles in Moscow amid the relative hunger, is an example of that, or the virtual total collapse of the economy of Poland relative to what it was before Sachs got in there. And the same thing is true in the United States. Britain is destroyed as an economy, and the United States is destroying itself as an economy, all as a result of the same kind of philosophy of economics.

EIR: What is shock therapy, and what is a free market sys-

tem and free market policies?

LaRouche: The free market system is insanity. We fought our [American] Revolution for independence against the policies of what were then called Adam Smith's doctrine of wealth of nations, which was a milder, less radical version of free market than is being pushed by Sachs and others today.

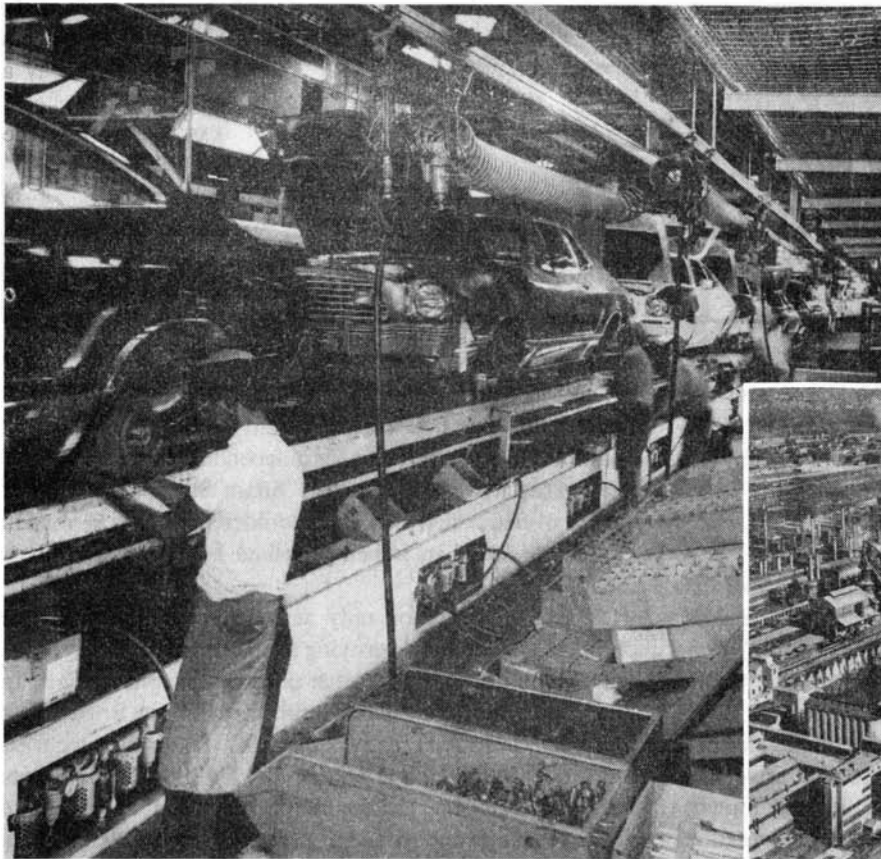
These fellows look only at buying cheaply, from the cheapest source, and destroying every part of the world economy which does not meet that price of cheapness. This, in its milder form, the Adam Smith form of the British East India Co., destroyed many economies. Every time we tried this model in the United States, as we did under Presidents Jefferson, Madison, Jackson, Polk, Buchanan, or Pierce, we destroyed our economy and went into a deep depression. The United States never had a depression which was not caused by our submission to some version of this so-called free market economy. And the only way we ever got out of a depression, was by rejecting that free market economy, as it's called now.

EIR: What are the principles of shock therapy?

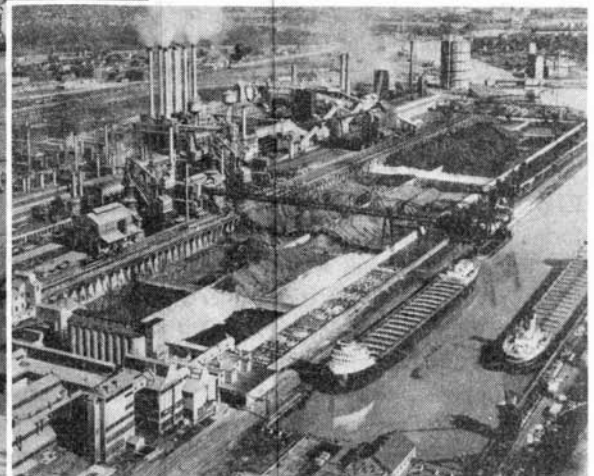
LaRouche: There's no principle at all. You simply allow no protection for your economy. You drop prices below replacement costs; you pile up debt—it looks like a leveraged takeover.

What happened in Poland, for example, as shock therapy, is not much different than what happened to Northwest Airlines, which is not yet bankrupt, and to a lot of other airlines, which did go bankrupt. Somebody moved in with a leveraged buyout; they took over the economy, or the company in this case. They piled on a lot of debt to cost of acquisition which was piled on the company. They sold off and otherwise looted parts of the company, cut wages, and so forth and so on—all in the name of paying off this debt, which had been created in the process of the takeover.

In the United States, there are a bunch of sharks that do this. They'll take somebody, set him up, invest in him, build up his company; he'll buy a lot of assets. And then at one point they pull the string and artificially drive him into bankruptcy, and then, one of the creditors ends up buying out the other creditors, taking over the whole company at 20-30% on



"We have to have a policy of capital intensity, that is, a lot of investment in production, machinery, equipment. . . . We have to have an emphasis on scientific and technological progress, and we have to supply the infrastructure." Shown, assembly line at Ford Motor Company's Rouge industrial complex in Dearborn, Michigan in a busier era. Inset: aerial view.



the dollar. That's what shock therapy is in practice, as applied in Poland.

EIR: Free market and free trade policies are what everyone learns when they go to school; they're told that protectionism is bad. And yet, what you're telling us is that protectionism is the system that built this country.

LaRouche: Yes, precisely. There is the case of Prof. Robert Reich, who's been designated by President-elect Clinton to become the secretary of labor. Now prior to that announcement, there was much mooring of the possibility that Reich, who presumably had been one of the leading advisers to the governor on economic policies for his presidential campaign, might become the so-called economics czar. There was a great protest from various people, saying, well, Professor Reich does admittedly write a great deal on economic policy and teach on it, but remember, he's not accredited as a tenured professor where he's teaching, because he has not qualified himself in the requisite academic courses in economics. Now, I laughed about that, and I said, that's the very reason he might be qualified.

Anybody who has been educated in the college level, for example, in what is called microeconomics and macroeconomics, is unqualified to be hired for an administrative position in any branch of government or any company firm today.

What is taught as economics in universities today is wretchedly incompetent. And the person who has successfully passed the courses in those subjects, *is a failure*. If you turn them loose in a corporation, they'll ruin it. If you turn them loose in a national economy, they'll ruin it.

Economy has nothing to do with this free market nonsense. Economy is the relationship of the individual and the society to nature. It's a matter of how we, as human beings, manage to produce enough and increase our productivity to the point that we as a nation, as a people, are able to survive. And we look at the nation, and we look also at the individual in that connection. We also look at the family, because the family after all is the unit which reproduces the individual; and therefore the development of the individual within the family, up to the point of maturity at least, is the crucial point of the development of economy.

Now, you don't develop an economy just simply by producing enough. In order to produce, you must have what we call infrastructure. You must have water management, land improvements, transportation, energy supplies, and so forth, which are all infrastructure. You must also have in a modern economy an educational system which teaches something which is not the so-called current fad in economics. You must also have a health delivery system; otherwise your population may be dying of lack of sanitation or lack of care.

So, these ingredients called infrastructure, which include the local city library for example, are *absolutely indispensable* to the functioning of productivity of society. They are the first cost of investment in maintaining a modern society. And today, we have a collapse in the United States of infrastructure. We have a water crisis, which is going to kill us—we're beginning to look like Africa, not as bad, but we're headed in that direction. We have an energy crisis. We're going to brownouts and blackouts with no energy supplies to replace it. We have no transportation system; the rail system is collapsed, and rail is still the cheapest and best way of long-distance freight movement, apart from the bulk freight which we move by water.

We don't have a health care system, our health-care capacity is 20% below the needs of the population. We have no educational system to speak of.

For example, even Stanford University, which is a highly respected university formerly, is one of those which has gone into the policy of not teaching students the writings of what are called "dead white European males." Now it happens that the *bulk* of all human knowledge to date involves dead white European males of the past 2,500 years, beginning with people like Solon, Homer, Plato, Pythagoras, and so forth. All of our knowledge is based on the development of the ideas developed by these people. And a university which is not teaching the work of dead white European males, has no physical science, no music department, virtually no literary department—nothing! On the high school level, we have again the political correctness program spilling down. The "World of Difference" program, for example, put in by the Anti-Defamation League, is destroying much education in parts of the country. But one thing I agree with the *Wall Street Journal* on, is that "political correctness" on the university level is destroying it.

So we have no infrastructure. We don't have a labor force which is as qualified to produce as it was 20 years ago, and all as a result of these kinds of crazy ideas associated with the current fads in economics.

EIR: If you go to an economics class today on the university, the main philosophy is the law of supply and demand. Why does the law of supply and demand not solve these problems? Why does it fail?

LaRouche: It always did. Supply and demand is a piece of idiocy. It was dreamed up during the 18th century in particular. It was revised in the 19th century.

It's nonsense. If you don't produce the supply, you can demand all you want, you're not going to get it. If you don't have infrastructure, you won't get it. This is a long and more complicated problem, which goes to the axiomatic roots of the incompetence of what is taught as economics. Its advocates argue that you start with a fund of money. Where this fund comes from, is a big mystery. Then, they argue that there are consumers, who buy, and that producers are merely

people who go out and work as cheaply as possible to satisfy the demands of the consumers. And when the consumers don't have anything, the consumers are willing to pay a higher price; and when they do have something in abundance, they will pay only a lower price. That's essentially the whole theory.

The fact of the matter is, that society is based not on consumption—obviously, we have to consume. But society is not driven by consumption. Society, economies, are driven by production. They're driven by the productivity of labor. They are determined by how much of the physical needs of mankind can we get from an average square mile of land area, by aid of human production. Supply and demand has nothing to do with that.

For example, the belief in supply and demand, and the use of that as an argument in policy-shaping, is the reason why the British economy is the useless rust bucket today, and why the United States is headed in the same direction.

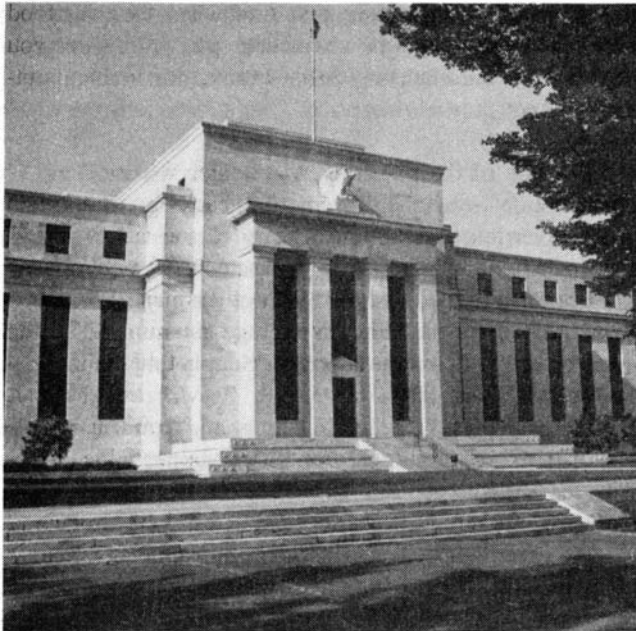
We're not being cheated by Japan. We're not being cheated by Europe. They're not unfair with us, we're unfair with ourselves. We shut down our infrastructure investment, which Japan did not do, which Europe has not done to the degree we have. We shut down our investment in technology, which they did not do to that degree. We did all these crazy things, and we ruined our economy. Everything that transformed us from the world's envy in economy at the beginning of the 1960s, to virtually becoming a Third World nation today, is the result of our own doing, our own stupidity, and what is taught as economics is largely responsible for shaping the policies which have turned us from a proud, prosperous nation into a junkheap today.

EIR: If the law of supply and demand and free trade policies do not lead to infrastructure development, how do you get it going?

LaRouche: It has to be done by the state. First of all, you have to start with this question of money. According to our federal Constitution, the creation of money and the circulation and regulation thereof, is a monopolistic responsibility of the federal government. Under Alexander Hamilton, and under all sensible presidencies, the way we've gotten money is not to have a Federal Reserve System or any central banking system, not to allow it. That's how we're looted.

The way we're supposed to get money, is, as the Constitution says, the President goes to the Congress and asks the Congress for a bill, which authorizes the Executive branch to print and circulate money or to create specie. Acting upon the authorization of that congressional bill, the President instructs the secretary of the Treasury to proceed. And the proper procedure is that the secretary of the Treasury issues the money, paper money, specie, and so forth, or authorizes someone else to do it on the Treasury's behalf, like a printing company or a mint, for example.

This money is then properly placed in a national bank.



"The federal debt is being built up to bail out the private banks. . . . Our problems today are centered on the operations of the Federal Reserve System," charges LaRouche. Pictured: The U.S. Federal Reserve building.

It's not spent usually for government expenditures directly. It's not paid out by the government. But it's put in a bank. When it gets to the bank, it is loaned. U.S. government money is loaned at a low interest rate to governmental agencies such as state governments, state projects, or federal corporations, that is, corporations which are authorized by the federal government, like water project companies or the Tennessee Valley Authority, for example. These companies use that money to create wealth in the form of infrastructure. The money is also to be loaned, mixed with private savings and loans, to private companies for worthwhile categories of private investments to build up the economy generally. And that's normally the way a healthy economy will grow. If it's investing in technological progress, capital-intensive, energy-intensive technological progress, such investment of federally created money will cause full employment (relatively), and prosperity and continued economic growth. And it will not cause any federal debt, except the imputed debt of balance sheet liability of the federal government to back up its own currency. And if the currency is properly invested, there won't be any problem on that account.

Our problems today are essentially centered on the operations of the Federal Reserve System. That is the key to our economic problems.

EIR: What is the basic difference between the Federal Reserve and the kind of national bank that you're talking about setting up? Who controls it?

LaRouche: The Federal Reserve is a private corporation, licensed, franchised by the federal government. A group of private bankers, domestic as well as foreign (but through domestic banking channels), sets up a bank called the Federal Reserve bank. They run it.

Now, they create money. For example, today, the Federal Reserve System will issue money at less than 3% to New York bankers and similar people. They print it by discount mechanisms. These banks in turn will loan that money to the federal government by buying federal debt at 5.5%, or something like that, or on long bonds they'll go as much as a 5% spread.

So what we have is the spectacle of money which is created out of thin air, loaned at 3% or less to banks and others who in turn loan that fiat money to the federal government at up to a 5% spread. So the debt is being created, the federal debt is being built up to bail out the private banks. And the federal government, in order to conduct its own operations, in order to pay the debt service that it already owes to the banks and similar people, borrows money, federal debt, which it pays for by this means. And so the federal debt is built up precisely because of this Federal Reserve System.

EIR: Assume that we get our infrastructure going again, we create a national bank. How does the United States compete with countries like Japan and Germany, who are so far ahead at this point in terms of infrastructure?

LaRouche: We really don't have to worry about competing, except in the sense of realizing that the level of technology in these countries represents a standard with which we must have parity. We don't have to have exactly the same industries, or the same complex of industries they have; but we have to meet that technological standard. That means a change in our policies presently; our tax policy, our credit policy—all have to change.

For example, let's start with the farmers—agriculture. Most people don't know it and most wouldn't even believe it, but the United States is a net food importing country. True, we export grains, but we are wiping out the American farmer. Why?

The American farmer is being paid far less than it costs the farmer to produce. For example, about 90-95% of parity is the price the average farmer must have in order to maintain farming, that is, to meet the costs of production. We have been for years forcing the price paid to the farmer down below 60%, to as low as 30%. Obviously, farmers go bankrupt as a result of trying to meet those prices.

The agriculture department of the U.S. government for years has been run by the grain cartels, chiefly the Cargill firm. For example, under President Reagan, we had a fellow called Daniel Amstutz in there, who was originally the foreign trading executive for Cargill, the largest grain-trading operation, running the agriculture department's foreign

trade. We have people who were former Cargill officials, former Cargill attorneys, Cargill assets, running the agriculture department. These guys have been looting the farmer. People like Dwayne Andreas have been looting the farmer.

So, farmers are going out of business. They didn't go out of business all at once; they got into government debt. Then the government turned the screws, often illegally, violating the law, to put the farmers out of business, even put them in jail, for doing nothing other than trying to keep the farm going and supplying food to the United States and the world *at below the cost of production*.

So obviously, we have to build up the agricultural sector again, to the point that we can produce enough food so we're not dependent upon foreign countries for our food supply, which is what we've done by sinking the American farmer. We have to do the same thing in the manufacturing sector. We have to create more jobs in manufacturing and transportation and so forth. We have to have a larger percentile of the total labor force involved in producing wealth and a much smaller percentile of the labor force involved in low-grade service industries, or in financial services and outright parasitism. We have to have more people in production, more people employed in science, and fewer in, shall we say, low-grade social services. We have to have a policy of capital intensity, that is, a lot of investment in production, in machinery, in equipment, and a relatively shrinking percentile of investments in the simple direct cost of production. And we have to have an emphasis on scientific and technological progress. We have to supply the infrastructure, including the transportation systems, the energy systems and the water systems which are necessary to allow industry and agriculture to function. Those should be our objectives.

EIR: Why do farmers need parity to survive?

LaRouche: A high-quality farmer will run a family farm of maybe 400 acres of land. He's a small businessman—actually, farmers are among the best small businessmen in the United States. They were better at managing the farm than probably 80% of the businessmen, including some large corporations, were at managing their companies, in terms of efficiency, everything considered. They worked harder, they had a higher degree of competence for their work, and their product was relatively superior.

Now, parity reflects the average paid-out cost of production for these farmers, plus a small margin of return on investment, to cover borrowing costs and profits. That's all it is.

So when you say "parity," you're not saying some magic term or some made-up term. Parity is simply the average cost of production plus a small percentage for borrowing costs and profit. That's all it represents. Some farmers are much more productive; therefore, that means a fairly substantial profit to them. Other farmers are less productive,

but we need all of these farmers to produce an adequate food supply, and that's the way we calculate parity. So when you force prices of commodities *below* parity, you are bankrupting farmers.

EIR: Who's forcing them to produce below parity?

LaRouche: The U.S. government is backing up the grain cartel. The grain cartel comes in, cuts a contract, and says we'll buy at this price. And they use their monopolistic power against the relatively small businessman, the farmer, taking him on one at a time, and they crush him. And if the U.S. government does not intervene against these monopolies, these oligopolies—they're actually violating the anti-trust laws, in principle—to prevent them from abusing the farmer, then the farmer will be crushed, because the farmer is a small businessman up against a giant like Cargill. How is a small farmer, grossing a couple of hundred thousand dollars a year, going to compete in the so-called free market against a \$40-billion-a-year giant, which, with its friends, the Union-Pacific crowd in Omaha, controls the Chicago market, controls the grain trade deals in Minnesota? How is that individual farmer going to compete in the marketplace, which is rigged by these powerful grain cartels, with the assistance of a complicit agriculture department?

The U.S. government creates double talk. They call parity a "subsidy" for the farmer, and say that's coming out of the mouths of babies. Bunk. What we're subsidizing, by not maintaining a parity policy, is these cartels which are looting the farmer.

EIR: Farmers are being driven off their land. Who's buying up the land?

LaRouche: Sometimes they're not even buying the land; they're taking the land for a song. There are many people involved; it's a complicated question as to what's happening. But we are ruining the land. We're forcing the farmer down to dustbowl conditions, or something similar, by forcing him to produce from stored-up values in the land and in capital goods, until the point that the whole machine essentially breaks down. He's out of business, saying, "I just can't do it any more." It's a cruel story, but the point is, the whole thing is based on the lie that parity is a violation of free market; and if Americans want to sustain that lie, they're going to find themselves going very hungry—because of a shortage of supplies and because we can't afford to import them. And the dumb American, who thinks that cheap food prices based on a bankrupt farmer is somehow good for the consumer budget, who thinks that he or she gets his or her food from the supermarket and doesn't have to be concerned with the farmer, is going to be punished by his or her own stupidity.

We are now in a grievous worldwide food shortage, an acute one. People are dying of famine all over the place, for



High-technology hog feeding in Iowa. "If Americans want to sustain the lie that parity is a violation of the 'free market,' they're going to find themselves going very hungry."

many reasons. But essentially the reason that we're having this food shortage, is because of the very policies of the U.S. government, which many foolish consumers in the United States think are good for the consumer budget.

EIR: If the United States is going to restore itself as an economic power, it will have to deal with the educational level in this country, which, according to statistics, has fallen behind the level in other industrialized countries such as Germany and Japan. How does it do that?

LaRouche: First of all, look at how we went down. Forget the statistics. They're bunk. Yes, we are falling way behind these other countries, no question about it. That's obvious. But we're falling behind ourselves. If we look at the content of education in the 1950s and 1960s, the first half of the 1960s in particular, when the National Science Foundation grants to education were still in progress, for example, the average graduate of a university today, including many with doctoral degrees in social sciences, *could not pass* a competent high school standard of education from that period.

Similar things are occurring in Europe. For example, between 1968 and 1972, German education was collapsed by the so-called Brandt reforms of the late Willy Brandt, who was then chancellor. The German who is coming out of a high school in Germany today is virtually a barbarian compared with his older brother or parent who came out of an equivalent high school in 1966-68. So, comparing the

United States with other countries masks the problem. The problem is worldwide. Generally, the level of education, the competence of people graduating from high schools and universities, is such that often the university graduate of today would not be qualified for a high school diploma in a respectable high school, say, of 25 years ago. And that's where the problem lies.

The key to this, which is why I find myself in this uncomfortable alliance with the *Wall Street Journal* against political correctness, is that if we allow these thugs, the so-called deconstructionists (the name they use for themselves), these modern Nietzscheans, to use the Modern Language Association and other vehicles in colleges and high schools to introduce this political correctness program where truthfulness is no longer a standard of teaching, but rather sensitivity as they define it, is that we're going to find that we have a bunch of barbarians.

I refer people to Jonathan Swift's *Gulliver's Travels*, which many people think is simply a children's book; it is not. It's a very powerful satire on the condition of England at that time. And I refer them to the famous story about the Houyhnhnms—Houyhnhnms being horses. Poor Gulliver lands in the land of the Houyhnhnms, and he finds that horses, i.e., a parody of the British aristocracy, are running the place, and that human beings exist only in the form of baboon-like immoral, disgusting, ignorant, speechless specimens called Yahoos. And that's what's happening.

Our high schools and universities, and our general cultural system over the past 25 years, has been turning the American from a proud human being into an illiterate, drugged, ignorant, babbling, disgusting Yahoo. And if we want to have a civilization, let alone compete, we better start attending to remedying this sickness. Do you want your children and grandchildren to be a species of Yahoos who are unfit, unqualified, to survive? Or do you want grandchildren left behind you who amount to something? I think if we focused on that moral question, we would find that the economic questions would fall into place for us.

EIR: If we look at the cabinet which is being chosen by Bill Clinton, it seems to be a paradigm of political correctness. We have a certain number of women, a certain number of minority groups. Is this going to present a problem for this country?

LaRouche: Absolutely. One shouldn't look at it too simplistically. In framing a government, at least in terms of nominations so far, what the Clinton team has done, is to provide an assortment of representation to every geographic area of the country, and every part generally of the spectrum of the so-called political, sociological rainbow. Now, what's been created by doing so, in economics, for example, is at least four different mutually conflicting points of view on economic policy, all equally represented.

Sooner or later, those conflicts are going to have to be

sorted out, and something, either one of the four or something else, is going to have to take the place of most of the policies coming in there.

What you have is really the beginning of a rough-and-tumble; not a policy. In this rough-and-tumble, admittedly, we have some very bad things. We have this rainbow political correctness idea—it's going to be a disaster. None of it's going to work. The U.S. economy is going to become worse until it changes. So therefore, whatever happens, if the political correctness prevails, to that degree you will have a failure. The administration is going to have to choose policies, or tilt toward policies, which are against failure, which will tend to be against political correctness.

EIR: The backdrop of the incoming Clinton administration is a world in turmoil—the former Soviet Union, Europe, the developing sector. How do we restore some direction to the world strategic situation?

LaRouche: I see things becoming much worse than that. The former Soviet Union is not going to disappear; at present, it's being reconsolidated. What's happened is that the Russian *nomenklatura* (some of the old communists, of course, are in it) is sitting back and saying, "Okay, these fellows want independence from us. Let them have it for a while, let them try to swim on their own. They'll sink, and they'll beg for us to come back in." If you look at what's happening, you will find that the communists, with the blessing of Lawrence Eagleburger and others, especially the British government, that the Serbian fascists of Slobodan Milosevic are committing genocidal atrocities, with concentration camps and genocide, which are beyond those even of World War II. It's unbelievable. It's the worst extremes of the Nazis and beyond that. These are communists. And that's destroying that part of the world, threatening a Balkan war there.

The Russians are going to come back as an imperial power very rapidly, partly through agreements with forces in China, but otherwise, the United States will be disintegrating—while willing to play the role of world policeman, we'll collapse on the basis of our economic collapse here at home, which is now ongoing. So, we're in a terrible mess, and we have to recognize first of all that we're in a terrible mess.

EIR: The former President of the former Soviet Union, Mikhail Gorbachov, recently said that he expects to see a return to some of the integration that existed in the former Soviet Union. What is going to happen in terms of the Soviet Union, and what will this mean for the world strategic situation?

LaRouche: It's hard to say exactly what will happen. Gorbachov is correct in seeing the shift back in that direction. That was obvious to me from what I've seen from various sources. Some of the thinking among the leading Russian *nomenklatura*, back when Gorbachov fell, was that they said,

"Okay, we'll go through this period of deconstruction. We'll go through a period of placating Jeffery Sachs and the International Monetary Fund. We'll go through hell, but we're going to let our people see what it looks like. They think that they want the American system. Well, let them see what it's like these days. And when they get enough of the American system, they'll come back to us."

That is generally the thinking in some sections of the old apparatus, the *nomenklatura*. And you'll see that expressed among military voices more clearly than anywhere else, but the military voices are speaking for a broader group of people. This is true in Central Asia. The Russian troops will sit back, let the people shoot each other; when they get tired of shooting each other, and call for the Russian troops to come in and save them, the Russian troops will come in and save them—maybe not promptly, but slowly. So that process is going on.

To develop these areas, to render them stable, requires fairly large-scale infrastructure projects. The problem of the Soviet economy, up to the point of the dissolution, was a rapid disintegration of infrastructure. And this occurred for many reasons. But this disintegration of infrastructure will prevent any economic development from occurring on a large scale. So they're going to have to tackle this infrastructure problem. That will require, from their standpoint, some sort of integrated effort, and Moscow, naturally, would like to have this integrated effort occur under Moscow's dominance. And that's what Gorbachov is reflecting when he makes those kinds of observations. I'd say that's a fairly good estimate of the direction of things. And remember, the former Soviets have about 30,000 warheads and a strategic naval fleet which is very impressive, so they still are a superpower, whereas the United States and Britain and so forth collapsed, partly because of this crazy Balkan war which the Anglo-Americans started and have kept going. We're going to find that the Russians, even though they've gone back a great deal, will be relatively stronger, relative to the United States and Britain, than they were in '89. Very soon, they'll be ahead, the way things are going now.

EIR: In terms of the strategic situation, is there any policy that can be quickly pushed in motion in terms of Europe and the former Soviet Union, that the United States should be looking toward?

LaRouche: Yes. Forget the military policies as such; that's a longer subject. Go back to fundamentals. Fundamentals are economics. We need to scrap every economic policy which was introduced as an innovation during the past 25-odd years, and go back to the kind of thinking in economic policy which was characteristic of the period of the John Kennedy administration. This is the right policy for the world as well as the United States. That's the fundamental thing we have to do, and that's what they're blocking on in Washington these days.

Keynes's fascism with a British face

Jonathan Tennenbaum warns the patriots of eastern Europe and the Third World not to fall for fascist economics in Keynesian disguise.

The combination of savage monetary austerity and radical “free market” deregulation has wrought such wholesale destruction upon Poland and other nations of eastern Europe and the Third World, that all but a tiny minority in those nations are desperately looking for another solution. Those who continue to promote “shock therapy” and other forms of International Monetary Fund (IMF) austerity, do so in increasing political isolation, branding themselves as either lunatics or “bought and paid for” agents of foreign influence.

Not surprisingly, interest grows daily for the economic policies of Lyndon LaRouche—policies which include large-scale credit generation through Hamiltonian forms of national banking; dirigistic methods of promotion of technologically progressive, productive investment into domestic agriculture and industry, and massive state investments in basic infrastructure. The time for these policies is overdue: Clear-headed people who are concerned with the future of their nations, will automatically gravitate toward at least a pragmatic agreement with LaRouche's policies. If the “law of gravitation” appears to be suspended in many cases, it is chiefly due to blindness born of professional miseducation, and a tendency to cave in to the kinds of blackmail and bullying associated with the names George Bush and Henry A. Kissinger.

It happens that some well-intentioned, but poorly informed individuals in the Third World and eastern Europe sometimes associate the name of British economist John Maynard Keynes with alternatives to “shock therapy” and other IMF policies. Not only is such a reference false and misleading—Keynes was himself a chief architect of the Bretton Woods system, including the IMF, World Bank, and the General Agreement on Tariffs and Trade (GATT)—but it opens a window of vulnerability to dangerous sorts of mischief. We have reason to think that scoundrels, of the British species to which Sir John belonged, might undertake to circulate various illusory “liberal alternatives” to IMF policies, as a deliberate counter to LaRouche. Implicitly, such dangerous mischief builds upon the historical myth, that from 1919 on Keynes opposed the brutal Versailles Treaty—the forerunner of today's IMF austerity—out of heartfelt concern for the starving populations of central Europe.

For reasons indicated below, any “Keynesian alternatives” that might surface in the coming period will inevitably tend toward some form of fascism. This intimation indicates that the time has come to blow away some of the carefully

arranged dust which conceals the real John Maynard Keynes from critical view.

Keynes and the Nazis

The quickest way to dispose of the “liberal” Keynes, among civilized persons, is simply to quote his own introduction to the 1937 German edition of his famous *General Theory of Employment, Interest, and Money*. There he warmly recommends the Nazi fascist state as the most favorable context for applying his economic theories:

“Thus I may perhaps expect to find less resistance among German readers than among English ones, when I put before them a theory of employment and production as a whole, which differs in important respects from orthodox traditions. But can I hope to overcome Germany's economic agnosticism? Can I convince German economists that methods of formal analysis can make an important contribution to the analysis of present-day events and the formulation of present policies? After all, it belongs to the German character to be fascinated by theories. How hungry and thirsty must German economists be, having gone for so many years without such a theory! It is certainly worthwhile for me to make an attempt. And if I can contribute some tidbits to a full meal, prepared and served by German economists and adapted to German conditions, then I will be content. For I must admit that much in the following book was written and illustrated in reference to the situation in Anglo-Saxon countries. Nevertheless, the theory of production as a whole, which is the object of this book, *can be much better adapted to the conditions of a totalitarian state*, than the theory of production and distribution of wealth under circumstances of free competition and a large measure of *laissez-faire*.”

Reading this, we should not forget what those “German conditions” and “present day events” were, to which Keynes so dispassionately refers. Germany was a consolidated police state on a full war-economy mobilization; the Nazi race laws were in full effect; mass sterilization of “useless eaters” had begun. More to the point, Keynes knew perfectly well that the Weimar Republic had deliberately been brought down, and Hitler deliberately helped into power, by decision of the same Anglo-American establishment of which he himself was an integral part—tactical squabbles notwithstanding. Keynes was fully aware of the actions of Reichsbank President Hjalmar Schacht, in concert with Schacht's banking superiors in England and America, to bring into existence

and consolidate the fascist economy in Germany.

Was Keynes himself a supporter of fascism, as the cited quote would strongly suggest? Whatever specific objections Keynes may have voiced against the Hitler regime, the fundamental answer to the question is yes: Keynes must be regarded as a principled supporter of fascism, on the following four essential counts.

First, Keynes was an open supporter of eugenics, or what the Nazis called "race hygiene." He was a leading member of the British Eugenics Society, which into the late 1930s hosted and praised some of the same Nazi "race scientists" who went on to design Hitler's "final solution" policy and were finally condemned at Nuremberg for mass murder.

Second, Keynes was a fanatical malthusian, sharing thereby the same underlying philosophy which moved the Nazis to practice "population control" against the populations of eastern Europe. In fact, malthusianism was the central axiom of Keynes's economic theories, as we shall demonstrate below.

Third, Keynes nurtured a violent hatred against the republican economic principles associated with G. W. Leibniz, Alexander Hamilton, and Friedrich List, upon which the rise of a free and prosperous Germany, up to World War I, had been based; and which the Hitler-Schacht collaboration was intended to destroy once and for all.

Fourth, as a leading member of the Cambridge Apostles group and a "flaming faggot" of considerable notoriety, Keynes subscribed to a fanatically anti-Christian, anti-moral philosophy of life identical in essential features with that of the Nazi inner circles, as characterized by the Nazis' famous principle "*Alles ist erlaubt*" ("All is permitted").

These statements may come as a great shock to readers familiar with the excellent reputation which Keynes has long enjoyed among liberal academic circles and professional economists. But some of the best corroboration for our assertions is to be found in Keynes's own economic writings, provided that we shift our attention from his elegant literary formulations to the murderous implications of what he says. For the purpose of this short article, a convenient example is provided by Keynes's famous 1920 book, *The Economic Consequences of the Peace*.

