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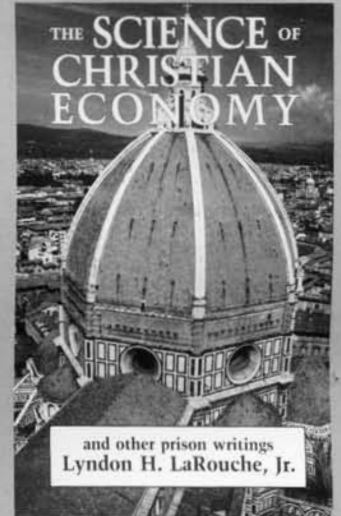
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## From the Editor

Our cover features Rembrandt's etching of Christ Driving Out the Money-Changers, the famous episode of divine indignation against those who use sacred things to slake the lust for profit and power, which occurred just before the Romans incited the Jerusalem mob against Jesus, and set up His crucifixion.

Rembrandt (1606-69) was clearly an outsider in Calvinist-ruled Amsterdam, which was nothing but a financial arm of the oligarchy of nominally-Catholic, brutally-pagan imperial Venice. In his many Biblical paintings, Rembrandt selected themes which would unnerve the greedy, but oh-so-sanctimonious free marketeers who ruled the city, and who reaped their obscene profits by arming both sides in the Thirty Years' War, that ostensibly "religious" conflict which ravaged central Europe between 1618 and 1648.

In painting the Parable of the Workers in the Vineyard (Matthew 20:1-16—illustrated on p. 19), Rembrandt selected the climactic moment when the vineyard owner pays those who had worked since dawn a silver penny, as promised—but also, pays those hired at the end of the day the same wage, rebuking the jealous workers who would deny him the right to be generous. The vineyard master is a model of what modern popes labeled "solidarity": in the words of John Paul II, "a firm and persevering determination to commit oneself to the common good."

The most incisive and influential lay defender of this outlook is American economist Lyndon H. LaRouche, Jr. He has fearlessly identified the motives and names behind what the pope called "the structures of sin." To him are due the method and programs which alone can realize that development which Pope Paul VI said was "the new name for peace." Against LaRouche is arrayed an oligarchist clique which flouts natural and divine law and openly bids to base economic practice not on Christian love, but on sin.

Our *Feature* deals with a brand of oligarchist stooges now dangerously on the rise, in the wake of the fiasco of straight economic "shock therapy": the Michael Novak crowd of "democratic capitalists." By pretending to be Catholics, and by attempting to "spiritualize" or "humanize" the economic poisons they administer, they prove how very, very Venetian they are.

*Nora Hamerman*

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## 'Derivatives' underlie European currency crisis

by William Engdahl

Complex and unregulated "off-balance-sheet" trading in derivative financial instruments by New York and London banks and financial groups triggered the September 1992 currency crisis in the European Rate Mechanism, which culminated on "Black Wednesday," Sept. 16, in the decision by the British government to abandon the ERM agreement and let the pound sterling float in the open market, followed soon after by Italy.

*EIR* is in possession of information explaining the least understood aspects of a crisis which savaged entire national economies and currencies in a matter of days, despite the strenuous efforts of the German and other European central banks. The new information throws an entirely different light on the efforts to destabilize the fixed exchange rate stability of the European countries. It indicates that the use of highly leveraged derivatives is by far the greatest single danger to global financial stability today. As one informed European banking source put it, "Without the enormous growth of speculative derivatives trading, the ERM crisis would have never come about."

The role of "derivatives," a poorly understood and alarming new element in international financial markets, was singled out at a recent conference in Frankfurt, Germany. *EIR* has learned that an intensive study of the role of derivatives (currency swaps and futures contracts) in destabilizing Europe last September, is under way, under the direction of the German Bundesbank and the central banks of the other Group of 10 countries. (The G-10 includes Sweden, Switzerland, and Holland, in addition to the G-7 member countries—the United States, Germany, Great Britain, France, Italy, Japan, and Canada.)

In reply to a question from *EIR* regarding the study, Bundesbank President Helmut Schlesinger told an audience of several hundred central bankers and financial figures meet-

ing at the Fourth Session of the G-7 Council, "We are studying the period prior to Sept. 16 in order to determine just why the order of mandatory central bank currency intervention needed was so large. To illustrate, back in the crisis of 1987, European Monetary System central banks made a total of DM 15 billion (\$9.4 billion) to stabilize the system. This past September, the figure was DM 60 billion. This is a big change. Our study is to determine just what is behind this enormous growth."

According to a study by the Bank for International Settlements, an umbrella coordinating body of European and other major central banks, global daily trade in all currencies has exploded from \$640 billion in 1989 to an estimated \$1 trillion today. But of this \$1 trillion, a mere 5%, or at most 10%, of all trading volume in international currencies—dollars, deutschmarks, yen—results from routine transactions such as export of goods, where currency conversion is required. The remainder, possibly 95% of the \$1 trillion daily, is from speculative so-called derivatives or related "hedging" operations of financial firms and banks.

### How it works

Derivatives are trades where actual stocks or bonds are not exchanged, but only agreements by two parties to make payments on a future date at a price related to performance of a commodity or currency. Typically a bank can make a derivative currency deal putting up only 10% of the nominal value of a contract, the margin. Traders like George Soros last September could borrow money to speculate against a French devaluation or the British pound by putting up as little as 5% cash. That is, Soros was able to borrow \$1 billion for speculation for \$50 million in cash, a staggering 20:1 leverage.

A typical swap operation such as Soros used last fall

would be taking dollars to borrow, say, Italian lira, then converting the lira into deutschemarks at the fixed ERM rate. Then, as the press played up the Italian political and economic crisis and the assassination of key Italian anti-mafia figures, corporations nervously sold liras and the currency fell from 765 liras in early September to 980 liras only four weeks later, relative to the deutschemark. As the lira fell, Soros would buy cheap liras (28% cheaper) to repay his initial lira debt, for which he had only put up 5%. His rate of profit was in fact 560%, or \$280 million. And no government regulator could control his trades as things are currently constituted.

### Determining what's out there

"The issue is very delicate," Bank of Italy General Manager Lamberto Dini told *EIR* in Frankfurt. "Regarding the role of derivatives trading in foreign exchange instability, it is still too early to say. The G-10 is in the midst of a fact-finding process to learn exactly what is going on. But so much is clear: American and London banks are by far the largest players in this process. We first must determine what is out there."

According to reports from Wall Street, the major boost to the profits of U.S. banks in the July 1-Sept. 30 period of last year (the third quarter) was from massive highly leveraged speculation against stability in the European ERM. In fact, so large were the trading profits in such currency derivatives during the September crisis, that the subsequent fourth quarter results of many U.S. banks suffered by comparison. J.P. Morgan trading revenue for the third quarter was an impressive \$313 million, while fourth quarter totals were a weak \$200 million because of relative calm in the ERM currencies compared with September. New York banks' trading profits from speculation against European currencies last autumn were estimated to have risen by 50-100% compared with a year earlier, a windfall of as much as \$500 million for the ailing banks such as Citicorp, Chase, and Bankers Trust, whose real estate and commercial loan exposure is weakening persistently as the economic situation worsens.

"The explosion in off-balance-sheet trading in exotic derivatives such as currency or interest rate swaps is what has central bankers alarmed," commented one senior Washington source to *EIR* at the Frankfurt session. "There is a huge behind-the-scenes fight between conservative European bank regulators and their American counterparts. The U.S. position is the most liberal. Banks are allowed to trade derivatives without regulation from authorities, off the books, so to say. Gerald Corrigan and the Fed ruled this to help ease capital adequacy pressures on the larger U.S. banks some time ago. Then they let U.S. banks 'net' their swap or other derivative risk. Europeans largely do not permit this. They hold [that] their banks must assume risk of default in line with the full face value of a currency contract, for example."

The "netting" issue is crucial for understanding why mainly U.S. banks and financial firms have been able to

unleash the flood of speculation against European currencies. In a typical currency "swap," one form of derivative, New York Bank A, say, agrees to sell \$100 million to Paris Bank B, payable in 90 days at a pre-agreed price or foreign exchange parity. If the French franc has fallen, say 10% by the due day against the pre-set price, Bank A must make up the difference, i.e., loss of the 10% spread. Or if it rises, the trader gains 10% on his contract price. His "net" risk, argue U.S. banks, is only the small difference, often far less than 10%, and not the nominal \$100 million face value of the full contract.

For good reason, U.S. banks prefer "net" risk. Today, according to figures of the International Swap Dealers Association in New York, there is an estimated \$4.3 trillion in nominal value of "swaps" in force worldwide in the unregulated or "over-the-counter" derivatives market. So-called OTC trades are bilateral deals executed by two parties, most often by striking a computer key. A wrong stroke has been known to cost brokerage firms hundreds of millions of dollars.

Derivative trades are allowed to be unregulated in the United States. In October last year, little-noticed in the run up to elections, Congress passed the Futures Trading Practices Act of 1992. It specified that over-the-counter *swaps* contracts (in interest rates or currencies) are not to be classed as "futures," thus allowing the most explosively growing paper market in the world to be exempt from trading on established exchanges such as the Chicago Mercantile Exchange, where strict rules require expensive up-front margins before buying a futures contract in any commodity or currency, as insurance against default.

Thus the OTC derivatives never appear on the bank balance sheet of Citicorp or such banks, and never require capital reserves in event of default of a counter party. As long as the trader wins, all is well. It's when things go wrong, that the entire \$4,300 billion bubble could implode with a force which would pull down companies around the world.

Some days after the ERM crisis, on Nov. 24, Bank for International Settlements General Manager Alexandre Lamfalussy addressed a group of bankers in London, warning, "Why do I and many of my central bank colleagues harbor concerns about the potential for these new activities to cause problems of a systemic nature in the international financial system?" Lamfalussy hinted at the possibility that, as with stock index futures speculation in October 1987 which aggravated the size of the 508-point Dow crash, "activity on derivatives markets might feed back into the underlying cash markets in such a major way as to accentuate the very price volatility against which some derivative instruments are designed to offer insurance."

He further warned that the huge off-balance-sheet derivatives risks of banks has "rendered the nature and distribution of risk in financial market operations more opaque." Given the broad international use of derivative currency swaps and interest

rate and even stock contracts between national financial markets in the past five years, Lamfalussy warned of the ultimate horror scenario: "In the event of a problem appearing in one institution, other firms would react sharply and quickly. They might rapidly and indiscriminately withdraw credit lines, and even try to unwind existing positions. *All of which would increase the possibility of the sudden emergence of a global liquidity 'gridlock'* " (emphasis added).

Lamfalussy added that the computer revolution and de-regulation of financial markets during the past 10 years, starting in New York and London, has added to the danger of such a gridlock.

### George Soros and the franc

The man who has made headlines for his claim to have grabbed \$1.5 billion in the collapse of the pound sterling on Sept. 16, New York speculator George Soros, was also at the Frankfurt gathering. Soros claimed to be concerned that the currency speculators had gone too far. At the time, the French franc was under massive speculative pressure, as March elections promised possible policy changes and a non-socialist government. The entire speculative assault on the ERM began sometime last June, following the June 2 Danish referendum which repudiated the European Community's Maastricht Treaty. It was deliberately fueled by Washington and London to weaken the stability of continental Europe and the economic prospects there.

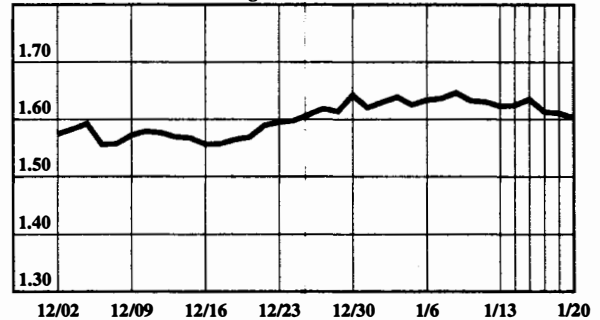
By January, Soros was saying, "If we were to have the free float of the franc today, this would spell the end of the ERM; it would also likely mean the end of the European Community itself. . . . The responsibility lies with the Germans and their high interest rates." Some people in the French government foolishly concluded that the powerful Soros, who is reported to invest for a secretive group including Israeli investors and Marc Rich, the fugitive commodities trader, was backing off. More informed accounts are that he realizes it is unlikely that he can start the same panic in the media against the franc and the French economy that he could against Britain and Sweden. He reportedly is preparing his next speculative assault, using derivatives, against Germany.

But the unspoken secret of the phenomenal success of New York banks and speculators like Soros is not their clever financial computer models, but rather the fact that they are trading on insider information reportedly leaked by the New York Federal Reserve. This is the conclusion of financial sources in Europe. They report that already last June, New York financial investment houses were operating on "good information" that the ERM would collapse into complete anarchy and lead to "free-floating currencies by the end of 1992 or early 1993." Some London banking sources speculate that discovery of unethical leaks from the New York Federal Reserve to key players like Soros or banks like Citicorp or Bankers Trust could be behind the sudden resignation this month of New York Fed Governor Gerald Corrigan.