Keynes worships the Devil Malthus

At first glance, this book appeals to the reader as an impassioned condemnation of the Versailles Treaty, a cry in the wilderness against the insanity of a peace treaty guaranteed to generate future revolutions and wars. As official representative of the British Treasury to the Versailles negotiations, Keynes was indeed in the position to gain insights into the effects of the treaty. He describes clearly how the treaty was designed to wipe out the organic structure of the continental European economy in which Germany had played the locomotive role. He states clearly, and correctly, that the treaty would lead to the death by starvation of many millions

of people. Keynes pleads for a more "moderate" course, demanding a revision of the treaty which would give Germany a chance to rebuild its economy. All this would seem a laudable performance. It certainly assured a relatively positive reception for the 1937 publication of Keynes's *General Theory* in Germany.

But if we disregard the mere semblance of sanity in Keynes's 1920 statement, and pay attention to *what he actually says*, a different picture emerges. Keynes is in entire agreement that the German and continental European economies, in the form they had existed prior to World War I, should be destroyed! As an avowed follower of Parson Thomas Malthus, Keynes is filled with a passionate hatred for the Leibnizian principles upon which Vom Stein, List, and their counterparts in France and Italy built industrial Europe during the 19th century, upon which the faction of Hamilton and the Careys built the United States. These are the *anti-malthusian* principles of what became known as the "American System" of national economy, of which Lyndon LaRouche's policies today are the organic continuation. Keynes fervently wishes to wipe every vestige of this system from the European continent. He only disagrees with his Versailles colleagues on the *methods* chosen to accomplish that result. He is saying, in effect, to those colleagues: "Satan doesn't like the way you are going about this. You are creating too many problems for us in the future."

First, Keynes lays out his view of the "problem" to be solved: how to eliminate the concept of progress, and reimpose a malthusian order upon the world:

"After 1870 there was developed on a large scale an unprecedented situation, and the economic condition of Europe became during the next fifty years unstable and peculiar. . . . As numbers [of population] increased, food was actually easier to secure. Larger proportional returns from an increasing scale of production became true of agriculture as well as industry. . . . That happy age lost sight of a view of the world which filled with deep-seated melancholy the founders of our [that is, the imperial British—J.T.] Political Economy. Before the eighteenth century [before Leibniz and the American Revolution!—J.T.] mankind entertained no false hopes. To lay the illusions which grew popular at that age's latter end, Malthus disclosed a Devil. For half a century all serious economic writings held that Devil in clear prospect. For the next half century he was chained up and out of sight. Now perhaps we have loosed him again."

The "Devil" here is nothing but the lying claim of Malthus, that population growth will inevitably outstrip production—a lie which Malthus propagated in order to justify the elimination of "useless eaters" among England's poor as well as in the colonies looted by Malthus's employer, the British East India Company. That same argument, mixed together with race theories—also of British origin—provided the "theoretical basis" for the Nazis' infamous "population policies" during World War II.

Keynes proceeds to attack the "American System" of investment in technological progress, whose documented success, both in the United States and continental Europe, refuted Malthus's lies:

"Europe [before World War I] was so organized socially and economically as to secure the maximum accumulation of capital. While there was some continuous improvement

in the daily conditions of life of the mass of the population, Society was so framed as to throw a great part of the increased income into the control of the class least likely to consume it.

"The immense accumulations of fixed capital which, to the great benefit of mankind, were built up during the half century before the war, could never have come about in a society where wealth was divided equitably. The railways of the world, which that age built as a monument to posterity, were, not less than the pyramids of Egypt, the work of labor which was not free to consume in immediate enjoyment the full equivalent of its efforts."

Keynes chooses to ignore the essential point, that in contrast to unproductive pyramid-building (which Keynes later recommends as the path to "full employment"), the construction of railroads in the United States and Europe increased the per capita productive powers of labor; and this increase in turn permitted both an increase in living standards and an increase in the wealth invested in expansion and improvements of the means of production. Keynes completes his lying attack on the American System as follows:

"Thus this remarkable system depended for its growth on a double bluff or deception. On the one hand the laboring classes accepted . . . a situation in which they could call their own very little of the cake, that they and Nature and the capitalists were cooperating to produce. On the other hand the capitalist classes were allowed to call the best part of the cake theirs and were theoretically free to consume it, on the tacit underlying assumption that they consumed very little of it in practice. The duty of 'saving' became nine-tenths of virtue and the growth of the cake the object of true religion.

"And so the cake increased; but to what end was not clearly contemplated. Individuals would be exhorted not so much to abstain as to defer, and to cultivate the pleasures of security and anticipation. Saving was for old age or for your children; but this was only in theory—the virtue of the cake was that it was never to be consumed, neither by you nor by your children after you. . . . The cake was very small in proportion to the appetites of consumption, and no one, if it were shared all around, would be much the better off by the cutting of it. Society was working not for the small pleasures of today but for the future security and improvement of the race—in fact for 'progress.'

"If only the cake were not cut but was allowed to grow in the geometrical proportion predicted by Malthus of population, but not less true of compound interest, perhaps a day might come when there would at last be enough to go around, and when posterity could enter into the enjoyment of our labors. . . . One geometrical ratio might cancel another, and the nineteenth century was able to forget the fertility of the species in a contemplation of the dizzy virtues of compound interest. There were two pitfalls in this prospect: lest, population still outstripping accumulation, our self-denials promote not happiness but numbers; and lest the cake be after all consumed, premature-

In memoriam: Minoru Toyoda

The editors of *EIR* are saddened to report that Mr. Minoru Toyoda passed away on Dec. 15 at the age of 79. Throughout his life, Mr. Toyoda was actively involved in developing the Japanese automobile industry, and the Toyota automobile conglomerate and associated industrial spinoffs. Mr. Toyoda believed that it was necessary for Japan to also play an active role in fostering the development of fundamental science, and that his country had an important role to play for humanity as a whole.

In 1989, when Martin Fleischmann and Stanley Pons announced their discovery of cold fusion, Mr. Toyoda invited them to Japan, and a friendship developed. And when the international science community turned against the two chemists, Mr. Toyoda offered them a laboratory where they could continue their researches. On the morning of his death, Mr. Toyoda had met with a group of his associates, who briefed him on the latest developments in cold fusion. He was happy and interested in all of the progress.

EIR Science and Technology Editor Carol White wrote of his singular contributions in her Dec. 11, 1992 *Feature* on the Third International Conference on Cold Fusion. White observed on Dec. 28: "While I never met him personally, I felt his death as a very personal loss. He was an extraordinary human being, and by all accounts a joyous man, whose friendship was cherished by all those who were privileged to know him."

He was the honorary chairman of Technova Inc., a think tank that he founded in May 1978, as he explained, because, "For a long time, I have held the strong belief that equitable growth in the world economy during the 21st century will only be achieved by the harmonious development of science and technology, through international cooperation." In July 1985, Mr. Toyoda established an international R&D laboratory near Nice, France, called IMRA Europe.

ly, in war, the consumer of all such hopes.”

Here we find, clothed in Keynes’s habitual sarcasm, already the kernel of his strategy for destroying the orientation toward scientific and technological progress, which had become a leading feature of the continental European and American economies under the policies of Leibniz, Hamilton, and List.

Post-industrial fascism

Keynes’s strategy is very simple: To maintain technological progress, an economy must produce a margin of material surplus or “profit” which can be reinvested in the form of improved and expanded productive capacity. Keynes proposes to sabotage this process—which he denounces as a “double bluff or deception”—by establishing what became known as the post-industrial or consumer society. The principle is, “Enjoy now, don’t think about the future!” By inflating the consumer goods and service sectors of the economy, the margin for technologically progressive investment is “eaten up” and finally eliminated entirely. Meanwhile, the population, whose morals have been destroyed by the orgy of consumerism, spread of hedonistic culture, and decline of real productive employment, doesn’t notice that it is cannibalizing the physical basis for its own existence.

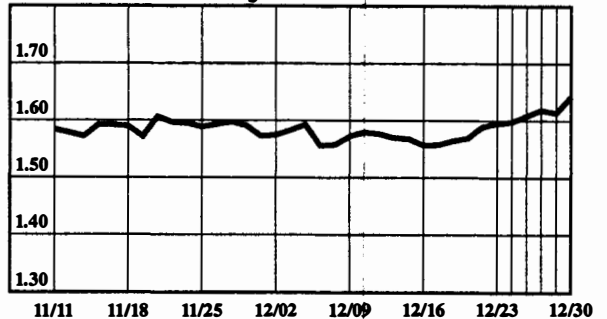
This is exactly what has happened to the U.S. economy over the last 20 years, under the influence of Keynesian policies which began to be implemented already in the 1950s. Characteristic for these policies was a massive expansion both of government spending and of credit, which however (with the partial exception of the Kennedy administration) was channeled mainly into a vast expansion of superfluous consumerism and parasitical service-sector employment. Meanwhile real investment into basic infrastructure and the productive industry fell below the break-even point. The result is the worst economic crisis of U.S. history. The same thing, of course, is happening in western Europe now. The murderous, “malthusian” effects are best seen in the starving billions of people in the Third World, who were excluded from the Keynesian consumer boom in the rich, so-called advanced countries, and who are paying for it with their cheap labor and resources. The present wave of “ecofascism” is in fact a lawful continuation of Keynes’s policies, whose essence is to prevent modern technology from being used in the Third World, on the pretext of “saving the environment.” At the same time, a new demand is opened up in the industrialized countries for “environmental products,” thereby consuming whatever time, energy, and resources would otherwise be available for real economic recovery.

At the end of the line, what started out as a “liberation from the Puritan work ethic” and a victory for the philosophy of *Alles ist erlaubt*, is transformed into savage, malthusian austerity, as the productive base of society collapses. At that point—too late to be corrected—the mask falls from Keynes’s British-style “fascism with a liberal face.”

Currency Rates

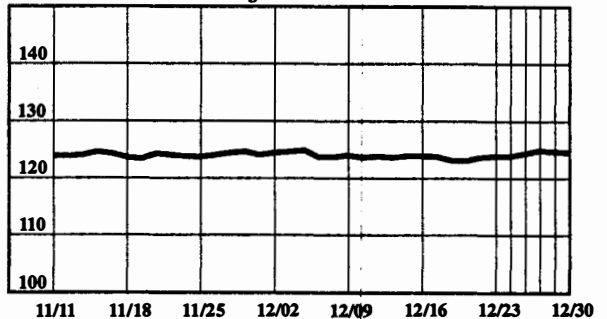
The dollar in deutschmarks

New York late afternoon fixing



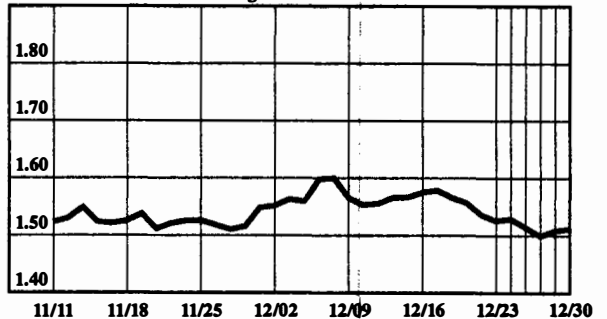
The dollar in yen

New York late afternoon fixing



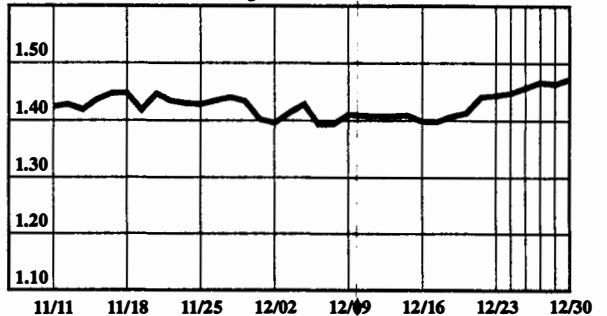
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Vatican's Cardinal Sodano backs neoliberal economics

by Carlos Méndez

Cardinal Angelo Sodano, the secretary of state of the Vatican, told a press conference in Santo Domingo last October that Mexican President Carlos Salinas is part of "a new and important generation of politicians concerned with the progress of their people," according to the Mexican daily *La Jornada* of Oct. 29. The newspaper quoted Cardinal Sodano saying that while the situation in Ibero-America is a difficult one, there is some progress, and "there exist great countries whose economic plans are yielding results." He added that "one example of this is the very low inflation rates they have achieved in their economies."

Cardinal Sodano declared that the Mexican government's economic policy fits within the framework of the Catholic Church's definition of "solidarity," and added, "We are content with the progress in Mexico."

Cardinal Sodano's statements have special relevance because he made them within the context of the Fourth General Conference of the Latin American Bishops (CELAM), held in the Dominican Republic from Oct. 12-28, and for which he served as one of its three presidents. With his statements, Cardinal Sodano was not only endorsing the neoliberal economic policies of President Salinas, but was also giving the nod to other Ibero-American Presidents, such as Argentina's Carlos Menem and Venezuela's Carlos Andrés Pérez, who are imposing similar policies of economic liberalism upon their countries.

"Neoliberalism" is the term used widely outside of the United States to denote the kind of "flea market economics" which has already wrecked large parts of eastern Europe. Sodano's sympathy for the neoliberal economic model is echoed in the final document issued by the CELAM conference, which was later submitted to Pope John Paul II for approval. That document contains the same endorsement of the bankers' economic model imposed on Mexico, Argentina, Venezuela, and other Ibero-American countries, even though it also admits the urgent need for meeting the vast social costs such policies incur. As 1992 drew to a close, the CELAM document had not been approved by the pope.

Is the cardinal blind?

Can Cardinal Sodano be unaware of the fact that it is

precisely this neoliberal economic model which is foisting conditions of genocide upon the subcontinent of Ibero-America (and elsewhere) in order to extract every last ounce of national wealth to pay the foreign creditors' usurious debt?

Can Cardinal Sodano be unaware of what is happening, for example, in Mexico, where unemployment and poverty levels are soaring as a result of these same policies? Can he be unaware of what every Mexican knows: that the Salinas government has reduced inflation by reducing the living standards of the majority of Mexicans?

Can Cardinal Sodano be unaware that according to the official figures of the Salinas government itself, more than 40 million Mexicans are living in extreme poverty, and another 20 million are living below the poverty level as defined by the United Nations?

Can he be unaware that in 1990, there were 12 million Mexican children working in the informal economy, of which 18.7% were between 5 and 9 years of age?

On Nov. 30, *El Financiero* journalist Marcos Chavez wrote that "the employment picture during the four years of the Salinas government couldn't be more discouraging. On the one hand, the economy has proven incapable of generating the number of jobs required by the 800,000 individuals who annually enter the labor market for the first time. . . . And what is worrisome, is that this phenomenon will not change during the rest of the six-year term," among other reasons because of "the anti-inflationary policies applied. . . ."

"Under Salinas, employment has risen 0.7%, that is, only 600,000 jobs have been created against a demand for more than 3 million." According to *El Financiero* of Nov. 26, "The minimum wage, whose adjustments still serve as a reference point for one-third of the Mexican labor force, fell during the [government's] first four years by more than 15%. This is the social cost of reducing inflation. . . ."

"According to figures from the National Institute of Statistics, Geography and Information (INEGI), 36% of the economically active population (EAP) is now part of the informal economy. A similar percentage earns up to two minimum wages, or approximately \$235 . . . while some

43 million Mexicans subsist in extreme poverty.”

Nacional Financiera, a state investment institution, reported on Oct. 27 that unemployment by the end of 1992 would reach 35 million Mexicans.

Thus, the “success” Cardinal Sodano would attribute to Mexico’s anti-inflation efforts has been achieved at the cost of the impoverishment of the majority of the population. This same “success” story is being repeated across Ibero-America, as in the case of Argentina where more than 500 retirees have committed suicide in the recent period because their pensions had been reduced to below survival levels. Thanks to President Carlos Menem’s so-called “modernization” policies, the vast majority of the country’s officially registered 3.2 million pensioners today receive a monthly equivalent of \$150, while the basic monthly “market basket” for a single worker in Argentina costs \$1,000.

“If one does an analysis of the number of [retirees’] suicides in any part of the world, one will see that the figures here are normal; the suicide index is normal,” President Menem defensively argued Sept. 17. Could the Argentine pompadour be one of those Presidents described by Cardinal Sodano as part of “a new and important generation of politicians concerned with the progress of their people”?

CELAM: adjustments ‘could prove beneficial’

In its final document entitled *Conclusions*, the Fourth General CELAM conference reproaches “the neoliberal policy that predominates today in Latin America and the Caribbean,” but then goes on to state that “economic adjustments, although they can prove beneficial in the long run, by braking inflation and stabilizing the economy, usually cause a serious deterioration in the living standards of the poor” (emphasis added).

Herein lies the error of the CELAM document, since “economic adjustments” as conceived within the neoliberal model can never be “beneficial,” nor can they help solve economic instability or runaway inflation, either in the short or long term. On the contrary, by imposing bankers’ accounting techniques upon real nations, by forcing them to slash health, education, and defense budgets, to shrink agricultural and industrial credit, to eliminate infrastructure expenditures, to privatize strategic sectors of the economy, these economies are being asset-stripped, sacrificed for criminally usurious debt repayment to keep the bankers’ house of cards from collapsing.

CELAM and Eco ’92

This economic outlook, reflecting the CELAM concluding document’s fundamental weakness, is not accidentally linked to its tolerance of a malthusian-ecologist view of the world as well. The *Conclusions* document, for example, states that “the United Nations Conference on Environment and Development [Eco ’92], held in Rio de Janeiro . . . has emphasized the seriousness of the ecological crisis on a

world scale.” That CELAM chose to give credibility to that conference and its conclusions flies in the face of Biblical teachings which give man dominion over the Earth, and *not* the other way around: “Be fruitful, and multiply, and replenish the earth, and subdue it.”

At the Rio de Janeiro conference, a deformed concept of ecology was offered as a pretext for blocking the development of, especially, the countries of the Third World, by condemning them to the use of backward “sustainable” technologies incapable of producing sufficient food and other goods required to guarantee a dignified existence for an ever-expanding population. It is, in fact, no accident that Eco ’92 also insisted on the need to dramatically reduce population growth.

Further, the Rio conference included as one of its activities the so-called Kari-oca conference, subtitled World Conference of Indigenous Peoples on Territory, Environment and Development. The Kari-oca conference stated in its final declaration, “We maintain our right to our traditional way of life,” which means to condemn the Indian population to eventual extinction by hunger and disease. Venezuelan anthropologists have observed, for example, that the Yanomami Indians who inhabit the Venezuelan and Brazilian Amazon have an average life span of barely 30 years.

Point 17 of the Kari-oca Declaration states that “We maintain our right to our spiritual way of life,” which implicitly proposes a return to the human sacrifices of the Aztecs and to other aberrations which characterized the cultural, religious, social, and political “life-styles” of many of the ancient primitive indian cultures.

These two points of the Kari-oca Declaration also find an echo in the *Conclusions* document of the CELAM conference which, under the title “The Earth: Gift of God,” states, “In our continent one must consider two opposing views with regard to the Earth:

“a) The Earth, within the set of elements which form the indigenous community, is life, a sacred place, the ‘feminine face of God,’ the integrating center of community life. Within her they live and coexist in communion with their forefathers and in harmony with God; for this same reason, the Earth, their Earth, forms a substantial part of their religious experience and of their own historical project. Among the indigenous there exists a natural respect for the land: She is the Mother Earth which nourishes her children; that is why she must be protected and not mistreated, and her permission sought to sow.

“b) The mercantilist view considers the land from the exclusive standpoint of exploitation and profit, even to the point of dispossessing and expelling its legitimate owners.”

After 500 years of the evangelization of the New World, one is forced to ask if the Latin American Bishops Conference really wants to include such pagan concepts of Earth worship and malthusianism in their final document, which presumably represents Catholic Church doctrine.

Transport associations attempt to head off Clinton retreat

by Anthony K. Wikrent

Even before he is sworn in, President-elect Bill Clinton has already begun to backpedal from the centerpiece of his economic stimulus program: a \$20 billion increase in spending on U.S. physical infrastructure. In an interview with the *Wall Street Journal* on Dec. 18, Clinton indicated that he was prepared to devote greater attention instead to the problem of reducing the deficit, as demanded by a wide range of Anglo-American financial spokesmen, such as International Monetary Fund director Michel Camdessus and Henry Kaufman, the former chief economist of Salomon Brothers during the junk bond years of the 1980s.

On Dec. 21, the *Wall Street Journal* reported that Clinton's advisers had deliberately held back information from Clinton about how quickly the U.S. federal budget deficit was growing. Their silence reportedly allowed Clinton to maintain an aura of sincerity as he unfolded his economic plans before the nation. But now, with the election safely behind them, Clinton's advisers can confront the Arkansas governor with the grim realities of deficits approaching \$300 billion for each of the next few years, terrorizing the new President to fall in line with the financial ukases dictated by Camdessus, Kaufman, et al.

The prospect that the Clinton regime may not deliver the extra \$20 billion a year that was promised during the campaign, has spurred some U.S. trade associations concerned about transportation infrastructure, to raise their voices in protest. In a news release dated Dec. 8, the American Association of State Highway and Transportation Officials (Aashto) declared that "state highway and transportation departments collectively could spend an additional \$8.5 billion in federal highway funds for 1993," over and above the amount of funds already appropriated, and that they could spend an extra \$22.8 billion if a major infrastructure program going beyond Clinton's proposal were actually implemented.

Wall Street mythology

The Aashto release is noteworthy because it directly contradicts a story purveyed by major U.S. newspapers that states have been barely able to effectively utilize the infrastructure funds they already have, and that in fact billions of dollars of appropriated funds are still sitting around unused.

The implication of these stories, is that it is no use trying to stimulate the economy by providing increased funding for infrastructure, since at best, the money wouldn't even be spent, and at worst, it would be wasted on porkbarrel projects and graft.

Another story floated in the national newspapers soon after the November election, was that the recent crop of "good" economic statistics indicates that the U.S. economy is coming out of recession "under its own power." An economic stimulant is not only not needed, according to these stories, but might actually do more harm than good, by injecting unneeded billions of dollars of demand in the middle of an economic upswing, reigniting the fearsome fires of inflation that were supposedly vanquished by Paul Volcker after he pushed U.S. interest rates through the roof in 1979.

Countering this propaganda, in his Dec. 16 news release Aashto president Wayne Muri, chief engineer and administrative officer of the Missouri Highway and Transportation Department, stated, "I want to dispel the rumors being repeated by the media, that states have no capacity to use additional funds."

Why would the media be floating stories aimed at stopping any increase of spending on U.S. infrastructure? If anything was newsworthy, it should have been the fact that Clinton's \$20 billion increase per annum in spending on physical infrastructure was a pitiful joke compared to the trillions of dollars backlog in deferred maintenance and canceled construction the U.S. had accumulated during the so-called "Reagan boom years."

Muri explained that in fact, "Since the 1970s, the nation's investment in transportation, and particularly highways, has decreased in constant dollars by about half of the amount prior to that time. The result is a huge backlog of needed but unfunded projects. The most desperate need is for rehabilitating our existing facilities. Rehabilitation contracts can go to contract quickly, and are labor intensive. There is a large capacity of idle construction workers that could be mobilized quickly. The impact of an accelerated transportation spending program to the public both in jobs and improved highways would be very impressive. . . . A total of 34 states have sufficient projects 'on the shelf' to fully utilize . . . additional funds."

Muri's statement was based on the results of a survey of the highway authorities of all 50 states, released on Dec. 8. Aashto executive director Francis B. Francois explained in that news release, "The Federal Highway Administration estimates that \$45.7 billion is needed annually from all levels of government simply to maintain the current system of highways and bridges. In order to improve the system, an estimated \$74.9 billion is needed. Yet in 1991, our federal, state, and local governments combined only invested \$36.2 billion.

"For transit, the situation is similar. The Federal Transit Administration estimates that an annual expenditure of \$7.5 billion is needed for capital investments. The ISTEA [Intermodal Surface Transportation Efficiency Act, passed in 1992] would have provided \$5.2 billion, but the Congress provided only \$3.8 billion."

\$20 billion wouldn't make a dent

What Muri and Francois are demonstrating with clear and simple numbers—put out by the government itself—is that just one type of physical infrastructure, namely highways—never mind the other types, such as waterways, ports, railroads, and urban mass transit systems, water and sanitation systems, airports, electric generation and distribution systems—could easily consume the entirety of Clinton's meager \$20 billion increase in spending on infrastructure.

The same point was forcefully made by the U.S. Conference of Mayors last spring, with the release of a voluminous report listing 7,252 "ready to go" public works projects in 506 cities that would create 418,415 jobs this year, if only funds were forthcoming. The Conference of Mayors report was in response to a request by members of the U.S. Senate in January for a list of public works projects that could be initiated immediately, but which lack funding.

The Dec. 8 report released by Aashto is similar. In response to a request by committee leaders of Congress—and members of Clinton's transition team—Aashto surveyed the highway authorities of all 50 states, plus the District of Columbia, and found that "if the highway program is fully funded for FY 1994 at the \$20.469 billion level set in the ISTEA, all of the responding 50 states could fully obligate the funds." Moreover, "States also have the capacity, collectively, to obligate at least \$8.5 billion in federal-aid highway funds during FY 1993, beyond the \$18 billion approved by Congress. That is \$6 billion over the amount that would be available if the ISTEA authorizations were fully funded. . . . If an expanded federal-aid highway program were continued through fiscal year 1996, the large majority of states (39) estimate that they could have projects to let, with a total value of \$22.8 billion above the amounts available under the ISTEA."

Construction industry is sick

Aashto was not alone in its rearguard action against Clinton's retreat. In a Dec. 15 news release, the Associated Gen-

eral Contractors of America (AGC) stated that "Construction is an engine of economic growth. . . . Simply stated, a healthy economy depends on a healthy construction industry. But America's construction industry is *not* healthy—despite some recent indicators suggesting that some segments of the economy may be improving." The AGC noted that the construction industry has lost 781,000 jobs since the beginning of 1990, and suffers from an unemployment rate that is twice the national average. Moreover, that portion of Gross Domestic Product accounted for by new construction has declined for every year since 1985, and is now at the lowest percentage of GDP in more than 30 years.

"The severely depressed state of the construction industry," the AGC stated, "is the result of 1) poor private market conditions; and 2) the failure of government at all levels to provide adequate investment in the nation's public infrastructure. . . ."

"Adequate investment in public infrastructure is vital for providing the underpinning that is essential for a productive and competitive U.S. economy. Unfortunately, investment in physical infrastructure, as a percentage of GNP, has declined over the past 20 years in the United States. Today, as a nation, we invest a much smaller percentage of our income in infrastructure than all of our major global competitors."

Directly addressing Clinton's professed concern for solving the long-term problems underlying the economic decline of the country, the AGC stated, "This failure to adequately upgrade, repair, and expand the nation's infrastructure over the past 20 years was a major policy mistake and a prime contributing factor to the nation's current economic woes."

Citing the finding of Aashto and the U.S. Conference of Mayors, the AGC stated, in bold type, "More than enough idle capacity and manpower currently exists within the construction industry to immediately take on this increased workload without any adverse economic consequences."

In fact, according to the American Public Transit Association, 6,000 jobs are created by every \$100 million of new construction or rehabilitation of urban mass transit systems. The American Road and Transportation Builders Association estimates that an extra \$6 billion spent on new highway programs would create 246,000 jobs.

But with such Wall Street luminaries in the Clinton constellation as Robert E. Rubin—co-chairman of the last remaining privately held major investment bank Goldman Sachs, where even the junior partners reportedly earned more than \$1 million each last year—and Roger Altman, vice-chairman of the secretive investment boutique The Blackstone Group, it's no wonder that Clinton is already making noises that he is more worried about reducing the deficit than about repairing three decades of neglect of U.S. physical infrastructure.

Blue overalls, not blue helmets

Germany needs a "Peace Corps" for development and reconstruction missions in the Third World.

On Sunday, Dec. 20, half a million Germans of all ages took to the streets protesting the recent racist terrorist attacks against refugee hostels and foreigners in the country. The demonstrators carried lighted candles—a symbol of non-violent action that was used effectively during the events leading up to the fall of the Berlin Wall.

This was the first time that Germany had witnessed non-violent mass protests of such a scale since the pre-war Persian Gulf crisis of late 1991, when several hundred thousand youths took to the streets, protesting against the imminent danger of war.

The candlelight rallies, human chains, vigils, and other forms of protest represent a light of hope that the German population may change the style of the nation's politics so that it can make a unique contribution to the creation of a world whose affairs are ruled by the principle of non-violence.

One of the new institutions that is now under discussion, which could further this goal, is a national Peace Corps. It could, as is currently being discussed in Germany around the intention to send Army non-combat units to Somalia for irrigation, transportation, and reconstruction projects, be deployed in emergency situations in the developing sector. This would be a quasi-civilian mission of special sections of the Armed Forces, operating through an existing military command structure.

A proposal for the conversion of Army units into task forces for relief missions was first made in October

1990 by Jürgen Warnke, then minister of Third World affairs. He said that after the end of the Cold War, the united Germany should become a "big power for peace," a state that played a leading role in Third World development. Warnke proposed the creation of a Peace Corps separate from the Armed Forces, which would draw on the desire of the youth to help and build, rather than to shoot and kill.

The Peace Corps would operate like a rapid intervention force, drawing on idle transport capacities and matériel of the German Armed Forces, operating like the military but without firearms. The forces would not have blue helmets, but blue overalls, and would be equipped with portable energy-generators and water-processing kits, field hospitals, kitchens, and the like.

The Peace Corps would use Army engineering methods, where they have proven to be efficient. There is a recent example of how this could work. Two years ago, shortly before Christmas 1990, a team of German Army pioneers completed the construction of a hospital from prefabricated Army matériel in the city of Rudbar, in the middle of the Iranian Elburz Mountains. The region had been turned into a wasteland by a heavy earthquake several months before. No more than eight German Army pioneers and 30 Iranian workers, who received instruction on the site, built the modern hospital with 2,100 square meters of medical facilities, in no more than 14 weeks.

What worked in Rudbar two years

ago, on a comparatively small scale, can be done in any other emergency zone in the developing sector, or in the war-stricken Balkans.

The first phase of the creation of a German Peace Corps would be oriented toward relief missions, carried out according to a map of those regions of the Third World that are most exposed to disasters and epidemics: Black Africa as a whole, most of Ibero-America, Central America, large parts of Asia, large parts of the Middle East, and the territory of former Yugoslavia after two years of war.

The second phase, to begin already during the implementation of the first phase, would envisage long-term development projects as a means of preventing the outbreak of disaster before the crisis escalated into the collapse of the basic civilian infrastructure, into conflict and war.

The transport aspect is crucial. Mobile bridges and some air transport capacities are there already: Germany inherited engineering matériel from the abandoned East German Armed Forces, with the unification of the two German states in October 1990, and more of this special equipment can be produced.

The Peace Corps would also need a contingent of specialists in the construction of homes, highways, and railroads, of systems of fresh water supply and efficient power generation.

By 1996, Germany intends to have a reduced standing Army of 370,000 men and women, some of whom will be assigned to "blue helmet" missions of peacemaking and peacekeeping under the auspices of the United Nations. What Germany should contribute beyond that, are the same number of men and women that can be deployed in "blue overalls" missions of the type described above.

Australian farmers fight back

The cartels which are moving to dispossess family farms in Australia, now have to reckon with an international coalition.

At 5:00 a.m. on Nov. 4 at Mount Morris, a central Queensland cattle and sheep station in northeastern Australia, Elders Pastoral, a large rural-based cartel company, moved their trucks onto the property of Adrian and Julie Warner and removed all their livestock. The pre-dawn sweep was the followup to an interest rate hike which had raised the Warners' debt from A\$85,000 to A\$100,000 (US\$57,000 to US\$67,000).

The seizure took place under false pretenses, and came out of the blue about two weeks ahead of a court date scheduled to settle the farm debt issue on Nov. 18. Since then, the Warners have lost the court case, and the banks now have official custody of the property.

In many respects, the Warners' case is not unusual. Thousands of Australian farmers are burdened by impossible debt, and cartel food companies, insurance companies, banks, and other entities are moving to dispossess them, making way for vast collective, factory farms. The Bureau of Agricultural Economics admits openly that the average farm income is negative. At present, the average Australian farm posts a \$30,000 negative annual income.

But the Warners stand out in one respect. They are leaders in a national drive to restore the Australian economy and to restore hope and development worldwide. Before the raid on their property, the Warners had hosted a farm organizing meeting in Charleville. The very day of the Elders raid,

Julie Warner had gone on a live radio show to denounce the assault on farmers everywhere, and to rally people to fight together. She began receiving phone calls from all across Australia.

Julie Warner stressed that while she and Adrian had been hit by this seizure of stock, they are both "looking at the fight on a much broader scale. . . . One has to fight on a national and global basis if you are going to win. . . . You can't get bogged down with your own problems, no matter how bad they might be."

Among the immediate causes of the farm crisis in Australia are the near-total failure of wheat crops in the eastern states, and a continued depression in the wool market due to a government policy of high interest rates, regardless of cost. In addition, there are new restrictive environmentalist laws.

Last year, sheep prices went through the floor, and farmers were advertising thousands of sheep to give away. The federal government decreed a "sheep kill"—a scheme whereby they paid farmers 81¢ a head to shoot their sheep, rather than send them to such countries as Ethiopia and Somalia. At the same time, they paid out \$1.1 billion in overseas aid!

In addition, in some places the average loss of stock due to drought alone in the past year has been estimated at 40%. Within the span of the last two years, Australia has seen the destruction of an estimated 40 million sheep because of immoral government policies and general collapse.

During this time period, federal

government support for drought-stricken farmers amounted to only \$9.5 million, which was used either to destroy stock, or else went directly to the banks in the form of debt repayments.

"But never mind, this will all be turned around with free trade," according to the government. This, despite the fact that Australia's dollar reached a new five-year low in November of 67.5¢ to the U.S. dollar, and its foreign debt rose dramatically. With only 17 million people, and the second-largest debt in the world, Australia "enjoys" the highest per capita debt in the world.

Australia already has a virtual free trade system, which has destroyed the economy. Under this type of trade practice, for example, the private slaughterhouses in Queensland which have been shipping beef halfway across the Pacific Ocean, are now being told by the Bush administration that the United States doesn't want their produce anymore—Australia can keep it. However, the latest offer from U.S. free trade food brokers is that the United States will think about buying more Australian beef—if the price is dropped 25%!

There is a prediction of an 80% drop in sugar prices in the near future. Sugar prices are currently below \$135 a ton, which doesn't even cover the cost of production.

Orange farmers in Mildura, Victoria are also saying that their industry will cease to exist if the flood of cheap imports from Brazil is not stemmed.

It is in this context of free trade that the big insurance companies are seizing prime land in conjunction with bank foreclosures on farmers. The reality of the crisis situation is highlighted by statistics showing that 10 to 12 years ago Australia had 150,000 farmers, whereas it now has fewer than 50,000 producing farms left.

Business Briefs

Trade

Swiss vote down joining European Economic Area

The citizens of Switzerland dealt the latest blow to Euro-federalist "free trade" schemes, when a majority of the country's 23 cantons voted on Dec. 6 not to join the European Economic Area (EEA), which has often been described as "the world's largest free-trade zone."

The Swiss rejection of the EEA, following the Danes' rejection of Maastricht, was the second decisive shock in Europe to free trade schemes, BBC reported. The Swiss "no" also undermines British Prime Minister John Major's scheme for the "enlargement" of the European Community, which Major, in his capacity as prime minister of the country that currently occupies the EC presidency, was hoping to make a central part of the mid-December Edinburgh EC heads of state summit.

The Euro-federalist mob is in a frenzy about the Swiss result, with EC External Relations Commissioner Frans Andriessen of Holland expressing his dismay that "the Swiss people have opted for isolation."

Debt

Repayment an obstacle to peace, says cardinal

One of the main obstacles against an improvement of living conditions in the Third World is its massive foreign debt, and creditors' insistence that the debt be paid is undermining the peace and may provoke new conflicts, declared Roger Cardinal Etchegaray on Dec. 11 on behalf of Pope John Paul II, as part of the papal message for World Peace Day on Jan. 1.

"Perhaps the time has come to reexamine the problem of debt and to give it the priority it deserves. The conditions for total or partial repayment need to be reviewed," the cardinal said. "Is it not the poorest groups which often have to bear the major burden of repayment?"

Poverty and underdevelopment are undermining peace and can lead to the outbreak of tensions and war. Therefore, "the exploita-

tion of the poor, the worrisome zones of misery, and the discriminate social relations in the world" have to stop. "I would like to call attention to the threat to peace posed by poverty, especially when it becomes destitution. . . . These situations constitute a grave affront to human dignity, and contribute to social instability."

Russia

New state banking system needed, says Kulikov

Instead of International Monetary Fund (IMF) guidelines, Russia needs a sovereign monetary policy and a new centralized state banking system, Valerian Kulikov, deputy director of the Russian Central Bank, told an industrialists' council, *Izvestia* reported on Dec. 21.

Advocating a split exchange rate mechanism for the ruble and the implementation of a new independent Russian currency in the near future, Kulikov said that Russia should recreate a system of large state banks like those that existed in the former U.S.S.R.—the Industrial Construction Bank, the Agricultural Bank, and others of that type. Commercial banks that have sprung up like mushrooms under the Gaidar liberalization policy, and upon the advice of western experts, are not capable of funding the needs of Russian production, Kulikov stated.

Kulikov harshly criticized the relationship between Russian banks and the IMF, and the previous government for being a transmission belt for monetarist policies. "Unfortunately, everything was decided by the IMF instead of the Central Bank, and we had to act like robots, obediently following the goals set for us," he said.

AIDS

Researchers ignore disease spread in Africa

American and European AIDS researchers did not bother to attend the Seventh International

Conference on AIDS in Africa, leaving Africans almost alone "in the face of an epidemic which will affect more than 15 million persons on this continent by the end of the century," the Dec. 12 French daily *Libération* reported from Yaounde, Cameroon, where the conference took place.

Dr. Kapita, from Zaire, reported that, of all the conferences so far held on AIDS in Africa, this one is the least attended by western experts such as Robert Gallo, Luc Montagnier, and Myron Essex (all of whom stayed away). Another unnamed African doctor said bitterly, "The West is in Somalia, but not with us, to combat the virus."

The conference was co-sponsored by the World Health Organization, and top AIDS-experts from the WHO were there, including Drs. Michael Merson and Jonathon Mann. Mann decries the lack of funding for AIDS programs in Africa, and warned that a growing "complacency" has set in about the AIDS problem since the beginning of the 1990s. This is intolerable, since "the right to health is a fundamental right," he said.

Health

Drug-resistant TB strains worry doctors

"We have ended up with a disease that we don't know how to prevent, and we are not sure we can cure," Dr. Thomas Frieden, of the New York City Bureau of Tuberculosis Control, told the Dec. 10 Scotch daily *The Scotsman* on the new tuberculosis outbreak. The amount of drug-resistant TB is astounding and the treatment is incredibly complicated, Frieden said. Those who work with sufferers say, with great seriousness, "This makes treating HIV look easy," he reported.

In New York City, studies now suggest that seven out of ten people are newly infected with TB have strains which can fight off most of the drugs available to treat them. Five years ago, these strains were regarded as freaks, of no great medical significance, and limited to those who had already misbehaved while being treated for TB. Now we know they are contagious and dangerous. "Most people with multi-resistant TB got it from bad luck," Frie-

den said, "not because they were bad in taking their medicines."

The greatest risk for TB is among the poorest: people already infected with the HIV virus which causes AIDS, junkies, the homeless, and new immigrants. Medicine for these people hardly exists given the present crowding in hospital emergency rooms. "All we need is another epidemic," warned Dr. Lee Reichman, of the American Lung Association, and it will become impossible to staff city hospitals. Those hospitals, which are most likely to see TB patients, are the ones least likely to be able to afford the precautions to stop TB spread for lack of money. In New York hospitals, some TB patients were found wandering the halls, sitting in communal lounges with no mask, even though they have active TB.

Since TB is contagious and can be passed in an ordinary social encounter, *The Scotsman* questioned what to do with the even more dangerous patients, those who have previously failed to finish their course of treatment again and again and are now going around, spreading drug-resistant TB.

Infrastructure

EC gives high-speed rail project a priority

High-speed rail infrastructure between eastern and western Europe was officially declared a priority of the 12 member states of the European Community in the Dec. 12-13 Edinburgh summit. The plan marks the first time in the recent global economic crisis that a multi-government commitment to significant modern rail and energy infrastructure has been approved. Observers noted that the size of the plan is less important than the opening of the debate, in which the "Productive Triangle" proposal for massive investments in the Paris, Berlin, Vienna area put forward by U.S. economist Lyndon LaRouche to lead a world economic recovery, can become a central focus.

Much to the discomfort of British Chancellor Norman Lamont, the heads of state approved a proposal presented by Danish EC Commissioner for Economic Affairs Henning Christophersen. The plan, ultimately cut down in size, gives a temporary low-interest loan

fund to the EC's European Investment Bank of roughly \$6.4 billion, plus another loan guarantee fund of \$2.5 billion. The two funds are earmarked for identified infrastructure projects, dubbed "missing links," and are intended to be a catalyst, together with local government and private industry investment, in large European infrastructure projects.

Christophersen said the funds are earmarked for high-speed rail and energy infrastructure, and highway links across Europe. He added, "Until now most European infrastructure has focused on North-South connections. Now we must have the emphasis on building West-East European infrastructure links."

Aerospace

U.S. flying mach 8 aircraft since 1985

The U.S. Air Force has been flying since 1985 a hypersonic jet aircraft capable of achieving eight times the speed of sound, according to evidence presented in an upcoming article in *Jane's Military Review*, the *Wall Street Journal* reported in December.

Among the evidence cited is a 1989 sighting by a trained aircraft observer working on an oil platform in the North Sea of a 70° delta-shaped aircraft being escorted by an F-16; repeated reports by people living in the area of Beale Air Force Base, California (where the Mach 3 SR-71 Blackbird was based) of earth tremors that geophysicists can find no explanation for other than an aircraft operating at hypersonic speeds; the highly unusual passivity displayed by the Air Force when the SR-71 was taken out of service in 1989; and the improbability that the United States has fielded the technical breakthroughs needed to allow reconnaissance satellites to take pictures as good as those that can be obtained by an aircraft.

Jane's surmises that only a handful of such aircraft have been built, at a cost of about \$1 billion each; and that the cost of such a program closely matches unaccounted-for funds believed to have been spent by Lockheed's advanced aircraft development facility, the secretive "Skunk Works," where the U-2 and the SR-71 were developed and built.

Briefly

● **THE NORTH AMERICAN** Free Trade Agreement was signed on Dec. 17 in ceremonies in the United States, Canada, and Mexico. A coalition of labor, environmental, and political organizations charge that it will cause "devastating" job losses, depress wages, and displace millions of farmers in all three countries.

● **KAZAKHSTAN** and Russia reached an energy cartel agreement in mid-December which will pool both republics' resources, investments, pricing policies, and related measures into a coordinated strategy in talks with other states, especially western cartels and clients.

● **URUGUAYANS**, by 69.3% to 30.7%, voted against a law permitting privatization, stopping the process of privatizing the national telephone company and national railways. President Alberto Lacalle admitted to the Buenos Aires daily *Clarín* that the vote was "punishment" for his policies.

● **CHINA** will have 70 million bachelors by the end of this century if families do not start having more girl babies, the Chinese *Farmer's Daily* warned. Already, 51.45% of China's 1.1 billion people are men, and the percentage of males is increasing in younger age groups.

● **MONGOLIA'S** attempt to build a now nearly completed 100,000 ton-capacity steel mill paid for by a four-year, \$65 million loan from Japan, is being opposed by the International Monetary Fund. "Without it, [Mongolia] has no possibilities, and has to be dependent on others," said Sanjaagiyn Ganjuurjav, director of the Darkhan Mini Steel Mill.

● **POLAND** is heading into a general strike wave, after government-labor talks broke off on Dec. 21. It is expected that brown-coal miners will join the ongoing strike of 320,000 coal miners, and that the Silesian Railway workers union, which controls 70% of the national rail grid, will follow suit.

Qin Shi-huang, Klein, and the destruction of China

by Michael O. Billington

Between Oct. 2 and 6, the government of the People's Republic of China (P.R.C.) initiated a new annual festival, dedicated to the most infamous tyrant of Chinese history, Qin Shi-huang. Qin, the "Legalist" emperor from the third century B.C., built the Great Wall of China with slaves impressed from among the poverty-stricken population, burned the classical Confucian texts, and burned alive the intellectual elite and Confucian scholar-officials of China. A few weeks later on Nov. 10, the government strengthened its official ties to British-trained, American Nobel Prize economist Lawrence Klein, who has been instrumental for over 10 years in the "colonization" of the Chinese economy and maintaining in power the butchers of Tiananmen Square.

The two developments are an expression of the major danger facing China today. The Qin Shi-huang celebration is equivalent to holding a festival in the West in honor of the Roman Emperor Caligula (A.D. 12-41), infamous for passing dozens of despotic laws and for his senseless cruelty. Caligula said, for example, that he regretted that the Roman people did not have a single neck, to be severed with one blow. It is a gruesome premonition of the direction of policy in the P.R.C.

On the one hand, it is a confirmation of the regime's "Legalist" intention to maintain an iron-fist dictatorship over the population, crushing any political or intellectual opposition. Also, however, this will remind the Chinese of the last years of Mao Zedong's Cultural Revolution, when Mao and the Gang of Four launched a brutal assault against any lingering morality in the terrorized population, with an "anti-Confucius" campaign, explicitly honoring Qin Shi-huang as the greatest figure of Chinese history, while denouncing the humanist Confucius tradition entirely. Mao even bragged that

he killed more "counter-revolutionary intellectuals" than his mentor Qin Shi-huang, a fact deeply ingrained in the memory of the repressed intellectuals in today's China.

A 'Greater China' alliance

The Xinhua news agency's announcement of the Qin festival also provided insight into the political and economic potential for a "Greater China" alliance among Hong Kong, Taiwan, Singapore, and the P.R.C. which has been the subject of several recent studies by Anglo-American and Chinese think-tanks. Said Xinhua: "The festival aims to reinforce the unity of all the Chinese people in the world, and to further develop economic and cultural exchanges with the outside world." Unity based on such a tyrannical, "Legalist" model of political economy is also the approach favored by the British, since it parallels their own Adam Smith "free trade" tradition of unfettered freedom for international financial interests coupled with dictatorial control over subject peoples.

EIR has regularly reported on the impending internal disaster being created by the "free market" reforms under Deng Xiaoping and his friends in the West led by Henry Kissinger. The flow of cheap labor into the coastal zones depends on the continually expanding "blind flow" of over 100 million desperate, unemployed rural workers. As the P.R.C. regime continues to ignore the collapsing infrastructure of the vast interior, the remnants of the old industrial structure have no chance of survival, let alone expansion, even *with* state support to prop them up. Now, however, government support is being removed under the slogan of "free enterprise," and the skilled work force is being dumped into the "blind flow" from the countryside.

The anticipated economic explosion was acknowledged

in a Nov. 15 article in the *People's Daily*, which quoted official figures showing that, while certain manufacturing industries are being stoked up by enormous government credits and subsidies under Deng's hyper-growth policy, the *output* is primarily of low quality and unmarketable. The unsold inventory of industrial goods grew to 135 billion yuan (\$25 billion), a shocking 20% increase between January and October.

The *People's Daily* hinted at the disastrous state of infrastructure: "The growth of investment in fixed assets is relatively large, but it is not being directed toward the good of the production system. Investment in duplicating low-quality production and common processing industries is reappearing, while both bank credit and the pressure to put more money into circulation is growing." Bank loans in the first half of 1992 were *twice* the official target, at 120 billion yuan (\$22 billion). Much of this credit is feeding the speculative bubble in the new stock markets and in real estate in the free trade zones.

Looting the labor force

Two thousand years ago, under Qin Shi-huang, the unemployed were considered *guilty* of being poor and were impressed into slave-labor brigades to build the Great Wall. Unknown numbers died in the process. Thus far, the Chinese Communist Party (CP) policy has been to channel the "redundant" labor to foreign investors at slave-labor wages in the free trade zones, providing primarily British and American interests a source of short-term returns (while their own economies back home are collapsing).

What happens to China when the current binge of misdirected credit extension and speculation ends? The CP is aware that the emerging crisis will provoke angry and desperate resistance from much broader layers of the population than occurred during the student-led resistance of 1989. Reuters Beijing correspondent David Schlesinger recently obtained a copy of an internal document circulated before the 14th CP Congress held in October. The document said in part: "Security work should be strengthened at factories, mines, oil fields, and other large and medium enterprises and key state projects. . . . The legal authorities must strongly support enterprises as they deepen their reforms and change the structure of their management . . . [and] be alert to the appearance of factors which could lead to instability, and prevent people with ulterior motives from stirring up workers to riot. . . . We must swiftly investigate and deal severely with any cases of revenge against, or harm to, a factory director or manager, while enterprises are deepening their reforms."

"Deepening reform" is a euphemism for "shock therapy" closings or cutbacks in state industries. The school campuses were also targeted for even tighter repression of dissent.

Beijing appoints Lawrence Klein

The press is currently full of reports and analysis of the confrontation between London and Beijing over the propos-



Lawrence Klein, pictured here on a visit to Thailand, has recently been hired as an economic adviser by the People's Republic of China.

als by Britain's colonial governor of Hong Kong, Christopher Patten, to slightly enlarge "democratic" rights in the electoral process before the 1997 return of the colony to China. While it is clear that Patten's proposals are a calculated provocation (Britain has, after all, ruled Hong Kong as a total dictatorship under the British drug banks for over 150 years), the conflict should not obscure the fact that the Hong Kong (British) free trade model of economy is, in fact, being implemented in stages throughout the mainland. The 1997 transfer of power over Hong Kong may be more accurately described as a "merger," with the British banks based in Hong Kong gaining increasing power over the Chinese economy.

Perhaps the clearest sign that this process will continue unabated is the announcement on Nov. 10 that the P.R.C. State Planning Commission, which governs China's economy, has now formally hired University of Pennsylvania economist Lawrence Klein as an "adviser" to "help pilot the nation's economic reforms," as the official *People's Daily* said. Klein, an authority on "econometrics," the computer analysis of economic data, and winner of the 1980 Nobel Prize for economics, was guest of honor at a ceremony on Nov. 9 held by the State Planning Commission, and was dubbed by the *People's Daily* as "an old friend of China."

Klein, a former member of the Communist Party U.S.A., was trained in economics in the 1940s by Prof. Joan Robinson, head of the Communist Party cell at England's Cambridge University, and in fact he has advised the Chinese reformers for more than 10 years to maintain the iron-fist dictatorship at all costs. In a recent interview, he endorsed Kissinger's praise for the brutal crackdown in 1989.

China 'economic czar': Don't develop quickly

Klein told a journalist in early December that he did *not* support the students in Tiananmen Square, because "the students didn't know *what* they were asking for. You can't have a country run by young kids!" he said. Granting political freedom to China would be "very disruptive" to the socialist economy. The Tiananmen Square movement "was *not* the movement that was needed, or desired, at that time," he said, and when Kissinger said dissent could not be tolerated, "I agree with that. *My* friends in China, with whom I associate most closely . . . said that we *could not tolerate* political instability."

Klein's economic advice is just as brutal. He praises himself as the architect of China's "step-by-step reform process," which he and other Anglo-American economists oppose to the International Monetary Fund "shock therapy" which has destroyed most of the factories and brought chaos to eastern Europe. What Klein means by "step-by-step," however, is to "stay backwards," and in fact "stay communist." Klein told the interviewer that he is advising the Chinese "not to go to capitalism" but to stay with "socialist planning. . . trying to modernize the socialist economy. . . That's a legitimate goal." He is advising China, he said, to stay with "reformed communism."

Klein brags that he advised against the initial 1979-81 efforts, at the beginning of the reform, to launch great projects such as nuclear power plant electrification and modern, high-technology infrastructure development. Building Japanese-style high-speed Bullet trains to unify the nation would be "too much of a luxury," Klein said. China should stick with upgrading their coal locomotives to U.S. 1960s-level electrical and diesel locomotives, "to have just the next stage, to go step by step." China should absolutely "*not* build nuclear plants," he said, but stick with the older "kind of power plants which were built in the '60s" in the West.

This, he claimed, is because China's engineers are "not as well qualified" as the French and Japanese, who have gone nuclear. "Nuclear power is a very *expensive* technology, if you do it right with the right safeguards," he said. It's "too expensive for China."

Klein's economics are just another variety of the British malthusian anti-technology and anti-infrastructure policy to maintain cheap labor; it is identical to "shock therapy." The results are the same: While a vast unemployed work force is made available to western investors desperate for quick profits from a cheap labor source to prop up the depression-wracked Anglo-American banking system, the agricultural and industrial infrastructure of China continues to be ignored.

"A foreign investor doesn't want to come into a country and ask, 'Will I have to deal with another government tomorrow?' " Klein said. "They want to know whom they're dealing with . . . and they want permission to repatriate their earnings; they want to convert their earnings into international currencies. So someone has to permit that. . . . And who *knows* what might have happened to that," if the students in Tiananmen Square had won.

Dr. Lawrence Klein, longtime director of Wharton Econometric Forecasting at the Wharton School of the University of Pennsylvania and now Professor of Economics at the University of Pennsylvania, was officially hired on Nov. 10 as chief economic adviser to the State Planning Commission of the People's Republic of China. The State Planning Commission runs China's economy.

In an interview on Dec. 4, Klein told a freelance journalist that he has in fact been "acting economic czar" for China since 1979, and that his Chinese students of the early 1980s set up the information division of the State Planning Commission.

Q: There is a line in the U.S. press that the eastern Europeans used "shock therapy" and tried to do too much too fast, but the Chinese are doing it differently. Would you advise them to do it differently?

Klein: Yes, that's a perceptive point of view, that China's done it right and the eastern European countries have done it wrong—that's my opinion, and I've had a lot of discussions with Chinese officials on that issue. Just a year ago we had meetings in Stockholm, the jubilee meetings for all living laureates of the Nobel Prize, and one session I participated in was entitled "The Demise of Socialist Planning." My participation in that panel was to say, "There is still socialist planning and over a billion people are involved and it's trying to modernize." . . . That's where socialist planning is still very much alive and they're trying to modernize the socialist economy.

Q: And that's good?

Klein: They are doing it well; I think it is possible to do that. *Time* magazine said it's an oxymoron, "market socialism," but *they're* morons, if this is an oxymoron. They're trying to make their type of economic system work better, and that's a legitimate goal.

Q: You've been working with the Chinese much longer?

Klein: I've been teaching modern economics in China since 1979. In 1980, I organized a summer workshop to help get modern econometric methods started in China, and I've had a lot of students and scholarly trainees at my university here in Pennsylvania, and I've gone to China many times since then. I've been associated with Chinese activities since 1979.

Q: What institutions were you working with?

Klein: I led a National Academy of Science and an American Social Science Research Council team of economists; our counterpart was the Chinese Academy of Social Sciences. Now there's been a further development where, on the State Planning Committee, there's a State Information Center, where economic planning has been centered. I've been at the State Information Center many times over the past several years since it was created in the mid-1980s, so the appointment was formalizing what I've already been doing for a good many years.

The people who originally worked with me were all from the Chinese Academy of Sciences. At some point some of them stayed there, and others went and set up the State Information Center. And I began working with that.

I've always worked closely with the Ford Foundation in China, which has always heavily supported teaching modern economics in China. And I've been on the executive committee for that for the Ford Foundation.

Q: Regarding Hong Kong, the Chinese say they will have "one country, two systems." But doesn't that really mean that Hong Kong's economy will take over mainland China? Can you really water down communism?

Klein: It's a reformed communism. I was at a meeting in September sponsored by the U.N. Development Program in Bucharest, and I gave a paper, entitled "The Mixed Economy," saying that "when the [Asian communist] economies reform, they're not going to go to the epitome of capitalism like Hong Kong, or to the epitome of centralized planning which was the old Soviet Union. They're going to end up somewhere in-between, with features of state intervention and features of market clearing."

Some who thought you had to go one way, or another, said that you had to do the shock therapy, introducing capitalism right away, privatize right away. But I said, "No, you first control inflation, get the economy growing on a stable path, get things in *order*, then start introducing prices, free up the agricultural sector, free up small enterprise, then gradually transform."

Now, that has been more or less the path of China, and [it has been] very successful. My argument is that it's a better path to establish economic democracy first, get the economy on a sound and growing basis, and *then* gradually introduce political liberalization.

Q: On the political liberalization: Why wait? Why not give them democracy?

Klein: Because they're not prepared to govern yet. That takes time. Look at the Soviet case, glasnost went ahead full speed, everybody stood on street corners discussing what should be done, and nothing *got* done. You cannot disrupt an economy overnight and change everything, and throw people out of work and stop the production process. You

should go step by step. And one of the steps along the way will be political reform.

Q: Are you saying that political freedom is economically disruptive?

Klein: If you do it all at once when there hasn't been political freedom, it *can* be very disruptive.

Q: Theoretically, if we could, without bloodshed, bring to power the Student Democracy Movement which sat in Tiananmen Square calling for freedom, you would not be for that?

Klein: No. The students didn't know *what* they were asking for. You can't have a country run by young kids! The Chinese [leadership] attitude was, that they went through the Cultural Revolution, when the young people ran amok, and it was a disastrous period in their lives and they don't want to repeat it. . . . The reason the Chinese didn't want to give in to the students was that they didn't want to return to the days of the Cultural Revolution. . . . The students were calling for a government that was a total turnover of what existed, and it was like the shock therapy treatment, of doing it in the political sphere before the economy had been made ready for it.

But that was not the movement that was needed, or desired, at that time. . . . The logic of the students was not the logic for the proper economic development of China.

Q: In other words, you agree with Dr. Kissinger's statement that the Chinese could not tolerate this uproar?

Klein: That's right. I didn't read what Kissinger said, but if that's what he said, I agree with that. . . . But *my* friends in China with whom I associate most closely said that we could not tolerate political instability.

Q: How do you "free up" agriculture, for example?

Klein: Some 80% of the people are rural-based. . . . I advised them to let people "have" their own land. . . . Now it could be only on a leasehold basis or on an ownership basis (that's just a technical issue), but at least be allowed to work the land and to get the crops in.

Q: But they haven't given it to them, you say, just allowed them to work it?

Klein: I don't think in a technical legal sense that they have property rights on the land. But they have rights to use the land. . . .

The next part was to have small enterprise freed up. I told them, "It's too big a job, too complicated, to plan the minute details of every company." I said that it's better to run these things on a small scale.

Q: How could a Chinese buy a small factory?

Klein: I just advised them to free it up, the techniques of doing it were all their own. I did see a lot of foreigners, that

is, Chinese-Americans, who had a fair amount of money, who came in and opened it up—foreign capital.

Q: So, the state didn't turn things over; rather, people came in with foreign capital and bought them?

Klein: To some extent, and now they're coming in from Hong Kong and Taiwan. . . .

Q: Isn't it true that all this foreign money is going in there because this became the cheapest labor on the block, that these people had never worked for market-level wages before?

Klein: That's right, at least not for variable wages. They got a wage, but it was fixed.

Q: Wasn't one of the reasons you didn't want to have political turmoil was that foreign capital was coming in for the cheap labor? Labor costs had begun to rise elsewhere in Asia by the late 1980s, and Chinese labor was the cheapest.

Klein: Yes, of course. Foreigners always want to see political stability, they want to know who's in charge. Will their investments function as they expect them to?

A foreign investor doesn't want to come into a country and say, "Will I have to deal with another government tomorrow?" They want to know whom they're dealing with, they want to have a contract in writing, and they want permission to repatriate their earnings—to convert their earnings into international currencies. So someone has to permit that.

Q: The students in Tiananmen Square might not have?

Klein: Well, who knows what might have come of *that*. That's one reason a lot of foreign investors are very wary about enterprises in eastern Europe and the former Soviet Union, because of the political instability.

Q: Do you think that China should do what Iran did when oil prices went up, and the Shah went out and started buying nuclear power plants and talking about building Japanese-style Bullet trains?

Klein: No, no! That's the way things started out in 1979. They were running up a lot of contracts. There were promises, saying, "We'll do this, and we'll do that." They told foreigners, "You can build this, and you can build that," but it didn't work out. Now they've corrected those mistakes and are proceeding gradually and cautiously.

Q: What about a Bullet train from Beijing to Canton?

Klein: I think that that's too much of a luxury. You see, first, so many of the trains are coal-burning steam locomotives. What you really want is to electrify the lines, to have diesel locomotives, to have the next stage up. Go step by step. They don't build luxury automobiles, they don't build high-speed cars. The Bullet train would be a kind of a luxury thing.

Q: Some people think that if you put in your highest technology first, you get a bigger overall rise in productivity for the buck, so it's not a luxury. You disagree with that?

Klein: Yes, as a general principle I would disagree with that. In scientific matters, high-tech is being introduced. Say, in software; it's okay for computer software. But in very expensive hardware like the Bullet train, not right away.

Q: For the other infrastructure, China can't afford that?

Klein: They're doing some nuclear, but that has problems. On the whole, I don't say they should go back to the 1930s style, but they should go to the kind of power plants which were built in the 1960s and '70s.

Q: They should not build nuclear power plants?

Klein: No, because that's not a China problem, that's a world problem. The nuclear thing has never turned out satisfactorily. It didn't fulfill the dreams people had in 1945. Nuclear power is interesting and possible, and if you do it the way the French did, you can get a lot of cheap electricity.

But everyone is not as well qualified as that, and then you have Three Mile Island disasters, and Chernobyls. So it's a very expensive technology, if you do it right, with the

Profile: Lawrence Klein

Lawrence Klein began his career as a trainee on the American side of a transatlantic project established to use then-fledgling computer technology for quantitative economic griddings. The headquarters of the project was the Strategic Bombing Survey, the psychological profiling operation launched by Anglo-American intelligence immediately after World War II to evaluate the effects of the massive Allied bombing of civilian targets in Germany.

The survey was directed by Cambridge economist Nicholas Kaldor. His staff was an extension of the group Lord John Maynard Keynes had formed at Cambridge in the 1930s. Their task was to create an economic theory that could undermine the programs for technological and industrial development in the Soviet Union, programs which were seen as a mortal threat to British economic and geopolitical goals.

At the core of this Cambridge effort were the Italian economist Piero Sraffa, and Joan Robinson, working under Keynes's personal direction. Their work wedded Marx to Malthus, and Robinson spent the next 40 years of her life promoting malthusian policies to socialist bloc countries.

right safeguards—too expensive for China.

The Chinese have the brainpower, but they don't have the training. It's the training that is needed.

Q: But this is China, they can do what they like.

Klein: They still need worldwide technology. . . .

Q: You mean they can't get the technology because foreigners won't sell it to them?

Klein: I don't know how the French are doing it, how they're safeguarding it. The French are *not* in there building nuclear plants for them.

Q: What about the United States?

Klein: Well, we've given up on our own. I don't think we're doing it for anyone else. That may be on a prohibited list.

Q: A power plant?

Klein: No, the nuclear technology.

Q: To run a power plant?

Klein: To build it, to build it safely. There are a lot of problems about accumulation of nuclear materials. Many countries say they're just building a power plant, and what

they're accumulating is high-grade plutonium and other nuclear materials for a weapons plant. . . . Iraq said that they were just building a power plant.

Q: But I'm asking you as an economist: How we can get a lot of cheap electricity in China very fast?

Klein: And I say, you can't, er, it's *not* going to be done fast through nuclear. Not only the U.S. government, but any government that has all the know-how, they want to guard against nuclear proliferation.

Q: The infrastructure seems to be going to go fairly slowly?

Klein: It has gone slowly, but it's moving. Transportation is better than it was. To give you a simple example, it was almost impossible to make round-trip ticket reservations for airlines travel. Now that's possible. . . . Bit by bit it comes in. In the hotels you can now make direct-dial overseas calls, you can have faxes come in. All these things are now possible. Year by year, some new item like this advances. That's what the country needs to do, is make steady advances, not to do it all at once.

Q: Slow, but steady?

Klein: That's right. . . .

Both Sraffa and Robinson were then members of the Cambridge cell of the Communist Party of Great Britain. Kim Philby (now a KGB general), Guy Burgess, and Donald Maclean, the intelligence-trained scions of British oligarchs who "defected" to the Soviet Union in the early 1950s, belonged to the same CP cell.

Klein enrolled in these networks in 1946, becoming a member of the Communist Party U.S.A. Although Klein now says his CP membership was merely an "incident," he later acknowledged his intellectual debt to Robinson and her colleague, the Polish economist Michael Kalecki.

Shortly after his first econometrics work, Klein was brought into the National Bureau of Economic Research by NBER's founder, Wesley Mitchell, and was subsequently given a job working for Mitchell. Mitchell was an early collaborator of the Fabian Society in England who build up the economics faculty at the University of Chicago. In the same postwar years that Mitchell took Klein under his wing, he was training Milton Friedman and the rest of what is today known as the "Chicago School."

In 1950, Klein went to the Survey Research Center of the University of Michigan, just formed by Kurt Lewin, one of the directors of the British psychological warfare division at the Tavistock Institute and a central figure in the Strategic Bombing Survey.

Driven out of Michigan for his communist affiliation in 1954, Klein went to England for advanced training at the Oxford Institute of Statistics.

While he was out of the United States, Strategic Bombing Survey personnel arranged a series of conferences to transfer the next stage of the Cambridge econometric project to the United States. The leading institutions represented at these conferences during 1955-56 were U.S. Air Force Intelligence, the RAND Corp., and the Brookings Institution.

Klein returned to the United States in 1958 and was placed in charge of the most advanced of the ongoing projects, that at Brookings.

In 1963, the model was shifted to the Wharton School at the University of Pennsylvania for commercialization. The reasons for choosing Wharton are not entirely known, though the fact that Wharton was the base of operations for Eric Trist, another of the senior British operatives of the Tavistock psychological warfare division, was an important factor. Wharton Econometric Forecasting Associates was born.

In 1969, the special targeting of Mexico began. Klein, who sells his Wharton models as "socially progressive" economics of a different brand from Friedmanite "shock therapy," was later hired as an economic adviser to the Mexican government.

Anglo-Americans fostering Nazi revival in Germany

by Jeffrey Steinberg

If 1990 was remembered as Germany's year of hope and opportunity, following the fall of the Berlin Wall and the collapse of the communist dictatorship in the East, 1992 will be remembered as the year of chaos and despair, when the streets of Germany were the scene of violent clashes between left-wing and right-wing gangs, and foreigners were the targets of Nazi gangs.

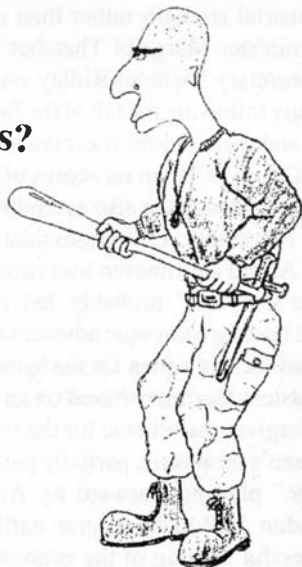
The news media in the United States, Britain and Israel have been running amok in criticizing *Germany* for the revival of Nazi violence *in* and *against* Germany. But this revival would not be occurring except for a sweeping economic and political destabilization of the Federal Republic by the same British, American (and, now, Israeli and Zionist lobby) factions, which earlier supported the rise of Adolf Hitler's Nazis to power in 1933.