## Currency Rates

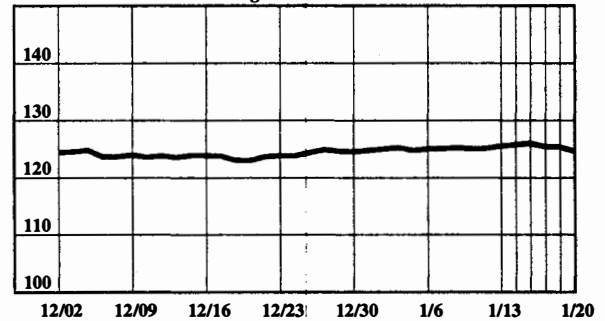
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New York late afternoon fixing



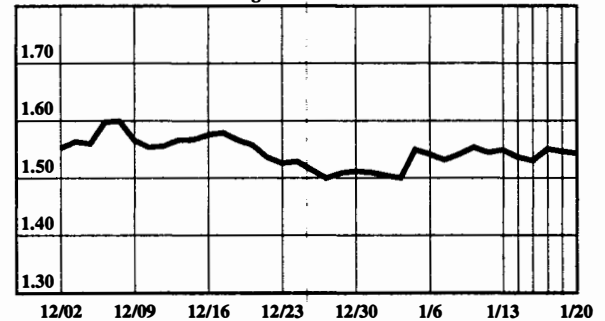
### The dollar in yen

New York late afternoon fixing



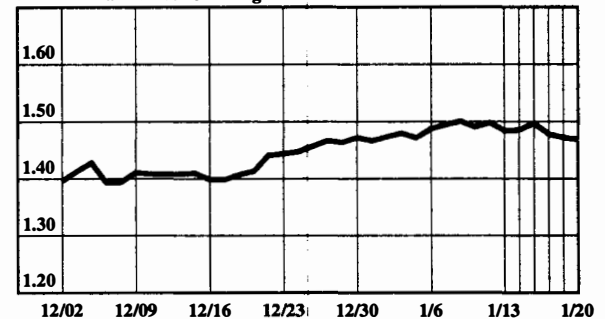
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing





# Indian farmers protest Cargill's designs; opposition to GATT emerges

by Siddharth Singh

On Dec. 29, a group of individuals representing the farmers' organization Karnataka Rajya Raitha Sangha (KRRS) burst into the tiny Bangalore office of Cargill Seeds India Pvt. Ltd., the Indian subsidiary of the multinational grain giant that had quietly set up shop in India in 1988, and left the shop in ruins.

A rather minor incident in the overall scheme of things, the U.S. State Department chose, curiously, to make a major diplomatic stink on behalf of Cargill. In a barely concealed threat, an American embassy spokesman told newsmen that the incident may have a bigger impact on India's economic reform than either the December 1992 eruption of violence at a mosque in Ayodhya, or the securities scam that has rocked the Indian polity for the past several months. U.S. Ambassador Thomas Pickering went all the way to Bangalore to meet the state's chief minister, Veerappa Moily, and the Indian government rushed forward with apologies and assurances that such attacks would not recur.

That the United States chose to make a mountain out of a molehill throws light on a major, and increasingly open, policy brawl taking place within India over economic policy, the General Agreement on Tariffs and Trade (GATT) negotiations, and the so-called Dunkel Draft in particular.

## Seeds of revolt

The 1,000-plus army of farmers of the KRRS served notice to Cargill and 11 other foreign seed companies that they should quit the country within a month, since India did not need their services. The KRRS, an organization of farmers in the southern state of Karnataka, is led by Prof. M.D. Nanjundaswamy. A man who studied law in Germany and became an agriculturist on his return to India, Nanjundaswamy is a member of the Karnataka state legislature. He has emerged as a well-respected spokesman of farmers whose call to rally invariably draws more than 100,000. Nanjundaswamy has referred to his actions as the beginning of a second "Quit India" movement, the first one being the famous movement launched against the British in 1942.

Closely associated with the campaign in Bangalore is Dr. Suman Sahay, professor of genetics at Heidelberg University

in Germany. For more than a year, she has worked to organize a "Gene Campaign" to educate Indians on the dangerous implications of accepting the Dunkel Draft for basic genetic research activities in India, as much for the farmers' independence as for the nation's food security. The Gene Campaign is a group of scientists, lawyers, economists, environmentalists, journalists, farmers' representatives, and others dedicated to protection of the Third World's genetic resources, and the right to use these resources without hindrance, whether in research, industry, or agriculture.

At immediate issue is the fact that under the cloak of protecting the plant breeder's rights, the trade policy of GATT director general Arthur Dunkel will create the conditions to strangle research on genetic improvement of plant varieties. Scientists here in India agree with Dr. Sahay that the Dunkel text's provisions for patenting genes and paying royalties each time a protected gene is to be crossed to develop a new breed have far-reaching and dangerous consequences. The text makes it clear that a farmer has no right to breed a seed without purchasing it every time; he cannot save a part of the crop to use it freely as seed for the next season. Technically, he can be forced to pay a royalty for using this seed.

Seeds are not all that is at stake for India. The present GATT regime is widely seen here as an instrument for perpetuating inequities, a view that has been shared at the highest political level, at least until recently. The proposed treaty contains provisions that would have a serious and even damaging impact on other aspects of Indian agriculture, scientific research, the chemical and pharmaceutical industry, biotechnology, the computer software sector, and the financial system. In acknowledgment of these realities, Indian negotiators took a hard-nosed approach to the GATT talks, accepting those proposals seen to be in the national interest and firmly rejecting the others.

## Flip-flopping on the Dunkel Draft

It is no secret that India, along with Brazil and a few other countries, has been a stumbling block to several of the GATT directorate's pet schemes. But since late 1991, when the Dunkel Draft was presented to India on a take-it-or-leave-it

basis, and just as India had tumbled into the final stages of the political and financial crisis that has preoccupied it ever since, the issue was all but buried. Meanwhile, the "free-market" buzz around India's own economic reforms, and the impact of World Bank and International Monetary Fund (IMF) influence on sections of the bureaucracy, have conspired to turn official policy in the direction of abject capitulation to Dunkel.

A measure of this drift was the *Economic Times's* angry editorial blast at the KRRS over the Cargill episode: The farmers' tendency toward organized militancy should be nipped in the bud, and an attempt should be made to explain to them that provisions of the Dunkel Draft are aimed not at them but at the big agro-product companies in the United States, barked the *Times*. As if the Dunkel Draft's agricultural section doesn't owe its very existence to Cargill and the grain cartel, among others!

The slide into compliance with Dunkel began in January 1992, when officials of the Commerce Ministry gave a verdict in favor of accepting the draft. The Harvard-educated commerce minister at that time, P. Chidambaram, stated that the draft was not acceptable, but it would be naive to believe that he had no role to play in the note prepared by his officials, which argued for India's acceptance. Chidambaram was the first minister to go when his links to the \$2 billion-plus banking scam became a matter of public knowledge.

India's new unofficial argument goes something like this: There is absolutely no choice but to accept the Dunkel Draft, because Dunkel has said he is not going to change it, and most other countries are going along. We should sign on the dotted line, and turn our attention toward present and future efforts to seek exemptions and concessions from those provisions which are not in our interest. The fact that the Dunkel Draft does not contain any mechanism for dealing with such extracurricular mercy petitions is left unsaid.

### Official silence

The trend to dismiss opposition to the Dunkel Draft as uninformed campaigning has been aided by Commerce Ministry leaks to the effect that its officers have successfully managed to obtain "assurances" from GATT, the United States, and the European Community that India would be spared from the unsuitable provisions of the draft.

The silence of the Finance Ministry on the negative features of the draft is noteworthy. If the recent banking scam is any indicator, the country is hardly geared to handle the consequences of granting unfettered access to international financiers. Besides being tainted by the bank scam, officials of the ministry have allowed themselves to openly become mouthpieces for World Bank and IMF policies. And India's foreign exchange crisis has helped put the country over the proverbial barrel.

But even more noteworthy, perhaps, is the silence of Agriculture Minister Balam Jhakar, the owner of lucrative

high-technology orchards, who is also linked by some sources to the bank scam. The Agriculture Ministry's silence over the Dunkel text's minimum access clause, for example, under which India would have to permit agricultural imports of not less than 3% of its annual production, begs for an explanation. In a good year, this level of imports—6-7 million tons of grain—would ruin many Indian farmers. Only the international grain cartel stands to benefit from the successive reduction of India's foodgrain production base and creation of an enormous market for imports.

Obscuring the issue is a growing volume of noise about "market-oriented agriculture." According to this line, farmers should be encouraged to shift to cultivation of cash commodities to raise their income. The bait is especially attractive to rich farmers who have a strong lobby in New Delhi. What even these farmers are not told, is that no one else is allowed to make a profit in the long run, in a game that is controlled by the international commodity cartels, as the starved condition of India's indigo farmers under British rule should have made clear. More important, the impact of a wholesale shift to cash cropping on the nation's food security is not to be taken lightly in a nation of 850 million.

So far, Prime Minister Narasimha Rao has abstained from taking any categorical stand on the draft. Nothing is known of his views on the subject, except the statement that the draft should be put up before the Parliament for discussion. A short meeting of the Cabinet Committee on Economic Affairs in December reportedly found "near unanimity" that India should fall in with the draft. In the cabinet reshuffle of Jan. 17, Rao dropped Dr. Chinta Mohan, the fertilizer and chemicals minister who had publicly expressed his reservations about India's stand on the Dunkel Draft.

### Force a debate

The events in Bangalore may help to pop the lid on this issue, forcing renewed debate on the Dunkel Draft and, indirectly, on domestic economic policy. The February "budget session" of Parliament is an appropriate venue for a full debate on the matter, though some, like Gene Campaign spokesman Mohan Prakash, charge that the government is not interested in a serious discussion. The Gene Campaign has called on state legislatures to debate the implications of the draft for Indian agriculture.

In mid-February, a major international conference on a "People's Approach to GATT Negotiations" will be held in New Delhi. The meeting is sponsored by the National Working Group on Patent Laws, a non-governmental organization set up four years ago in India by prominent economists, administrators, lawyers, scientists, and other qualified professionals. The group has monitored the GATT negotiations closely, and examined in detail the different components of the Dunkel Draft, only to conclude that the draft is strongly biased against the developing countries and must not be accepted as a *fait accompli*.

# British demand banking Raj in India

by Kathy Wolfe

Four top officers of Citibank's treasury department in Bombay, India's commercial capital, were fired, banking sources said on Jan. 18, after a team from the U.S. Federal Reserve Board flew in the previous week to probe the role of U.S. banks in India's 60-billion rupee (\$2.1 billion) bank scandal. A Citibank spokesman admitted that "four people have left the bank," but would not relate this to "the scam," as it is known locally.

Ram Niwas Mirdha, chairman of the Joint Parliamentary Committee (JPC) investigating the scam, accused the foreign banks of initiating the fraud, and there are charges of large-scale drug money-laundering. Forty Indian bankers and brokers, four officials of the central bank, and several drug traffickers have been arrested. Britain's Standard and Chartered Bank was charged Jan. 6 by the JPC with maintaining an illegal *vastro* account in Bombay, against which the bank converted a several million rupee check into pounds, depositing these in the account of a mysterious Mr. Sood in England. This is in direct violation of Indian currency law. So far, no foreigners are charged, but sources said that the exit of the Citibank four will prompt "renewed digging" by India's JPC and central bank.

The scam broke last May, when Standard and Chartered, Citibank, Bank of America, Australia-New Zealand Grindlay's, the State Bank of India, and a dozen other Indian banks were caught by the Reserve Bank of India issuing \$2 billion worth of phony "bankers' receipts." These IOUs, in Indian rupees, were based on Indian government bonds which the banks claimed to hold, but which did not exist. The banks loaned IOUs to broker Harshad Mehta, the Ivan Boesky of India, and others, using them to run up a bubble on the stock market, doubling the Bombay Exchange Index to over 3,600.

Mehta, also suspected of drug money links, was found after his arrest to have dubious bank accounts at Cr dit Suisse in Geneva, and in Germany and Dubai.

Unfazed, Anglo-American bankers at the Bank of England, Standard and Chartered, and Citibank have arrogantly demanded that India kneel to a new financial version of the British Raj. The scam shows that India needs to junk its old financial laws, they told *EIR*, and open its banks further to "free trade," including bank deregulation and the convertibility of the rupee. This would cause capital flight out of India, just as it did in Ibero-America in the 1980s.

## Colonial throwback

The scam should "force them to make the effort to bring Indian banking practices into conformance with international practices," is how Standard and Chartered economist Robert Thomsitt in London put it in an interview. "India having been behind tariff walls, protection, for all those years, their economy is very inefficient, and the banking thing is an extremely important part of the process: They must reform and deregulate the financial sector, otherwise the whole economic reform process won't work. You *cannot* have an efficient economy without a good banking system, which has reasonable judgment about lending to the right sort of enterprises, and providing the right sort of facilities which a modern business requires."

Just what the British consider the "right sort of enterprise," Britain's Standard and Chartered should know. Along with the Hongkong and Shanghai Bank, they have been in India since the 19th century. During the Raj, these banks financed British India's opium plantations, the export of which was imposed upon China in the 1840s Opium Wars.

British banks along with some American newcomers now have dozens of offices taking trillions of deposits in rupees. An Aug. 26, 1992 report by the Reserve Bank of India estimates the foreign banks transacted a whopping \$319 billion equivalent in Indian rupees in the securities markets during the year to May 1992. Citibank alone did \$8.26 billion in stocks and government securities deals.

Now the Anglo-American banks want India to make the rupee fully convertible to the dollar and the pound, and allow foreign banks to take over the domestic banking system. "Given that the state banking system in India is bankrupt, their assets are absolutely worthless," Thomsitt said "The foreign banks clearly have an important role to play, in the sense that foreign banks are at the forefront of banking, they have the modern techniques, they have the marketing, the instruments, they can introduce efficient banking, which the state sector in India cannot provide.

"The Indian government recognizes they've got to mothball, if you like, the state banking sector," which currently holds 90% of the banking assets in India. "The scam has got to die down first, but, in a politically acceptable way, with this deregulation process, they've got to make things attractive for foreign businesses, including the foreign banks, to operate. They will, I expect, liberalize on a gradual basis their licensing of foreign banks." Indian officials close to the Anglo-Americans make no secret that they would like to use the scam to "make the Indian government speed up its reform of the banking system," as Reserve Bank of India Governor S. Venkitaramanan told Reuters on June 15.

The governor was traveling at the time to Basel, Switzerland, to visit the Bank for International Settlements, which issued a memo earlier that month demanding control over national bank regulations in India, China, and other Third World nations that are not BIS members.

# Miyazawa and ASEAN discuss 'real economy'

by Lydia Cherry

The rebuilding of war-torn Indochina was a major topic in Japanese Prime Minister Kiichi Miyazawa's tour of Indonesia, Malaysia, Thailand, and Brunei during the second week in January. And Japan wants to use the Association of South-east Asian Nations (ASEAN) as its "bridge" to Indochina, Miyazawa made clear, speaking in Bangkok. One point of discussion was that Japan and ASEAN cooperate in building the region's transportation network by constructing an infrastructure that stretches over more than one nation. Before leaving Bangkok for Brunei, Miyazawa also proposed an international forum on the development of Indochina for late this year.