Then, as now, the Anglo-Americans' geopolitical game ruled out a strong and peaceful German republic as a threat to the British Empire and to Anglo-American imperial power. Thus Hitler's insane dictatorship was boosted into power and armed by the Montagu Norman clique, the Cliveden set, the Harrimans, Morgans, Rockefellers, du Ponts, Sulzbergers, and Warburgs. Today's Nazi revival and the threatened plunge into terror and counter-terror are a cynical antidote to the threat of German economic strength—strength which could indeed help make Europe or all of Eurasia a superpower uncontrollable by the Anglo-Americans.

With the adjacent Balkan region in a state of civil war and genocide on a scale not seen since the close of World War II, and with the world economy already in the throes of a second Great Depression, the effort to throw Germany into chaos again by means of radical movements could trigger a new Thirty Years' War across Eurasia and beyond.

The following report includes information gathered by our bureau in Wiesbaden, Germany, and a study by a Washington-based counterintelligence specialist who has reviewed archive files documenting the role of the Federal Bureau of Investigation (FBI) and the Anti-Defamation League of B'nai B'rith (ADL) in penetrating and taking over the Nazi milieu in the United States. The information

Wer ist das?



The Anglo-Americans are propagating a Nazi revival in Germany, just as they did in the 1920s and 1930s, which features left-versus-right, gang-versus-counter-gang violence. Left, a cartoon asks, "Who is this?" referring to a leftist beaten up by other leftists who mistook him for a Nazi because of his short haircut. Right, rightist graffiti urging that foreigners be expelled, written over by leftists urging that Nazis be expelled.

is preliminary; we expect to expand it and make it more precise in the coming weeks and months. However, there is enough already in the public domain to conclude that Nazism today, as earlier in this century, is not a home-made product, but injected by Anglo-American interests into Germany.

A counterculture project

There is no question that an ugly movement driven by a xenophobic hatred of foreigners has been built among German youth, particularly youth from the eastern zone who have been hardest hit by the collapse of industry and skyrocketing unemployment in the past year. This movement has been further fueled by the flood of immigrants from the Balkan war and the economic crises in the former communist states of Central Europe that have been ravaged by the International Monetary Fund's "shock therapy" policies.

That movement is also a product of the drug-rock-sex counterculture which is spreading into Germany from its birthplaces in England and America, with the assistance of such German-based "psychological warfare" outfits as the Frankfurt School for Social Research, a onetime arm of the Communist International ("Comintern") more recently absorbed into the U.S.- and European-based Zionist lobby.

Just as the radical left-wing anarchist milieu in Germany and elsewhere is a product of the degenerate counterculture, so too is the neo-Nazi "skinhead" phenomenon. Among the crucial "recruiters" to this burgeoning skinhead movement are the growing number of "death rock bands," mostly from the United States and England, that have toured the Federal Re-

public. Groups like "Slayer," "Screwdriver," and "Napalm Death" appear in concert decked out in Nazi attire. Their songs call for violent attacks against foreigners, and in recent years, some of the most brutal attacks against foreign workers and refugees have occurred immediately after such concerts.

Nazi computer games, although outlawed in Germany since 1988, also make up an important feature of the recruitment pitch for these neo-Nazi gangs. Such computer games as "Clean Germany," "Anti-Turk Test," "Concentration Camp Manager," and "Aryan Test" circulate through a black market. Investigations by German security services indicate that these computer games are being dumped on the German market by British, Canadian, and American distributors, some apparently working in league with former East German Stasi operators who traditionally have run smuggling routes through Central Europe into the eastern zone.

Of the estimated 4,200 hardcore Nazis operating today in the Federal Republic, according to the 1991 year-end report of the Federal Bureau for the Defense of the Constitution (Bundesamt für Verfassungsschutz, BfV), nearly all are skinheads—i.e., products of this drug-rock counterculture experiment.

But the role of foreign intelligence services in fueling this crisis goes far beyond the atmospherics of the violent, often overtly satanic counterculture. It is a matter of public record in both Germany and the United States that for the past five years, several leading figures in the U.S.-based Ku Klux Klan and other racist movements have been making regular trips to Germany, Austria, and other countries in continental Europe, actively working to build up a violent underground

movement. In Berlin and several cities in the eastern zone where police have recently arrested Nazi skinheads for carrying out arson attacks and beatings of foreigners, Confederate flags and KKK literature from the United States has been found in their homes.

For every publicly documented instance of U.S.-based KKK or Nazi activists transiting the Atlantic, there are dozens of unpublicized instances of covert assistance, including paramilitary training, bulk distribution of Nazi propaganda, and other technical assistance.

This activity is not the result of a burgeoning Ku Klux Klan revival in the United States. All available evidence suggests that these American circles have been so heavily penetrated by the FBI, the Treasury Department's Bureau of Alcohol, Tobacco, and Firearms (BATF), and "deputized" private groups like the ADL, that they have no significant organized existence outside of that controlled by these official and semi-official agencies.

As early as 1975, *EIR* was publishing eyewitness accounts of Nazi groups in the United States and Canada being covertly controlled by the U.S. National Security Council, then headed by Henry Kissinger. If anything, those controls have been tightened even further over the intervening years.

Is there a U.S. government covert hand behind this Nazi and KKK invasion of the Federal Republic? There is little doubt that the answer is "yes."

In September 1989, in a speech delivered to the Los Angeles World Affairs Council, then-CIA head William Webster identified America's leading "economic competitors" (Germany and Japan) as primary targets for U.S. covert operations: "Our political and military allies are also our economic competitors," he told the audience. "The national security implications of a competitor's ability to create, capture, or control markets of the future are very significant." Webster's successor, current CIA chief Robert Gates, reiterated that perspective on repeated occasions.

Sources inside the U.S. Pentagon's special forces community have also confirmed that U.S. covert operators are active in the on-the-ground destabilization of the Federal Republic in pursuit of this doctrine outlined by Webster and Gates. Israeli sources have told *EIR* that both Israeli superspy "Dirty" Rafi Eytan and his onetime CIA counterpart Theodore G. Shackley are involved inside Germany helping to fuel the "strategy of tension" through covert support to the anarchist leftist and neo-Nazi rightist gangs. According to these reports, the "money is coming from the United States" and the on-the-ground efforts are being "steered by Israelis and former Stasi operatives." The alleged U.S. official role is part of a larger mosaic that makes up this "strategy of tension" against Germany.

Since former President Ronald Reagan made his trip to Bitburg, Germany in 1985, the British Crown and its leading spokesmen in the British government and press have been trumpeting the threat of a "Fourth Reich," this time fueled by

Germany's industrial strength rather than its war machine. Former prime minister Margaret Thatcher and her onetime transportation secretary Nicholas Ridley assailed the reunification of Germany following the fall of the Berlin Wall in such alarmist terms, and their venom was matched by the London *Times*'s Conor Cruise O'Brien on scores of occasions.

German investigators have also assembled extensive evidence that the November 1989 assassination of Deutsche Bank President Alfred Herrhausen was carried out by "western intelligence services," probably led by British MI-5. Herrhausen, the leading economic adviser to Chancellor Helmut Kohl, had advocated a plan for the systematic economic integration of eastern Germany based on an overall development and debt forgiveness scheme for the former communist states. Herrhausen's proposals, partially paralleling the "Productive Triangle" plan put forward by American political economist Lyndon LaRouche a year earlier, would have meant the successful buildup of the economy of the eastern zone, and could have also laid the economic foundations for a peaceful transition from communism. With Herrhausen assassinated and LaRouche thrown into federal prison in the United States, those prospects were dashed. The past 24 months of economic collapse and ethnic violence were the intended result.

Bronfman and the ADL

Another indispensable component of the ongoing "strategy of tension" directed against Germany and its Central European neighbors is being carried out by the ADL, and the allied World Jewish Congress (WJC) and Institute for Jewish Affairs (IJA). Just before the fall of the Berlin Wall, WJC president Edgar Bronfman was awarded the highest civilian honor given by the East German communist regime. At the award ceremony, Bronfman vowed to SED (communist) party chief Erich Honecker that he would put all the resources at his disposal into the fight to prevent reunification. Since then, the WJC and the ADL have carried out a non-stop propaganda barrage decrying the Nazi revival in Germany. As one of the accompanying reports will show, the ADL is one of the crucial agencies covertly running the U.S.-based Ku Klux Klan networks providing aid to the German skinheads.

While the behavior of British, American, and Zionist circles toward Germany today is an echo of their criminal policies of the past, the vast majority of Germans, on the other hand, are outraged at the skinhead violence. In every major German city, Christmas season vigils protesting the violence drew some 300,000 citizens.

Privately, German security services are well aware that their country is a target of a covert war involving foreign intelligence-directed violence by both left-wing and right-wing gangs. In one of the most dangerous vestiges of the postwar orchestrated "collective guilt," they will not bring to public light what they know about this foreign involvement. It is the kind of error that gives rise to real-world tragedy.

Antifascists vs. anti-antifascists: the 'strategy of tension'

by Angelika Beyreuther-Raimondi

The following article first appeared in the German weekly newspaper Neue Solidarität on Dec. 23.

When American KKK terrorists visited Germany in 1991 in order to build neo-Nazi cadre groups, *Neue Solidarität* took this signal very seriously, because ultimately, neither left nor right terrorists can possibly exist without covert ties to the logistical structures of government intelligence services.

It is also well known to the German authorities that for decades, the KKK in the United States has been infiltrated to a high degree by the FBI and other American security agencies. But the German federal government has imposed on itself a mental prohibition against inquiring why the KKK has been activated at this time in Germany. We do not share that reluctance, especially given that American authorities have done nothing against these international KKK activities.

Especially the events of the last few months have shown that the deployment of these neo-Nazi terrorists has negatively influenced Germany's international position and its ability to act as a sovereign nation. We must ask: *Cui bono?* Who benefits?

The further escalation of the internationally orchestrated "black propaganda" characterizing the lawfully constituted state of the Federal Republic of Germany as a new "Fourth Reich," comes on top of Germany's complete domestic paralysis domestically in the face of great economic and security problems. This has produced a situation in which Germany could indeed regress toward "Weimar conditions." The large-scale deployment of left-wing and right-wing terrorist gangs, who are out to infest the country with tiny and unpredictable grouplets whose ambush tactics will spread panic throughout the country, is creating a dynamic best described as a "strategy of tension."

This dynamic can only be halted if German politicians break with several taboos of the past 40 years.

An investigation has now finally been launched against the German section of the KKK, on suspicion that it has formed a terrorist association. Here it should be pointed out once again, how little the U.S. authorities appear to have done to put a stop to the doings of the KKK in the United States. It is to be hoped that the German investigations will not draw back out of fear of possible conflicts with "friendly

intelligence services," and will succeed in uncovering this American racist group's organizational structure in Germany.

It is known that the KKK has become especially active in Germany's new eastern states. A growing body of evidence indicates that the organizational and social milieu of the Stasi, the former East German intelligence service, is at the center of the KKK recruitment activities. This includes both formal and informal Stasi collaborators, as well as a family milieu of former Stasi people.

Conspiratorial KKK cells have been intimately involved in the coordination of attacks on foreigners and their dwellings, attacks which have led especially in the U.S. media, to outrageous portrayals of all German citizens as neo-Nazis. The Nazi-skinhead scene is becoming increasingly dangerous, aggressive, and brutal, and is organizationally tying itself into the militantly racist secret society. Both feel committed to the "battle for the white race." The KKK cells meanwhile are also building their own "anti-antifascist" structure, which promises to further escalate the spiral of violence between left and right. In KKK publications, the first lists have turned up, bearing names and addresses of political opponents.

Left and right have similar 'scenic structure'

Both the right-wing and left-wing extremist "scene," as it is called, utilize essentially the same logistical means, including modern computer technology and information systems. In order to evade the grasp of federal investigators, their central logistical components, such as publications and bank accounts, are being shifted into foreign countries. For example, on the left, the underground tabloid *radikal*, and on the right, the newspaper and bank account named *Cothinkers of the New Front*, have been moved to Holland.

In May 1989, *radikal* reported that "there is hardly any area more deeply rooted in the autonomous movement, than anti-fascist work," where "autonomous organizing and concrete alliance work have progressed so far." Their demand at the time was: In order to be prepared for future battles, streetfighters should "train their own bodies and arm themselves."

The anti-antifascist groups consciously borrow from the

successful model of the autonomous antifascists. The goal of the right-wingers is to answer the violence of the autonomous groups with counterviolence. Neo-Nazi leader Christian Worch is intent on setting up a "scenic structure" for the nationalists according to the model of the left autonomists, a structure which would be difficult for security authorities to monitor.

One autonomist in October 1991 described to *radikal* this "scenic structure," whose "actions" (he used the English word) operated on three levels: "The first level refers to com-

It should be recalled that in the final days the Weimar Republic, the Communists (KPD) and the Nazis (NSDAP), who had been fighting each other for years, smashed the republic in joint actions and paved the way for the catastrophe. In Joseph Goebbels's words, "the extremes are meeting."

ing along with many others to demonstrations, to organize political campaigns, i.e., to do fully legal political work. As the second level, I understand letting loose with many others at night, jamming locks—a kind of mass militance. And a third part . . . are then the clandestine militant actions, such as planting firebombs, etc."

The experiences of social worker Wolfgang Bartsch, who worked in Hamburg with disoriented youth inclined toward right radicalism, were described in the German weekly magazine *Der Spiegel* in the following key passage: "Often Bartsch was even successful in turning these *Rabauken* completely around [i.e., converting them from skinhead to antifascist types]. For youth in search of comradeship, the extremes were often interchangeable." A new observation of the Verfassungsschutz, Germany's domestic security police, is that the skinheads are changing their outward appearance, letting their hair grow, etc. Because of the increasingly violent altercations with the left extremists, the outward signs of identification (shaven heads, leather jackets) have become too dangerous for the skinheads. In the "scene" it will soon become difficult to distinguish between the left and right street fighters. One cartoon from *radikal* shows that this seems to have already led to some mixups. Depicting an angry, bald-headed young man carrying a baseball bat, the cartoon says that if the reader thought this was a skinhead, he was wrong; the person depicted was actually an antifascist, one Holger from Schwarzenbeck, who at an antifascist

rally was mistaken for a "fascho" and was clubbed by his own comrades, sending him to the hospital with severe head wounds.

'Pleasure in violence and murder'

The skinhead magazine *Fanzines* and the heavy metal records with their fearsome, inhuman texts which go all the way to inciting people to murder, are largely produced abroad, and are then brought into the country and passed from hand to hand around the "scene." New supplies continue to pour in. Whatever think tank this "culture" was created in, and whether for the right or the left street fighters, it is all based on the same nihilistic world outlook of Friedrich Nietzsche and of Hermann Hesse, who in his book *Steppenwolf* described the mental state of the left or right radical "street-fighter" as follows: "Then there flares up inside me a wild hunger for intense feelings, for sensations—a fury at this gray, flat, normalized and sterilized life, and a raging fury to beat something to pieces, perhaps some store or a cathedral, or myself; to commit reckless pranks. . . . To seduce a little girl, or to wring the necks of a few representatives of the bourgeois world order." The streetfighter mentality is exactly the same for the member of the Nazi Sturmabteilung (brown-shirts) of the 1930s, as it is for the skinhead and the autonomist of the 1990s.

Police reports containing the confessions of right-extremist perpetrators of violence, show that often what was involved was simply "pleasure in violence and murder." Regarding "militant small groups" that do not eschew terror attacks, Heinz Fromm of the the Hesse state Verfassungsschutz reports: "At the 'Werewolves—Senftenberg Hunting Unit,' for example, a weapons cache was uncovered, which included hand grenades. The German National Party in Erfurt holds regular military exercises. Something is coming up on the terrorist front in Saxony. And it's certain that it's more than what is known at this point." In extensive police raids over the recent period, entire weapons stockpiles have been seized. In mid-December, among the members of the underground organization National Offensive, police also found objects which were intended for the production of bombs. Over the last few years, Russian barracks have functioned as "supermarkets" for the purchase of weapons.

Left autonomists get more violent

Faced with the last few months' developments, several officials have become justifiably worried. In mid-December, Berlin Verfassungsschutz chief Annussek, interviewed in the *Berliner Morgenpost*, urgently and accurately warned about this escalation of left and right extremist violence. He stressed that "the left extremist scene, which the public has forced into the background, still remains quite dangerous." The so-called antifascist struggle remains the focus of the 1,200 hard-core autonomists. According to Annussek, there are now "announcements that the struggle against the fascists

is to be waged with even more militance. The specific actions are: searching out the meeting groups, groups, and individuals on the right-extremist scene, and the publication of that information in brochures, leaflets, and so-called warrants." These left terrorists' motto is, "Beat their bald heads, till they're down!" (*Haut die Glatzen, bis sie platzen!*).

Surveillance against each other

The latest issue of the newspaper *Antifaschistische Nachrichten* (*Antifascist News*) sounds the alarm: "Recently a new slogan is making the rounds in the neo-fascist scene: 'anti-antifa[scist].' Under this slogan, the reader is exhorted to do reconnaissance on the structures of the anti-fascist inner circle, to collect information about us, and to publicize it in publications of the Nazi scene."

In order to prepare themselves for attacks from the right, the left is discussing a "thoroughgoing improvement" of its structures through "modern communication structures" and regular meetings, at which the "possibilities for self-defense and measures which should make it more difficult for the fascists to spy on our connections," are discussed.

In August 1992, the neo-Nazi tabloid *Index* contained a comprehensive presentation of this "anti-antifa" concept. An impressive documentation of the meeting points of the leftists and anti-fascists had its intended effect. Just like the "antifa"-sheets, now the Nazi tracts are also issuing "warrants" for political enemies, with exact addresses and photographs. In Wiesbaden there is an "Anti-Intifada," the first right extremist information telephone, which gives out the latest news on on the "scene" and on the political enemy.

In Hamburg, neo-Nazi Christian Worch, who is nationally accepted as the leader of the "legal" wing of the neo-Nazi movement, has already planted an "anti-antifa" logistical network in many German states. This is supposed to make his fighters "better able to switch over from reaction to action."

These diverse right and left autonomous "commandos" have at their disposal comprehensive data banks on the German extremist scene. Worch's own "right-wing" information collection is already in the hands of the "left" autonomists. On May 20, 1989, a "Mobile Antifa Commando" (MAK) forced their way into his Hamburg home. A letter written by the intruders said, "On the night of May 19-20, we went to pay a visit to the Worchs at their home, in order to take possession of their documents. The fact that the Worchs sustained no bodily damage, can be ascribed to the fact that they strictly carried out our instructions. We knew that we would meet them both at this time, and we proceeded from the idea that about 40-50 files were there. But we had in no way expected that fascists like Christian and Ursula Worch, who had been in this business for such a long time, had hoarded so many personal papers, addresses, card catalogs, and name registers, and that they would turn over their 'comrades' to us, just like that. We took it, thanked them, and pocketed everything."

On Dec. 9, there appeared a "Rostock Declaration," in which a neo-Nazi "Taunus Front" spoke out against the arson attacks on the houses harboring foreigners seeking asylum in Germany. The authors, who characterized themselves as "radical, autonomous, nationalist, and socialist," wanted the declaration to be understood as a basis for discussion between parties, organizations, and associations of national resistance, and their political and philosophical enemies." Just like the "left," these "right-wingers" fear that that "an escalation . . . was provoked by the relevant interior ministries in order to produce the necessary pressure on the streets, in order to make possible the enforcement of new laws against asylum-seekers as well as against nationally minded Germans." Is this Taunus Front also a phantom, like the "third generation" of the Red Army Fraction (the Baader-Meinhof gang)? At any rate, the purpose of the Rostock Declaration is clear enough: Might it not be better for right and left extremists to fight together against the hated state?

Both the Republikaner party and what remains of the orthodox (West) German Communist Party (DKP) are already trying to form a "broad anti-capitalist protest movement from below," a "fundamental opposition." The "left and right" together are thus becoming a threat for the constitutional state. It should be recalled that in the final days the Weimar Republic, the Communists (KPD) and the Nazis (NSDAP), who had been fighting each other for years, smashed the republic in joint actions and paved the way for the catastrophe. In Joseph Goebbels's words, "the extremes are meeting."

But in this terrorist guerrilla war against the German republic, is there an "interested third party," who wants to use the destabilizing effect of this unprecedented crisis for their own strategic and/or tactical goals? Without at least asking the question "*cui bono?*" German politicians and investigators can indeed proceed to outlaw extremist organizations of various stripes; but in the end, unless they do so, they will not be able to get the upper hand over left and right terrorism, and will lose the battle in this "strategy of tension."

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ADL creates Ku Klux Klan and Nazi chaos in Germany

by Scott Thompson

Behind the atrocities of various right-wing and Nazi groups in Germany against foreigners lies an operation straight from the pages of the infamous Counterintelligence Program (Cointelpro) run by the Federal Bureau of Investigation in the United States from the mid-1960s until after the end of the Vietnam War. In this current program to disrupt Germany, a faction of U.S. government intelligence services is being aided and abetted by the Anti-Defamation League of B'nai B'rith (ADL), which inherited the Cointelpro program after the FBI's role was exposed by three congressional committees during the mid-1970s.

For example, it has been known since the 1970s that 95% of all Nazi literature circulating in Germany is produced by Gary Rex Lauck's NSDAP-AO (National Sozialistische Deutsche Arbeiterpartei-Auslands und Aufbauorganisation) based in Lincoln, Nebraska. Lauck was proclaimed *persona non grata* in Germany in 1974, and he was arrested on his return in 1976. Yet, his German-language paper (now known as *NS Kampfruf*) was being smuggled into Germany on a route that went through Communist Hungary to East Germany under the Honecker regime, showing that the East German secret police (Stasi) collaborated in this effort to disrupt West Germany. Since reunification, elements of this same Stasi have formed an underground, which proved to be a key element in the neo-Nazi violence and rioting that erupted in Rostock, Germany last fall.

According to Laird Wilcox, a writer on left-wing and right-wing extremism in the United States, Lauck is widely believed to be an asset of the ADL, whom the ADL has protected from prosecution on charges ranging from evasion of taxes to mail fraud to the shooting of his brother. The case of Lauck, with his apparent longstanding "working relationship" with the East German Stasi, calls to mind the fact that ADL honorary vice chairman Edgar Bronfman received the highest civilian honor of the East German state from Erich Honecker, after Bronfman promised to do everything in his power to stop the reunification of Germany.

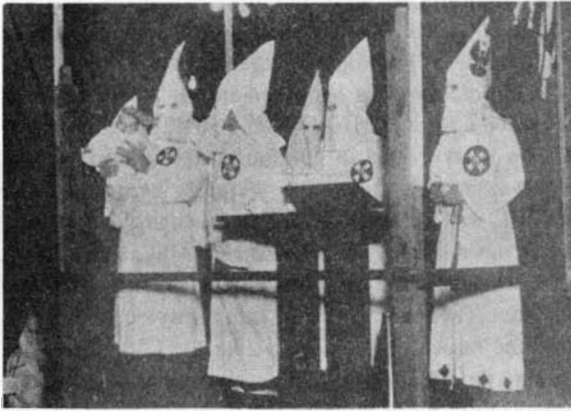
The case of KKK leader Dennis Mahon

Lauck is just one example of the ADL-U.S. intelligence assets that have been deployed to destabilize Germany. Shortly after reunification, Oklahoma-based Ku Klux Klan leader Dennis W. Mahon toured Germany, giving the banned

Nazi salute and, in one instance, staging a cross-burning. Mahon's message, like that of Lauck, is hatred of foreigners seeking asylum and work in Germany. (According to Lauck, foreigners violate a heritage "from the Teutonic Knights to the Waffen SS.") Wilcox told this author that he has reason to suspect, on the basis of first-hand knowledge, that Mahon is under the control of the U.S. Department of the Treasury Bureau of Alcohol, Tobacco, and Firearms (BATF), whose extensive involvement in Cointelpro operations was largely overlooked by congressional investigators, who focused instead on the FBI. Mahon, who served in the U.S. Army and later as a mechanic at the TWA overhaul facility in Kansas, made a big splash when he emerged as a self-proclaimed Klan leader around 1988. It seems that with the outlawing of the FBI's Cointelpro, there were only a few KKKers left.

According to Wilcox, the BATF immediately tried to get a counterterrorism-trained member of the Platt City, Kansas police department to plant a bomb on Mahon, so that they could control him. When the policeman refused, the BATF caused the officer to be fired and deployed an individual it had recruited from prison, who quickly became Mahon's security chief. Like other *agents provocateurs*, this BATF informant helped Mahon's Klansmen arm themselves to the teeth for an appearance at a local TV station. When the Klansmen left the station, they were immediately arrested. Those who did not become informants served prison terms. Mysteriously, Mahon, who openly called for racial bombings, continually escaped arrest, as did the BATF agent who was his security chief. According to sources familiar with Mahon, throughout much of his meteoric rise as an international KKK figure, he was an active member of the Oklahoma National Guard. In 1980, he was sent to Liberty City in Miami, Florida when riots broke out in that predominantly black ghetto.

Through his provocative activities, Mahon became a convenient target for a former communist named Leonard Zeskind of the Center for Democratic Renewal (CDR), which works closely with the ADL. Zeskind screamed about the emerging Klan danger, and staged riotous counter-demonstrations at many of Mahon's public appearances. In addition to working with the ADL, the CDR is also closely associated with Gerry Gable's *Searchlight* magazine in England, which has consistently blown out of proportion the danger of "Ger-



British and U.S. intelligence agencies, and private organizations such as the Anti-Defamation League, have a controlling interest in the Ku Klux Klan and similar organizations. The photos show a KKK funeral in 1924 and a KKK "baptism" of an infant, mock-Christian ceremonies conducted in the era when the Klan was committing ritual satanic murders of black people all over the U.S. South, with impunity—and when the Anglo-American elites were backing Nazi eugenics in Germany.



man revanchism." These European efforts, paralleling the ADL-CDR activities in North America, were always conducted in concert with the Association of Victims of the Nazi Regime (VVN), and more recently with the World Jewish Congress of Edgar Bronfman. The VVN, one of the so-called anti-Nazi groups formerly based in East Berlin, has been identified in the annual report of the West German Interior Ministry as being run by the Stasi, which was itself an intermediary for the disinformation section of the KGB.

Wilcox believes that since Mahon and Zeskind shared ties with the BATF, they were playing out the "gang versus countergang warfare" made notorious in the United States through the writings of Brig. Gen. Frank Kitson and exposure of operations like Cointelpro. The Center for Democratic Renewal devoted its main feature in its May 1992 issue of its report, *The Monitor*, to Lauck and Mahon's successes in recruitment in Germany. German Interior Minister Rudolf Seiters reported in May 1992 that since Mahon's trip to Germany, the KKK had established branches in at least three German cities (Berlin, Essen, and Herford), where their main targets have been foreigners living in Germany.

Where does Lauck get his money?

Lauck was kicked out of West Germany by the Interior Ministry in 1974 after being proclaimed *persona non grata* for illegal political activities, and he was arrested and detained for four months in 1976 when he returned to continue his Nazi organizing. The Nebraska *Omaha World Herald*

of July 15, 1979 reported West German Interior Minister Gerhard Baum saying that as much as 95% of the Nazi literature in Germany originated from Lauck's base in Lincoln, Nebraska. The German Interior Ministry has repeatedly asked the United States that Lauck be stopped from printing his Nazi literature for distribution in their country. Lauck has not only broken German law by printing decals and papers bearing a Nazi content, but he has also called for selective bombing of officials in the United States who favor racial integration, such as those who advocate busing. Lauck is the head of a violence-prone organization that merits serious investigation by law enforcement agencies.

Lauck's U.S. organization is small, but he publishes newspapers for four countries: the United States, Germany, Hungary, and Sweden. Moreover, he has reportedly funneled money through Swiss accounts to foreign supporters. The question is raised: Where does Gary Lauck get his money? Has it had anything to do with the assistance of the Stasi in smuggling his papers into Germany or possibly to other U.S. intelligence organizations targeting Germany, in league with the ADL?

Lauck's following in Germany is significant. It was built up in large measure under the leadership of Michael Kuhnen in Germany and Gottfried Kussel in Austria. Kuhnen died in 1991 from AIDS, shortly after serving a prison term. Kussel has been imprisoned for violating Austria's anti-Nazi laws. However, the base of Lauck's organization, as with Mahon's KKK, are not Nazis, but skinheads, a racist creation of a

counterculture program of the Frankfurt School, who adopt Nazi-type insignia.

Metzger woos the skinheads

Tom Metzger, who has been described as “the Lenin of the American right-wing,” runs an organization based in Fall Brook, California called White Aryan Resistance (WAR). Sources report that in the December issue of his publication, also titled *WAR*, he listed 15 right-wing racist organizations in Germany with which his group is affiliated. In a recent taped message, Metzger condemned the German government for “stamping out natural racism with unnatural force.” He said the repression from Bonn will only boomerang, because it will make the resistance grow. He condemned the German outlawing of the swastika and Celtic cross, telling listeners to take them out, polish them, and wear them.

As with Mahon and Lauck, Metzger has made a deliberate attempt to recruit skinheads, including by use of satanic rock with racial and violent lyrics. One group with which Metzger works is White Lightning, which does rock songs like “Aryan Homeland.” Metzger is also said to be a friend of Ian Stuart, the leader of the British rock group Skrewdriver, which has broad appeal with skinheads. To a great extent, the skinhead phenomenon, like that of the Beatles before it, originated in Britain. Metzger apparently believes that explicitly racist and violent rock is a way to recruit to his movement.

Operation Cointelpro

What is being unleashed in Germany is the equivalent of the FBI’s Operation Cointelpro, which pitted left versus right and black versus white. The Cointelpro method was most clearly discussed in a book entitled *Gangs and Countergangs*, written by British Army Brig. Gen. Frank Kitson. According to documents released under the Freedom of Information Act (FOIA), by the mid-1960s, the FBI had 2,000 informants working on “racist” matters, many of whom, like Gary Rowe, were *agents provocateurs* stirring up Klan violence against the civil rights movement. Three congressional committees during 1975-77 investigated Cointelpro after this monstrous project had been partially exposed. The highest estimates of Klan membership in the mid-1960s were 30,000, which means that one in every 15 KKKers was an FBI “shethead.”

The final report in 1976 on Cointelpro of the Senate Select Committee to Study Governmental Operations reveals on page 45:

“The second kind of ‘notional’ was the fictitious organization with some unsuspecting (non-informant) members. For example, Bureau informants set up a Klan organization intended to attract membership away from the United Klans of America. The Bureau paid the informants’ personal expenses in setting up the new organization, which had, at its height, 250 members.”

According to former U.S. intelligence officers, this was not the only klavern of the KKK that was entirely run by the FBI or another U.S. intelligence organization.

When Cointelpro was tarnished through congressional hearings and the press, the FBI began to look for alternatives to hands-on involvement in continuing the same program. One of the main substitutes that willingly agreed to work with the FBI, was the Anti-Defamation League. Not coincidentally, it was Attorney General Edward Levi, a close ADL associate, who authored the famous “Levi Guidelines” that officially shut down the FBI’s infiltration/provocateur operations into the radical movements. Like the CIA during the Reagan era, the FBI took their covert operations “off the reservation” and handed those activities over to the ADL and kindred organizations. The result was an even more aggressive, and illegal, infiltration and activation program.

Documents released under FOIA show that the ADL and the FBI had longstanding, cordial relations, such that in the 1970s, for example, there was a Special Agent in the New York FBI Field Office assigned to be in liaison with the ADL (FBIHQ File 100-530-511). When William Webster became FBI director in 1978, this relationship was upgraded—initially, according to FBI File 632-118203-3, to carry out joint FBI-ADL operations against Lyndon H. LaRouche, Jr. and his associates. However, in a Feb. 4, 1985 airtel addressed to all FBI regional offices, Director Webster gave the following order:

“The Anti-Defamation League of B’nai B’rith (ADL) has undertaken to monitor and report the activities of domestic terrorist groups, particularly the Ku Klux Klan. On 1/18/85 the New York Division initiated contact with [names deleted]. These individuals were advised of the primary jurisdiction of the FBI in civil rights matters. Further, they were advised that any legitimate civil rights allegation should be immediately brought to the attention of the appropriate FBI Office. [Name deleted] expressed his desire to cooperate and stated he would notify all regional ADL Offices of the FBI’s responsibility. It was also established that each FBI Office contact each regional office to establish a liaison and line of communication to promptly receive any allegations of civil rights violations.

“Each receiving office [of this airtel] should contact the Regional ADL Director(s) listed in your Division and establish this liaison. FBIHQ need not be notified of the results of these contacts with the exception of any significant cases or problems. These contacts should be documented in each field office 44-0 file.”

The kosher Klansman

One of the best known ADL informers in the right-wing is James R. Rosenberg (a.k.a. Jimmy Rosenberg/Jimmy Mitchell/Jimmy Anderson), who is employed by the ADL’s Fact Finding (i.e., dirty tricks) unit run by Irwin Suall. Rosenberg was the ADL’s paid infiltrator into a Ku Klux Klan klavern in

Trenton, New Jersey, who attempted to provoke the KKK into bombing the Trenton chapter of the National Association for the Advancement of Colored People (NAACP).

In 1981, a female JDL contact using the code name "Ricky," following threats from Rosenberg, gave the following background on him. She said she met Jimmy in Israel in 1978 when she was at the Kfar Saba kibbutz, and took pity on Jimmy, who was an outcast, constantly bragging about how he worked for the ADL to infiltrate the Ku Klux Klan. According to the source, Jimmy "got all messed up on Valium. . . . He even had to go for drug treatment and that upset him because he got impotent for about six months. . . . There was some things about the KKK that Jimmy really agreed with," Ricky said, adding: "He calls the Syrian Jews 'niggers,' and he was always talking about going to South Africa to kill blacks." While in Israel, Jimmy became a "jobnik" (paper pusher) with the Israeli military.

On his return to the United States in 1979, the ADL used Rosenberg's military experience to have him infiltrate paramilitary groups. In an exposé entitled "Armies of the Right," aired on Minneapolis television, the producer quoted so-called right-wing leaders spewing out anti-black and anti-Jewish filth and calling for violence. By far the most racist and disgusting on the show was Rosenberg, who was introduced as the head of a Queens, New York chapter of the Christian Defense League. At no point in the broadcast were the viewers told that Rosenberg was an ADL undercover *agent provocateur*.

The ADL informant's Nazi rally

Mordechai Levy is another major informant shared by Irwin Suall and the ADL with the Federal Bureau of Investigation. In 1979, Levy was caught brown-handed organizing a Nazi Party rally in Philadelphia, Pennsylvania, which was supposed to lead to a melee with the Jewish Defense League, of which Levy was also then a member. On Feb. 16, 1979, using the phony name "James Guttman," Levy applied for a rally permit from the National Park Service in Philadelphia, to hold a joint demonstration of the Klan and the Nazis at Independence Hall. Levy/Guttman's statement on the permit application stated he would hold a "white power rally to show white masses unity of white race, and to show the world niggers and Jews are cowards." Under the category for "decorations . . . equipment," Levy wrote, "swastika banners, Nazi uniforms, KKK paraphernalia . . . will burn cross, swastika picket signs . . . [saying] Hitler was Right—Gas Commie Jews." On the application, Levy identified himself (Guttman) as the "leading coordinator" for the Chicago-based National Socialist Party of America, whose *führer* is Frank Collin, a notorious ADL *agent provocateur* who organized a Nazi march through Skokie, Illinois, an area with a large number of Jewish survivors of the Holocaust.

Eventually, Levy's cover was blown, and the Nazi Party rally received major coverage in the press, which protected

Levy's real controllers—the ADL and the FBI. Headlines for the articles included, "Is the JDL Behind the Nazis Permit?" "Nazi Rally-Rouser Really Jewish," and, "Is Everybody in the Nazi Rally Crazy?"

This rally is a typical example of the "gang versus countergang" warfare which was at its height during Cointelpro in the United States, and which is now being shopped into Germany by the ADL and a faction of U.S. intelligence.

But by far the most telling incident of ADL-FBI collusion in fomenting KKK violence in America came to light in 1970 through an exposé in the *Los Angeles Times*. The story recounted a June 30, 1968 ambush in Meridian, Mississippi outside the home of ADL official Meyer Davidson. A local schoolteacher, Cathy Ainsworth, was killed by police, and a second person, Thomas A. Terrants III, was critically wounded by 70 separate gunshots fired by 22 FBI agents and police.

Terrants and Ainsworth were KKK members who were sent by local KKK leaders Alton Wayne Roberts and Raymond Roberts to plant a bomb at Davidson's home. What the two would-be bombers didn't know was that the Roberts brothers had just been paid \$69,000 by the New Orleans office of the ADL to work as *agents provocateurs*. Ainsworth's murder was stage-managed by the ADL, apparently in an effort to instigate a KKK scare in the community and put Davidson forward as a hero and "victim" of racist violence.

At the time that New Orleans ADL official Adolph Botnick passed the cash on to the Roberts brothers (with the full approval of local FBI officials), the Roberts were suspects in 10 separate terrorist incidents in the previous year. They were under federal indictment for the 1964 murders of three civil rights workers, Andrew Goodman, James Chaney, and Michael Schwerner, in Philadelphia, Mississippi. As a side benefit of their collusion with the ADL and the FBI, the Roberts brothers received slap-on-the-wrist sentences for the Philadelphia murders and their other terrorist escapades and were eventually squirreled away into the Federal Witness Protection Program (FWPP).

Magnitude of the control

With U.S.- and British-based radical racist organizations identified internationally as key players in the recent buildup of racially motivated violence in Germany, an obvious question is begged: Is the entire deployment of these skinheads, KKKers, etc. part of an Anglo-American joint covert operation to throw the Federal Republic of Germany into chaos and create the pretext for an international Germany-bashing propaganda drive? There is little doubt that the answer is "yes."

High-level police sources in the Federal Republic have stated off the record that they know Germany is the target of one of the most aggressive foreign intelligence operations in decades. However, there is fear that a broadside attack on the role of U.S. and British intelligence-deployed *agents provocateurs* would only make matters worse.

Beijing and Moscow enter a 'new era' in relations

by Linda de Hoyos

There is one reason why the Dec. 17-18 state visit of Russian President Boris Yeltsin to Beijing attracted so little attention in the western press: The visit and the array of prepared agreements signed by Yeltsin and his Chinese counterparts points to the abject failure of Anglo-American policy toward the East. The "shock therapy" administered to the Russian Federation by the International Monetary Fund has propelled Moscow to turn to the communist superpower, the People's Republic of China. As Chinese commentaries pointed out before the visit, Russia was promised \$24 billion in aid by the West, but has received in fact only \$1 billion.

On the other side, the western-promoted policy of free economic zones in China and development of labor-intensive consumer industries for export has enabled the Chinese to accrue a hefty pot of foreign exchange (\$65 billion) and enabled the Chinese communists to emerge in the 1990s as the preponderant power in Asia. President Yeltsin's visit to Beijing has bolstered that position.

The immediate beneficiary of the bilateral relations is China. Most significant is the high level of transfer of military technology to Beijing. President Yeltsin revealed during the visit that in 1992, China was the recipient of \$1.8 billion in armaments. "There have been attempts to keep this secret," he told the press in Beijing. Agreements signed by the two countries allow for that flow to increase, and also assure Beijing of spare parts for any military transfers in the future.

Moreover, Yeltsin's visit to Beijing, marks a major diplomatic success for Beijing, as did the visit of Japanese Emperor Akihito in October. To impress upon Yeltsin the might of the potentate he was dealing with, upon arrival, the Russian delegation was hustled off to the Great Wall for "sight-seeing."

Every detail of the trip had been prepared beforehand, including by a secret four-day visit to Beijing by Moscow

intelligence chief Yevgeni Primakov. Yeltsin came to Beijing for the formal signing of over 20 agreements for cooperation in all fields. His delegation of 100 people, requiring three planes, indicates the importance Moscow placed on the upgrading of relations with China. Yeltsin was accompanied by Russian Foreign Minister Andrei Kozyrev, Security Minister Viktor Barannikov, Internal Affairs Minister Yerin, Atomic Energy Minister Mikhailov, Deputy Prime Minister Aleksandr Shokhin, Academy of Sciences President Arkhipov (a former ambassador to China), and leaders of other republics.

The planned three-day trip was to have included a visit to the Shenzhen free economic zone in the South, but Yeltsin cut his stay short for domestic reasons. This was no snub to Beijing, but only underscored Russia's own weakness and instability compared to China.

Yeltsin was there long enough to sign all prepared agreements, the centerpiece of which was a Joint Declaration of principles for bilateral relations. According to the pro-Beijing Hong Kong daily *Wen Wei Po*, Russia had wanted this document to be a "treaty," but Beijing declined the offer. The Chinese word used to describe the document is "joint declaration," while the Russian word translates as "manifesto." The declaration, as reported by Chinese President Yang Shangkun, affirms "non-antagonism, non-alignment, good-neighborly relations of friendship and mutual benefit and cooperation based on the Five Principles of Peaceful Coexistence."

The document also includes a clause committing both sides to oppose "hegemonism" and global power politics, which Japan's Kyodo wire service interpreted as a "strong message to Washington that the United States should not assume it is the world's only superpower and global policemen." Chinese President Yang further emphasized to Rus-

sian correspondents Dec. 15 that both China and Russia are permanent members of the United Nations Security Council, and both play significant roles in world affairs. As nuclear powers, the two countries also pledged in the "manifesto" their commitment to nuclear non-proliferation.

Cooperation across the board

The joint declaration is the foundation for the 20 other agreements signed between the two governments.

A Memorandum of Understanding on Military Cooperation was signed, reportedly on the insistence of Prime Minister Li Peng, affirming Russian delivery of spare parts for military equipment. The memorandum also affirmed the continuation of talks to turn the 4,000-kilometer border between the two countries into a zone of peace and security, leading to the "real disarmament of the Asia-Pacific region."

Back in Moscow, Yeltsin told reporters that there was no linkage between the START talks between the U.S. and Russia and defense agreements with China. There will be no creation of a Russo-Chinese military bloc against the West, he said.

However, military cooperation between the two countries will be extensive. According to a Kyodo wire of Dec. 16, the Chinese Communist Party Central Military Commission instructed the government in May 1992 to increase imports of modern weaponry from Russia, stating that "stronger military cooperation with Russia and other former Soviet republics is a prerequisite for breaking the western embargo on military technology." The 1992 military budget was increased 40% over 1991 to aid in military modernization through such imports. China has already bought 24 Su-27 military aircraft from Russia and is reportedly interested in acquiring state-of-the-art MiG-31 fighter jets. Russian Ambassador to China Igor Rogachev also indicated that there would likely be agreements to modernize some of the munitions plants the Soviet Union had established in China in the 1950s. According to the Russian Interfax news agency, China wants to acquire aircraft carriers from Russia, but their sale is unlikely. However, China invited Russia to give "technical assistance" for the building of Minsk and Novorossysk type aircraft carriers, and Chinese delegations have already been to Russia to begin the process.

Russia is willing to sell tanks and submarines to China, reported the daily *Komsomolskaya Pravda* Dec. 11, but China is expected to also acquire the S-300, which is reportedly superior to the U.S. Patriot missile. The paper also reported that in November, Russia signed a secret deal to supply China with components for satellites. Military sales for 1993 are expected to exceed \$2 billion. However, according to the article, only 35% of the military sales to China were paid in hard cash. The rest of the payment came in the form of Chinese-made consumer goods—"Chinese running shoes, parkas, canned meat, and other goods. What can you do, if it is easier to get hold of aircraft in our country than pants?" The Russian side is unhappy with the quality of the goods,

but forced to accept them nonetheless.

Cooperation will extend to other strategic areas:

- *Intelligence.* Russian Foreign Ministry spokesman Sergei Yastrzhembsky reported that Security Minister Baranikov would sign a cooperation agreement with China's Public Security Ministry covering terrorism, illegal arms sales, drug control, and crimes involving transport and communications.

- *Nuclear energy.* Russia will help build a 2,000-megawatt nuclear reactor in Liaoning province in northern China, one of the largest construction ventures in the history of Russo-China relations. The reactor will be of the VBR, and not Chernobyl, type. Russia will also build a conventional power plant in the Shantou special economic zone in southern China.

- *Trade and economic integration.* In March 1992 Russia and China granted each other Most Favored Nation status, and trade in 1992 was over \$5 billion, the highest ever. China will now provide Russia with commodity credits worth \$51 million. This will take the form of two credits, one of which will be used to purchase Chinese grain. Chinese commentaries like to point out the "complementarity" of the Russian and Chinese economies. While Russia is able to give China military technology, "China's development, research, manufacture, and introduction of equipment are ahead of Russia and are also suitable for Russia. China maintains technological superiority in light industry, textiles, and the electronics industry." China also, Ambassador Rogachev indicated, has a key role to play in the conversion of Russia's defense industries to civilian use—aid for which Russia will pay dearly.

- *Transport.* Russia will sell China seven heavy transport planes, Ilyushin-76 MDs, at about \$20 million each. Other Russian planes, such as the Tupolev-154M and Yakovlev-42M, are also in great demand in China, reported Interfax. China is also looking to expand transport routes into Russia, as most of the trade between the two countries takes place on a local level across the borders. Heihe is building a Chinese-Russian Heilongjiang bridge which will link the railroads between the two countries.

- *Scientific cooperation.* Agreements in this area include a joint R&D project in fusion energy between the Russian Institute for Atomic Energy and the Chinese Academy of Sciences. An agreement was also signed for joint work in space exploration.

Lastly, the two countries made a commitment to forge cooperative policy toward other countries in Asia. As Russian Ambassador Rogachev put it: "Russia and China share a lot of common points on many urgent international issues," and their cooperation in the world arena, the Asia-Pacific region in particular, is "crucially important." For example, without "active involvement" and "close cooperation" by Russia and China, the Cambodia question cannot be thoroughly settled, and equally unimaginable is a resolution to the Korean peninsula issue. Russia has reportedly completely adopted the Beijing position of suzerainty over Taiwan.

From the sellout of Bosnia to the maelstrom of World War III

by Katharine Kanter

A little over a year ago, Helga Zepp-LaRouche wrote that "Vukovar is the future of Europe" unless the western European elites moved to stop the Balkans war. She was writing as Serbian artillery was pounding the besieged Croatian city of Vukovar, terrorizing its helpless civilians and wantonly destroying its historic monuments. Now a public statement from Russian Gen. Viktor Filatov, which one might fairly describe as "refreshingly frank," has put that writing on the wall for all to see—all that is, save the western elites who can't tear themselves away from the dirty movies on cable television long enough to read anything.

Filatov, who clearly has no time to watch cable television, chose the German daily *Berliner Zeitung* on Dec. 28, to send his New Year's greetings to the western world. "Russian oil will continue to flow to Serbia. If anyone tries to stop us, they will find all our missiles on alert. Let them try to stop us from delivering oil to Serbia. As for soldiers, we have unlimited reserves. Professionals, between 20 and 45 years of age. When the West sends Mudjaheddin in for the Muslims, and Catholics in for the Croatians, then it will happen in a flash of lightning. Our tempers are up, all we await is the signal. Watch me. When I turn up in Yugoslavia, then there will be a Russian battalion there."

According to Filatov, about 4,000 Russian soldiers have been fighting for Serbia over the past year—crack troops, including Afghantsi, veterans of the Afghanistan war—in a campaign for the Orthodox religion. Rather than send Russians to Argentina, he said, we have spoken to the Serbians, who are excited about the idea of settling a million Russians in Serbia, i.e., 300,000 families, whose men and youth can fight for "Orthodox Serbia" against Croatians and Muslims. Of course, when Filatov speaks of "Serbia," he is referring to most of Croatian, Bosnian, and Kosovan territory, which the Serbs and Russians say are "Orthodox Serbian lands, historically." Filatov boasted that "in uniform, I went to Belgrade and campaigned for Milosevic in the elections, on TV." Seselj, leader of the overtly fascist Radical Party, he described as "my friend."

In conclusion, Filatov said that the "U.S.-run occupation

government of Yeltsin, run by an American Jew called Jeffrey Sachs," would soon be replaced by "parallel structures" of the National Salvation Front, which will take over the country and place its resources at Serbia's disposal.

General Filatov was a fellow much seen around Baghdad just before the war broke out; recently, he has been sighted in Serbia accompanying groups of Russian military "volunteers" on their way to join Serbian companies. He is a member of the National Salvation Front and chief editor of the Interior Ministry's magazine, *Situatsia*. When not engaged in this refined theoretical-literary work, he shows a practical side by recruiting Russian "volunteers" to go and fight in Bosnia. It is important to understand two things: 1) General Filatov is not talking pie in the sky. He is simply describing what the Russians are actually doing, and telling, or warning if you prefer, what they are about to do. When Foreign Minister Kozyrev caused the big stir at the Conference on Security and Cooperation in Europe (CSCE) in mid-December by reading a speech about Serbia on the Filatov line, he was not lying, for once, when he said the speech had been dictated to him by nationalist circles. 2) General Filatov's charming friends are about to come to power in Moscow, very soon.

You have no doubt got the Filatov message: The Russians smell blood, they smell the sickness, the weakness of the western elites. The shoe is off, it is pounding the table, and they are shrieking: "We will bury you. We get what we want, or you get war." Americans who have not the slightest interest in Bosnia, "a far off country, of which we know nothing," might do well to think again.

It is no accident, that Filatov makes his calculated "Watch out, we are stark raving mad" move, the very week that the western powers feebly mooted the idea that at some remote time in the future, an air interdict against Serbia might perhaps be enforced. Filatov knows that he is dealing with western leaders devoid of any loyalties or moral principles, but committed to the new world order, i.e., the world as a law-free looting ground, swept by Anglo-American police operations. Indeed, following the events in 1989, the same Anglo-American think tanks which spat upon Lyndon LaRouche's

Berlin-Paris-Vienna Productive Triangle proposal to develop Russia and eastern Europe, plotted to grab chunks of the former U.S.S.R., under the cover of western "peace-making" police operations. That is the evil which the National Salvation Front seeks to deflect, characteristically, by more evil.

What could have been done

Had the western powers wanted to muzzle the Filatovs of this world, and hold Serbia back from her course of aggression, this could have been done without shedding a drop of blood. Now, after 18 months of casting away every effective measure proposed to them, with 200,000 dead, these same powers claim that only military means will stop Serbia. But what were the other means available?

1) **Recognition.** Had the western powers wanted to prevent Serbia from moving outside her borders, that could have been done, easier than falling off a log in June 1991, just by recognizing Croatia and Slovenia right after the popular vote in favor of independence from Yugoslavia. But, given what Msgr. Tauran called in *Le Monde* on Dec. 27, "a terrifying lack of political will in Europe," it was child's play for England, France, and the United States to block recognition until finally, the Vatican forced everyone's hand in December 1991. By that time, Vukovar had fallen, tens of thousands had died, and Croatia had lost 30% of her territory.

2) **The blockade.** After Serbia's winter skiing holidays were over, she fell upon Bosnia, as the entire world knew she would, in March 1992. There was a simple, elegant, bloodless way to stop Serbia in her tracks within a fortnight: Enforce the blockade over the Serbian stretch of the Danube. Enter England, France, and the United States, playing the European Commission and the U.N. Security Council for all they were worth, obstructing every attempt to enforce the blockade, secure in the knowledge that as soon as the U.N. got involved as arbitrator, Russia and China on the Security Council would veto every move against Serbia.

3) **Financial strangulation.** The British-run isle of Cyprus is, as this magazine reported a few weeks ago, the center for all Serbian overseas trading operations today. Were the western powers to close down, in a stroke, the whole Cyprus banking system, Serbian procurement would grind to a halt within a fortnight. Nothing whatsoever has been done to seal off Cyprus.

4) **Allow Bosnia and Croatia to defend themselves.** Instead, England, France, and the United States added Bosnia and Croatia to the arms embargo against Serbia. Had Bosnia and Croatia access to the international arms market, they could push Serbia back to her June 1991 borders without any outside "help." The U.N., by taking over the "cease-fire" zone in Serbian-occupied Croatia, has physically prevented the Croatian Army from going to the aid of Bosnia. On Dec. 29, as it became public that the Bosnians were about to launch a large force from Mount Igman, in "Operation

Labyrinth" to free Sarajevo, Cyrus Vance's spokesman Fred Eckhardt stated that Vance and Lord Owen are "greatly concerned" by this Bosnian move, as it will jeopardize their "negotiated rather than military" solution.

So we see, that the so-called western superpowers, namely England, France, and the United States, all of whom possess nuclear weapons and have little to fear from Serbia, have purposefully rejected every bloodless means of putting an end to Serbia's war of aggression. Neither Bosnia, nor Croatia, is anything to them. Their care is, first, to blow up continental Europe and drive a wedge between Russia and Germany. Second, to tear up the law, and re-write it as they go along, turning Bosnia, like Iraq and Somalia, into a "law-free" playground. National sovereignty is to disappear, except of course, for England, the United States, and Russia.

Bosnian government is right

And so we have the government of Bosnia, a lawfully elected government of a nation, recognized by most nations on this planet, and this government, in classic international law, is responsible for defending the lives of its citizens by upholding Bosnia's sovereignty. This government of Bosnia does not want 12 or 15 different foreign armies, in the flimsy disguise of U.N. soldiers, but in reality under the sway either of Russia or the Anglo-Americans, stomping all over their territory. They simply want arms to defend themselves, and the back-up of a blockade against Serbia. That is denied them. This government wants Tuzla Airport opened, so Bosnia might receive foodstuffs and weapons, and reestablish their authority over Northeastern Bosnia. The British forces and the U.N. denies that to them. This government does not want Bosnia to become a U.N. Protectorate, but now hears that this solution "may have to be imposed." This government has rejected every single demand that the Republic of Bosnia be partitioned and yet, we are told, by Vance's spokesman Eckhardt in Geneva, that "map-drawing is making progress along roughly ethnic lines." The government of Bosnia is right, and law, natural law, is on its side.

Now we are supposed to believe that NATO, or the U.N., or my great-grandmother, can start blasting Serbian installations into the dust, or blowing their planes out of the air, without declaring war on Serbia, and this will be the law, because this week, the British and the Americans feel like it—but maybe next week, Zagreb will be in the line of fire, if they "feel like it." Just as on Monday, Dec. 28, French "U.N." troops stopped 500 Bosnian men from leaving Sarajevo at gunpoint, because the French "felt like it." In fact, the Bosnians are believed to have been wending their perilous way up toward Mount Igman, to rejoin Operation Labyrinth.

The most fundamental right is the right to life, and the most fundamental law, the positive duty to protect the weak against the strong. Bosnia can still be saved, Serbia stopped, and Russia rolled back. But not by our present leaders, for whom law means their whims, and rights, their lusts.

Inter-American Dialogue 'sharpens dagger' against national sovereignty

by Gretchen Small

At a Washington, D.C. press conference Dec. 8, the Inter-American Dialogue released a blueprint for the elimination of national sovereignty, *de jure* and *de facto*, from the Western Hemisphere, in the immediate period ahead. The Dialogue's latest report, *Convergence and Community: The Americas in 1993*, outlines a strategy for crushing the nation-state, and replacing its functions with a network of supranational institutions run according to the dictates of the International Monetary Fund (IMF).

The importance of the Dialogue project extends beyond the Western Hemisphere. As the speakers emphasized, establishing supranational governance in the Americas through the creation of a Western Hemisphere Community of Democracies is designed to advance the one-world project for the elimination of the sovereignty of all nations. Founded by David Rockefeller and the U.S. government in 1982, the Dialogue now serves as the Trilateral Commission's leading policy body for the Americas.

There is another lesson to be learned from the Dialogue's *Convergence* report, addressing that frequently asked question as to why the Anglo-American establishment is so intent on eliminating national sovereignty. The so-called democratic world which emerges from the pages of *Convergence* is an Orwellian nightmare, where international financial interests rule through an interlocking network of supranational non-governmental organizations (NGOs) and official bodies, which sets the rules and suppresses all independent forces outside their control. The supranational "democratic" project being pushed worldwide is the instrument of the IMF; it is *usury*, not humanitarian concern, which drives it.

In January 1992, under Richard Feinberg's direction, the Inter-American Dialogue initiated its project on *Redefining Sovereignty*, dispatching academics and policymakers to draw up the legal and conceptual parameters for the "new world order." The project is ongoing, with its conclusions scheduled to be published in a book under that title in 1993. *Convergence* and the press conference called to announce it made clear that elimination of sovereignty is the overriding concern of the Dialogue today.

Dialogue President Feinberg bluntly told the Washington press that the Dialogue members are agreed that sovereignty

should not be "a shield behind which governments or armed groups" can hide. He added that what the Dialogue is proposing for the Western Hemisphere "is consistent with what the international community is doing in Somalia." For Co-Chairman Peter Bell, the "whole terrain [of sovereignty] is in evolution. What is significant is the self-conscious sense that we're entering a new period." Bell told the press that anti-sovereignty precedents are being set one after the other, as seen in Haiti, Peru, and now Somalia. Bruce Babbitt, who replaces Bell as Dialogue co-chairman in January, hailed the current period as "a historic turning point in the history of the hemisphere," out of which the Dialogue seeks "to build a model for the rest of the world" of the institutions required by the "post-Cold War" world.

Citing his authority as a leading member of the Democratic Party, Babbitt assured his listeners that the Clinton administration will "warmly embrace" the principal components of the Dialogue program. Indeed, several Clinton advisers are associated with the Dialogue—Richard Feinberg, Jimmy Carter, and Henry Cisneros, among them.

Elimination of the opposition

The arrogant claim by all the speakers that everyone in the Americas has now "converged" on a consensus in favor of this one-world plan, was interrupted, however, the moment the question period began. The first dose of reality came from a journalist who asked: "What will it mean for the convergence you are discussing, if there is a military government in Venezuela by the time the embargo [on publication] of your report is lifted [Dec. 13]?"—a rather pertinent question given that, not two weeks before, top officers of Venezuela's military had led a second rebellion in 1992 against the leading spokesman for supranationalism in that country, President Carlos Andrés Pérez.

An *EIR* journalist questioned whether the Dialogue's expressed concern for human rights violations had led them to discuss the international scandal developing over human rights violations in the United States, where innocence is no longer a protection from a state-ordered execution, and where gross political abuse of the judicial system has been demonstrated in the case against the nation's leading anti-establish-

ment political figure, Lyndon LaRouche.

The speakers asserted that the Dialogue had never raised either the death penalty or the implications of the LaRouche case in their deliberations. As for Venezuela, they responded with threats that the "international community" would embargo Venezuela's oil if there were a coup. Not only would a military coup in Venezuela be a major setback to "convergence" in the hemisphere, Peter Bell answered, but the plan also faces another major vulnerability: "If the North American Free Trade Accord [NAFTA] does not pass, it will be a body blow to the whole set of recommendations" contained in the Dialogue's report.

Free trade vs. sovereignty

NAFTA is the first of three pillars upon which the Dialogue's proposed Western Hemisphere Community of Democracies is to be based—NAFTA as a precursor to the Western Hemisphere Free Trade Accord, which they seek to have established as soon as politically feasible. From their standpoint, NAFTA/WHFTA has a two-pronged function in hemispheric affairs. The first is the more obvious economic one. *Convergence* specifies plainly that Ibero-America's role in the WHFTA is to supply raw materials and cheap labor.

The principal purpose of these accords, they explain, is to make free trade looting so permanent in the hemisphere that no nation can break from its grip far into the future. *Convergence* writes:

"Free trade agreements, in short, serve as both an incentive and an anchor for trade liberalizing measures and other economic reforms. These reforms, once bound by international agreement, are insulated—at least to some degree—from domestic political reversal. For some, the 'locking in' of economic policies might be considered a cost, not a benefit, because it restricts national sovereignty and may constrain national responses to special problems. But the intent of all international agreements is precisely to limit the sovereign choice of the contracting nations."

WHFTA is also needed to enforce *political* conditionalities. The Dialogue demands that "commitment to democratic governance and respect for human rights" be made requirements for membership in this "club," and points to Mexico as the first target of this policy. For NAFTA to succeed, *Convergence* argues, Mexico must "open its politics, end electoral fraud, and fully respect human rights," while Feinberg specified in Washington that the 1994 Mexican presidential elections must be monitored by the Organization of American States (OAS).

Collective defense of 'democracy'

Challenged at the press conference as to how Ibero-American governments will respond to this limited sovereignty doctrine, Dialogue Co-Vice Chairman Rodrigo Botero explained that, while it would still be "difficult for any government to endorse a statement that national sovereignty

has disappeared," it is nonetheless a fact that, with the adoption of the Santiago Resolution of the OAS in 1992, which mandates international response to domestic political events, governments are already "on record" accepting limits to sovereignty. "That's what is behind the term, collective defense of democracy," Botero declared.

Collective defense of democracy—thus admitted to be but a politically acceptable name for limited sovereignty—is the second pillar of the Dialogue's proposed "Community." To enforce it, the Dialogue proposes that the OAS be provided with far-reaching intelligence and policing capabilities so that it can, as Feinberg put it, identify which measures, directed at the right "pressure points," can "alter the internal balance of power" of a target nation.

Convergence demands the broadest possible mandate for when supranational OAS intervention should be activated: in "countries where internal order has collapsed or is severely threatened, where repression and/or violence has become rampant, or where communication between contending political forces has broken down." Even before these conditions are reached, governments must "be pressed to accept international observers to monitor electoral processes—from the conduct of the campaign to the counting of the ballots."

Acceptance of these rules is not a voluntary matter. As Feinberg emphasized, the Dialogue deliberately chose to portray the sanctions which the OAS can wield to enforce its rule, as "a dagger," whose tip is formed by multinational military intervention (see *Documentation*). Because "external military involvement . . . in the domestic affairs of any nation remains an issue of extreme sensitivity in inter-American relations," *Convergence* reports that Dialogue members are divided over whether or not the time has come to *discuss publicly* the need for the OAS to develop its own military capability.

No such division of opinion exists in Dialogue ranks over the need to break up national military forces in the region, however. The Dialogue has been working on the demilitarization project since 1986, when they created a task force to study civil-military relations. What distinguishes this report, is the explicit linkage of the use of internationally run "peace processes" with the campaign to destroy the military. They demand that Guatemala, Colombia, and Peru be subjected to "persistent diplomatic and political pressure" until they negotiate power-sharing with the terrorists under supranational supervision, as occurred in El Salvador. International financial institutions must, meanwhile, "monitor military spending" of all nations to ensure that their budgets are cut.

An IMF-NGO dictatorship

The third pillar of the Dialogue's proposed Community are programs for governments to "fight poverty." Answering the prejudices of their banker constituency, *Convergence* adopts the terminology of the eugenics movement when it answers its own question, "Why worry about poverty and

inequality?" It argues that programs are required, not to eliminate poverty, but to control the political unrest of the "underclass" expected from the *increased poverty* they admit their free trade scheme will cause.

Programs are required to control "the prospective losers from hemispheric integration," as major sections of the existing economies are shut down under the WHFTA, *Convergence* argues. "Workers who lose jobs and communities which lose important sources of livelihood as free trade transforms patterns of investment and production" might otherwise threaten the "democratic" order.

The Dialogue's proposed "anti-poverty" measures will further destroy the advanced productive capabilities of Ibero-America. Money for the hand-outs which they suggest only for the most wretched of the poor, is to come from raising taxes throughout the hemisphere, cutting military budgets, and transferring resources out of universities and hospitals, into primary schools and low-technology clinics. They promote the most unproductive "informal" sector of the economies, and identify the women of Ibero-America as the greatest "underutilized" source of work to be tapped. Their programs to enhance women's work in "subsistence agriculture and small commerce" are nothing more than a barely disguised program for population control.

The program they outline is to be imposed by external conditionalities. Writes *Convergence*: "External agencies play the lead role in setting the international development agenda, establishing global norms for confronting key problems, and fixing priorities for action. . . . International financial institutions—including the Inter-American Development Bank, World Bank and IMF—have considerable scope . . . for exerting economic pressure on unconstitutional regimes." These institutions "should support . . . initiatives to strengthen legislatures and judicial systems"—Dialogue President Feinberg suggested in Washington that the IMF should "teach" the Brazilian Congress how to draw up the country's budget—and "condition their support in ways that . . . press for such policy initiatives as tax reform and cutbacks in military expenditures."

To succeed, the financial institutions must "seek opportunities for collaboration" with that strange animal known as the non-governmental organization (NGO). Dialogue president Feinberg called for a "de facto alliance" between the IMF and the myriad of NGOs dealing with human rights, environmentalism, "civil society," etc. To help this along, the Dialogue itself has set up an umbrella organization for NGOs in Washington, D.C. to deal with Ibero-America, whose declared purpose is to "build stronger bridges between the NGO community and the U.S. government."

Thus has the supranational net already been tightened, and a new instrument of anti-national power been quietly constructed. When Feinberg crowed on Dec. 8 that "the era of the NGO has arrived in the Western Hemisphere," it was of this net that he was speaking.

Documentation

Sanctions to be imposed

Convergence and Community: The Americas in 1993 contains a list of escalating sanctions which the Inter-American Dialogue suggests can be applied against governments which violate the rules of their would-be supranational order. The authors did not merely list the sanctions, but designed a graphic to display them, as Dialogue President Richard Feinberg emphasized, in the form of a "dagger," which the Dialogue wishes to see placed in OAS hands. The "dagger" section reads as follows:

Political and diplomatic

- Denial of travel visas to coup leaders and close supporters.
- Suspension of the offending country's membership in sub-regional organizations (such as the Group of Rio) and in broader regional institutions (such as the OAS).
- Exclusion from Latin America and Western Hemisphere caucuses in international agencies.
- Withdrawal of ambassadors.
- Withdrawal of formal diplomatic recognition.
- Direct financial and political assistance to democratic opposition groups.

Economic

- Suspension of bilateral economic assistance programs (except, perhaps, for humanitarian aid).
- Suspension of trade preferences.
- Embargo of vital exports and imports.
- Embargo of all trade.
- Suspension of all economic and commercial ties.

Military

- Termination of military aid.
- Withdrawal of foreign military missions.
- Embargo of military supplies.
- Imposition of a blockade.
- Multilateral military intervention against the de facto government.

'Architecture' of supranational rule

Convergence proposes that four new supranational institutions be created to oversee the destruction of national sovereignty in the hemisphere, in addition to broadening the powers of the already-existing Inter-American judicial and human rights system and OAS. These include:

- 1) A new multilateral organization to "guide and coordi-

nate progress toward a Western Hemisphere Economic Community." The organization could "evolve from the proposed NAFTA commission," or be set up through collaboration between the Inter-American Development Bank, OAS, and the Economic Commission on Latin America of the United Nations. Private business, trade unions and non-governmental organizations are also to be involved.

This institution's assignment is "to collect, systematize and disseminate statistics on trade, capital flows and macro-economic indicators; to analyze issues and policies related to regional integration . . . including . . . harmonization of economic regulations; to review and evaluate proposed trade and related agreements among nations; and to serve as a source of expertise and technical assistance to individual countries. Over time, it could be entrusted with more sensitive tasks such as defining rules to guide negotiations, mediating negotiations, investigating violations of trade and economic accords, and settling disputes over many aspects of hemispheric integration."

2) A Pan-American Environmental Organization. This suggested institution should be modeled either on the Pan American Health Organization or the Inter-American Human Rights Commission, and given policing attributes.