During the visit, it was also reported in the Japanese press that Japan is considering offering \$100 billion in aid to developing nations over the next five years in a special fund.

In the weeks before the visit, Thai government leaders consulted with their Vietnamese and Laotian counterparts on possible land routes for roads. Following Miyazawa's departure, former Thai Prime Minister Chatichai Choonhavan, who as prime minister in 1990 worked closely with the Japanese on reconstruction plans for the region, immediately went to Laos, apparently for further discussions. According to Chatichai, the Japanese have set up an initial fund of \$2 billion for investment and infrastructure construction in the area. The construction of interlinking roads is an essential, though minor, part of an overall Mekong Delta water management and irrigation development project—the only real solution to develop this region—that has been on the drawing boards since the 1950s.

Although investors of all stripes are moving into Vietnam, Cambodia, and Laos in droves to take advantage of low wages, Japan and its ASEAN partners are approaching the task somewhat differently. The agreed-upon plan is that Vietnam, Cambodia, and Laos, when feasible, will join ASEAN, which, it is envisioned, will stabilize the entire region. Malaysian Prime Minister Dr. Mahathir Mohamad noted, in discussing the reconstruction plans that Malaysia was opting for, "in the belief that a prosperous and stable Cambodia, Laos, and Vietnam closely linked to ASEAN, or even as members of ASEAN, would contribute to the peace, stability, and prosperity of the entire Southeast Asian region."

## Debt strangling development

In Jakarta, discussion focused on the plight of poor countries and methods by which the North-South dialogue might be revived. These issues have been thrust upon Indonesian President Suharto since he picked up the reins as the new head of the Non-Aligned Movement. Responding to Miyazawa's commitment that Japan will represent ASEAN concerns at the Group of Seven meeting scheduled for Tokyo in July, Suharto requested that he be given the floor to address the plight of poor countries and the need for North-South dialogue. Miyazawa's response has not been reported. In the last two months, Suharto has voiced increased concern that debt problems are making development impossible. Japan is very much opposed to debt moratoria, though Japanese loans are not a big problem, as Tokyo has tended to give large, long-term (30-year) loans at 2-3% interest.

Japan offered Indonesia a grant of \$2.4 million to help finance Jakarta's programs for assisting poorer countries; \$1.7 million was allocated for acceptance of trainees from other developing countries, according to the Japanese news-service Kyodo. Suharto explained that Indonesian development is being slowed tremendously primarily because of the lack of infrastructural facilities. In response, the Japanese agreed to send in a team to study the bottlenecks. Following the talks, Miyazawa took a ride on an electric train from the Gambir station to the Kota station, both in Jakarta, a railway constructed with financial assistance from Japan.

While Miyazawa was still in Jakarta, the industrial newspaper *Nikkan Nogyo Shimbun* reported that Japan is considering offering \$100 billion in aid to developing nations in a special fund over five years from fiscal 1993, starting April 1. Details are reportedly still to be worked out, but the government is expected to officially disclose the plan at the annual economic G-7 meeting in Tokyo July 7-9. Kyodo reported that the increase is being considered in view of Japan's growing trade surplus, which it is estimated will reach a record \$135 billion in 1993.

## 'Miyazawa Doctrine' ambiguous

The English-language summary of the report, which forms the basis for the new "Miyazawa Doctrine," is highly propitiatory of the "free trade" General Agreement on Tariffs and Trade (GATT) system and of U.N. supra-nationalism. Written by 18 of Japan's top ministry and corporate leaders, the "Round Table on Japan and the Asia-Pacific Region in the 21st Century" report begins with the patent lie that Asian nations developed economically because they "did not tread the facile path of public-run corporations and protection of domestic industry," but rather "exposed themselves to harsh competition and . . . free trade." While stating that Japan "should play a greater political role in Asia," the report also states, "In pragmatic terms, the organization currently best able to respond to those needs is the United Nations. . . . In the future, Japan should take part actively" in United Nations

global operations.

The Jan. 11 London *Financial Times* printed a full-page diatribe against this "Miyazawa Doctrine," titled "Japan Covets Lead in Asia." Says author Robert Thomson: "Mr. Miyazawa will show due deference to the U.S.—but, between the lines, the speech will suggest that Asians should settle their own disputes and that Japan will gradually move closer to center stage." Thomson hits Miyazawa's report for stating that "The Japanese people must assume a heavy responsibility" for leadership in Asia.

Western press speculation around Miyazawa's trip to Malaysia focused on whether the Japanese would take a clear stand on Dr. Mahathir's East Asia Economic Caucus (EAEC), which has been a "hot potato" since Mahathir first proposed the idea on Dec. 10, 1990. Japan has consistently punted on the subject, because the United States opposes it vehemently. The EAEC, as it was initially envisioned, was to include not only the six ASEAN countries and the three Indochinese countries, but also Japan, China, South Korea, Taiwan, and Hong Kong. According to Malaysian press reports, during the two-hour meeting he had with Miyazawa, Mahathir never brought up the subject, nor did Miyazawa. But, probably because Miyazawa, in a Jan. 17 interview with Malaysia's *Business Times*, had referred to the EAEC as a "trade bloc," Dr. Mahathir decided not to leave the matter unaddressed. During his dinner speech on Jan. 18, he noted that there was a tendency to think of regional groupings as trade blocs, but that ASEAN itself, one of the most successful regional groupings, had been around for 25 years without becoming a trade bloc. Mahathir said that, as had been the case in ASEAN, the wider grouping of countries belonging to the EAEC were bound to learn from each other the right approach to economic development.

The Malaysian prime minister welcomed the practice of Japanese prime ministers to consult with leaders of East Asian countries prior to attending G-7 meetings. But, he added, since the views were given without prior consultation between the East Asian countries themselves, it was likely that conflicting views would be expressed. To overcome this, he suggested that East Asian countries meet to identify the common problems and arrive at a common stand to enable more effective representation of the grouping by Japan.

Miyazawa, in his speech, avoided mentioning the EAEC. He spoke of Malaysia as an economic success under Mahathir, whom he described as dynamic and courageous.

Transcripts of a seminar on the EAEC held in Kuala Lumpur in September with representation from Japan, Hong Kong, and ASEAN nations, make clear that the "divisions" on this issue are not real. A political grouping is coming into being. The plan is not to "ice" out America. But it is recognized that the U.S. economy is collapsing. What must end, the participants agreed, was "America's divide and rule policy," not American involvement in the region, which is seen as essential.

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## Interview: Franck Mességué

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# We need systematic testing for AIDS

With a scandal raging in France over AIDS-contaminated blood and the irresponsibility of government and medical officials, individual citizens are beginning to take spectacular initiatives to force public health measures vis-à-vis AIDS. That is what Franck Mességué, a plant specialist and record-breaking diver, is doing. As of Christmas, he had spent more than two months in a hunger strike to demand that the authorities implement an AIDS testing policy.

Camping out in front of the European Parliament in Strasbourg, Mességué distributed a document to the public, explaining the reason for his action. He writes: "Prevention also means testing, which is frequently counseled, but would it not be objectively desirable . . . if this were systematically prescribed? The person who has the earliest understanding of his seropositivity could benefit early on from treatments that would assuredly retard the progression of the disease," and could act with "responsibility toward those close to him and his partners."

Mességué's hunger strike is taking place amid a brawl among government and medical institutions over systematic testing, and at a time when Social Affairs Minister Georgina Dufoix is drawing the lessons of the "contaminated blood affair" and publicly calling for testing. The scandal was exposed last summer when the head of France's National Center for Blood Transfusions (CNTS), Dr. Garretta, was tried for his 1984-85 decision not to withdraw untested blood products from circulation after testing became available. CNTS also refused to use a heat-disinfectant method on blood products that are used by hemophiliacs, which would protect them from blood-transmitted AIDS.

Ultimately, 1,200 people, mostly hemophiliacs, were infected, and by the time the case came to trial, 250 had died. To add to the horror, a special study was run on approximately 420 hemophiliacs without their knowledge: Half were treated with contaminated blood products and half with heat-treated blood products. CNTS's Dr. Garretta and his associates were convicted, receiving maximum sentences of four years. The highest compensation meted out to the victims and their survivors was only a few thousand dollars. *EIR* covered the case and interviewed one of the experimental victims—who has tested seropositive—in our Aug. 21, 1992

issue.

Catherine Brannan interviewed Franck Mességué 19 days into his hunger strike. The interview is translated from French.

**EIR:** Mr. Mességué, you are a simple citizen. You do not represent any political party. Moreover, you hold a diving record—if you wished you could be lying around on the beaches in the Bahamas! Why are you here holding a hunger strike at the European Parliament in Strasbourg?

**Mességué:** I am simply here as support for public opinion. A poll in the journal *Impact Médecin* showed that 83% of Frenchmen favor mandatory testing . . . or let's say systematic AIDS testing. Obviously, this opinion has not been heard by the government, and the government always lacks authority. Once more, as in the contaminated blood case, it has forgotten how to act . . . or even how to follow public opinion on this question. . . . With the indifference I've faced after 19 days [since the beginning of the hunger strike], I am completely dismayed to state that we are led by officials who have no sense of responsibility. This is becoming terribly serious.

Every day I meet with journalists. I give them my document. The next day, they come to tell me that they agree with me, but that is not why they are coming to interview me (I don't mean you), to ask me for the basis for this story. Everyone agrees in general, but you know that whenever one *does* something, people aren't used to it—this makes them a bit upset. This is taking an open position. In the beginning, one is always going to be somewhat alone, but you see, gradually people are coming together to solicit support for this thing which they deeply desire.

**EIR:** Why are you taking this problem so much to heart? What made you decide to address this particular problem, as opposed to all the other problems in the world?

**Mességué:** It is true, there are very many problems in the world! But I think we all have human kinship, and at some point or other, one expresses it. This problem touches me, perhaps, more personally than others, because I remember very well what happened during [the student uprisings in] May 1968, when there was a "sexual liberation." We all "profited" from it.

There were some problems with sexually transmitted diseases, especially blennorrhagia. Everyone had this little annoyance, but it was noticed after three days and taken care of in the same amount of time. When I think that an illness that can be detected as quickly as blennorrhagia, that can be cured just as quickly, nonetheless spread so widely, then you can understand that the ravages that seropositivity could cause—just think, for 10 years you could be a "healthy carrier"!

The disease spreads just because the individual does not know he is seropositive, and thus does not protect himself

and passes on infection.

**EIR:** Are you familiar with the present situation in France and how it developed?

**Mességué:** According to the present statistics—and it may be that the count is far off—three seropositives out of four are aware of their seropositivity, and there are about 300 new seropositives every day in France. How many deaths must there be from AIDS? There has been an AIDS increase of about 30% every six months, which means a doubling every two years. So, how many deaths will it take before the government thinks it's time to act? How long before [Minister for Humanitarian Affairs] Bernard Kouchner, whom we always see with a tear in the corner of his eye, acts? Frenchmen are capable of saying yes or no, so at least let them be asked directly, and let's not have a situation where they have to tear down the walls in order to get into testing centers. The testing centers are visited by about 60,000 people per year, which means for each testing center, two people a day dare to come through the door.

**EIR:** What do you think of the "Garretta affair" and the willful distribution of contaminated blood?

**Mességué:** Concerning Dr. Garretta, it seems there were at least 200 people all equally involved, both in the ministries and elsewhere. [Prime Minister] Mr. Fabius, Mme. Dufoix, [Health Minister] Mr. Hervé. . . . I cannot understand how roughly 100 people were informed that people were being poisoned, and yet there was not one person who revolted and contacted the press, saying: "We are in the process of killing people with contaminated blood." There was no one. "Nobody here but us chickens." There were people who loved money, loved power, but there was no one who had ideals. There were only people who betrayed themselves and betrayed others.

**EIR:** Do you think there are others who are ready to bring their actions into conformity with their ideas, as you are doing now?

**Mességué:** The problem is that 8 out of 10 Frenchmen live with their little comforts; they are quite cozy with their little auto, their little hearth, their little VCR, etc. They may all be in agreement with me—I think 90% of Frenchmen are—but, well and good, we have to act. I have the opportunity to act alone, since I have no family to take care of—I am an adventurer and I've had the occasion to show it, to act in conformity with what public opinion, in fact, is demanding.

**EIR:** What result has your action had?

**Mességué:** The results are that I've warned all the press. I've written all the humanitarian associations. I've written many deputies in Parliament. This encourages me, because it means that they have no more arguments to contradict the reasons for my action.

# Cold fusion work in France is intensifying

by Emmanuel Grenier

The 1992 year-end issue of the widely read weekly *L'Express* carried a three-page article, "Cold Fusion Surfaces Again," just one of many indications that cold fusion is far from dead in France.

Some people will remember that the French Riviera has been the host for the past two years to Martin Fleischmann and Stanley Pons, who were made virtual political refugees from the science world after their discovery of cold fusion. Soon after the announcement of their breakthrough in the United States on March 23, 1989, the media and scientific establishment launched a witchhunt against them, making it impossible for the two chemical engineers to further their work. Fortunately, the Japanese laboratory Technova, headed by Minoru Toyoda, whose family is behind the Toyota industrial giant, offered its facilities at Sophia Antipolis to the two cold fusion scientists, where they can work with the most advanced equipment and a team of scientists to help them. Pons made his decision quickly, and moved to Sophia Antipolis, near Nice, with his wife and two children. Fleischmann joined him somewhat later.

Quietly, they continued their effort to replicate their initial experiment of heavy water electrolysis with a palladium cathode. They also designed an extraordinarily precise heat measuring system, in order to chase down any artifact which would have falsely indicated production of excess energy (i.e., more energy produced as heat than energy supplied from electricity). In July 1991, they presented their results to the Second International Conference on Cold Fusion in Como, Italy. Today they are working with a team of 12 scientists and technicians, but they plan to raise this number to 25 as early as next year. "We have made tremendous progress since 1989," Fleischmann told *L'Express*. "With the correct palladium, our experiment is nearly 100% reproducible. And today, we are getting an excess heat of 4 kilowatts per cubic centimeter during a 15-minute time-period."

The team plans to publish these data in *Physics Letters A*, one of whose editors, Jean-Pierre Vigier, is a physicist and onetime aide to Louis de Broglie.

Vigier has become a "cold fusion fan" and is working hard to defend the continuation of research in France. He attended the Third International Conference on Cold Fusion in Nagoya, Japan, along with two collaborators and a fourth French representative. Clearly there is growing interest in cold fusion in France, since that nation sent no representa-

tives to the 1991 conference in nearby Como. Despite the interest, little work is taking place, because of continuing pressure from the "high priests" of French science, who continue to denounce experiments as "unscientific" and go so far as to forbid their junior colleagues to conduct them.

## CEA throwing up roadblocks:

At the prestigious Atomic Energy Commission (CEA) there simultaneously exist strong interest, ideological resistance and dogmatism, and great pusillanimity in the face of administrative authorities. Some scientists want to try replicating the Fleischmann-Pons experiments, and some even visited them at their laboratory. But ideological resistance is coming from the honchos at the CEA fusion program, who all have expressed their hostility to any cold fusion program. The pusillanimity is a result of the fact that the French nuclear sector has been under attack recently: After having benefitted so much from a strong show of political will to implement a nuclear program, CEA is now caving in to the "green disease" infecting all political parties. The most recent example of this degeneration was the denial of authorization to restart the Superphénix, the world's largest nuclear breeder reactor, a joint project of France, Germany, and Italy.

CEA's executives now don't want to rock the boat by entering fields subject to "media controversy." CEA has forbidden the few of its scientists interested in cold fusion to work on it—and forbidden them to talk to journalists. Notwithstanding, one of them plans to spend a week with Fleischmann and Pons.

Another development has occurred in the laboratories of Royal Dutch Shell, in Rouen, Normandy. One scientist, who has been working on cold fusion since 1989, will soon publish a paper in *Fusion Technology*. He claims to have surpassed what he calls "electrical breakeven," obtaining two watts thermal for every watt electric supplied. In contrast to most cold fusion researchers, he is not working with an electrolysis apparatus, but rather with a gaseous charging apparatus: He generates sparks between two points and a palladium electrode in a closed cell filled with deuterium gas. The sparks dissociate the deuterium molecules and thereby create atomic deuterium. This atomic deuterium much more easily enters the palladium structure, even at normal pressure. The researcher calculates (and measures), that he is getting a loading ratio—the number of deuterium atoms inserted into the palladium structure as a ratio of the number of palladium atoms—of about 0.75. But, locally, at the site of the sparks, he estimates that he gets a loading ratio greater than 1.0, the condition recognized by most cold fusion scientists as necessary to obtain excess heat.

The Shell scientist, after a thorough peer review by the chief scientists at Shell in Holland, has been given a green light to continue his research with Shell funding, but not at the Shell laboratory. He is presently looking for a laboratory where he can work.

## Uncertainty and more austerity

*The government talks about "transition" and "consolidating achievements" in 1993: austerity, bankruptcies, unemployment . . .*

Uncertainty prevails in Mexico as 1993 begins. The private sector generally fears that 1993 will be a very difficult year economically. For its part, the federal government says 1993 will be another year of "transition," just as they also characterized 1989.

The National Chamber of Transformation Industries (Canacindra) maintains that the priority for 1993 ought to be job creation and solving the cumulative social deficit from the last decade's recession, but that since the government's stated priority is to "consolidate what has been achieved" and to have single-digit inflation, "what will end up being sacrificed is economic growth."

For the Confederation of Chambers of Commerce (Concanaco), the Department of Economic Studies of Banamex, and the Center for Economic Studies of the Private Sector (CEESP), this year will be very difficult for all economic and social sectors. The reduction of inflation to a single digit, they maintain, will be onerous because it means that credit will become scarce. According to Banamex experts, bank financing to the private sector will begin to visibly decline: They forecast that from January to December 1993, it will grow by only 12%, compared to 28% for the same period last year.

The CEESP reports that there are insufficient private resources to substitute for the cuts in public spending, that investment by public companies and agencies will decrease by 5.1%, and that other budgeted public investment will drop by 9.2%. As far as the CEESP is concerned, the most acute

economic problem is the vacuum generated by the state's retreat from being a major economic actor, which is worsening the unemployment problem.

What is called "the international environment" is also considered adverse. Tentatively, the government this year hopes to obtain foreign investment totaling about \$6 billion, but due to the scarcity of resources worldwide, the likelihood of this is questionable. On top of this explosive situation, one must add the North American Free Trade Agreement, whose fate is still unresolved, and into which are being introduced "supplementary accords" by the incoming Clinton administration.

As far as the private sector is concerned, the potential devaluation of the peso is not a result of the creation of the new peso (three zeros were stricken from the currency a few weeks back), but rather in the gigantic and obvious problems created by the projected 1992 trade deficit of more than \$26 billion.

According to a study by Nacional Financiera, the principal credit agency of the government, some 35,000 small and medium-sized businesses are in danger of disappearing. Treasury Secretary Pedro Aspe says that the businesses that have problems are "those which have not converted nor modernized . . . but continue thinking that subsidies will save them, and which have not changed their levels of productivity."

The disputes over economic policy are going on at the highest level. At the beginning of this year, in a

meeting with union leaders of the Labor Congress, President Salinas said he understood "when you protest. . . . Well, why not? We're coming out of a crisis, and a crisis means a drop in the standard of living. But we are already in the process of recovery."

Faced with the President's insistence that employment has been reduced, and salaries are recovering, the leader of the Mexican Workers Confederation (CTM), Fidel Velázquez, said: "I am not the one to call the President a liar. It is the facts which differ from what he said." Velázquez added that salaries have fallen way behind. While in 1981, they represented 22% of the total cost of production, now they only represent 4% of the total. "Where do you see an improvement?" he asked. "Unemployment is notorious; otherwise, why are there so many street vendors?"

The Labor Congress maintains that, of the workers affiliated with the Mexican Social Security Institute, 92% receive between one and two times the minimum wage (between 14.27 and 25 new pesos), while the basic market-basket costs 48 new pesos. According to its own figures, unemployment is 37% of the economically active population.

On Jan. 6, Aspe said that the statements that unemployment in Mexico is growing, and salaries and investment are shrinking, are "genial myths that are rumored as if they were true."

That same day, President Salinas told 1,000 farm delegates, "I have listened to your demands and I have given instructions to the agriculture department to make me a proposal for direct support, to be given directly to the Mexican peasant producers."

Nevertheless, no one seems willing to bet even one new peso on the government propaganda that claims: "We are able to look to the future with greater confidence."



## Hands off Petrobrás!

*The new President's commitment to respect Brazil's Constitution has led to a head-on clash with the World Bank.*

As one of his first acts of government, President Itamar Franco has determined to express his regard for the Brazilian Constitution, which gives the state the right to retain an economic monopoly over any sector considered strategic, such as energy. The World Bank's conditionalities explicitly demand the weakening, and ultimate privatization, of the state oil company Petrobrás.

On Jan. 14, Mines and Energy Minister Paulino Cicero announced that Petrobrás, through one of its subsidiary companies, would take charge of the construction of a gas pipeline and the transport of natural gas from Bolivia as of 1995. "Out of obligation to the Constitution, Petrobrás must participate in the project and in the purchase of the product," stated the minister. Private sector participation in the project will be limited to 49%.

With this move, the government has chosen to ignore the pressures of the World Bank, which has sought to prohibit the participation of the state company in any aspect of the Brazil-Bolivia project. A letter from the World Bank to the Brazilian government was released to the public by the ultra-liberal mouthpiece *O Estado de São Paulo* on Jan. 14, which summarizes the bank's demands.

Offering the example of the energy privatization program being carried out by International Monetary Fund toady Carlos Menem, President of Argentina, the World Bank letter makes financial assistance for the project conditional on "control by the private sector. . . . The private sector

understandably refuses to invest in any project over which it can only have a small degree of control. Therefore, it is not, nor could it be, viable to have 51% participation by Petrobrás and 49% participation of the private sector."

In addition to taking on the World Bank regarding Petrobrás, the Franco government has shown consistency in resisting the privatization frenzy imposed by the previous government of Fernando Collor de Mello.

Continuing with his reformulation of the privatization program, Franco's most recent order was to take control of the program out of the hands of the National Bank for Economic and Social Development (BNDES), and place it in those of a high-level commission under the coordination of lawyer José de Castro Ferreira, general adviser to the republic.

That decision has astounded such monetarists as economist Eduardo Modiano, the former president of BNDES under the Collor de Mello government and a co-author of the privatization program. Modiano warned that "this could prove the *coup de grace* of the privatization program. . . . José de Castro knows nothing about privatization. BNDES' experts are the only specialists in privatization in Brazil."

We are witnessing a factional battle inside the current Brazilian government with the liberal monetarist grouping encrusted within the state bureaucracy. The country's most important newspapers admit that the earthquake currently taking place in-

side BNDES will be followed by others, because "a select group of individuals inside the presidential palace wish to control" the financial institutions of the state. Thus, they claim, the group to which Castro Ferreira belongs also seeks to take control over the Banco do Brasil and the Banco Central.

The anti-free-market dynamic that has begun to emerge in Brazil is causing a variety of destabilizations. According to *Jornal do Brasil* of Jan. 9, the unpopular President of Venezuela, Carlos Andrés Pérez, is suffering from "persistent nightmares" because of Collor de Mello's impeachment.

The international financial community is also worried. Revealing in this regard is a London *Financial Times* editorial of Jan. 6, entitled "The Third Way," which agonizes over the setback that the Anglo-American plan known as "Enterprise for the Americas" has suffered across the continent.

Warning President Franco against the "temptation" of doing away with budget cutbacks and instead "spending" to fulfill his promises to the nation, the *Financial Times* laments that "there still appears to exist a point of view within the Brazilian elite according to which Brazil does not need to draw lessons from its neighbors, who have developed more open markets and have sought to balance their budgets, but rather should follow a 'third way' in resolving its economic difficulties."

Although the government's efforts to offer independent alternatives to further the recovery of its industrialization programs have yet to be defined, it is clear that these cannot be delayed for long; as President Franco himself admitted, it is "impossible to live with absolute misery." Should the situation continue, the country will be facing new social convulsions.

# Business Briefs

## Poland

### IMF backing off on bridge loan

The International Monetary Fund (IMF) is not keeping its promises to the government of Hanna Suchocka for a bridge loan to Poland. The loan of \$650 million, which was dangled by the IMF in early January on the condition that the miners strike be called off, will be withheld, because the government still doesn't meet the IMF's budget-cutting and privatization guidelines. The government first has to streamline its budget for fiscal year 1993, IMF envoy Mark Allen declared in Warsaw on Jan. 13.

In December, Suchocka halted a strike in upper Silesia with a commitment to mobilize the equivalent of 250 million deutschmarks (\$155 million) for special "social" programs for miners and their families. To meet the IMF guidelines, she either has to cancel her promises or take the money from other budgets, risking strikes there.

## Trade

### GATT will hurt U.S. economy severely

Under the Uruguay Round terms of the General Agreement on Tariffs and Trade (GATT), the U.S. economy would shrink by \$36-62 billion a year, according to a study by the Economic Strategy Institute (ESI), the Jan. 12 *Chicago Tribune* reported. The study conceded that U.S. farm exports would increase by \$2.5-3.5 billion a year, but forecast that the U.S. trade deficit would swell by another \$32-37 billion, that the U.S. textile industry would shrink by \$13 billion a year, and U.S. production of raw steel would decrease by \$1.9 billion a year.

With the U.S. government prohibited from using trade penalties such as countervailing duties, the U.S. electronics industry would lose \$6-8 billion a year. The resurgence of the U.S. semiconductor industry, which regained a significant share of the world market with

U.S. government assistance, would be thwarted, and probably reversed, the report warned.

The report also revealed the farce of Bush administration claims from two years ago that the new GATT agreement would add \$4 trillion to the world economy over the next 10 years. Noting that in December the Bush administration increased the estimate of world economic gains to \$5 trillion, the ESI report stated, "As these divergent predictions suggest, the U.S. government in fact has no real idea what a Uruguay Round agreement will mean for the world economy or for America."

The development center of the OECD predicted a worldwide gain of \$19.5 billion a year from a new GATT agreement, which, the ESI report points out, is less than 0.02% of the total world economy.

## Eastern Europe

### Fourth year of economic collapse, institute warns

1993 will be the fourth year of economic collapse and rising unemployment for eastern Europe, according to a forecast produced by the Vienna Institute for International Comparative Economic Studies (WIIW) in January.

The report lists former Czechoslovakia, Romania, Bulgaria, and the Community of Independent States (CIS) of the former Soviet Union as the nations which are not likely to see a slowdown in the collapse of their industrial production. Rather, they are likely to see a decline in industrial output by 15-16% and more in 1993.

Even in those eastern European countries where conditions look slightly better, like Poland and Hungary, the jobless rate will increase significantly this year. In Poland, which had an official jobless rate of 13.5% (2.5 million unemployed) at the end of 1992, there will be an increase to 16.2% (or 3 million), and in Hungary, the jobless rate will increase from its present 11% to 17% (from 627,000 to 1 million workers). In the former Czechoslovakia, unemployment will almost double, from 390,000 to 750,000, which will hike the jobless rate up from 5.5% to 10.5%.

Inflation rates will also remain exorbitant

this year, with 25% in Hungary, 45% in Poland, 100% in Bulgaria, and 250% in Romania. Russia has an inflation rate of 1,000%.

## AIDS

### Poverty co-factor finally being recognized

A recent statement by the U.S. National Commission on AIDS tends to show that poverty is becoming increasingly recognized as an important co-factor in the spread of AIDS. The commission blamed racism for acting as a barrier in dealing with AIDS, where African-Americans and Hispanics constitute fully half of all Americans living with HIV disease. It said, "The cumulative effects of racial discrimination, the chronic lack of access to resources, and the resulting underdevelopment of community infrastructures have had lasting effects."