Its assignment: "to gather and analyze data on environmental issues, furnish technical assistance, evaluate compliance with agreed-upon targets, and spotlight violations."

3) Establishing an OAS intelligence capability to advise OAS diplomatic missions. The centerpiece of the Dialogue's proposed restructuring of the OAS is the expansion or transformation of the newly formed *Democracy Unit* in the OAS into an independent agency with full policing powers. *Convergence* proposes three means to accomplish this: provide the OAS's new Unit for Democracy with a fact-finding and analytic capacity; transform the unit into an "Inter-American Commission on Democracy," modeled on the Inter-American Commission Human Rights (HRC), with its own governing board and independent mandate; or, expanding the mandate and resources of the HRC itself to include responsibility for promoting and defending democracy. This is necessary because:

"Good quality OAS decisionmaking requires accurate, timely, and nuanced assessments of the key political actors (including the military) and their changing positions and alliances, the points at which different kinds of pressure would be most effective, and the main options for proceeding. Such assessments require continuing consultations across the political spectrum and among many different sectors of society."

Therefore, this institution must "have the capacity to gather and analyze information on countries where the constitutional order has been swept aside or is under siege. . . . During a period of crisis, it should be able to draw on a wider, previously organized network of academic and policy experts. . . . At other times, staff would be responsible for monitoring democratic progress in the Americas and for in-



Bruce Babbitt (right) and Peter Bell spell out the Inter-American Dialogue's plan for ending national sovereignty, at a Washington press conference on Dec. 8.

vestigating potentially eruptive situations. . . . [It must] establish regular channels of communication," perhaps through "informal advisory bodies," with "the multitude of non-governmental organizations, foreign and national, that are active in such areas as human rights, humanitarian aid, refugee protection, press freedom, and judicial and electoral reform," so that the OAS could "make use of them to reinforce its own efforts."

4) Establish "a permanent forum" to oversee the demilitarization of the nation states:

"The OAS should consider organizing a permanent forum of civilian defense ministers, armed service commanders, and key members of legislatures, to develop regionwide norms of civil-military relations and the evolving missions of armed forces in the Americas. Clearly, such norms would not immediately be adopted by all armies, but they could lead to a growing convergence of attitudes and behavior as has happened on such matters as the conduct of elections and economic management."

5) Strengthen Inter-American judicial powers to police "human rights" violations by security forces. The HRC should be given even greater powers to police and prosecute the military in the region. *Convergence* states:

"Western Hemisphere countries should expand the resources available to the Inter-American Commission on Human Rights and the associated Court and Institute, and vigorously pursue the findings and recommendations of these agencies. Governments and multilateral institutions should also give careful attention to the reports and recommendations of the many credible non-governmental organizations professionally monitoring human rights. Such actions could help diminish the violence and human rights abuses perpetrated by Latin American security forces."

Thornburgh's kidnapers knew it was wrong man

by Andrea Olivieri

The U.S. Justice Department knew as early as April 1992 that Mexican doctor Humberto Alvarez Machaín, who was snatched from his Guadalajara medical office in 1990 and put on trial in a federal court in Los Angeles for the torture/murder of Drug Enforcement Administration agent Enrique Camarena, was the wrong man.

Presiding Judge Edward Rafeedie made the sensational revelation on Dec. 16, just two days after acquitting Dr. Alvarez of all charges because the prosecution's case against Alvarez had been cut from "whole cloth, the wildest speculation."

Trial proceedings until the Dec. 14 directed acquittal by the judge were nearly identical to the prosecution tactics used to railroad Panama's Gen. Manuel Antonio Noriega into a life sentence: Nearly all the "evidence" presented against Dr. Alvarez was from the paid testimony of drug traffickers or corrupt police officers running scared from their former drug cartel bosses. As the Mexican authorities asked at the time, how can one produce justice "based on criminal acts such as kidnappings and buying witnesses"?

In his Dec. 16 statement, Judge Rafeedie charged that the prosecution's suppression of the exculpatory evidence, based on FBI interviews with an informant dating back to April 1992, "raises the ugly thought in the court's mind whether this would have surfaced at all," had he not acquitted Dr. Alvarez. The FBI information revealed that another doctor, and not Alvarez, had been involved in administering drugs to keep victim Camarena alive under torture.

Supreme Court was wrong, too

Not only were the human rights of a Mexican citizen violated by a conspiracy of the most powerful law enforcement apparatus in the world, but the entire incident was a gross violation of international law and of the principle of sovereignty. Specifically, the Alvarez kidnaping was used to win ratification by the U.S. Supreme Court of the Bush administration's so-called Thornburgh Doctrine (named after former Attorney General Richard Thornburgh), which claims that the United States has the right to invade any foreign nation, in order to kidnap or assassinate any foreign

citizen accused of running afoul of U.S. laws.

This "doctrine" was first employed against General Noriega in December 1989, in a military invasion which claimed the lives of thousands of innocent Panamanians and wreaked untold havoc on that nation. But the doctrine was only formally turned into law in June 1992, with a Supreme Court decision on the legality of the Alvarez Machaín kidnaping following a challenge from Judge Rafeedie.

Since then, it has been followed by an "economic corollary" known as the Torricelli Corollary, which authorizes the U.S. government to take economic reprisals against any states which "lend assistance" to Cuba while maintaining trade relations with the United States. (Ironically, the State Department has been secretly dealing with the Castro regime while taking this public hardline stance.)

The Torricelli Corollary, like the Thornburgh Doctrine which preceded it, is another extension of the concept of "limited sovereignty" being imposed on developing nations today as part of Washington's imperialist "new world order."

For the most part, all the major U.S. media have blacked out Judge Rafeedie's revelation, but Mexicans are bristling with indignation over the U.S. Justice Department's abuse of international law and national sovereignty issues. The Mexican attorney general's office had issued a statement at the outset of the so-called Camarena trial, denouncing it as "illegal from the start" because it was "in flagrant violation of international law."

Now, that office has formally requested the extradition to Mexico of the two Los Angeles-based DEA agents who had ordered Dr. Alvarez's kidnaping, and who had been attending his trial regularly.

Mexican Foreign Minister Fernando Solana has pointed out that while Dr. Alvarez is now free (despite initial attempts by the desperate U.S. prosecutors to turn the acquitted doctor over to the immigration service as an "illegal"), global efforts to condemn the Thornburgh Doctrine must continue. The newspaper *La Jornada* emphasized that as long as the U.S. Supreme Court decision legitimizing the doctrine remains in force, other incidents like the Alvarez case could still occur.

Don't hold your breath for Clinton

Those who are hoping that the end of George Bush's bully-boy regime and the inauguration of a new liberal administration in Washington will bring an end to such imperialist adventures, may be disappointed. Mexican newspapers have already observed that President-elect Bill Clinton, while claiming that the Supreme Court decision ratifying the Alvarez Machaín kidnaping had gone "too far and should be revised," nonetheless refused to rule out exercising the "right" of the United States to enter the territory of another nation in cases where "the other government had deliberately refused to honor an extradition treaty, or had refused to move a finger to try to carry out the law."

The end of the Collor farce

Having rid themselves of Collor de Mello, Brazilians must now undertake to chart an opposing policy course.

Fernando Collor de Mello's resignation from the presidency Dec. 29, after having exhausted all the legal dirty tricks up the sleeves of his lawyers, put a welcome end to the political farce that had put the reckless adventurer into the driver's seat of the largest country and most important economy in Ibero-America.

Collor formed part of a crop of Ibero-American Presidents elected by means of nearly identical multimillion-dollar publicity campaigns sponsored by the Anglo-American establishment, for the purpose of defending what it calls Project Democracy. That project amounts to the intended destruction of national sovereign institutions across the Ibero-American continent.

Such was the overwhelming foreign backing that Collor de Mello received, that he became convinced, virtually overnight, that he was above the law—human and divine—and that by some invisible hand he had been led into the ranks of the illusory First World. One of the first signs of such lunacy was revealed when Collor announced that the country, whose Achilles' heel is its deficient energy supply, should call a halt to nearly all of its energy projects, especially nuclear energy, because technological advances in the near future would allow energy to be stored on computer disks.

While President "Indiana Jones" Collor (as he was baptized by George Bush, who one year ago described his Brazilian counterpart as "my kind of guy") was flying around the country

in supersonic military jets, driving around in tractor-trailors, and racing speedboats, the country was suffering the worst assault on its sovereignty in history. During two and half years of a Project Democracy government:

- the state security apparatus was destroyed;
- efforts were launched to dismantle the Armed Forces;
- the "internationalization" of Brazil's strategically key Amazon region was begun, placing Brazilian territorial integrity at risk;
- the country imposed upon itself a devastating "technological apartheid" against ongoing research and development in sensitive high-technology areas;
- the public sector was virtually crushed, leading to the near-bankruptcy of such lucrative companies as Petrobras;
- private companies were driven into bankruptcy, causing a collapse of one-fourth of all economic activity in the country; and above all,
- the country was thrust into an accelerated moral collapse.

For any one of these crimes, President Collor de Mello would merit conviction in an impartial trial of public responsibility for crimes against the dignity of the presidency, as established by the Brazilian Constitution.

Indeed, the overwhelming majority decision of the Senate following the reading of Collor's resignation message was to proceed with an impeachment trial and to condemn him for these crimes, in light of the fact that it has already been demonstrated that,

as head of state, Collor led a gang of thieves in looting the public treasury while keeping the immense majority of the Brazilian population under the worst conditions of economic austerity.

The final and long-awaited decision of the Senate following its marathon session of Dec. 29 through dawn of the 30th, was to find Collor guilty.

As a result of the Senate trial, Collor loses all political rights in Brazil for eight years. But this is not all. Attorney General Aristides Junqueira is readying criminal charges against Collor, which could take the former President directly to jail, where he may find himself sharing space with such generous colleagues as his former campaign treasurer Paulo César Farias, who was at the center of the corruption scandal that eventually led to Collor's downfall.

Perhaps the most tragic aspect of the Collor de Mello phenomenon has yet to be revealed. But for now, the magazine *Veja* has devoted its mid-December issue to an interview with the former President which paints a devastating portrait of the gloomy mental state of a person destroyed by uncontrolled greed and ambition. At once cold and delirious, Collor makes every effort to hide his guilt, while denying the most overwhelming evidence against him. The portrait is of a ghost of a President still trying to maintain the rites and rituals of power.

Collor de Mello's resignation was received by the entire nation with relief and joy, as well as with hope and expectation that the country may now chart a course diametrically opposed to the suicidal one the former President had imposed upon it. The end of the Collor de Mello farce may now also precipitate the final days of those sibling regimes begotten in the womb of Project Democracy, and suckled by the International Monetary Fund.

Shining Path steps up war in Peru

Behind both the resurgence of terror and growing military unrest lies the government's pro-IMF program.

After a several-month period of disorientation, the Shining Path terrorists launched a series of politically pinpointed attacks in Lima during the last half of December, their first significant military acts since the police and Army succeeded in capturing not only chieftain Abimael Guzmán, but most of the Maoist gang's Central Committee last September and October.

Whether the weakened Shining Path has been able to reconstruct its command structure sufficiently to sustain this renewed military offensive in the capital for any length of time remains to be seen. The problem is, however, that the government of President Alberto Fujimori has run up against two critical constraints on its ability to prosecute the war; these must be overcome if it is to carry out its intention to eradicate terrorism from Peru by 1995.

The first, is the need to take apart the aboveground political and intelligence infrastructure without which Shining Path and the other terrorists could not function. These include the fifth column which dominates the "human rights" groups, and has heavily penetrated much of the press and the so-called legal left, largely untouched by the government's crackdown thus far.

The second is the government's continued commitment to the brutal anti-growth policies of the International Monetary Fund (IMF). Among other things, this insane course has left the government so bankrupt that it is sending its soldiers to the battlefield bootless and without ammunition—while paying out \$750 million last

year on its foreign debt.

How these two problems feed each other was brought home by Shining Path's December attacks.

The most politically devastating was the assassination Dec. 18 of Pedro Huillca, secretary general of Peru's largest trade union group, the General Labor Confederation (CGTP). Huillca's murder exhibited all the characteristics typical of Shining Path's *modus operandi*: A seven- or eight-person "annihilation squad" machine-gunned the labor leader and his son as they left their home. The son was gravely wounded, while a woman leader of the squad delivered the *coup de grace* against the labor leader at point-blank range.

Shining Path had circulated leaflets threatening Huillca in the weeks before his death. But Huillca's friend, former President Alan García, and the CGTP immediately issued statements denying that Shining Path had killed him, and blamed the government instead.

García, who from his exile in Colombia has been coordinating closely with the U.S. State Department in its war against the Peruvian government, accused President Fujimori of having personally ordered Huillca killed. The CGTP, founded and controlled by the Peruvian Communist Party, went one step further, demanding that a U.N. commission come to Peru to investigate their charge that the government ordered the killing.

The García-CGTP line played right into the hands of Shining Path, which sought to use the murder to set off full-scale war between the govern-

ment and the labor movement. The latter was already enraged at the government's commitment to IMF austerity, and Huillca had led a march against these economic policies the day before he was killed.

Shining Path's gambit failed, however, when police arrested six of the terrorists who had participated in the attack, and they were, indeed, found to be members of Shining Path.

But instead of being able to advance against the enemy, the Fujimori government now faces growing factional conflict in the military. A foreign diplomat based in Lima went so far as to predict to the *Miami Herald* of Dec. 21 that "there is a real possibility that the institution [of the Army] will collapse."

Here the U.S. State Department has played a particularly dirty role in encouraging dissension inside the military, charging that Fujimori's war against terrorism violates "democracy" and therefore has isolated Peru from its allies. But the only reason State Department meddling has gotten as far as it has, is due to spreading anger within the military over the absolute poverty into which IMF policies have driven the military and population alike.

The rebellion in military ranks against these economic policies did lead Fujimori to send IMF managing director Michel Camdessus a letter shortly before Christmas advising him that Peru needed more time to "evaluate" whether the terms of the 1993-95 accord negotiated with the IMF "fit within the principal medium-term national objective, which is the defeat of terrorism and national pacification." No sign has appeared yet, however, that Fujimori has faced the fact that only a break with IMF policies, and the adoption of a national war economy, will generate the economic resources and morale required to win the war.

POWs score prelate's 'complicit silence'

Three years after the invasion, the U.S.-installed government refuses to release prisoners of war.

On the eve of the third anniversary of the U.S. yuletide invasion of Panama, the scores of Panamanian civilians and military personnel who were taken prisoner by the invading forces and who remain jailed, sent an open letter to Archbishop Marcos McGrath demanding that the Panamanian Catholic Church's hierarchy act in accord with the tenets of Christian charity.

McGrath, along with former Panamanian President Nicolás Ardito Barletta, was one of the co-authors of the 1986 Inter-American Dialogue proposal to selectively legalize drugs. More recently, he and Barletta (whose presidential campaign was financed by the Colombian cocaine cartels) signed on to the Inter-American Dialogue's blueprint for the elimination of national sovereignty, *Convergence and Community: The Americas in 1993* (see article, page 46).

In their letter, published on Dec. 13 by *La Estrella de Panamá*, the detainees accuse the regime of drug bankers named as the government of Panama by George Bush, of absolute disregard for human rights and the rule of law. The Panamanian POWs are particularly upset by the Church hierarchy's opposition to a bill being considered by the legislature to amnesty the victims of political persecution.

McGrath's auxiliary bishop, the Spaniard José Luis Lacunza, attacked the proposed amnesty has "inopportune." It makes no distinction between "political and common crimes," he said, and "it goes too far in allowing the worst delinquents this country has

known to evade justice"—a reference to those who served in the Panamanian government along with Gen. Manuel Noriega, a POW of the United States government.

The writers remind McGrath that they were all taken prisoner at the time of the invasion. "Besides the thousands left dead and wounded, during our captivity our human rights were systematically violated, as were those of thousands of other Panamanians by the U.S. Armed Forces on behalf of the government sworn in at a [U.S.] military base. The Catholic Church kept a complicit silence then." It also remained silent "when the hostilities ceased, and in open violation of the III Geneva Convention of Aug. 12, 1949 regarding Prisoners of War, we were handed over to the Panamanian authorities although there were no charges pending against us."

Those charges were concocted later, when the U.S.-installed regime used the media to solicit people to accuse the prisoners of crimes, say the prisoners in their letter. "The hierarchy of the Catholic Church in Panama kept silent in the face of all of that," and remained silent "when our families were persecuted by the national authorities."

The detainees note "that justice cannot be dispensed by a system that has proven not to have the moral authority to dispense it." The Church acts as if it were unaware of the virtual circuses that are organized when prisoners are called to testify; "of the lack of judicial independence; of the judges that have been fired from their

posts for following the law; of the corruption of prosecutors." Many of the prisoners have become gravely ill during their incarceration, "but they have been inhumanely prevented from receiving hospital attention."

Pope John Paul II, they write, insists that mercy is the beginning of justice. "Mercy and forgiveness are not opposed to justice, they demand it," says the pope, according to the letter. The authors also remind the Panamanian primate that "the hierarchy of the Panamanian Catholic Church cannot be perceived as taking sides, as sectarian, as siding with the oligarchy, but as a source of inspiration of the causes of all Panamanians."

Finally: "We are convinced that the truth will make us free and that someday it will be recognized how much injustice against us is being done in this country, in the name of a poorly understood Democracy."

Lending confirmation to their charges of prosecutorial corruption, on Christmas Eve, Attorney General Rogelio Cruz was fired and placed under arrest on drug-related charges.

The International Federation of Journalists has announced that it has asked the United Nations Human Rights Commission in Geneva to investigate the political persecution against several Panamanian journalists.

Among those being persecuted is newscaster Julio Ortega, who is accused of the "common crime" of "unlawful possession" of government property. Although there are no witnesses against Ortega, and despite the fact that the prosecutors admit that most of the items in question were taken by the invading U.S. troops, and that he never "personally received" the items, still the U.S.-installed government insists that Ortega is criminally "responsible" and must be imprisoned.

International Intelligence

French Socialists in 'damage control'

Until the national elections on March 18, the leading circles of President François Mitterrand's Socialist Party are engaged in efforts to "control the damage" to the party, according to reports from senior Socialist sources. The Socialists are trying to preserve at least 60% of their present number of parliamentary seats, though this itself may be overly optimistic, according to informed observers.

Knowing the extraordinary dissatisfaction with Socialist policies among the electorate, the government has not even sought to gain votes and hold its rule through short-term Keynesian public project spending. They realize it would be "wasted," with the opposition conservatives reaping the political credit. Recent press headlines around the banks' need for as much as an 80 billion franc [U.S. \$14.55 billion] state "bailout" for their bad real estate loans, are reportedly a cynical effort by the Socialists to salvage their financial base before turning over power to a conservative or liberal regime in March.

For some weeks, Mitterrand's government has had a consensus on key aspects of foreign policy with the liberal UDF party of former President Valéry Giscard d'Estaing. The centerpiece of this consensus, intended to remain in place after March 18, is the importance of maintaining the Franco-German core relationship inside the European Community. Otherwise, the Socialists are preparing for at least two years out of power until the 1995 presidential elections.

OAS changes its charter over Mexico's protest

The Organization of American States on Dec. 15 voted to amend its charter, as proposed by Argentina and the United States, to allow for suspension of member states charged with violating democracy. The vote was 30 to 1, with Mexico opposing, and one abstention.

The action has drawn an angry response in Mexico, including from the government. Speaking before the meeting of OAS foreign ministers in Washington, D.C., Mexican Foreign Minister Fernando Solana warned that Mexico "will not subject foreign policy to foreign definitions or to democratic concepts. In no way will we support modifications in the bases of the OAS that relegate to it nearly supranational powers. While Mexicans recognize the necessity of improving the political systems of many of our countries, we consider that it is the exclusive responsibility of each people to decide how it will do so."

He warned that the proper job of the OAS is to aid development, to attack at their root the most urgent and lacerating problems of the region, "without an interventionist character."

The Mexican Senate and House on Dec. 16 rejected the modification of the charter. The Senate passed a seven-point resolution, affirming national sovereignty as a fundamental principle, and insisting that the norms of the international order are based on an accord among members of the community of nations, but which requires the unrestricted respect for the sovereignty and independence of each State.

The House of Representatives likewise rejected any attempt to modify the OAS charter in a way to make the body a judge over member states, or to turn it against the essential principles of international law, such as non-intervention and the self-determination of peoples.

Separatists win in several Italian cities

The separatist Northern League won elections in several Italian cities on Dec. 13-14. The voting involved about 1 million voters.

The government parties collapsed: In the northern city of Varese, the Christian Democracy (DC) went from 29.9% to 17.7%; the Socialist Party, the DC's main partner, went from 15.6% to 4.2%. The Northern League jumped from 20.8% to 37.3%. The PDS, the main national opposi-

tion party, went from 9.3% to 8.1%. In Monza, another northern city, the DC got 16.8% (-19%), the Socialists 5.5% (-12%), the League 32.1% (+28%), the PDS 10.3% (-1%).

The government parties collapsed also in the southern city of Reggio Calabria, where votes went to the fascist MSI, which got 16.7% (+10.7%).

A nonlinear phenomenon is the rise of La Rete, the party led by former Palermo mayor Leoluca Orlando, born as an anti-mafia movement but soon developed as a nationwide anti-establishment party. La Rete won 8.2% in Reggio Calabria, 6.5% in Monza, and 5.5% in Varese, more than doubling its former results. In November, Orlando had sent a message of support to the founding meeting of the "Solidarity" civil rights movement in Germany (a movement launched by Helga Zepp-LaRouche, leaders of the U.S. civil rights movement, and other international human rights advocates). Another Rete representative, Sen. Carmine Mancuso, had previously endorsed Lyndon LaRouche in his campaign for President of the United States.

Bosnian castigates world for indifference

"Bosnia has become the prism in which all tensions are reflected," warned Bosnian Foreign Minister Dr. Haris Silajdic, at a press conference at the Carnegie Endowment for International Peace in Washington, D.C. on Dec. 18. The world "does not fully understand the impact of destroying such a successful model of cultural civilization as Bosnia is," he said.

"We warned those who either do not care or do not know, that Bosnia is going to be paid heavily [sic]. They thought it was far-fetched, it's just a small place; it may be a small place, it's only 5 million people, but then, it carries a great weight, historically, civilizationally, and culturally. We warned about that, and now the time is coming when we can say, 'They did not listen to us, and because of Bosnia, or encouraged by Bosnia, there are dangerous movements in Eu-

Briefly

rope, in Asia, in the former Soviet Union.' "

He further underlined that 128,448 persons have been killed in Bosnia-Herzegovina as a result of the war—a number equivalent to “an attack by an A-bomb.” “I was asked the other day,” he continued, “how many children died in Bosnia, and I answered: *all* of them. Those who are really dead are dead, sometimes cruel deaths; but those still living are not children any more, because they experienced the rapes of their mothers, deaths of their friends, sisters, and brothers, and they are not children anymore. They’re just young, very old men. . . .

“Whatever we do now is too late, too late for those dead, for those raped, and for Europe, because it has been defaced, dehumanized. Having rape-camps in Europe at the end of the 20th century, having death-camps, having people transported in cattle wagons, and not to yield to that, is indicative of a state of mind of this civilization. . . . It is up to those who can make decisions and who make decisions, to do it. If they can live with this, then they can die with this.”

Iran calls population control a primary goal

The Iranian Foreign Ministry’s semi-official mouthpiece, *Kayhan International*, called for a stepped-up effort to curb population growth, in an editorial published on Dec. 8.

“The vital importance of population control is now recognized by the Islamic Republic of Iran from the highest officials down to the rank and file,” its editorial reads, “we are told that the government efforts in this area have been successful, and the previously madly growing birthrate [under the Shah] is now reduced by 1% or so. But despite the success, Iran’s population growth rate is double the world’s average, and it has been projected that at the present slowed rate the country could reach some 100 million in a span of little more than a decade. That means we are yet to see the ravages and hardships that population explosion can cause Iran.”

The paper argues that “the Islamic Republic should face population explosion in

Iran as the moral equivalent of war,” and that, therefore, Iran should consider following the example of China, “where family size is dictated and its violation is punishable. If the Iranian government does not want to apply downright coercion in this respect, it should at least intensify the message so that parents who indulge in ballooning the size of their family would feel pressure around them.” To this end, the editorial endorses the U.N. Population Fund 1993 conference as a “positive step in connection with this grave Iranian problem.”

South African radicals ‘preparing for war’

Tensions are high in South Africa, in the aftermath of recent incidents of violence. Law and Order Minister Hernus Kriel and Justice Minister Kobie Coetsee were scheduled to meet angry farmers on Dec. 22 in Ficksburg, an area on the Lesotho border where a 15-year-old white girl was killed three days before, Reuter reported from Johannesburg.

The president of the Orange Free State agricultural union, Piet Gous, said before the meeting that whites were preparing for a full-scale “black-white war.” The *Johannesburg Star* quoted him as saying the Ficksburg meeting would be “the last time violence will be talked about. We will no longer speak about violence. If we should have to enter a white-black war, I have no problems with it.”

Newspaper reports said guerrillas of the Azanian People’s Liberation Army (APLA), the military wing of the radical Pan Africanist Congress, were suspected of launching at least three attacks on whites in the Ficksburg area in the last two months. APLA claimed responsibility for two recent attacks in the eastern Cape region, in which five whites were killed and nearly 40 wounded.

The Afrikaner Weerstandsbeweging on Dec. 21 warned its members to prepare for civil war, and claimed to have deployed a platoon of men on the border with the Transkei tribal homeland.

● **THE BEIJING** Foreign Ministry said on Dec. 28 that “Iraq’s unity and territorial integrity should be respected.” A ministry spokesman, asked to comment on the downing of an Iraqi plane by a U.S. fighter over southern Iraq, replied, “The Chinese government . . . does not want to see the situation in the Gulf region become tense and more complicated once again.”

● **SOUTH KOREA’S** President-elect, Kim Young-Sam, has pledged to bring the U.N. to bear on Seoul’s “nuclear impasse” with North Korea. “I plan to officially address this issue not only to the four powerful neighbors [the United States, Russia, China and Japan], but also to the United Nations Security Council,” he said. Kim, who won the Dec. 18 election, takes office Feb. 25.

● **INDIA** will disqualify new members of Parliament and state assemblies who have more than two children, said a government spokesman on Dec. 18. He said that the cabinet would seek to amend the Constitution “to further the cause of the small-family norm,” and that politicians who have more than two children born one year after the amendments take effect would not be allowed to serve.

● **ARIEL SHARON**, the Israeli version of Adolf Hitler, accused Prime Minister Yitzhak Rabin of being “too soft,” and called for the elimination of all Palestinian “terrorist organizations,” in an interview with Germany’s *Der Spiegel* weekly published Dec. 21.

● **THE WORLD** Jewish Congress, meeting in New York City on Dec. 22, expressed “watchfulness and concern” about the current “rise of neo-Nazi activity” in Germany, and expressed “very severe criticism of the German authorities for having taken a very long time to deal with” the neo-Nazi threat, according to a source close to WJC head Edgar Bronfman.

Liberal democracy and the end of mankind

by Mark Burdman

The End of History and the Last Man

by Francis Fukuyama

Free Press, New York, 1992

418 pages, hardbound, \$24.95; Avon, New York, 1993, paperbound, \$12.50;

Hamish Hamilton, London, 1992, hardbound, £20

A reader of *The End of History and the Last Man* should have immediate sympathy for those civilian and military forces in Venezuela, Peru, Brazil, and other countries that have mounted resistance over the past year to so-called liberal democracy. The world view in Francis Fukuyama's book is abhorrent, heralding the end of man as a moral and creative species, and should be opposed by all means consistent with the Augustinian-Christian notion of "just war."

The End of History and the Last Man is both a book and a phenomenon, albeit of a negative sort, and a review of it must face an unavoidable paradox. On the one hand, it was certainly one of the most talked-about books of the past year internationally. This reviewer attended three different conferences in Germany and Austria, at which discussions of the "Fukuyama thesis" were prominent on the agenda, as putatively representing the thinking in Washington in the era of an emergent "new world order."

Yet during the same year, the mood of triumphalism about the "irreversible historical victory of liberal democracy over all possible alternatives," which followed the Gulf war and then the collapse of the Soviet Union, for which mood

this book had become a chief expression, has become untenable. An anti-liberal-democracy backlash has begun sweeping Ibero-America, eastern and central Europe and the former U.S.S.R., and parts of Africa and Asia, while the nominally liberal-democratic bulwark nations of western Europe and North America are swept with profound social, economic, and moral crises that have called into question the axiomatic premises that they have tended to accept over the recent years.

What has become obvious to millions of people across the globe, over the course of 1992, is that liberal democracy, as meant by Fukuyama, his State Department cohorts like U.S. representative to the Organization of American States Luigi Einaudi and by the "Project Democracy" mob more generally, does not have the benevolent connotation in practice, that the media like to convey by the words "liberal democracy." Liberal democracy in practice has become associated with a new totalitarianism, a modern-day variant of classical fascism, in which nations and peoples are held subject to the arbitrary whims of the International Monetary Fund and the oligarchical elites who control the policies of the IMF and the banks.

The End of History and the Last Man has become necessary reading for those seeking to understand the mind-set of "Project Democracy" and the architects of the "new world order"; there can be little doubt that it is being decreed required reading on university campuses both in the United States and in many countries around the world. At the same time, it shows what it is that more and more people are rebelling *against*, even if those rebelling may never have heard of Fukuyama or know what he has to say. Hence, *The*

End of History and the Last Man has, to some extent, become a curious and perverse metaphor for the year of 1992 as a whole. As for 1993, the prospect is of a battle between two trends: the rejection of liberal-democratic tyranny, vs. the promulgation, including by leading forces within the incoming Clinton administration, of a neo-imperialist doctrine that upholds the "right of intervention to restore democracy" into nation-states whose sovereignty is declared "limited."

The State Department view

In identifying Fukuyama's production as important from a critical-clinical standpoint, this reviewer nonetheless feels pangs of guilt that *EIR* readers might be motivated to obtain the book and subject themselves to the agonies of reading it. Not only is the content of Fukuyama's argument abhorrent, but the argumentation is so confused as to make the book often unreadable. It is the work of an intellectual charlatan, who spends a good deal of his time either outrightly lying, or adopting pseudo-intellectual postures which betray a complete misunderstanding of the subject he presumes to be expert in.

Fukuyama is an important charlatan. He is former deputy director of the U.S. State Department's policy planning staff and has been patronized by some of the chief institutions and ideologues of the American "neo-conservative" movement. These have included the RAND Corp. think-tank in Santa Monica, California; the recently deceased Prof. Allan Bloom of the John M. Olin Center for Inquiry into the Theory and Practice of Democracy at the University of Chicago (the related John M. Olin Foundation is one of the prime funders in the United States of activities linked to Project Democracy's National Endowment for Democracy); and erstwhile Trotskyist Irving Kristol of the American Enterprise Institute, whose *National Interest* magazine published the original Fukuyama "End of History" article which generated the controversy that led to the writing of the book-length version. Some months back, Kristol featured Fukuyama as a speaker at an AEI-sponsored conference on the importance of "American popular culture" as an expression of the liberating effects of "American-style democracy" worldwide.

The oligarchical historical line

The smell of fascism is in much of what Fukuyama writes. The predominant thesis draws upon the intellectual tradition that produced fascism.

The first half of the thesis is what the first half of the book title says: "the end of history" (or "History," with a capital "H," as Fukuyama prefers it, in the supposed tradition of Hegel and Hegel's 20th-century epigone Alexandre Kojève of France). Most commentaries on Fukuyama have only drawn attention to this part of the thesis. The essence of it is that:

"As mankind approaches the end of the millennium, the twin crises of authoritarianism and socialist central planning

have left only one competitor standing in the ring as an ideology of potentially universal validity: liberal democracy, the doctrine of individual freedom and popular sovereignty. . . . Indeed, the growth of liberal democracy, together with its companion, economic liberalism, has been the most remarkable phenomenon of the last 400 years. . . . There is a fundamental process at work that dictates a common evolutionary pattern for *all* human societies—in short, something like a Universal History of mankind in the direction of liberal democracy. . . . If we are now at a point where we cannot imagine a world substantially different from our own, in which there is no apparent or obvious way in which the future will represent a fundamental improvement over our current order, then we must also take into consideration the possibility that History itself might be at an end."

That mouthful is bad enough, but it gets worse when one takes into account what the commentaries generally ignore, namely the second half of the book title, "the last man," which is a term taken directly from the 19th-century Swiss-German philosopher and forerunner of fascism Friedrich Nietzsche. Basically, what it signifies, as per Nietzsche, is that once liberal democracy of the form envisioned by Hobbes, Locke, Hegel, and others takes hold, the human type produced by that culture will inevitably be a satisfied, smug bourgeois, or what in more recent parlance might be called a "bored yuppie." That "last man" can, in Fukuyama's analysis, either revert "peacefully" to a state of an "animality in harmony with nature," or, as per Nietzsche's own preference, produce a counter-reaction, that brings about wars, chaos, the destruction of all Christian values and morality, and the emergence of the "*Übermensch*." But either way, Nietzsche's "last man" is the ultimate product of "the end of History" and the triumph of "liberal democracy."

Were this analysis to be written as a warning, Fukuyama's book might have merit. But it is not. Fukuyama is *lauding* what he asserts to be the inevitable end result of a so-called historical process, which ends up in a world that is *Nietzschean*. Indeed, Fukuyama has a shameful, slavish fascination with the man who, more than any other, has inspired fascist and other anti-Christian, "Aquarian Age" movements in this century. Fukuyama's "new world order" is the entry-point to the "new Dark Age."