Commission member Harlon Dalton of Yale University said that the epidemic is disproportionately hitting minorities. "Within these communities there is a justifiable fear that public concern for the epidemic will wane as AIDS more than ever becomes a disease of the 'other'—of people with whom white America does not identify," Dalton said.

The commission's statement tends to corroborate the view put forward by *EIR* and Dr. Mark Whiteside that AIDS is an environmental disease in which poverty is a major co-factor, and which is a marker for the overall biological holocaust in world health.

## Estonia

### Government backtracks on 'shock therapy'

The threat of widespread social unrest has forced the government of Estonia to partially break with radical free market programs and stop the privatization sale of 38 large state enterprises. The selloff was part of a package of International Monetary Fund (IMF) condi-

tions accepted in August by the previous Estonian government. Since the autumn elections, the agreement had been followed by the new "conservative" government.

Under IMF dictate, Estonia freed all prices, which fueled a 1,000% rate of inflation by the end of 1992, cut government subsidies, and created an institution modeled on the German Treuhand agency (which is responsible for state enterprises in the former East Germany), called the Eesti Erastamisettevõte (EERE). Anders Bergmann, an Estonian who had lived in Germany, was placed in charge. As in Germany, this agency became a "state within a state," with virtual dictatorial control over the former state-owned sectors of the economy.

The stoppage of the selloff occurred after the media leaked the fact that under privatization, "at best" half of the 77,000 employees in the 38 enterprises would keep their jobs. Thus, in one stroke, privatization would have thrown about 10% of the nation's total work force of under 500,000 out of work. Real unemployment, concealed through the practice of workers being on permanent "leave with pay," is already at 20%.

The stoppage also occurred in the context of a wave of banking scandals. Under the free market insanity, more than 40 private banks, nearly all of them fly-by-night money-laundering operations, sprang up in Estonia, promising large financial rewards to depositors. In the past two months, 30 of them have gone bankrupt, though still operating under bankruptcy laws. Three of the largest were shut down by the government, and 25,000 Estonian depositors have lost their deposits, with no chance of recovering anything.

## Infrastructure

### Massachusetts finds high return on spending

For every dollar spent building infrastructure, there is roughly \$2.25 in benefits returned to the economy, the state of Massachusetts has found, the Jan. 10 *Boston Globe* reported.

Spending for the building of new infrastructure has a number of spillover and multiplier effects, the paper reported. "According

to federal statistics, \$1 million invested in construction and related work creates 60.7 jobs—17.3 jobs on site (laborers, cement pourers, engineers); 14 jobs off-site (material suppliers, clerical workers); and 29.4 jobs in corollary industries (service businesses and the like)."

From an analysis of the Third Boston Harbor Tunnel project and the Central Artery project, both currently under construction in the Boston area, the Commonwealth of Massachusetts found that "each dollar spent . . . generates \$1.17 in revenues from payroll taxes and other benefits. When savings on welfare and unemployment [compensation programs] are added, state officials say, the multiplier effect leads to \$2.25 for every \$1 spent."

## Space

### Russians to test space mirror

The Russians will unfurl a plastic sheet, descriptively called "Banner," in orbit in February, to reflect light from the Sun to the Earth, according to the Jan. 12 *New York Times* and other sources. The idea of placing mirrors in Earth orbit for such purposes was first proposed by Hermann Oberth in 1923, and further design and engineering work was undertaken in the 1970s by space scientist Krafft Ehrlicke.

Space mirrors would have many uses, including the extension of daylight in high latitude regions with limited light during the winter, the protection of crops from freezing temperatures, the extension of growing seasons for crops, easing rescue operations following disasters, and many others. The Russian design will use a 65-foot diameter disk and should reflect sunlight to the surface of the Earth as bright as 3-5 full moons.

The Banner will be stowed in an unmanned Progress supply ship which will be attached to the Mir space station. A consortium of companies and government agencies in Russia are sponsoring the space mirror demonstration, and they hope that a success will attract support, and financial help, from western companies.

## Briefly

● **A MAGLEV RAIL** system will cost \$25 million per mile, according to the Arthur D. Little consulting firm in Cambridge, Massachusetts, the Jan. 10 *Boston Globe* reported. It estimated that a nationwide 3,563-mile system would cost \$89 billion, and that direct monetary savings would accrue from less fuel consumption, fewer highway accidents, lower pollution costs, and lower insurance expenses.

● **UZBEKISTAN** President Karimov denounced the "shock therapy" approach of radical price rises and shutdown of state-sector industries as totally inappropriate for the Uzbek economy, in an interview with the Jan. 12 *Frankfurter Allgemeine Zeitung*.

● **A SOUTH AFRICAN** project for a southern African common market has been shelved as a result of renewed fighting in Angola and Mozambique, the December 1992 issue of *Jeune Afrique Economie* reported. The project would have established an economic power along the lines of the European Community.

● **JAPAN** will propose a 17-point package designed to strengthen its economic ties with the European Community and promote bilateral cooperation for aid to developing nations, government officials said Jan. 12, Kyodo reported.

● **ZAIRE** is experiencing an inflation rate of 2,337.5% annually, the French publication *Missi Synthèse* reported recently. "Daily life is made up of penury . . . looting, [and] ethnic riots," it reported.

● **DE BEERS** has regained control of the world's diamond market as a result of renewed fighting in Angola, the Jan. 11 *London Financial Times* reported. In 1992, when the civil war ended and a law prohibiting citizens from possessing diamonds was repealed, 50,000 diggers working for themselves increased Angolan production fivefold (to \$500 million), swelling world supply by about 10%.

## Economic policy can only be based on Christian principles

by Nora Hamerman

On March 4, 1988, *EIR* published most of *Sollicitudo Rei Socialis*, the papal encyclical marking the second decade of Paul VI's *Populorum Progressio*, which proclaimed that "Development is the name for peace." A week later, we printed Lyndon LaRouche's reply to John Paul II. While expressing his deep regard for the pope's identity as a "true missionary," who is of one mind with him "respecting the results of statesmanship to be achieved," namely the overcoming of a great "moral evil" in the world, LaRouche warned that the employment by political leadership of the encyclical's imprecision on certain issues could be "fatal to the very cause which the encyclical upholds."

Specifically, LaRouche pointed to Chapter VI, which begins, "The Church does not have *technical solutions* to the problem of underdevelopment as such, as Pope Paul VI already affirmed in his encyclical. For the Church does not propose economic and political systems or programs, nor does she show preference for one or the other, provided that human dignity is properly respected and promoted, and provided she herself is allowed the room she needs to exercise her ministry in the world."

"For me," the American economist and statesman declared, "there is no separation of morality from technical means. Although I know that there is allowable variety in the form of sovereign states and their institutions, I also know that there are certain intelligible principles which separate good from evil forms of economic and political systems." He added, "I recognize that a significant contributing cause for the lack of adequate precision on these matters, is the condition of the Catholic Church in the United States, especially the influence of relevant wealthy families which refuse to tolerate from the pulpit any teaching which affronts their zeal for the radically anti-Augustinian dogmas of the British East India Company's Adam Smith."

The report we present below bears out LaRouche's warning in the context of a world which has worsened dramatically in the five years since 1988. Even though the Soviet state has fortunately crumbled in the East, yet the center of oligarchical evil there, identified by LaRouche in the "*nomenklatura* and its attached gnostic state



*In this detail from Rembrandt's "Parable of the Workers in the Vineyard" (1637), the vineyard owner surprises the workers by paying the last-hired as much as the first—an action prompted by love, not by the magic of the marketplace.*

church," has not vanished. In the West, "the evil of oligarchical usurers' power" has grown cancerously. These evils, manipulating the peoples of the Balkans, threaten to engulf the world in a new war at any moment. Lyndon LaRouche, the one figure who possesses the "technical means" to combat these satanic forces, has been in prison for four years, punished for being far too effective a foe of the oligarchy.

The Roman Catholic Church is strategically pivotal in the midst of the world economic maelstrom. For a century it has been the largest institution in the world to stand up for the identity of morality and economics. Throughout that time, it has unflinchingly upheld the principle of the sacredness of human life. Moreover, its prominent presence in Ibero-America and eastern Europe makes it a potential rallying-point for those seeking freedom from the twin evils of liberal capitalism and communism.

For that very reason, the western oligarchy has "employed that imprecision" against which LaRouche warned in 1988, to demand the right to interpret Catholic social doctrine to the world. The most alarming sign of their success was seen last October in Santo Domingo, Dominican Republic, when the Vatican secretary of state, Cardinal Angelo Sodano, told the press that Mexico's President Carlos Salinas is part of "a new and important generation of politicians concerned with the progress of their people." Sodano went on to say that while Ibero-America's situation is difficult, some countries are making economic progress, and that "one example of this is the very low inflation rates they have

achieved in their economies." Sodano's sympathy for the flea market economic model widely known outside the United States as neo-liberalism, was echoed in the final document issued by the Fourth General Conference of the Latin American Bishops (CELAM), meeting in Santo Domingo.

Sodano was implying Vatican support for a faction which *denies* the possibility of an economics based on Christian principles, centered around Michael Novak. The report which follows exposes the pagan premises of Novak and his sidekick Neuhaus's fraudulent attempt to prove that Catholic social doctrine is Novak's "democratic capitalism." We present case studies of the crushing poverty which neo-liberal policies have brought to Mexico and Argentina, and show that ameliorative actions proposed in the name of a "solidarity" remote from that of the encyclicals, will not relieve this suffering, but will foment bloody uprisings.

Finally, we present a brief extract from LaRouche's 1991 book, *The Science of Christian Economy*, written in prison. Ironically, in 1956, a French Dominican, Father Bruckberger, wrote a book, *Image of America*, asserting that the American System of Lincoln's adviser Henry Carey, embodying Christian social doctrine in economic practice, was the unique alternative to the British System of Adam Smith and Karl Marx, but had been forgotten by America. Little did he know that a living American in that tradition, Lyndon LaRouche—then making his first economic forecast—would be the best hope for re-uniting Christian morality with economic practice in the apocalyptic 1990s.

# The anti-Christian economic doctrine of Michael Novak

by Kathleen Klenetsky

“No intelligent human order . . . can be run according to the counsels of Christianity. . . . An economy based upon the consciences of some would offend the consciences of others. A free economy cannot . . . be a Christian economy. To try to run an economy by the highest Christian principles is certain to destroy both the economy and the reputation of Christianity.”—Michael Novak, *The Spirit of Democratic Capitalism*, 1982

“*Agapē* as a quality of human interaction is possible only among persons or very small groups. The character of larger group relations can be described only rarely by mutuality but is more likely a balance of power.”—Robert Benne, member of the board of Novak’s Institute on Religion and Democracy, *The Ethic of Democratic Capitalism*

For more than a decade, Michael Novak has been peddling the lie that what he calls “democratic capitalism” is the economic and political system most compatible with Christianity in general, and with Catholicism in particular. In Ibero-America, where he has traveled extensively, and systematically built up a network of up-and-coming yuppy bureaucrats who subscribe to his “neo-liberal” or “Catholic Whig” version of political economy, Novak’s influence has come to be increasingly felt through such figures as Peru’s champion of the underground economy, Hernando de Soto, and the Argentine Gustavo Béliz.

Presenting himself as an ardent opponent of liberation theology and of doctrinal orthodoxy, Novak has managed to sell himself to some Catholic circles as a spokesman for what he claims to be a shift in Catholic social teachings toward “market capitalism.”

He has tried to portray Pope John Paul II as a “Catholic Whig,” by which he means a free-trade fanatic, carefully ignoring the pope’s repeated attack on the North’s looting of the South through usurious debt payments, and has held up the encyclical *Centesimus Annus* as proof that the Vatican has embraced “market capitalism.” In an essay evaluating the importance of *Centesimus Annus*, which was published by fellow Adam Smith-admirer William Buckley’s *National Review*, Novak wrote, “If in Vatican II, Rome accepts American ideas of religious liberty, in *Centesimus Annus* Rome

has assimilated the American ideas of economic liberty.”

## Anglo-American frontman

The truth is that what Novak preaches has virtually nothing to do with either Catholicism or capitalism. Novak is a bought-and-paid-for apologist for the looting policies of the Anglo-American financial oligarchy, a latter-day Adam Smith who, through cynical manipulation of religious ideas, knowingly fronts for an international oligarchy which is out to destroy not only the nationalist institutions of Ibero-America, but also the social, cultural, and religious influence of traditional Catholicism, precisely because they interfere with the totally anti-Christian policies of unbridled exploitation carried out by the international banks, the International Monetary Fund (IMF), and the World Bank.

“Bought-and-paid-for” is no exaggeration. Since the mid-1970s, when he aligned himself with the emerging “neo-conservative” movement—which later gave birth to the Project Democracy apparatus responsible for destabilizations throughout the Third World—Novak has been patronized by some of the leading moneybags in the financial elite.

Novak’s major base of operations since 1978 has been the American Enterprise Institute (AEI), a Washington think-tank that is one of the premier sources of free-trade and privatization propaganda in the United States.

AEI’s board of trustees, Novak’s employers, reads like a “who’s who” of the U.S. and international banking establishments: Willard Butcher, former chairman of Chase Manhattan Bank; Robert Greenhill, president of Morgan Stanley & Co., Inc.; Walter B. Wriston, former chairman of Citicorp; and George R. Roberts of Kohlberg Kravis Roberts & Co., are just some of its members.

Novak’s colleagues at AEI include some of the best-known free-enterprise nuts, “neo-con” activists, and Zionist lobby operatives, including Reagan administration U.N. Ambassador Jeane Kirkpatrick; Richard Perle; Irving Kristol, the father of neo-conservatism; and Samuel Huntington, a leading Project Democracy ideologue who also authored the Trilateral Commission’s controversial 1975 tract, *The Crisis of Democracy*, which called for restricting democracy on the grounds that its expansion would interfere with the imposition of economic austerity.

Novak's other main institutional affiliation, the Institute on Religion and Democracy, receives its funding from many of the same foundations which finance AEI, including Smith-Richardson and Mellon Scaife.

Novak also enjoys the patronage of such stars in the U.S. conservative firmament as former Treasury Secretary and Mont Pelerin Society muckety-muck William Simon and J. Peter Grace, who, in 1982, founded the American Catholic Committee, ostensibly as an alternative to the left-wing drift in the U.S. Conference of Catholic Bishops. The group, which set up Novak as its chief spokesman and became known as the "Novak Club," also included former Secretary of State Alexander Haig and Frank Shakespeare, then vice chairman of RKO and later U.S. ambassador to the Vatican.

These thugs assigned Novak the job of designing a "religious" argument on behalf of Anglo-American financial imperialism that could be sold in Catholic Ibero-America.

As part of that effort, Novak convened a series of private seminars at AEI in 1984. The "problem" he presented to those seminars, was how to sell the "free market" to two areas of the world, Ibero-America and eastern Europe, whose Catholic culture and philosophy were intrinsically opposed to the usury and human exploitation that characterize free-market economics.

And how has he performed? In an interview published in 1989, J. Peter Grace called Novak "one of the smartest people in America." "Keep it in mind that Michael Novak is somebody who converted from socialism. There's nothing better than a converted socialist. He was active in the party, worked on all sorts of things, and suddenly said, 'Hey, baby, this ain't the way to go.' He has written one of the best articles on liberation theology. . . . And he's the guy that was there in the middle of all this liberation and liberal stuff. And he left it."

### Defending the 'structures of sin'

What Novak has done is to combine Aristotle with Adam Smith—whom he professes to be the major sources of his philosophical and economic inspiration—and then to dress up this nasty mixture in some Catholic-sounding rhetoric.

The result is about as far from Catholic doctrine as one could possibly get. Like Aristotle and Smith, Novak explicitly denies the possibility of creating a political-economic system based on the Good. According to Novak, there can be no Christian economy, and, therefore, no Christian society. "No intelligent human order . . . can be run according to the counsels of Christianity," he declared in his 1982 opus, *The Spirit of Democratic Capitalism*.

In making this assertion, Novak is guilty of a blatant distortion of the Catholic concept of man's imperfect nature, the heritage of original sin. The Christian acceptance of man's imperfect nature does not in any way imply that man is incapable of change, of atonement, of coming closer to God. To the contrary, the great good news that Christ brings



Michael Novak, apologist for the evil Adam Smith. His brand of "market capitalism" has nothing to do with Catholicism or capitalism, but is aimed to destroy national sovereignty.

to man is the possibility of salvation, the hope of shedding his sinfulness, of perfecting himself, of becoming the living image of God.

If it is true, as Novak claims, that Christianity has no real place in the world—and that *is* the import of Novak's theories—then how does man, who lives in the world, perfect himself? Taking Novak's view to its logical end, the answer must be that man's "religious" nature is entirely separate from his "temporal" nature; and, therefore, man can act like a greedy, exploitative animal when he operates on an "economic" basis, and still remain a "Christian."

With this outlook, can one seriously believe Novak's claims that he is an orthodox Catholic, one who, no less, is carrying on the spirit of such great examples of the Church's social teachings as the 1891 encyclical *Rerum Novarum*?

The purpose of Novak's "political theology" is to renounce the central message of Christianity. No matter how much Novak may insist that religion has a role to play in society, in reality he considers religion (specifically, Catholicism) useful only to the extent that it can be perverted into a defense of *pagan* forms of social and economic organization.

### A Calvinist in Catholic clothing

Novak's "democratic capitalism" differs from "American System" economics as much as his depressingly Calvinistic view of man does from Catholicism. He worships the virulently anti-Catholic Adam Smith: "Smith may properly be called the father of the idea of international economic

development,” and developing countries should adopt his views as a model for their own economic policies, Novak told the U.N. Human Rights Commission in March 1981, while serving as the Reagan administration’s emissary to that body.

Novak has offered similar praise to Smith in virtually every major work he’s written since then, holding him up as the inspiration for the United States’ Founding Fathers and the cause of U.S. economic prosperity.

This is just another one of Novak’s lies. As any honest student of U.S. history knows, Adam Smith was a paid agent of the British East India Company, and it was precisely the free-trade system of British imperialism which he extolled, which the American Revolution was fought against. Furthermore, contrary to Novak’s lying account, the United States developed into an economic powerhouse through exactly the kinds of dirigist policies, typified by Alexander Hamilton’s National Bank, which Novak now insists Third World countries must reject as inimical to economic development.

Trained for the priesthood, Novak began his career as a vocal participant in the schismatic circles around Hans Küng who wished to exploit Vatican II to destroy the Catholic Church. As a seminarian in Rome during the early 1960s, Novak wrote about the council for the liberal American Catholic press.

A protégé of theologian Bernard Lonergan, Novak favored the most extreme forms of church “democratization,” (the book he published on Vatican II was titled *The Open Church*), denounced the Vatican’s opposition to artificial contraception—a position he holds to this day—and endorsed the Senate hearings convened by population control fanatic Sen. Ernest Gruening in the mid-1960s, which set the stage for the U.S. government to get into the business of pushing contraceptives and abortion as part of its foreign policy.

At one point during this period, Novak published an article entitled “Dual Sex Eucharist,” in which he advocated that women be permitted to co-celebrate the Eucharist with a male priest to establish sexual symbolism for Christ’s union with the Church. Novak motivated this gnostic proposal on the grounds that “woman is a better image of the Creator than is the male.” Novak maintained that the life of Christ represented “the humbling of the male. . . . The Christian man was expected to become, as it were, androgynous—to make his own the virtue of the feminine ideal.”

Novak has traveled very little distance from his days as a firebreathing radical who advocated dual sex Eucharist and government distribution of contraceptives. In *The Spirit of Democratic Capitalism*, in which he trumpeted his embrace of the “neo-conservative” cause, Novak reaffirmed his neo-malthusian beliefs, claiming that Ibero-America’s poverty, relative to the United States, stems in part from its high birth-rate.

“In computing average per capita income,” he wrote,

“population is important in three ways. First, every newborn child lowers the average per capita income. Second, as the cohorts of those under age 18 increase in proportion, the relative number of productive workers decreases. Third, rapidly increasing populations indicate that many parents have decided in favor of larger families, through whatever combination of motives. This is an admirable preference. But it has, in some but not all respects, economic costs. *Those who make that choice cannot properly blame others for its consequences.* Since 1940, the population of the United States had grown by 90 million, that of Latin America by 210 million” (emphasis added).

At heart, Novak was, and remains, a Calvinist libertarian, who believes, as he wrote in his 1990 book, *This Hemisphere of Liberty: A Philosophy of the Americas*: “Building an economy for saints anywhere on earth is useless. There are too few of them. The only realistic possibility is to build an economy for sinners—the only moral majority.”

### **Building an ‘economy for sinners’**

The type of economic system Novak is trying to foist on Ibero-America, eastern Europe, and elsewhere, is indeed an economy for sinners—the sinners being the Walter Wristons and Peter Graces of this world.

Given this outlook, it is hardly surprising that Novak never questions the lethal role which the IMF has played in the developing sector. After all, in his view, the IMF is merely doing its God-given job of building an economy for sinners.

One of the most revealing features of Novak’s economic writings is his approach to the foreign debt which is strangling the life out of Ibero-America and the rest of the developing sector. Despite the fact that the Vatican, and especially Pope John Paul II, have spoken out in the strongest terms against the debt burden the Third World has been forced to bear, Novak rarely touches on the the issue. And no wonder! In those rare locations where he has been forced to address the debt crisis, Novak has proffered precisely those “solutions” cooked up by the creditor financial institutions in order to maintain the debt structure.

In one of his infrequent references to the matter, a 1989 presentation to an Ibero-American conference, Novak went to great lengths to minimize the problem, claiming that “even worse than the ‘debt crisis’ is the massive ‘capital flight’ of economic gains reaped by Latin Americans but invested abroad.” He then recommended a series of unmistakably neo-colonial measures, such as debt-for-equity swaps, and the “restructuring of Latin American economic systems,” through “opening of Latin American economies to the economic activism of the ‘informals.’ ”

In his various writings, Novak calls for Ibero-America to rid itself of every remnant of “mercantilism” and “statism,” i.e., dirigism, and to replace it with a free-wheeling, unregulated “underground economy” which, he claims, can “em-



power people from below,” but which actually undermines any possibility for the kind of large-scale projects required for successful and enduring nation-building. In fact, what Novak prescribes is intended to destroy the power of the nation-state, leaving the countries of Ibero-America completely vulnerable to foreign exploitation.

In a presentation he made to a conference held in Bogotá, Colombia in 1989, Novak ruled out “large manufacturing establishments” for Ibero-America, on the grounds that “the key to the future of Latin America lies . . . in one place only: the most rapid possible growth in the small business sector. . . . Enterprise works best from the bottom up.” The conference was sponsored by the Latin American Bishops Conference (CELAM) in collaboration with the Anti-Defamation League (ADL)—the nominally Jewish organization run by organized crime and the dope lobby, which spearheaded the crusade in the United States to force religion out of public life and which has recently thrown its legal and other considerable resources into defending abortion and “gay” rights.

Novak’s Institute on Religion and Democracy churns out similar economic advice for Ibero-America. According to IRD official Larry Adams, the institute is promoting “sustainable development”—the latest euphemism for zero growth—and “micro-enterprises” as models for Ibero-America and eastern Europe. In a 1991 interview, Adams revealed that the IRD had begun an aggressive campaign the year before to get various church organizations which raise money for eastern Europe and the Third World to orient away from funding “large infrastructure projects, and instead to direct this money into what we call micro-enterprises.” Micro-enterprises, he explained, involved small-scale entrepreneurship, such as individually owned flower shops or taxis. He did not explain how micro-enterprises could construct irrigation systems, railroads, water and sewage treatment systems, and other infrastructure basic to economic progress.

Novak protégé Hernando de Soto is an IRD favorite, Adams reported. “We believe that De Soto’s ideas, what we call neo-liberalism, can be extremely useful in Latin America and eastern Europe,” he said, adding that the IRD is planning to publish De Soto’s *The Other Path* in eastern European languages, as part of its efforts to promote Adam Smith and the free market.

Discussing the IRD’s support for “sustainable development,” Adams said that the institute is studying the work of Herman Daly, a World Bank environmental adviser and zero-growth fanatic. “Sustainable development doesn’t have to mean zero growth,” Adams claimed, “although you do get into something of a dilemma when you come to the question of population growth. Daly’s proposal is that people are entitled to have a certain number of children, and that they can sell their right to have children to each other, as long as the total number of children born in any given period isn’t surpassed.” What a perfect merging of Adam Smith and Thomas Malthus!

## The Protestant crusade in Ibero-America

Novak’s association with the IRD brings us to another key aspect of his mission to “marry” Adam Smith and Catholicism: the “protestantization” of Ibero-America. Recognizing that the free market could not be sold there unless the influence of Catholic social doctrine were undermined, Novak’s patrons deployed him to carry out a subtle campaign for Calvinist ideology within the Ibero-American Catholic Church, which would parallel the more direct Protestant fundamentalist conversion crusade.

Novak was well suited for this job. During the early 1970s, toward the end of his “left-wing” phase, Novak worked for one of the foundations funded by the Rockefeller family, which has been in the forefront of the drive to extirpate Catholic influence from Ibero-America, in part by encouraging the spread of Protestant sects throughout the continent.

After his “conversion” to the neo-liberal cause, Novak intensified his efforts.

The IRD has functioned as a primary vehicle for this “protestantization” campaign. Since he helped found it in 1981, the institute has been dominated by Protestant groups committed to encouraging Protestant missionary efforts in Ibero-America specifically in order to spread the dogmas of Adam Smith, efforts denounced by John Paul II in his October 1991 visit to Brazil.

IRD’s board members include well-known Protestant evangelical theologian Carl Henry, Methodist evangelist Ed Robb of Ed Robb Ministries, Dean Curry of Messiah College, John Leith of the Union Theological Seminary, Ira Gallaway of the Mission Society for United Methodists, Kathy Kersten of Lutherans for Religious and Political Freedom, and erstwhile Lutheran minister Richard Neuhaus, who wrote the IRD’s initial statement of principle. Novak, Neuhaus, and Peter Berger, another member of the IRD board, have long functioned as the “religious” triumvirate within the neo-conservative movement.

From its inception, the IRD functioned as a de facto adjunct of Reagan administration policy, especially in Ibero-America. One of its first tasks was to build support for the Nicaraguan Contras, hardly surprising given that another of the institute’s founders was Penn Kemble, a pivotal figure in Oliver North’s networks and the head of the Project Democracy-affiliated Prodemca.

In an IRD Briefing Paper promoting the “neo-liberal” model for Ibero-America, IRD fellow Amy Sherman gloated that “the so-called ‘evangelical explosion’ in Latin America may provide a potential source of energy for the capitalist revolution. For many Latins, their conversion . . . from folk Catholicism . . . will bring significant attitudinal and behavioral changes. These may complement the liberal economic reforms being imposed from above, if Max Weber’s old argument linking the Protestant work ethic to the ‘spirit of capitalism’ holds water in the Latin context.”

# Neuhaus: doing evil and calling it good

by William F. Wertz, Jr.

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## Doing Well and Doing Good, The Challenge to the Christian Capitalist

by Richard John Neuhaus  
Doubleday, New York, 1992  
312 pages, hardbound, \$22

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*This review will also appear in the Feb. 1, 1993 issue of New Federalist newspaper. Because of its exceptional importance to the subject of our report, the newspaper and author have granted us permission to reprint it here in full.*

On May 2, 1991, the day after Pope John Paul II's encyclical *Centesimus Annus* celebrating the hundredth anniversary of Pope Leo XIII's encyclical *Rerum Novarum* was officially released, an article by Richard John Neuhaus, entitled "The Pope Affirms the 'New Capitalism,'" appeared in the *Wall Street Journal*. *Doing Well and Doing Good, The Challenge to the Christian Capitalist* is a book-length elaboration of the thesis proclaimed in that article, i.e., that *Centesimus Annus* was "very likely" shaped by the work of Neuhaus's fellow liberal capitalist Catholic, Michael Novak, and as such is an endorsement of Novak's concept of "democratic capitalism."