The slavishness to Nietzsche is part of a more general slavish loyalty to a philosophical and scientific tradition, which is Gnostic in content, that includes Francis Bacon, René Descartes, John Locke, Thomas Hobbes, Immanuel Kant, G.W.F. Hegel, Friedrich Nietzsche, and the modern-day professed philosophers Alexandre Kojève and Leo Strauss. Here is where the charlatanism and fraud enter in force. Fukuyama presents this *oligarchical* line of philosophical-scientific thinkers as if they represent the only tradition of thought in history, while *willfully omitting* from his heavily footnoted tome any mention of such figures as Nicolaus of Cusa, Gottfried Wilhelm Leibniz, and Friedrich Schiller,

who represent the opposing *Christian republican* tradition. Hence, the whole book is fallacy of composition accomplished by omission.

To the same point, the man who has revived the Christian republican tradition during the last half of the 20th century, Lyndon LaRouche, receives but one derogatory reference, in which LaRouche is effectively likened to the leader of a Hare Krishna or theosophical cult.

The omission of Schiller is of special relevance to the overall composition of *The End of History and the Last Man*, since Fukuyama professes to be writing in the tradition of writers of "Universal History," among whom he cites, as forebears, the French Enlightenment's Condorcet and Germany's Kant and Hegel. Yet it was Friedrich Schiller who wrote the most astute and truthful version of a "Universal History," where Schiller identified two conflicting traditions, one the humanist republican beginning with the lawmaker Solon of Athens, and the other the oligarchical bestialist tradition associated with Lycurgus of Sparta. The Spartan tradition has been assumed in this century by the British Empire, by the fascist regimes of Hitler and Mussolini, by Stalin's Russia, and most recently, by the proponents of what George Bush coined as the "new world order." Schiller's writings on Universal History are well known and readily available, and must have been known to the learned Mr. Fukuyama, but he is so emotionally attached to the Spartan tradition, that he can't even admit the existence of the other!

In Fukuyama's manner, such sins of omission merge with sins of commission to produce some wild frauds. What, for example, can one make of this diatribe? "The principles underlying American democracy, codified in the Declaration of Independence and the Constitution, were based on the writings of Jefferson, Madison, Hamilton and the other Founding Fathers, who in turn derived many of their ideas from the English liberal tradition of Thomas Hobbes and John Locke. If we are to uncover the self-understanding of the world's oldest liberal democracy—a self-understanding that has been adopted by many democratic societies outside North America—we need to look back to the political writings of Hobbes and Locke." Never mind that Hamilton and other Founding Fathers were passionately *opposed* to the British liberal-democratic tradition, both in its political and economic expressions. In the *Federalist Papers*, Hamilton, Madison, and others argued persuasively for the necessity of a *republic*, as a counter to the tyranny that *democracy* would represent. Such arguments have no effect on the unrepentant former State Department senior official, who later describes Benjamin Franklin and Abraham Lincoln as "Lockean liberals," a characterization that undoubtedly has both of these great men turning in their graves.

The principle of paranoia

What ultimately underlies all this grotesquerie, and what carries the reader to the threshold of fascism, is Fukuyama's

conception of the human race, which is rather a picture of an un-human, or anti-human race.

A great deal of his writing is devoted to the overriding importance in man's make-up of the striving for recognition, a notion that Fukuyama traces back to the Greek concept of *thymos*. Leaving aside for the moment the not-unimportant question whether this interpretation of the word *thymos* is exactly what Socrates and Plato had in mind when they used it, Fukuyama's concept leads to some specific axioms that attribute a bestialist, non-human identity to mankind.

While the desire to have one's achievements recognized is not necessarily a bad thing, the extreme fetishism that Fukuyama gives to this emotion, including citing its central importance in acts of erotic love (the only form of love he gives credence to), is strictly aimed at fomenting the "other-directed"—i.e., paranoid—psychopathologies of the American population, particularly those ego-gratification-seeking 1980s-style yuppies whom Fukuyama seems to regard as his peer-group. That this is no exaggeration is seen in a remarkable footnote: "David Riesman in *The Lonely Crowd* . . . used the term 'other-directedness' to refer to what he saw as a creeping conformism in postwar American society, which he contrasted to the 'inner-directedness' of Americans in the 19th century. For Hegel, no human being can be truly 'inner-directed'; man cannot even become a human being without interacting with other human beings and being recognized by them. What Riesman describes as 'inner-directedness' would actually be a form of covert 'other-directedness.' For example, the apparent self-sufficiency of strongly religious people is in fact based on a once-removed 'other-directedness,' since man himself creates religious standards and the objects of his devotion."

This last sentence about "the apparent self-sufficiency of strongly religious people" is pure Gnosticism, and shows Fukuyama's hatred of Christianity. The true Christian, in the image of Christ at Gethsemane or the Virgin Mary exclaiming "Thy will be done," is acting as the instrument of God's will, from the standpoint of the non-recognition-seeking emotion of *humility*, and is not in the least "creating religious standards and the objects of his devotion" in the manner of some contemporary neo-liberal who had just read William James's *The Varieties of Religious Experience* after emerging from Bloomingdale's department store. The Christian viewpoint, as enunciated so poetically by St. Paul, is driven by the emotion of *love* for God and fellow-man, the emotion of *agapē*, which is *not* an emotion dependent on being "recognized," whether it be by the Lord Himself or by one's fellow man. It was that same quality of emotion, driven by the love of beauty and the works of the Creator, which brought about the 15th-century Golden Renaissance, and later, the music of Bach, Mozart, Beethoven, Schubert, and others. Could anybody in his right mind think that Beethoven composed his great pieces because he was "seeking recognition"?

True republican cultures, including in societies where Christianity may not be the predominant religion among the population, are based on fostering such capabilities in all its citizens. This is the opposite of the eclectic, anomic "fulfillment of the need to be recognized" for which Fukuyama lauds "liberal democracy" as the end achievement of "History."

'What disappears is Man'

From such psychopathological premises, Fukuyama, not surprisingly, becomes hypnotized by the writings of Nietzsche, as we indicated above. Without going through all the gyrations this involves, we let Fukuyama speak, about how he envisages the "end of History" and the arrival of the "last man" to evolve.

As Fukuyama blatantly states, citing his adored mentor Kojeve, the satisfied, smug "last man" will likely revert to the stage of an animal. He quotes Kojeve: "The disappearance of Man at the end of History, therefore, is not a cosmic catastrophe: the natural World remains what it has been from all eternity. And, therefore, it is not a biological catastrophe either: Man remains alive as animal in *harmony* with Nature or given Being. What disappears is Man properly so-called . . ." (emphasis in original).

Fukuyama's comments immediately following give a flavor of the amorality/immorality that permeates page after page of his book:

"The end of history would mean the end of wars and bloody revolutions. Agreeing on ends, men would have no large causes for which to fight. They would satisfy their needs through economic activity, but they would no longer have to risk their lives in battle. They would, in other words, become animals again, as they were before the bloody battle that began history. A dog is content to sleep in the sun all day provided he is fed, because he is not dissatisfied with what he is. He does not worry that other dogs are doing better than him, or that his career as a dog has stagnated, or that dogs are being oppressed in a distant part of the world. If man reaches a society in which he succeeded in abolishing injustice, his life will come to resemble that of the dog. Human life, then, involves a curious paradox: it seems to require injustice, for the struggle against injustice is what calls forth what is highest in man."

Here is not the point to speculate what my pet Labrador retriever, could she speak, would say about this idiotic neo-Pavlovian misrepresentation of the beloved canine species. We allow Fukuyama to continue: "Unlike Nietzsche, Kojeve did not rage at the return to animality at the end of history; rather, he was content to play out the rest of his life working in that bureaucracy meant to supervise construction of the final home for the last man, the European Commission. In a series of ironic footnotes to his lectures on Hegel, he indicated that the end of history meant also the end of both art and philosophy, and therewith, his own life activity. It would no longer be possible to create the great art that was meant

to capture the highest aspirations of an era . . . for there would be no new eras and no particular distinction of the human spirit for artists to portray. They could write endless poems on the beauties of springtime or the graceful swell of a young girl's breast, but they could not say anything fundamentally new about the human situation." In Kojeve's own words, "philosophy or the search for discursive Wisdom" would "disappear" among "these post-historical animals."

Sinking to the depths of swinishness, Fukuyama then writes: "The revolutionaries who battled with Ceausescu's Securitate [secret police] in Romania, the brave Chinese students who stood up to tanks in Tiananmen Square, the Lithuanians who fought Moscow for their national independence, the Russians who defended their Parliament and President, were the most free and therefore the most human of beings. They were former slaves who proved themselves willing to risk their lives in a bloody battle to free themselves. But when they finally succeed, as they eventually must, they will create for themselves a stable democratic society in which struggle and work in the old sense are made unnecessary, and in which the possibility of their ever again being free and as human as in their revolutionary struggle had been abolished." The reader is then referred via footnote, to a quote from Leo Strauss, the late University of Chicago "conservative" philosopher and regular correspondent of Kojeve: "The state through which man is said to become reasonably satisfied is, then, the state in which the basis of man's humanity withers away, or in which man loses his humanity. It is the state of Nietzsche's 'last man.' "

But the swinish Fukuyama has forgotten a few things. The students in Tiananmen, like the Lithuanians and others, fought their fight to the sounds of Beethoven's Ninth Symphony, which either blared from loudspeakers or was played and sung by orchestras and choruses supporting the revolutionaries themselves. If, today, a demoralized Lithuanian population is voting communists back in power, it is not because the promises of liberal democracy have brought them "satisfaction," but because the ravages of liberal economics have destroyed their society's ability to reproduce themselves. If, in Lithuania, or in China, or in Romania, the revolutionary spirit is rekindled, the sounds of Beethoven's Ninth Symphony might be heard again, because, whether the populations in question knew it at the time as a conscious fact, they were fighting for *republican* societies, in which man's worth as an "inner-directed" individual fighting for God's kingdom on earth, would be realized.

As cited above, Fukuyama has appropriated an important idea for the wrong purposes: Indeed, "the struggle against injustice calls forth what is highest in man." The problem is, the name for injustice is Francis Fukuyama, and "what is highest in man" would mandate a relentless struggle to relegate "State Department man" to the dustbin of history where he belongs.

Bush pardons 'political' targets—but not LaRouche

by Jeffrey Steinberg

On Christmas Eve, President George Bush issued a statement which read in part: "The prosecutions of the individuals I am pardoning represent what I believe is a profoundly troubling development in the political and legal climate of our country: the criminalization of policy differences. These differences should be addressed in the political arena without the Damocles sword of criminality hanging over the heads of some of the combatants. . . ."

"In recent years, the use of criminal processes in policy disputes has become all too common. It is my hope that the action I am taking today will begin to restore these disputes to the battleground where they properly belong."

The statement accompanied the announcement that President Bush was issuing "executive clemency" to 26 individuals.

Were Bush an honorable man and did his words have real meaning, Lyndon H. LaRouche, Jr. would have headed the list of those granted presidential pardons. No other case in recent memory more clearly reflects the "criminalization of policy differences" than that of LaRouche, who has been unjustly sitting in federal prison since the week of Bush's 1989 inauguration. For four years, Bush personally sat on crucial national security files that would have proven LaRouche's innocence. Those same files would place the onus of criminal activity on senior officials of the Reagan and Bush administrations, including top officials of the White House and the Department of Justice, as well as such private parties as Henry Kissinger and the Anti-Defamation League of B'nai B'rith.

Instead, Bush issued pardons to four of the leading Iran-Contra defendants who were part of the very apparatus that joined in the railroading of LaRouche and his associates. These individuals were former State Department official Elliott Abrams, an avowed LaRouche hater, and former CIA

officers Clair George, Dewey Claridge, and Alan Fiers. Lt. Col. Oliver North and Adm. John Poindexter, two other principals in the push for the LaRouche railroad, were not included on the pardon list because their convictions have been overturned by appeals courts.

Although the White House claimed that the pardons were not issued to Gen. Richard Secord, Albert Hakim, and Thomas Clines, who were convicted in the Iran-Contra affair, because they "profiteered" from their secret parallel government activities, sources have told *EIR* that this trio worked behind-the-scenes for the Clinton-Gore campaign and that this was the real reason they were left off Bush's pardon list. Hakim has been known to be an Israeli Mossad agent since his first involvement with Secord in Iran in the mid-1970s.

The Weinberger case

Establishment news coverage of the Bush pardons largely focused on the case of former Defense Secretary Caspar Weinberger, who was indicated only recently by Iran-Contra Independent Counsel Lawrence Walsh. Weinberger's trial had been scheduled to begin on Jan. 5, 1993.

Weinberger's indictment was one of the most controversial of the Walsh actions of his six year investigation of the Iran-Contra affair. There is no question that evidence shows that Weinberger was consistently opposed to the policy of swapping arms for hostages with the Ayatollah in Iran, and was hardly an enthusiast of the Contra aid program. According to Weinberger associates, he remained in his post at the Pentagon despite those disagreements with White House policy because he believed there were "bigger fish to fry" than the Sandinista regime or freeing the American hostages in Lebanon. Although initially skeptical, Weinberger became a champion of the Reagan administration's Strategic Defense Initiative and focused his efforts as secretary on the

primary strategic conflict with the Soviet Union.

In fact, observers of the Walsh probe believe that Weinberger's indictment was only handed down after all other avenues of inquiry leading to the role of Bush in the Iran-Contra scandal were shut off due to White House and related cover-ups. Bush was scheduled to be called as a witness in the Weinberger trial, and this would have been the first questioning of Bush about his role in the Iran-Contra fiasco. The Weinberger pardon was in effect a "self-pardon" by Bush, enabling him to once again side-step any questioning about his role. Following Bush's pardons, rumors began circulating around Washington that Bush might resign early in order to allow his "successor," Dan Quayle, to grant him a formal pardon.

In fact, the pardon decision came only after Walsh's office had been informed on Dec. 11 that there were numerous typed transcripts of Bush's personal observations about the Iran-Contra scandal between November 1986 and the 1988 presidential election that had not been turned over to the special prosecutor. Walsh's office received a telephone call from an unnamed White House staff attorney on Dec. 11 alerting them to the existence of the Bush notes. Asked by the *Washington Post* why the White House staffer had come forward with the damaging new information, Walsh could only speculate: "You have a disintegrating staff. Some people may be more willing than others to cover."

(Washington sources have told *EIR* that some of those notes had been turned over to Walsh's office but that a "mole" in the special prosecutor's office had buried them. The Dec. 11 call, according to this version of the events, alerted Walsh and Weinberger prosecutor James Brosnahan to their existence.)

Did Walsh 'get his man' after all?

The decision to pardon Weinberger and the Iran-Contra players gained momentum after Walsh became aware of the Bush memos on Dec. 11. According to a Dec. 30 Evans and Novak column in the *Washington Post*, Bush chaired a series of Oval Office meetings beginning on Dec. 18 to discuss the pardon. Reportedly, Vice President Quayle, his chief of staff William Kristol (a leading pro-Israel neo-conservative), and White House General Counsel C. Boyden Gray all argued for the pardon. Sen. Daniel Moynihan (D-N.Y.) phoned Bush to say that he would support a pardon, so long as it included his former aide Elliott Abrams. Other congressional Democrats, including House Speaker Tom Foley (D-Wash.) and House Armed Services Committee Chairman Les Aspin (D-Wisc.), were reportedly among them. According to the *New York Times*, these Democrats realize that the Congress badly botched the 1987 Iran-Contra probe and wish to prevent a rehash of "an investigation the Democrats bungled the first time."

Long-time Weinberger associate and former Reagan National Security Adviser William Clark had been pushing for

months for a Weinberger pardon. In fact, Clark and a group of California and East Coast "Reaganauts" had broken with Bush on the eve of the presidential elections. While they had many reasons for opposing Bush's reelection, the Weinberger indictment represented the last straw, according to one well-placed Republican. Weinberger allies report that the White House knew at least two months in advance that Walsh was considering an indictment of the former defense secretary. Despite furtive pleas, the President made no effort to prevent that move, as he was widely believed to have done in the case of his own former national security aide Donald Gregg.

The Weinberger indictment not only sealed Bush's fate in the eyes of a powerful wing of the GOP. Walsh's election eve reindictment of Weinberger, complete with damning new documents showing Bush's role in pushing through secret arms shipments to the Iranians, was an important factor in Bush's electoral defeat. The momentum that the Bush campaign had built up in the 10-day period leading up to the Oct. 30 reindictment—when pollsters were declaring the election "too close to call"—was completely lost when the President was forced to appear on nationwide TV sheepishly defending his Irangate actions.

If, as some Iran-Contra watchers insist, Walsh was really after Bush's scalp, he succeeded in helping to stymie the President's reelection comeback. And that may have been far more of an accomplishment than an indictment.

Bush a 'subject' of Walsh probe

"Executive clemency" is a presidential prerogative that cannot be reversed. However, it now appears that with the Dec. 11 revelations about the President's 1986-88 notes, soon-to-be "citizen Bush" is not off the hook. Walsh, in a hail of angry press statements following the Christmas Eve pardons, announced that Bush is once again a "subject" of his investigation.

It is also likely that several congressional panels will take up the Bush role in Iran-Contra and will also scrutinize the performance of the Walsh team.

There are a vast number of skeletons in both the Democratic and Republican closets when it comes to the foreign policy fiascos of the Reagan-Bush era. Nobody, for example, has seriously probed the guns-for-drugs program at the heart of the Contra supply operation. Were that Pandora's box to be opened, some of the beneficiaries of the Christmas Eve pardon, along with North and Bush, might wind up in federal prison for drug trafficking.

Perhaps the biggest injustice of all is that LaRouche is still sitting in jail. Bush definitely had a point when he decried the "criminalization of policy disputes." In the three weeks remaining in his presidency, he could still redress some of the wrongs by granting "executive clemency" to LaRouche. It would not "decriminalize" the Iran-Contra affair, but it would free an honest man.

Corrupt judge fixes acquittal of 'Kidnappers, Inc.' gang in Virginia

In a shocking and blatant act of political corruption, federal Judge Timothy Ellis intervened in the "Kidnappers, Inc." trial proceedings to fix the jury and cause the acquittal of former Loudoun County Sheriff's Deputy Don Moore and three others charged with conspiring to kidnap Lewis du Pont Smith, an associate of political leader Lyndon LaRouche and an heir to the du Pont fortune.

This travesty occurred in federal court in Alexandria, Virginia on Dec. 31, 1992.

In response to questions from the jury while they were deliberating, Judge Ellis created a novel and restrictive standard of conspiracy that made it impossible for them to render a guilty verdict. His rulings are in sharp contrast to the very broad instruction on conspiracy given to the jury by Judge Albert Bryan, Jr. in this same court in the LaRouche case in 1988.

This time Ellis's rulings effectively allowed the jury to ignore the contents of hours of surveillance tapes that featured the would-be kidnapers plotting the kidnaping and discussing contingencies, including the possible murder of Lewis should the plans go awry.

A short time after hearing the judge's ruling, the jury returned with a not guilty verdict for Moore, self-proclaimed deprogrammer Galen Kelly, lawyer Robert "Biker Bob" Point, and the conspiracy's alleged paymaster, millionaire E. Newbold Smith, Lewis's father. After the acquittals were announced, Judge Ellis compounded the outrage by announcing that it was his opinion that evidence on the tapes did not constitute a crime and scolded the prosecution for bringing the case to trial.

Scope of the conspiracy

The trial, and especially the more than 60 hours of secretly recorded tapes, brought into the daylight the dirty side of the conspiracy arrayed against the LaRouche political movement. This conspiracy, which has perverted and corrupted the U.S. justice system to achieve its aims, would use any and all of the methods described on the tapes in the voices of the defendants against its political opponents, including kidnaping and murder.

This conspiracy, which includes the Anti-Defamation League of B'nai B'rith and its filthy little cult, the so-called Cult Awareness Network, and its violent and illegal methods,

was defended by a team of lawyers led by John Markham, the former federal prosecutor in the LaRouche case, who represented Newbold Smith. To defend this conspiracy, another LaRouche prosecutor, Virginia's Assistant Attorney General John Russell *lied*, as exposed by the prosecution, on the witness stand.

It were not surprising that federal Judge Ellis acted openly corruptly, even contradicting his own earlier rulings, at the last moment, to defend the conspiracy. Another judge in the Eastern District, Judge Albert Bryan, had behaved similarly in presiding over the 1988 railroading of Mr. LaRouche and his associates, and in subsequent appeals, as has been documented in motions filed by Mr. LaRouche's lawyers.

In response to the jury's request for clarification, Judge Ellis declared that for *anyone* to be guilty of the conspiracy to kidnap charge, two or more of the defendants had to agree on a specific common plan for a way to kidnap; general agreement on a kidnaping was, in the judge's unique determination, not sufficient reason to for a guilty verdict.

The hours of tapes played for the jury featured numerous discussions of plans for kidnaping and apparent general agreement that a kidnaping of Lewis should take place. This point was emphasized during his testimony by chief prosecution witness, former Loudoun Sheriff's Deputy Doug Poppa, who served as a government informant. Mr. Poppa unwaveringly maintained under cross-examination that a kidnaping of Lewis Smith was in place when the conspirators were arrested Sept. 30.

Judge Ellis also ruled that for anyone to be guilty of the soliciting to kidnap charge, there had to be specific soliciting of Poppa for a kidnaping. Surveillance, said Judge Ellis, even in support of a kidnap, was not a crime. Mr. Poppa, according to the taped conversations with Don Moore, was asked to become part of a team that was to kidnap Lewis Smith. This point was corroborated by testimony from Loudoun County Sheriff's Deputy Pete Bracera.

In his initial charge to the jury, Judge Ellis had made no such restrictive rulings, making it appear that a conviction were possible. With these restrictions, made in response to unusually sophisticated questions from the jury, a conviction was effectively made impossible. Jury foreman Mark Bush told the press after the trial that the jury had been split when the deliberations started. Judge Ellis's answers to their ques-

tions brought "the final doubters around" to a not guilty verdict.

Judge buys defense's view

The judge's speech following the acquittals betrayed a prejudice and animus against the prosecution case that he had kept under wraps during most of the trial.

He characterized the entire affair as a tragic rift between a father and son, and not a federal kidnaping. Judge Ellis stated that he hoped that the father now realized that he can't control his son's life and shouldn't have hired a gang who couldn't shoot straight. Ellis then made a gratuitous attack on Lewis Smith's association with the LaRouche movement by stating that he now hoped that Lewis realized that his relation to his father was more important than his political beliefs.

The judge said that he was glad that in the trial, the son and father didn't have to testify against each other. He didn't mention that Newbold Smith had spent much of his testimony attacking his son's political beliefs and slandering the LaRouche political movement. Judge Ellis decided on Dec. 28 not to allow either Lewis, or his wife Andrea, also a LaRouche associate and target of the would-be kidnapers, or her mother, to testify to rebut Newbold Smith's testimony that Lewis was "brainwashed."

Turning to the prosecutors, Judge Ellis said that when the government learned of the alleged kidnap, instead of getting wiretaps and surveillance, they should have gone to Newbold Smith and told him that kidnaping is a crime! One has to wonder whether Judge Ellis would offer the same advice for someone found planning a possible murder or to other criminals, or whether this is special treatment for Establishment figures like Newbold Smith.

During the trial, it was revealed in testimony, that Newbold Smith was fully aware that kidnaping was against the law, yet persisted in planning to kidnap his son.

In rebuking the other defendants, Judge Ellis ignored the evidence presented that these were dangerous men, capable of even murder—a fact that makes his stern words mild. To Galen Kelly, he said that one man's cult is another man's community. He told Don Moore that he had said outrageous things, that he came within a hair's breadth of conviction, and that he should grow up; this is all consistent with defense statements that Mr. Moore exaggerates and is a "legend in his own mind" and "the G. Gordon Liddy of Loudoun County." Finally, he told "Biker Bob" Point that as a member of the bar, he should have stood up and stopped this.

The prosecution's last words

The prosecution in their summation and rebuttal to the defense summation Dec. 29 presented a sharply different view of the dangerous character of the would-be kidnapers and their plans.

Prosecutor Larry Leiser told the jury that the tapes and

their content were the core of the case, with the jury having heard, in the would-be kidnapers' own words, their plans and contingencies for kidnaping Lewis. Newbold Smith, said Mr. Leiser, went on the stand and claimed this was all hypothetical. Mr. Smith, said the federal prosecutor, tried to offer interpretations of his meanings of the words "lift," "wet-work" and "snatch." Which is more credible? Mr. Leiser asked: the tapes and transcripts of people who don't know when they are being recorded or the interpretations of people who testify after they have been charged?

In his rebuttal, Mr. Leiser argued that if there was no agreement, then why did these men go on talking month after month about all these details? He said that this was a hard case involving a family tragedy. But if Lewis found out his father was having an affair, he couldn't break the law and have his father kidnaped to have his brain rescrambled.

There is a tragedy here but there is also law, Mr. Leiser said. Edgar Newbold Smith was not man enough to say he crossed the line. Instead he got on the witness stand with all his hypotheticals. His testimony was incredible and is the best proof of the crime. The others played him like a guitar but a guitar who wanted to be played. Mr. Leiser said they wanted to have a kidnaping but debated how to do it and how to remain safe afterwards. This is not some crazy hypothetical or a fantasy but a group of men conspiring for a common goal to commit the violent crime of kidnaping, the prosecutor concluded.

Russell lied

Along the way, the prosecution demolished the testimony of key defense witness and Virginia LaRouche prosecutor John Russell, who had testified on behalf of Don Moore. Aside from testifying that he knew Mr. Moore to exaggerate and stretch the truth, Mr. Russell, who is a close friend of Mr. Markham, claimed that Doug Poppa was not a reliable witness and would fabricate evidence. He claimed to have gotten that information from several sources, most of whom were involved with prosecution of William Douglas Carter. Poppa's testimony overturned a wrongfully-obtained conviction in the Carter case. Russell also mentioned that he had spoken to two state police officers who recently disparaged Poppa's credibility.

One of those officers, William Shand, a state police officer since 1976 and director of the multi-jurisdictional anti-drug task force since 1985, testified for the prosecution in rebuttal that Doug Poppa never lied and was truthful and honest. He said that he had not spoken to Mr. Russell since 1986 or 1987 and if Mr. Russell had testified that such a conversation had taken place, "He would have been mistaken." The second officer was not called, but press reports indicate that federal prosecutors reportedly have begun an investigation into whether Mr. Russell's testimony conflicts with a tape recording that the officer is said to have made of the conversation.

Congress continues BNL probe despite Justice Department coverup

by Edward Spannaus

U.S. congressional leaders are vowing to continue the investigation of the Banca Nazionale del Lavoro (BNL) case, despite the whitewash report issued by the Justice Department's so-called independent counsel Frederick Lacey on Dec. 9. Lacey's report to Attorney General William Barr presented the remarkable conclusion that there was no evidence of a coverup, and no evidence that the CIA or anyone else had deliberately withheld evidence.

Rep. Henry Gonzalez (D-Tex.), who was singled out for attack by Lacey, said that he and the House Banking Committee which he chairs will continue to investigate the scandal. Gonzalez said also that he will ask Bill Clinton to broaden the scope of the "Iraqgate" inquiry to include the providing of false testimony to Congress by members of the Bush administration, and also what he calls the illegal arming of Iraq. The chairmen of the House and Senate Judiciary Committees, Rep. Jack Brooks (D-Tex.) and Sen. Joseph Biden (D-Del.), both said that they will continue to seek appointment of a special prosecutor.

A not-so-independent counsel

On Oct. 16, Attorney General Barr appointed Lacey as an in-house independent counsel to investigate whether there had been criminal violations in the BNL case. Barr's action was taken only under enormous pressure, after the country had been treated to the spectacle of the CIA, FBI, and Department of Justice (DOJ) all accusing each other of withholding evidence and providing misleading information to the court hearing the case.

Rather than seek the designation of a court-appointed special prosecutor, Barr instead appointed Lacey under DOJ internal regulations. Had Barr applied to a judicial panel as provided by the now-expired Ethics in Government Act, he would not have been able to choose or control any independent counsel whom the court appointed.

The background of the case is as follows: BNL's Atlanta branch had provided \$4-5 billion in "off the books" loans and credits to Iraq during the period 1985-89. Allegedly, a significant amount of this was used by Iraq for military procurement. Despite evidence that BNL's Rome headquarters was aware of the loans, as were the Bush administration and U.S. intelligence agencies, the DOJ built its case around the theory that the loans were all "unauthorized" and done

by one individual, BNL Atlanta branch manager Christopher Drogoul. Once the Bush administration had discovered, in 1990, that Iraq's Saddam Hussein was "the new Hitler," it scrambled to cover up its own embarrassing involvement in the BNL affair.

Whitewash

In his Dec. 9 report, Lacey went to great lengths to exonerate those DOJ and CIA officials involved in the BNL coverup. In fact, the report reads like a defense lawyer's brief, not a neutral assessment of the facts. Just as a defense lawyer has to take the evidence against his client and explain it away, or else interpret it in the most favorable light, Lacey tries to put the most favorable construction on the evidence that a coverup occurred.

Given Lacey's ties to the FBI and the intelligence community, it is not surprising that he adopted the role of an advocate on behalf of the very government agencies which he was charged with investigating. For example, Lacey often simply relies on self-serving statements from high-level officials as proof of their intentions. How does he know that they had no "corrupt intent," or that they had made no effort to improperly influence prosecutors or to mislead the judge involved in the BNL Drogoul case? Why, because they told him so!

Lacey's most glaring omission is with respect to the CIA's role in the scandal. One of the major allegations of the BNL scandal was that intelligence information was withheld from the judge and local prosecutors by the CIA and/or the DOJ. Lacey deals with this in Part II of his report, which is classified "Top Secret—Codeword." He devotes all of seven out of 190 pages in the public part of his report to the CIA issue.

His method here, as throughout the report, is to ask DOJ and CIA officials what they were thinking at the time, and then draw his conclusions from these self-serving statements. Much of this section is devoted to rebutting charges made by Gonzalez. Gonzalez had aired charges of a CIA coverup in connection with a DOJ letter indicating that the CIA had only "publicly available information" suggesting that BNL's Rome headquarters knew of the Atlanta loan scheme—omitting any reference to CIA private source information.

After Gonzalez made his charges, DOJ and CIA attorneys met, and decided not to make any changes in the DOJ letter. Says Lacey: "Neither the DOJ nor the USAO [Atlanta U.S.

Attorney's Office] thought that the letter was misleading or inaccurate at the time." The CIA then wrote up a statement which was to be included in a DOJ press release. This idea was quashed by a top DOJ official, Robert Mueller. Says Lacey: "Mueller did not believe he was concealing important information by withholding a statement he viewed as inaccurate."

There are certainly many inmates in federal prisons today who would not be there, had the government offered such a generous interpretation of the evidence as Judge Lacey offers here!

'The loan assassin'

The Bush administration's handling of the BNL case is reminiscent of other coverups which have revolved around finding a "lone assassin" on whom the blame could be dumped, and then labeling any critics of his approach as loony "conspiracy theorists." In this case, the scapegoat was Christopher Drogoul, the local branch manager, who has charged that he is being made to "shoulder the burden for BNL, the Iraqi government, and U.S. foreign policy."

There are actually two issues involved in the BNL scandal: 1) the so-called "loan scheme" of off-the-books loans made by BNL-Atlanta to various Iraqi entities, and 2) the Bush administration's embarrassment over its involvement in encouraging the loans and assistance to Iraq prior to the 1990-91 Persian Gulf war.

Despite all the hoopla in the press about "illegal loans to Iraq," there was in fact nothing inherently illegal about what BNL-Atlanta was doing—except for the non-reporting of the loans to U.S. and Italian regulatory authorities. The federal prosecutors constructed their case around the theory that Drogoul was defrauding BNL-Rome by carrying out an unreported loan scheme.

BNL-Atlanta was able to extend billions of dollars of loans, allegedly without the knowledge of BNL-Rome, by taking advantage of BNL-Rome's AAA credit rating; this enabled BNL-Atlanta to go to the money markets directly and borrow Interbank Funds at or below the London Inter-Bank Offering Rate (LIBOR) on a daily basis. These funds were transferred to BNL-Atlanta's holding accounts at Morgan Guaranty Trust Co., and then re-lent as uncollateralized loans to Iraqi entities at profitable rates, but in violation of BNL's own internal regulations.

The official version of events is that two employees of BNL-Atlanta went to U.S. law enforcement authorities and told them of the scheme. Federal Reserve officials regarded the matter as presenting a "threat to the stability of the world's monetary markets" (according to Lacey), and the shutdown of BNL-Atlanta by the FBI was then carried out in close coordination with U.S. and Italian central bank officials.

That is the origin of the BNL matter as a criminal case. The political-intelligence side of the matter is more interesting. Israel, which regarded Iraq as its principal threat in the Middle East, had conducted a covert and overt campaign

against western military aid to Iraq since the mid-1980s. Some elements in the U.S. government believed they were "tilting" toward Iraq in the mid-1980s to prevent Iraq's defeat by Iran and to prevent the spread of the greater evil of Islamic fundamentalism. The CIA was deeply involved in providing military and other assistance to Iraq from at least 1982 on.

But the deeper level of the story came out during the London trials in the Matrix-Churchill case a few months ago: that top levels of the British establishment believed that it was in their interest to arm *both* Iran and Iraq, and let them bleed each other to death.

The Israelis, having a slightly more parochial view, didn't so much mind the sale of conventional arms to Iraq, but they objected to more sophisticated weapons systems. Thus, the Israelis had begun to threaten, blackmail, and even assassinate arms dealers and scientists involved in Iraqi weapons programs. They also orchestrated a propaganda campaign against Iraqi weapons procurement in the press. The London *Financial Times* was one of the key instruments of this, starting in 1988. BNL was an early target of *Financial Times* reporter Alan Friedman.

Thus, after the outbreak of the Gulf war, the Bush administration was in effect hoisted on its own petard. Anxious to deflect charges that it had armed "the Beast of Baghdad," it sought to cover its own tracks and hide its own involvement in perfectly legal assistance to Iraq.