Neuhaus, a former Lutheran minister who converted to Catholicism and was then ordained as a Catholic priest, bases his argument not only on an erroneous history of capitalism, but more disconcertingly, on an unconscionably selective reading of both this encyclical and other encyclicals written by Pope John Paul II. His self-serving interpretation is further bolstered by the inclusion at the end of his book of a "condensation" of *Centesimus Annus*, which when compared to the original text reveals a thoroughly dishonest censorship of Pope John Paul II's words.

To most succinctly indicate the fraud which underlies Neuhaus's book, one must merely point to the fact that not once does Neuhaus mention the problem of Third World foreign debt in the entirety of the text of his book, although he does include an abridged four sentences on this subject from the pope's text in his attached condensation. This omission of what the pope has repeatedly identified as one of the primary causes of both poverty and war in the world today,

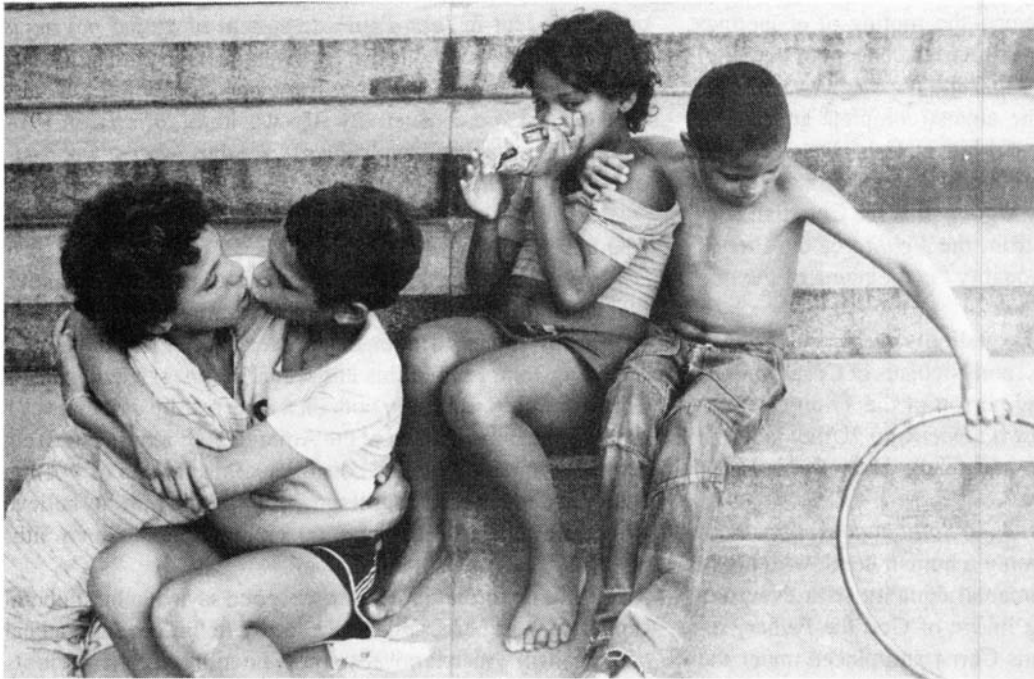
is related to Neuhaus's attempt both to portray *Centesimus Annus* as a significant break from Pope Paul VI's *Populorum Progressio* and to isolate it from the pope's other encyclicals, such as *Sollicitudo Rei Socialis*, which was written in 1987 on the 20th anniversary of *Populorum Progressio*.

## 'Structures of sin'

What Neuhaus and Novak want us to ignore from *Sollicitudo Rei Socialis* is the pope's explicit denunciation of the existence of the "evil mechanisms" and "structures of sin" which are thwarting the development of the less developed countries. The pope argues that "In the West there exists a system which is historically inspired by the principles of the liberal capitalism which developed with industrialization during the last century." Neuhaus correctly points out the pope's opposition to socialism, but he would have us believe that after 1989 the pope has literally endorsed Adam Smith, the father of liberal capitalism in the West.

In *Sollicitudo Rei Socialis* the pope says that both liberal capitalism and Marxist collectivism are "in need of radical correction." He says, "Each of the two blocs harbors in its own way a tendency towards imperialism, as it is usually called, or towards forms of new-colonialism." He argues that "misguided mechanisms" or "structures of sin" arise from the "all-consuming desire for profit" and from the "thirst for power." Therefore, certain forms of modern "imperialism" are "real forms of idolatry." He explicitly calls for reform of the international trade system and reform of the world monetary and financial system which are the very "structures of sin" which he has identified.

A comparison of Neuhaus's condensation of *Centesimus Annus* with the pope's text shows that he has systematically eliminated all those statements by the pope which, as in *Sollicitudo Rei Socialis*, call for intervention on an international level. For example, the pope writes: "In the developing countries, tragic crises loom on the horizon unless internationally coordinated measures are taken before it is too late." Neuhaus's condensation reads: "In the developing countries, tragic crises loom on the horizon." There is not even an ellipsis! The sentences in section 58 which call for reform of the international monetary system are all omitted. Therefore, in Neuhaus's condensation we do not read that development "requires above all a change of lifestyles, of models of production and consumption and of the established structures of power which today govern societies." We do not read that "There is a growing feeling, however, that this increasing internationalization of the economy ought to be accompanied by effective international agencies which will oversee and direct the economy to the common good, something that an individual state, even if it were the most powerful on earth, would not be in a position to do." We do not read in section 52 that "Just as within individual societies it is possible and right to organize a solid economy which will direct the functioning of the market to the common good, so too there is a



*Victims of the "structures of sin" are these Brazilian street children: The two on the left are under the effect of sniffing glue. But for Neuhaus and Novak, such nations are to blame for their own misery.*

similar need for adequate interventions on the international level." In section 34 we do not read that "In Third World contexts, certain objectives stated in *Rerum Novarum* remain valid, and, in some cases, still constitute a goal yet to be reached, if a person's work and very being are not to be reduced to the level of a mere commodity. These objectives include a sufficient wage for the support of the family, social insurance for old age and unemployment, and adequate protection for the conditions of employment."

Neuhaus goes so far in his whitewash of the "structures of sin" as to suggest that the nations of the Third World are primarily responsible for their own misery, and that their problems would be solved over time if they were merely integrated into the "new capitalism." Thus Neuhaus writes: "It simply will not do for them to blame their plight on colonialism, neo-colonialism, imperialism, and the such. While foreign states and corporations have taken and do take unjust advantage, Third World leaders are firmly told to put their own houses in order."

### **The pope does not endorse junk bonds**

One of the most outrageous arguments in Neuhaus's book is his defense of "junk bonds" and Michael Milken. Neuhaus has the audacity to suggest that only the "more ideologically minded" have no doubt that a Michael Milken is engaged in "illicit speculation." Neuhaus argues that the "defenders of the trade in high-risk bonds claim that they make available billions of dollars to capitalize entrepreneurial ventures that would otherwise languish. While many criticize the corporate takeovers financed by junk bonds, others contend that such takeovers typically improve management and make cor-

porations more accountable to stockholders." Then he writes, "Is what such people do an instance of 'illicit speculation'? It would appear that the only answer *in principle* proposed by John Paul is that property and economic activity 'is just and legitimate if it serves useful work.' "

Does the pope really endorse junk bonds? Then why does Neuhaus omit the following statement by the pope in section 48: "The absence of stability, together with the corruption of public officials and the spread of improper sources of growing rich and of easy profits deriving from illegal or purely speculative activities, constitutes one of the chief obstacles to development and to the economic order."

### **Economics apart from God**

The source of Neuhaus's fraudulent representation of the arguments of *Centesimus Annus* stems from his severing economics from Christian theology. The book starts by stating that "The Latin word *oeconomicus* refers to divine dispensations or the general arrangement of everything that is. Christian theologians, for example, refer to the 'divine economy,' meaning both the internal life of God—Father, Son, and Holy Spirit—and the external way in which God has arranged the whole creation." However, Neuhaus rejects this theological definition of economics and instead follows Adam Smith in reducing economics to the "considerably more modest" concept of household "stewardship." Moreover, he is not unaware of what he is doing. Therefore, he adds parenthetically for the benefit of his Christian readership: "(Although, to be sure, Christians would insist that what we are discussing cannot be understood fully apart from the life and purposes of God.)"

In so doing, Neuhaus rejects the rooting of economics either in natural law or in the Trinitarian concept of equality. He then argues unashamedly that the pope agrees with this approach to economics: "The almost complete absence of any explicit reference to natural law in *Centesimus*, and its very limited place in the pope's other writings, is noteworthy." Moreover, after falsely arguing that the Christian concept of equality is derived from the *Egalité* of the French Revolution, he insists that equality "is the name of the dog that does not bark in *Centesimus*."

The Christian concept of equality is derived by St. Augustine, St. Thomas Aquinas, and Nicolaus of Cusa from the concept of Christ, the second person of the Trinity. As St. Augustine wrote in *On Christian Doctrine*: "Unity is in the Father, equality in the Son, and in the Holy Spirit is the concord of equality and unity."

As Pope John Paul II writes in *Sollicitudo Rei Socialis*: "One's neighbor is then not only a human being with his or her own rights and a fundamental equality with everyone else, but becomes the living image of God the Father, redeemed by the blood of Jesus Christ and placed under the permanent action of the Holy Spirit." He further writes: "Surmounting every type of *imperialism* and determination to preserve their *own hegemony*, the stronger and richer nations must have a sense of more *responsibility* for the other nations, so that a *real international system* may be established, which will rest on the foundation of the *equality* of all peoples and on the necessary respect for their legitimate differences." In *Centesimus* itself, where John Paul argues that a free economy "presumes a certain equality between the parties, such that one party would not be so powerful as practically to reduce the other to subservience," Neuhaus says "here we encounter a rare reference to equality"—as if this were not an essential principle of the pope's message.

The brotherhood of all in Christ, "children in the Son," is the essence of the principle of Solidarity espoused by the pope. In denying the Christian concept of equality, Neuhaus is literally denying Christ. Instead of Christ being the Lord of economics, Neuhaus would transform Christ into Adam Smith's "Invisible Hand" of the marketplace.

This is no exaggeration. Neuhaus literally claims that Pope John Paul II has come around to the thinking of the father of liberal capitalism, Adam Smith. Neuhaus writes: "When we speak of property and ownership, John Paul says, we must give our attention to 'the possession of know-how, technology, and skill.' And then this: 'The wealth of the industrialized nations is based much more on this kind of ownership than on natural resources.' Fans of Adam Smith are no doubt warranted in drawing some satisfaction from the implied reference in that sentence to *The Wealth of Nations*. (It seems unlikely that it is an accident.) At the very time the American Founders were launching this experiment in political and cultural freedom, Smith was laying out the rationale for a free economy that could benefit all. As be-

comes evident in John Paul's treatment of global poverty, his hope, like Smith's, is that "the wealth of the industrialized nations' will indeed become, through expanding the circle of exchange and productivity, the wealth of all nations." In another location Neuhaus argues that Adam Smith "was first of all a moral philosopher and he insisted adamantly that the free economy depends upon the cultivation of virtue and the 'moral sentiments' of a free people."

Now you may ask, how is it that Neuhaus can honestly maintain that he and Novak are not advocating the very liberal capitalism which is denounced by every pope since Leo XIII, including John Paul in this encyclical? Honestly they can't. Therefore, they must rely both on a false history of the development of capitalism and of the American System of political economy in particular and construct a false notion of liberal capitalism in order to counterpose it to their own liberalism, which they disguise as the free economy espoused by the pope.

The way the latter is accomplished is to define liberal capitalism as libertarianism. Then, by definition, any form of capitalism which is not absolutely libertarian, can be represented as the other, non-liberal form of capitalism. This is precisely what Neuhaus does in order to say that Novak's democratic capitalism based on Adam Smith is the alternative form of capitalism advocated by the pope.

Neuhaus is correct in maintaining that there are two forms of capitalism. However, either out of ignorance or design, he and Novak have explicitly adopted the Calvinistic, liberal version of capitalism correctly rejected by the Catholic Church. Therefore they maintain that Max Weber was right when he argued that capitalism arose based upon Calvinism and the Protestant work ethic: "There is little doubt that what we now call democratic capitalism was shaped in a Protestant, and usually Calvinist, milieu."

He makes this argument without a single critical reference to British imperialism, let alone any reference to the fact that the American Revolution was fought against Great Britain and against the imperialist economic policies which are the core of Neuhaus and Novak's dearly beloved "moral philosopher," Adam Smith.

### Adam Smith and the British System

Adam Smith's "moral philosophy" has nothing to do with Christian love for one's fellow man and has everything to do with "moral indifference." That is clear from the following quote from his 1759 *Theory of Moral Sentiments*:

"The administration of the great system of the universe . . . the care of the universal happiness of all rational and sensible beings, is the business of God and not of man. . . . Hunger, thirst, the passion which unites the two sexes, the love of pleasure, and the dread of pain, prompt us to apply those means for their own sakes, and without any consideration of their tendency to those beneficent ends which the great Director of nature intended to produce by them." So

much for the principle of Solidarity!

The economic policy which flows from this reduction of man to an animal dominated by "original and immediate instincts" is the colonial policy of enforced backwardness against which the American colonies revolted. The policy advocated by Adam Smith in *The Wealth of Nations* under the guise of free trade was that the American colonies not develop their own manufacturing capability and that they not impose any restriction on the importation of British goods. The colonies were to be maintained as an agrarian protectorate. Their produce, from timber to tobacco, was to be taxed so as to pay the British national debt.

This is in essence the same imperialist system which insists today upon "free trade" as the means by which Third World nations are denied the right to develop their manufacturing capability, maintained in a state of being raw materials producers, and taxed to death in the form of foreign debt payments. Neuhaus and Novak would have us believe that the pope, who has raised his voice precisely against these "evil mechanisms," has joined with them in bowing down in worship of Adam Smith's "Invisible Hand." This is the message which they are currently peddling throughout Latin America to gain support from the Catholic Church for the "adjustment" programs of the International Monetary Fund (IMF).