Lacey has successfully played on these weaknesses. For example, he offers the conclusion that the delays in issuing the indictments against Drogoul and his local co-defendants were not due to a coverup, but rather to disagreements between DOJ officials in Washington and local prosecutors in Atlanta. Prior reports had already indicated that some officials at DOJ headquarters suspected the involvement of BNL-Rome and wanted to investigate the complicity of BNL headquarters. Not surprisingly, the officials who were pressing to go after BNL-Rome were some of the most notorious Israeli agents-of-influence in the DOJ, such as Theodore Greenberg and Mark Richard.

Lacey is thus able to present his case that there was no coverup, just honest differences of opinion as to whether BNL-Rome was the "victim" of the loan scheme or a partner in it. In order to reach his conclusion, Lacey provided a point-by-point refutation of the findings of Judge Marvin Shoob, the federal judge hearing the BNL case in Atlanta, who had accused the DOJ and CIA of misleading him. The day after the Lacey report was issued, Judge Shoob told the *New York Times* he was "disappointed" in the report, and that he still believes he was misled by the CIA and the Department of Justice.

Lacey even disputed the findings of the Italian parliamentary commission investigating the matter. And more recently, Italian prosecutors preparing their case against top BNL officials have concluded that BNL-Rome was shipping arms to both Iraq and Iran in violation of Italian law.

U.S. family farmers tell story of usury and human rights violations

by Suzanne Rose

At the request of Rev. James Bevel, the running-mate of former presidential candidate Lyndon LaRouche, a commission was formed in December to investigate human rights violations against family farmers. During the course of his campaigning in the farm states, Reverend Bevel had met many farmers who had been victimized by usurious farm credit policies, and who had been removed from their land against their will, at times through the use of force. Impressed by the seriousness of the crisis this has produced in rural areas, and cognizant of the ultimate effect on the food supply of destroying the family farmer, Reverend Bevel requested that the Schiller Institute form a committee which, sometime after the elections, would hold hearings and investigate what the farmers were saying.

In response to the request, Judge William C. Goodloe, a former justice of the Washington State Supreme Court, and civil rights leader Wade Watts of Oklahoma, a former member of the Civil Rights Commission, convened an investigating committee with Schiller Institute Food for Peace representative Phil Valenti, which took 20 hours of testimony from farmers and ranchers in North and South Dakota at four hearings Dec. 7-10. At the hearings' conclusion, Judge Goodloe prepared a draft report of his findings, which, together with copies of the testimonies, will be available for circulation internationally. Since the draft's release, there has been a demand for further hearings in the Dakotas, as well as other states such as Montana, Iowa, and Nebraska.

Strategy of forced liquidation

Sue Atkinson, a former loan officer for the government-backed farm credit agency, the Farm Credit System (FCS), testified that between 1985 and the present, the government participated in the forced liquidation of hundreds of thousands of family farmers. These farmers had borrowed from government-backed farm credit agencies, and were victims of a political decision, made at the expense of farmers, and to the advantage of the Wall Street bondholders of the FCS, to puncture a farm credit bubble which had grown from \$50 billion in 1970 to over \$200 billion by the mid 1980s. High interest rates and low farm prices over the previous decade had contributed to the development of this farm debt. Atkinson testified from her own experience how loan policy was manipulated at the FCS and the Farmers Home Administra-

tion (FmHA), to eliminate the family farmer in the the course of this credit crisis. Tragically, the very same international banks which popped the farm credit bubble made more profits from the destruction of the farmer. The international agribusiness bank RaboBank, a holder of farm credit bonds, bought farm loans which were guaranteed by the FmHA and cashed in from the taxpayer when the farmer was forced out of business.

Testimony from farmers and ranchers underlines the human rights violations which were committed in a process which has resulted in the restructuring of U.S. agriculture, from family-sized farms to "agribusinesses" under the domination of the international grain traders.

Atkinson's testimony was supported and given further detail by another former FCS loan officer, Keith McGruder, who testified at all four hearings. McGruder explained that both the FCS and the FmHA adopted a policy in name only of restructuring or forbearance toward their borrowers. Liquidation or foreclosure was ostensibly to be the final resort after every step possible was taken to lighten the farmer's debt load. McGruder's testimony showed that this was a cruel hoax. In the case of the FCS, the policy was either ignored, or, when carried out, the aim was to grab more collateral from the farmer, or to squeeze more payments from him before the final termination of his loan.

Charles Bellman, a 60-year-old rancher from South Dakota, testified that when he filed bankruptcy to evade the clutches of a foreclosure by the Production Credit Association (PCA, a branch of the FCS), the PCA filed a false criminal complaint against him, and he was sent to prison for 18 months. He subsequently contracted leukemia, partly as a result of his imprisonment. He believes that they wanted to make an example of him, because he was encouraging other farmers to file bankruptcy as a way of forestalling foreclosure during a period of drought and low farm prices.

Another South Dakota rancher, Keith Carlson, testified that his farm was foreclosed before he had a chance to meet with loan officer Keith McGruder to whom he had been assigned, in order to work out a plan to save it. Prior to the foreclosure, his land was devalued by 36% overnight by an FCS appraisal. At the same time, his interest rates were raised over 14%. By the time they foreclosed on his land, he owed \$95,000 on a \$75,000 loan which had been made in 1982,

after having paid \$36,000 back in the first three years. When his land was taken, it was worth more than he owed.

Kay Zenker, a North Dakota farmer, testified that her banker had failed to disclose her existing debts and falsified her cash flow projection, in order to get a government loan guarantee. After the loan guarantee was obtained, the loan was sold to RaboBank, the Zenkers were forced into bankruptcy, and RaboBank collected the loan guarantee.

Documentation

From the Final Report

Public Hearings were held in the states of North and South Dakota, as follows: North Dakota Heritage Center, Bismarck, Dec. 7; Hettinger County Courthouse, Mott, N.D., Dec. 8; Fargo Public Library, Fargo, N.D., Dec. 9; Sioux Falls Public Library, Sioux Falls, S.D., Dec. 10.

The Committee heard 20 hours of testimony from 41 witnesses over four days. Members of the Committee are:

Justice William C. Goodloe, Chairman; Washington State Supreme Court (ret.);

Rev. Wade W. Watts, Member; Executive Director, Oklahoma State NAACP; former member, U.S. Civil Rights Commission;

Philip Valenti, Member; representative of Food for Peace.

As a result of public hearings, the Committee reaches the following:

Findings of Fact

I. All evidence pertaining to Farmers Home Administration (FmHA) guaranteed loans of debtor-farmers clearly indicated an intent and pattern by creditors to defraud the program and violate the law.

II. From the evidence presented, officers and directors of the Farm Credit System fail to truthfully and fully inform the debtor of how a lower interest rate on the loan and longer terms to repay the loan, may be received, all in violation of the law. This was especially evidenced by testimony of this class of debtor.

III. Confidential documents entitled "Project 1995" were entered in evidence, detailing a national plan which describes and adopts as approved standard procedure each of the illegal financial strategies reported herein.

"Project 1995" was promulgated and developed under the leadership of Thomas N. Farr, chairman, and the final report dated April 26, 1985 is directed to Bank Presidents and District Directors within the Farm Credit Systems. "Project 1995" details a complete change in the farm policies of the United States from farmer-oriented culture to control by a

"central entity." The Committee also received evidence indicating that the "central entity" plan has international implications.

IV. Public law 100-233, Jan. 6, 1988 Agricultural Credit Act of 1987:

"(3) *Limitation on foreclosure*—No qualified lender may foreclose or continue any foreclosure proceeding with respect to any distressed loan before the lender has completed any pending consideration of the loan for restructuring under this section.

"(C) *Meetings*—On determination by a qualified lender that a loan made by the lender is or has become a distressed loan, the lender shall provide a reasonable opportunity for the borrower thereof to personally meet with a representative of the lender—

"(1) to review the status of the loan, the financial condition of the borrower, and the suitability of the loan for restructuring; and

"(2) with respect to a loan that is in nonaccrual status, to develop a plan for restructuring the loan if the loan is suitable for restructuring."

V. *Congressional Record—House, H. 2625, May 13, 1986, "Farm Credit System Guidelines and definitions for Restructuring Troubled Loans, May 6, 1986"* :

General: "The banks and associations of the Farm Credit System will administer troubled accounts with the objective of utilizing FmHA loan guarantees and other loan restructuring measures, including participation in federal- and state-funded interest rate buy-down programs, *as preferred alternatives to foreclosure* [emphasis added].

"Restructuring should be accomplished on a case by case basis when:

"The borrower has acted in good faith to manage his business affairs and has been cooperative with the banks or association;

"The borrower can present a plan with reasonable assumptions showing a high probability of return to financial viability as a result of the restructuring; and

"The alternative chosen will minimize any loss that will be borne by the other borrowers/stockholders of the bank or association."

Resolution a 7, unanimously adopted by the FCS bank Chief Executive Officers on March 24, 1986, and the FCCA Board of Directors on April 2, 1986:

"The objective of these System Guidelines and Definitions for Restructuring Troubled Loans is to provide a reasonable alternative to foreclosures and property acquisition [emphasis added]. . . .

VI. *Congressional Record—House, H. 2627, May 13, 1986, on the expressed intent of Congress, "in support of a lender policy of forbearance rather than foreclosure."*

Comments by Hon. Richard Gephardt: "This resolution puts Congress in support of a lender policy of forbearance rather than foreclosure. It states simply that lenders ought to

make every effort to restructure loans before they consider foreclosure. Congress after all supported a restructuring of the Farm Credit System, *restructuring to help the farmer—not just the lender*. The loosened regulations should give the lenders the tools to exercise more forbearance. *We expect lenders to use these tools*” [emphasis added].

Comments by Hon. Byron Dorgan: “I urge my colleagues to support House Concurrent Resolution 310, which expresses the sense of the Congress that the Federal Farm Credit Administration and its associated agencies and lending institutions should use their existing authority to restructure loans for viable farming operations and to take other actions to help farm families while protecting the financial integrity of the Farm Credit System. . . .

“Mr. Speaker, it is certainly no secret that the Farm Credit System will soon return to Congress to request additional appropriations. During deliberation of the issue I believe *Congress should mandate a policy of forbearance rather than foreclosure* outlined by House Concurrent Resolution 310 [emphasis added]. . . .

“In summary, House Concurrent Resolution 310 will cost no money. It will not mandate that the FCS make any changes in loan procedures that would endanger the stability of its resources. Instead, it provides a clear indication that the FCS *should apply forbearance to its foreclosure policies* if it expects the Congress to lend a sympathetic ear to its problem” [emphasis added].

VII. “Criminal Violations,” *U.S. Department of Justice, Northern District of Iowa letter of April 24, 1992, addressed “to all officers, directors, agents and employees of the Production Credit Association of the Midlands and the Farm Credit Bank of Omaha,” covering Wyoming, South Dakota, Nebraska, and Iowa. Letter is reproduced in full:*

U.S. Department of Justice United States Attorney
Northern District of Iowa
April 24, 1992

To all officers, directors, agents, and employees of the Production Credit Association of the Midlands and the Farm Credit Bank of Omaha:

In early 1992, the United States government, the Production Credit Association of the Midlands and the Farm Credit Bank of Omaha settled a case involving allegations of false claims being submitted to the government. A copy of that settlement Agreement is available from your supervisor. The allegations were that a Production Credit Office submitted false information to the Farmers Home Administration in order to obtain government guarantees on loans. Specifically, there were allegations that cash flows, financial statements, chattel appraisals and land appraisals were falsified and documents were signed in blank to be filled out by others.

Such activities would violate several sections of federal law. Penalties for *each* such criminal violation could be up

to a maximum *thirty years* imprisonment and *one million dollar* fine. This would involve any knowing false statement or report or willful overvaluation of any land, property or security submitted to influence the government’s action on a loan guarantee.

The purpose of this letter is not to frighten anyone but to advise all those dealing with the government that all dealings must be scrupulously honest. There is no room for anyone to take illegal shortcuts. The following are examples of activities which may be suspect:

1—Submitting application packets for guaranteed loans which contain false or misleading information and/or fail to disclose material information.

2—Using real estate appraisals that have been signed by a qualified appraiser, but were completed by another either qualified or unqualified appraiser.

3—Providing real estate appraisals that do not accurately represent the fair market value of the property either at the time the guarantee documents are submitted to the government or when a guarantee is issued.

4—Providing false chattel appraisals or chattel appraisals that have not been completed by the appraiser who examined the property.

5—Disregarding normal chattel appraisal procedures which require the appraiser to review the property close to the time that the appraisal is completed.

6—Submitting false financial statements that are obtained as a result of false chattel or real estate appraisals, e.g. financial statements which do not accurately reflect the borrower’s net worth.

7—Providing false cash flow projections including those which indicate a positive net cash flow when in reality there exists no positive cash flow or likelihood of a positive cash flow.

8—Submitting a false claim asking for payment on a guaranteed loan that was obtained fraudulently or by methods contrary to standard lending practices.

These examples are not all inclusive, and are meant only to describe a few possible ways the law could be violated.

Criminal penalties also exist for those who know someone else is doing something illegal, but conceal their knowledge and don’t report the information to the proper authorities. Finally, a person can be convicted of a crime even if they were instructed by their supervisor to do something illegal. It is no defense that “My boss made me do it.” The way to avoid trouble is to report what is going on.

It is the hope of all involved that all business will be conducted in an honest fashion, whether it is with the government or with private citizens. Everyone profits when truth is the primary concern. Hopefully this letter will serve as a reminder of that fact to those who might otherwise be tempted to take illegal shortcuts. Honesty is not just the best policy, it is the *only* policy.

If you have any questions or concerns about this letter or

any of the things mentioned in the letter, feel free to contact this office.

Sincerely,
Charles W. Larson, United States Attorney

The warnings contained in the above letter have been systematically circumvented by lenders, to the effect that loan officers use federal laws and standards for opposite results—to wit: to liquidate the farmer-debtor by imposing conditions of restructure on the debt that must inevitably lead to eventual liquidation of the farmer-debtor, in violation of the intent of Congress.

[Reference: Farm Credit Bank of St. Paul, *Procedure Manual on Loan Workouts for all FCS Institutions*; and Farm Credit Banks of Louisville, *Credit Manual (Indiana, Ohio, Kentucky, Tennessee)*, Volume 4 C, p. 2070.1 (5-14-87).]

Evidence was received that the U.S. Internal Revenue Service compounded each restructuring or work-out plan with penalizing tax burdens which impaired the farmer's ability to adopt any plan.

All Public Hearings were limited by fear and reports of threatened retaliation and politically-motivated actions by prosecutors were common in each area in which Hearings were held.

Evidence was received concerning serious violations of the Federal Trust Responsibility for Indian land. The Federal Trustee of Indian land is allowing creditors to take Indian tribal land by failing to ensure appropriate remedial measures to provide adequate protection.

Further evidence showed a very high degree of fear throughout Indian Reservation caused by reports of over 40 unsolved Indian homicides on Standing Rock Reservation alone. Examples of harassment include shots fired at the homes of protesters, vandalism, and in one case threatened eviction. In addition to fear, the absence of due process and equal protection results in low self esteem among individual Indians, and lack of trust and respect for their government and laws.

The legal system in North and South Dakota came under severe attack indicating a lack of trust, the extent of which was that few farmers considered the system protective of their constitutional rights. This mistrust was particularly expressed in regard to lawyers, but cases of improprieties by both federal and state judges were heard. Opinion expressed placed the judicial system in very low esteem and confidence in the quality of justice was totally lacking.

Conclusions

1. That the finance industry in North and South Dakota is operating under a collusive plan to liquidate farmers by unlawful over-reaching, foreclosures, and work-outs. This plan is being implemented to create a unification of land under central ownerships, forcing citizens to leave the region by the tens of thousands, leaving economic depression behind.

2. That the plan described in Conclusion 1 appears to be part of a master plan entitled "Project 1995" which contains international implications and indicates that the actions of North and South Dakota bankers are more than a local problem.

3. That the execution of the scheme has included threats and acts of retaliation against objectors causing a veil of fear to exist among citizens who have experienced the damages of the plan.

4. That the Federal Trust Responsibilities of Indian lands are being violated and ignored resulting in the checkerboard depletion of Indian lands by foreclosures and work-outs.

5. That the administration of law and order on Indian lands are in violation of due process and equal protection causing fear and a lowering of self-esteem requiring a total reorganization of the constitution and laws of Indian Reservations.

6. That the Judicial Systems of North and South Dakota have allowed these injustices to be perpetuated. As a result, these Judicial Systems are held in low esteem by farmers and others who hold a well-grounded belief that widespread injustices are caused by corrupt or poorly trained lawyers and some judges who do not meet the standards of fairness and impartiality.

Respectfully submitted,
William C. Goodloe, Chairman
Wade Watts
Phil Valenti

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

Now, for only \$15, you can learn the truth about the ozone scare.

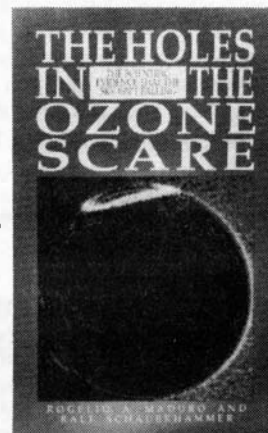
THE HOLES IN THE OZONE SCARE

The Scientific Evidence That the Sky Isn't Falling

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National News

High court to hear 'hate crimes' challenge

The U.S. Supreme Court agreed in December to hear the case of *Wisconsin v. Mitchell*, which challenges Wisconsin's "hate crimes" sentencing enhancement law. The legislation was based on the model drafted by the Anti-Defamation League (ADL) of B'nai B'rith, which increases the sentence of someone who is convicted of a crime already on the books, if the defendant "intentionally selects the person . . . [or] property because of the race, religion, color, disability, sexual orientation, national origin or ancestry of that person or the owner or occupant of that property."

The court's decision to hear the *Wisconsin* case comes less than six months after it ruled *St. Paul, Minnesota's* hate crimes statute unconstitutional in the case of *R.A.V. v. City of St. Paul*. The *St. Paul* ordinance effectively made "hate" itself a crime.

The Wisconsin Supreme Court had struck down the sentence enhancement law, because it effectively punished thought, ruling: "The Constitution may not embrace or encourage bigoted and hateful thoughts, but it surely protects them."

The ADL, whose model legislation has been adopted in some 30 states, issued a press release saying that it welcomed an opportunity for the law to be tested by the Supreme Court, since it means the court "recognizes that its decision last June in *R.A.V. v. St. Paul* cannot be the final word on the constitutionality of hate crimes statutes."

Maoist provocateurs try again in Los Angeles

A Dec. 14 demonstration in "support" of the black Los Angeles defendants charged with beating white trucker Reginald Denny during the April-May riots blew up into a violent confrontation with police. The demonstration was held at the intersection of Florence and Normandie in south-central

Los Angeles, where the riots had begun on April 30.

The incident conformed to the *modus operandi* of the Maoist provocateurs involved in the April-May riots: The initially provocative but peaceful demonstration turned violent when a number of "onlookers"—principally gang members and white Maoist crazies—began blocking the intersection and throwing rocks and bottles at passing vehicles. One passenger in a pickup truck was hit in the head when an object smashed through the rear window. At least a dozen people were injured, and there were two fatal shootings in the general area of the disturbance. A fire department ambulance was attacked with rocks and bottles while en route to an emergency call in an nearby area, and a service station was vandalized and looted.

The police department responded in force, declaring first a tactical alert in the South Division, then a city-wide alert which lasted into the night. The area was successfully cordoned off for several hours, and the violence was abated. At least 60 people were arrested.

Colorado amendment defends human dignity

In last November's election, Colorado voters adopted an amendment to the state's Constitution barring "gay rights" laws. This action has subjected the state to a pro-homosexual boycott movement, promoted by the media and Hollywood.

The measure on the Colorado ballot, approved by a margin 813,000 to 710,000, has hardly ever been directly quoted in all the fury of media abuse. The reason for this censorship is obvious from the text of the ballot initiative:

"Shall there be an amendment to Article II of the Colorado Constitution to prohibit the state of Colorado and any of its political subdivisions from adopting or enforcing any law or policy which provides that homosexual, lesbian, or bisexual orientation or conduct, or relationships constitutes or entitles a person to claim any minority or protected status, quota, preference or discrimi-

nation?"

The amendment was sponsored by Colorado for Family Values, a statewide group begun in response to the adoption of "gay rights" ordinances by the cities of Denver, Aspen, and Boulder. The group gathered slightly less than 50,000 signatures to place the measure on the ballot, then won the election despite being outspent by opponents by almost two to one.

Religion professor calls CAN a dangerous cult

Prof. Larry Shinn, a Bucknell University religion professor who has studied cults and is an expert in cult-related criminal trials, has publicly denounced deprogramming as "the most destructive of the legacies of the great American cult scare." Shinn says that deprogramming was born of the anti-cult fever that raged after the Jim Jones affair, but now cult membership is slackening.

Star "deprogrammer" Galen Kelly charges as much as \$10,000 per deprogramming. Shinn told the Dec. 14 *Philadelphia Daily News*—which was covering the trial of E. Newbold Smith who, along with Kelly, was charged with conspiring to kidnap his son, LaRouche supporter Lewis du Pont Smith—groups such as the Cult Awareness Network (CAN) promote hateful and irrational attacks on any group formed around a deeply held belief. The result, he told the paper, is that "CAN is much closer to a destructive cult than most of the groups they attack."

Hooded Shining Path backers march in D.C.

About 20 hooded individuals from the Maoist Revolutionary Communist Party (RCP) staged a demonstration in support of their terrorist friends in Peru's Shining Path on Dec. 16 in front of the Library of Congress, where a forum was taking place on "The Role of the United States and Other Hemispheric Countries in the Peru Crisis." Spon-

sored by the Congressional Research Service, the conference featured all sorts of "Peru hands," including, apparently, Gordon McCormick from the CIA-linked RAND Corp. McCormick was the "expert" who a week earlier was praising the Shining Path gang as "robust," "disciplined, created in the likeness and image" of its leader Abimael Guzmán, and which is carrying out a "social insurgency," not committing genocide.

The RCP demonstrators, who share the ideology of Cambodian mass murderer Pol Pot with the Shining Path, handed out a leaflet blasting "Yankee imperialism" and Peruvian President Alberto Fujimori, but praising the "victorious revolution led by the poorest people" and McCormick, "the RAND Corp. expert who will testify . . . [about] the immense support and participation of the indigenous peasants in the People's War, and of the significant support the revolution has among the masses who live in the vast shantytowns surrounding Lima—as well as among large sections of the students, teachers and professionals."

Columnist chides ADL over 'anti-Semitism' poll

Richard Cohen, writing in his regular *Washington Post Magazine* "Critic at Large" column on Dec. 20, castigated the Anti-Defamation League for its recent public opinion poll which demonstrated that the American people still harbor anti-Semitic views. Cohen begins his column with the following blunt observation: "The Anti-Defamation League, having commissioned the Boston polling firm of Marttila and Kiley to determine the level of anti-Semitism in America, came up with a most gratifying finding. There is less anti-Semitism than there used to be but more than enough to keep the Anti-Defamation League in business. As a Jew, I can say that last part with tongue in cheek and with a certain amount of impunity. You had better keep your mouth shut. The last sentence is predicated on the assumption that you, the reader, are not Jewish."

Cohen honed in on the ridiculous notion

that it is anti-Semitic to even observe that "Jews pretty much run the movie and television industries," noting, "had I had the time and opportunity, I would have cited several books to back me up. One of them would have been the delightfully written *An Empire of Their Own: How the Jews Invented Hollywood*."

Cohen chided the ADL survey for claiming it is anti-Semitic for someone to lament the disproportionate power of the Zionist lobby. "Non-Jews know better than to comment about what is before their very eyes. Should they answer forthrightly, they might well be denounced for anti-Semitism."

In conclusion, Cohen observed that such ADL surveys may serve to further fuel the very prejudices that they purport to combat: "As I read some of the statements, it struck me that I would not always have given the 'right' answers, and that a non-Jew might have answered them 'right' by lying. Maybe we are, at last, becoming a nation of unbiased people. On the other hand, maybe we're just becoming a nation of liars."

Military takeover of FEMA proposed

A still-secret study conducted by the congressional General Accounting Office (GAO) has proposed that the Pentagon, or possibly the White House, take over the Federal Emergency Management Agency (FEMA), according to a mid-December article that appeared in the *Miami Herald*.

The study is highly critical of FEMA's performance during Hurricane Andrew. According to the *Herald*, the issue of the military taking a greater role in emergency operations came up repeatedly during a meeting which the GAO convened in Washington last month to discuss the status of U.S. emergency preparedness. The *Herald* quoted one participant, FEMA advisory board member Robert Kupperman, stating that the military must become much more directly and consistently involved in domestic emergency planning and operations.

Briefly

● **AUSTIN**, Texas City Council passed a resolution calling for the public statue of Ku Klux Klan founder Gen. Albert Pike to be removed in Washington, D.C. on Dec. 18. So far, five city councils around the country have passed such resolutions.

● **SEN. SAM NUNN** (D-Ga.) and Richard Lugar (R-Ind.) called on President-elect Clinton to appoint a "czar" to handle all U.S. negotiations with Russia, in a *Washington Post* guest editorial on Dec. 22. They warned that it is urgent for the U.S. to finalize a string of strategic nuclear arms pacts.

● **SEN. LEE HAMILTON** (D-Ind.) added his voice to the string of Democrats demanding that a Clinton White House starve Haiti into submission. In a Dec. 22 *Christian Science Monitor* opinion column, Hamilton argues, "A stiffer embargo would impose additional pain, but it could end Haiti's crisis more rapidly," he stated.

● **STANFORD UNIVERSITY** and the University of Chicago extended family benefits to partners of homosexual employees last month. Privileges and benefits include health insurance, tuition benefits, and library privileges.

● **THE FIFTH CIRCUIT** Court of Appeals ruled that a capital defendant received inadequate legal representation because his lawyer was paid only \$11.84 per hour. The defendant, they wrote, "was denied his constitutional right to adequate counsel in a capital case in which actual innocence was a close question." Unfortunately, the justice system got only what it paid for."

● **JOSEPH CALIFANO**, Jimmy Carter's secretary of health and human services, warned of the "three-headed dog from Hell"—drugs, AIDS, and TB—in a column in the *Washington Post* on Dec. 21. Califano argued for more condoms, clean needles, and research money.

Editorial

Cold turkey

The New Year is a time to take stock, to resolve to do better. With this in mind, we suggest "cold turkey" on television viewing. If we had to encapsulate what is wrong with the American population in just one word, that one word would be "television." The situation is not much better elsewhere in the world.

Television is a mind-bender—a brainwashing medium. From the supposed news shows to the soap operas, it is designed to dull the mind of the unwary viewer. It is the equivalent of the bread and circuses offered to Romans, in the decadent Roman empire.

Particularly with U.S. television, sports competitions and game shows, and the continuing saga of soap opera characters, merge with "the real life dramas" shown on "news" shows. Rather than a citizenry prepared to debate the proper course of public policy and then act with resolve, Americans have become a nation of passive observers—television viewers. This is also increasingly true in Europe, where there is yet no mass outcry over policies which are igniting a series of "small" wars that threaten to become another unstoppable world conflagration.

The U.S. population's moral and intellectual level this year is markedly below that of last year. In January 1992, the presidential election campaign, at least in its first stages, offered an arena where protest could be voiced, and alternative policies debated. That was the real significance of the first campaign of Ross Perot.

The hope which that phase represented was quickly dissipated, and Americans went back to their stupefied addiction to a packaged emotional life dominated by soap opera, game shows, MTV rock music extravaganzas, and hour after hour of spectator sports. This is not only a moral illness, but it is mental illness as well, on the scale of the whole culture, for which real life is dominated by fantasy.

In early 1992, and especially following Bush's vomiting incident in Japan, there was a very significant turn in manifest public opinion trends. By about April, a "Dump Bush" mood could definitely be observed

among the American electorate.

Clinton was not seen as an acceptable alternative. He had no positive attraction for any large proportion of the population. There was just nothing there. Indeed, it was because of Clinton's poor quality that he ended up with a smaller percentage of the vote than Michael Dukakis, the loser, got in 1988. Because of the poor quality of Clinton as an alternative, Bush was very close to getting a plurality of the vote, up until the last days before the election.

Yet, especially following the Democratic and Republican conventions during the summer, the American people adopted the mentality of sports fans, and this was the environment in which the debates among Bush, Clinton, and Perot were held. The majority shifted away from seeking genuine alternatives, into the mood of fans going into a sports competition—a league competition, a league runoff.

Of course, things can and will change again. For one thing, the world economy is sinking rapidly, despite the fanciful propaganda being spread to the effect that we are in the midst of a recovery. This reality cannot be ignored forever. Unemployment is spreading, benefits are being cut back, and the numbers of homeless grow—whether they be hapless refugees, or those who have been dispossessed from decent housing because of their poverty.

Under these circumstances, we must still arm ourselves with hope. Men and women of good will must step forward to offer leadership, as the masses of the world's population wake up to reality and seek a solution to the crisis.

That means we must go against conventional wisdom, as peddled by the Anglo-American establishment and packaged by the television moguls; such "wisdom" is the enemy of truth. Demanding of one's fellows that they turn off that blasted TV may not make one popular, but it is the essential first step which must be taken if we are going to reverse the present downward slide to a disaster which may destroy our very civilization.

SEE LAROUCHE ON CABLE TV

ALASKA

- ANCHORAGE—
Anchorage Community TV Ch. 46
The LaRouche Connection
Wednesdays—9 p.m.

CALIFORNIA

- MODESTO—
Public Access Bulletin Board Ch. 5
The LaRouche Connection
Thurs., Jan. 14—6:30 p.m.
- MOUNTAIN VIEW—
MVC-TV Ch. 30
The LaRouche Connection
Tuesdays—4 p.m.
- SACRAMENTO—
Access Sacramento Ch. 18
The LaRouche Connection
Wed., Jan. 13—10 p.m.
Wed., Jan. 27—10 p.m.

DISTRICT OF COLUMBIA

- WASHINGTON—
DC-TV Ch. 34
The LaRouche Connection
Sundays—12 noon

GEORGIA

- ATLANTA—
People TV Ch. 12
The LaRouche Connection
Fridays—1:30 p.m.

IDAHO

- MOSCOW—
CableVision Ch. 37
The LaRouche Connection
Wednesdays—7:30 p.m.

ILLINOIS

- CHICAGO—
Chicago Cable Access Ch. 21
Masonic Treason
Thurs., Jan. 14—9 p.m.
Masonic Racism, Part 1
Fri., Jan. 22—8 p.m.
Masonic Racism, Part 2
Thurs., Jan. 28—10 p.m.

MARYLAND

- MONTGOMERY COUNTY—
MC-TV Ch. 49
The LaRouche Connection
Thursdays—2:30 p.m.
Saturdays—10:30 p.m.
- WESTMINSTER—
Carroll Community TV Ch. 55
The LaRouche Connection
Tuesdays—3 p.m.
Thursdays—9 p.m.

MINNESOTA

- MINNEAPOLIS—Paragon Ch. 32
EIR World News
Wednesdays—6:30 p.m.
Sundays—9 p.m.
- ST. PAUL—Cable Access Ch. 35
EIR World News
Mondays—12 noon
Thursdays—5:30 p.m.

NEW YORK

- BROCKPORT—
Cable West Ch. 12
The LaRouche Connection
Thursdays—7 p.m.
- BRONX—
Riverdale Cable CATV-3
The LaRouche Connection
Saturdays—10 p.m.

- BUFFALO—BCAM Ch. 32
The LaRouche Connection
Tuesdays—6 p.m.
- MANHATTAN (Upper & Lower)—
MNN Ch. 69
The LaRouche Connection
Saturdays—12 Noon
- ROCHESTER—GRC Ch. 19
The LaRouche Connection
Fridays—10:30 p.m.
Saturdays—11 a.m.
- STATEN ISLAND—
SIC-TV Ch. 24
Wednesdays—11 p.m.
Saturdays—8 a.m.

OREGON

- CORVALLIS—
TCL CableVision Ch. 11
The LaRouche Connection
Wednesdays—1 p.m.
Thursdays—9 a.m.
- PORTLAND—
Portland Cable Access Ch. 11
The Genocidal Roots of Bush's New World Order
Sun., Jan. 17—11 p.m.

TEXAS

- HOUSTON—
Public Access Channel
The LaRouche Connection
Mon., Jan. 11—6 p.m.
Mon., Jan. 18—5 p.m.
Mon., Jan. 25—4:30 p.m.
Trilateral President
Tues., Jan. 12—5 p.m.
Thurs., Jan. 14—7 p.m.
Tues., Jan. 19—5 p.m.
Weds., Jan. 20—11 p.m.
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COLD FUSION

Challenge to U.S. Science Policy

The ground-breaking discovery announced by Martin Fleischman and Stanley Pons on March 23, 1989 has been received, not with scientific debate, but with a crude political witch-hunt. Compare what the anti-science mob is saying, with what Lyndon LaRouche writes in a 173-page science policy memorandum issued by the Schiller Institute.

Lyndon LaRouche



"These cold fusion experiments, taken together with other experiments exhibiting related kinds of anomalous results, should become featured elements of a special research project—a 'mini-crash program' of fundamental research—enjoying the moral and material support of appropriate public and private institutions of the United States and other nations."



Paul Ehrlich

Given society's record in managing technology, the prospect of cheap, inexhaustible power from fusion is "like giving a machine gun to an idiot child."

Jeremy Rifkin

"It's the worst thing that could happen to our planet."



Nature magazine

"The Utah phenomenon is literally unsupported by the evidence, could be an artifact, and given its improbability, is most likely to be one."

The New York Times

"Given the present state of evidence for cold fusion, the government would do better to put the money on a horse."



LaRouche's memorandum is available for \$25 postpaid from

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