### **The American System of economics**

What then was the American Revolution about in terms of philosophy and economic policy?

First of all, it was definitely not what Neuhaus asserts it to have been, i.e., "a Puritan-Lockean Synthesis." Although it is commonplace among liberal ideologues to assert that the American Revolution was inspired by John Locke, who certainly had influence and advocates in America, anyone who looks for the positive kernel of the American Revolution will not find it there, but rather in the Christian philosophy of Gottfried Wilhelm Leibniz and ultimately in the Renaissance tradition of Nicolaus of Cusa, who first espoused the idea that government must be based upon the consent of the governed in his work *On Catholic Concordance*.

Secondly, in respect to economic policy, it is irrefutable that the United States based its economic policy not on Adam Smith, but rather upon mercantilism. Beginning with the establishment of the First National Bank of the United States by U.S. Treasury Secretary Alexander Hamilton, U.S. economic policy was what later became known as the American System of political economy. After Alexander Hamilton, the economists of this school included Mathew Carey, Henry C. Carey, who was the adviser of Abraham Lincoln, and Friedrich List.

It is this American System of political economy, conveniently ignored by Neuhaus and Novak, which represents the real capitalist alternative to the British imperial system of liberal capitalism. Unfortunately this form of Christian econ-

omy, which opposed the British System slave trade and opium wars, is no longer the economic policy of the United States. Rather the United States has adopted the British system, which Neuhaus and Novak now recommend the Catholic Church adopt as its own.

Even though Neuhaus knows very well that the pope opposed the Gulf war, which President Bush and Margaret Thatcher spearheaded in the name of a "new world order," he cannot refrain from suggesting that "something like a new world order is afoot" and from arguing that the "free economy," as he and Novak define it, "is apparently the order of the future in this post-socialist world." Therefore, even though the pope criticizes both "national security" states and "the affluent society or consumer society," Neuhaus advises that it is "unseemly for Americans to be excessively defensive."

According to Neuhaus, even though the pope writes "that it is unacceptable to say that the defeat of 'real socialism' leaves capitalism as the only model of economic organization . . . in the real world to which the pope directs our attention, it would seem that despite his disclaimer, capitalism is 'the only model of economic organization.'" And of course that means Adam Smith's "Invisible Hand" of the marketplace reincarnated as Michael Novak's "democratic capitalism."

Neuhaus ends his book by saying that "God loveth adverbs." This is a reference to the title of the book: "Doing Well and Doing Good." As he says earlier in the book, "The only thing some people know how to do really well is to make money. It is not an unworthy thing to offer up." But to whom? While it is absolutely true that profit is not in itself illegitimate, but rather a positive good insofar as it is earned morally and reinvested productively, in equating making money well with doing good Neuhaus contradicts Christ's teaching that one cannot worship both God and mammon.

As Pope John Paul II writes in *Sollicitudo Rei Socialis*, solidarity is "a firm and persevering determination to commit oneself to the common good; that is to say to the good of all and of each individual, because we are all really responsible for all. This determination is based on the solid conviction that what is hindering full development is that desire for profit and that thirst for power already mentioned. These attitudes and 'structures of sin' are only conquered—presupposing the help of divine grace—by a diametrically opposed attitude: a commitment to the good of one's neighbor with the readiness, in the gospel sense, to 'lose oneself' for the sake of the other instead of exploiting him, and to 'serve him' instead of oppressing him for one's own advantage."

Neuhaus's attitude is just the opposite—to portray the pope as endorsing the very "structures of sin" he in fact denounces, in order to render the nations of the Third World and the former Soviet sector, especially the Catholic nations of Ibero-America and eastern Europe, defenseless before the genocidal policies of the International Monetary Fund. He is doing evil and calling it good.

# Mexico's Pronasol: Nazi-communists dance to Wall Street's tune

by Carlos Cota Meza

Mexican President Carlos Salinas de Gortari's National Solidarity Program (Pronasol, or Solidarity) has achieved worldwide notoriety. Its most radical advocates maintain that with Pronasol, Salinas could aspire to some Nobel Prize in the future. Pronasol has been praised and supported by George Bush and Bill Clinton. It has received the backing of numerous European governments, the Vatican's State Department, and the Vatican's ambassador to Mexico. A variety of regional governments, including Chile, Brazil, and Costa Rica, have sent delegations to Mexico to learn the "secret" of Pronasol. Anti-poverty "experts" from China and India have been sent to Mexico to study its unique success.

Above all, the bankers of Wall Street are euphoric. The *Wall Street Journal* of Jan. 8 wrote: "The Solidarity Program is the fulcrum of President Carlos Salinas de Gortari's effort to ensure that the benefits from Mexico's free market economic renaissance reach the very poor. . . . And the do-it-yourself anti-poverty plan has been such a success that hardware stores can scarcely keep picks and shovels in stock."

The Mexican government's own public explanations about its program do not suffer from modesty either. With President Salinas in the lead, officials say that with Solidarity, "we have done in 30 months what for other nations has taken their entire history." They say that the program is intended "to construct a social state with full respect for citizens' rights," or that it offers "a space for the exercise of direct democracy," and so on.

The truth is that Pronasol emerged from the recommendations of the World Bank, that the Mexican government allocate budget resources to a program for "combatting extreme poverty" which would, at the same time, serve to create a base of political support among the impoverished layers of the population for the government's neo-liberal economic policies (payment of the foreign debt, budget cuts, wage freezes, privatization, elimination of traditional social aid institutions). It is the creation of a new corporatist, Nazi-communist entity, which rejects any form of traditional management of the national economy.

The source of Pronasol's financing is no secret. Each time that Salinas de Gortari refers to it, he insists that its projects be financed with money from the privatization of

state companies. But this is a simplistic explanation. Through the privatization of state companies, money is obtained for paying off the foreign debt. Those payments in turn produce some "relief" on payment of future interest costs. A portion of that "relief" is allocated to Pronasol. This is why, while the Salinas government's amortization and interest payments on the foreign debt (through June 1992) has been more than \$44 billion, the National Solidarity Program has received nearly \$9 billion over five years (including 1993 allocations). Pronasol's resources have grown from year to year: \$547 million in 1989; \$1.222 billion in 1990; \$1.729 billion in 1991; \$2.267 billion in 1992; and \$2.582 billion in 1993.

## A brainwashing program

Beyond all the propaganda, Pronasol is a brainwashing program not unlike the Maoists' Cultural Revolution, which seeks the reform of the Mexican state, the restructuring of the ruling PRI party elites, to win votes for the government, and to coopt independent and leftist political organizations. All of this is intended to establish a new political base of support under the corporatist control of the presidency, as a means of giving continuity to neo-liberal economic policies with the backing of the poor.

Every social program of previous governments is now accused of being "ruinous populism by a paternalistic state." Analysts of the speeches of the President and of other government officials about Pronasol have encountered a strange mixture of ideologies. The Italian Communist Antonio Gramsci is sometimes cited; Gramsci postulated that power would be given to civil society through the process of "social autogestion" and suppression of the bourgeois state, much like the Count Saint Simon who, together with other "utopian socialists" like Pierre Joseph Proudhon (of the "Philosophy of Misery") urged a "new entrepreneurial ethic." In practice, Pronasol translates into the re-creation of Adolf Hitler's "voluntary work armies."

To carry out this "cultural revolution" (reform of the state), the Salinas government is relying on an impressive political apparatus. From the very beginning of the program, suspicions were aroused by the fact that its facilitators were in the majority "former" leftist militants. On every level of

the Pronasol hierarchy, one finds “ex”-communists, “ex”-Trotskyists, “ex”-Maoists, “ex”-guerrillas from Mexico, Guatemala, Uruguay, and Argentina. Many of them have done jail time for acts of terrorism. All work on an intellectual level as the heads of promotion teams, as field organizers (all are self-dubbed “employees at the service of the people”). According to information put out by Pronasol, there are some 700,000 Solidarity “militants.” Arturo Martínez Nateras, former communist and current coordinator of Pronasol’s regional programs, says that the National Solidarity Program does everything. “If it’s a matter of settling accounts with a mayor, a Pronasol official appears to purge him; if one seeks to promote such and such a person, he is identified as a prominent member of the Pronasol family. Absolutely everything is decorated with the tricolor bow,” which is Solidarity’s emblem.

On June 10, 1992, the creation of a National Solidarity Institute was announced, whose purpose is to prepare “labor cadre who will be able to organize, represent, lead, and act under the Solidarity philosophy.” Documents of the institute complain that “labor organizations have been generally incapable of superseding the traditional forms of labor intervention and action.” Sources have revealed that the institute is offering courses propagandizing against the Mexican Labor Federation (CTM) and its leader Fidel Velázquez, the oldest and most established labor organization on the Mexican political scene. The “fourth historic reform” or “re-founding” of the ruling PRI party that has been announced, has as one of its primary objectives the incorporation of “Solidarity Committees” into the structure of the ruling party such that these become the party’s new base of support.

For the communists of the Pronasol family, the political line is: “With Solidarity, the balance of power in Mexico has been changed. There has been a transfer of power from the bureaucracy to the organized communities.” At the same time, these official communists are completely interlinked with the opposition communists organized around the Party of the Democratic Revolution (PRD), who have proclaimed that their fight against the International Monetary Fund and its policies is now over.

Adolfo Gilly, a national executive committee member of the PRD and a longstanding Trotskyist leader in Mexico, proposes the creation of new political organizations against those which “wasted the decade of the eighties with illusory slogans such as non-payment of the foreign debt. . . . The International Monetary Fund and World Bank have built-in and unavoidable guarantees so that no government in its right mind could, on its own, take the risk of that kind of measure. . . . The restructuring of Latin American capitalism [has done away with] the outmoded national-populist pacts for all time.” As Pronasol’s regional coordinator Martínez Nateras has indicated, Pronasol has become a parallel government at the local level, and in many states at the level of governorships, where Solidarity delegates have more political and

budgetary power than governors themselves.

## New budgetary structure

In May 1992, the national congress approved a presidential initiative to create a new cabinet post: Secretary of Social Development. The Pronasol structure has been integrated into that new department, which has not only replaced the Department of Ecology and Urban Development, but establishes a new ministerial hierarchy and new budget. The Secretary of Social Development coordinates the operations of the Departments of Education, Labor, Social Security; the State Workers Institute; Family Development; the National Housing Institute; Popular Housing Development; and the National Development Bank.

One of the main objectives of this reorganization is to reduce the costs of various public works projects, by using the semi-slave labor power provided by Pronasol. As the *Wall Street Journal* wrote on Jan. 8, “Because citizen participation minimizes labor costs and reduces waste, the program’s \$9 billion price tag is far less than what the government would have paid to do the work itself. . . . Solidarity road-building projects . . . cost just 70% of what the government used to pay to do the jobs.”

A Pronasol census revealed that there are 40 million officially poor in Mexico, of whom 17 million subsist under conditions of “extreme poverty.” It is among this sector of the population that Pronasol operates, not to combat the structural causes of poverty but rather to organize and convert it into a political force.

According to Salinas’s Fourth State of the Nation, address given Nov. 1, 1992, there are 100,000 “Solidarity Committees” spread throughout Mexico and organized by official communists. The people they serve have no place in the government’s neo-liberal economic model, since they are not even considered a reserve army of labor power. Instead, they are viewed as a potential organized battering ram against other Mexicans who have had access to “modern Mexico,” namely, the exploited *maquiladora* workers, those who still have a bit of land, those who are making starvation wages but are still organized in unions, etc.

According to the Salinistas, who hope to perpetuate their stay in power beyond the year 2000, it is the targeted victims of Solidarity who will demand that the dismantling of the state and of the national economy continue, that payment of the foreign debt be maintained, and that the International Monetary Fund and World Bank continue to govern Mexico. Herein lies the “success” of Pronasol, touted worldwide.

Salinas de Gortari has brought together Nazis and communists to work for the imposition of the policy of the international financial institutions. And for these supranational oligarchic institutions, the deal has come cheap: a mere \$9 billion spent so that in 1994 there will be a new government in Mexico controlled by Carlos Salinas de Gortari, Wall Street’s man.

# Menem claims that usury is Christian

by Cynthia R. Rush

Argentine President Carlos Menem announced with much fanfare during the first week of January that he intended to dedicate the second half of his term in office to a “preferential option for the poor.” Explaining that the economic policies that he and his finance minister, Domingo Cavallo, had applied over the past two years have “stabilized” the economy, Menem reported that significant funds were now available to combat poverty and show a more “humanized” side of capitalism. Close to \$2 billion will be allocated, he said, for an ambitious social plan to feed and employ the poor, provide medical services, take care of the elderly, set up new businesses, and rebuild cities. The amount of money allocated is “historic,” Menem crowed, claiming that no other Ibero-American nation can match it.

Has the Argentine President had a change of heart, after slavishly implementing the International Monetary Fund’s (IMF) policies over the past two years? Hardly. What worries him and his Anglo-American sponsors, is that the physical and human devastation wreaked by those austerity dictates, which he and his finance minister are committed to continuing in an even more draconian fashion in 1993, are creating political problems as well as a potential for social unrest.

Menem’s hopes of being reelected to the presidency in 1995, and obtaining congressional approval for the constitutional amendment which would make that possible, could be jeopardized by growing popular disgust with his policies and his government’s rampant corruption. Even more, his extremely unpopular government—polls place his popularity at an all-time low—could well be ousted, as was that of Collor de Mello in neighboring Brazil. For the past six months, Menem and Cavallo have found themselves repeatedly having to respond to charges that government policy is insensitive to the needs of the poor.

Any objective observer might conclude the same thing. Across the economic spectrum, Argentina is a disaster. The renewed outbreak of cholera in the country’s northern provinces, where Menem’s own health minister asserts that many agricultural workers “live like dogs” and “slaves,” is the best reflection of that. A decade of IMF austerity has wiped out sanitation infrastructure in metropolitan Buenos Aires,

a city of 10 million inhabitants, such that 6 million have no potable water, and 3 million live below the poverty line.

At the end of 1992, the country was shaken by reports that 500 retirees had committed suicide during the previous year, in despair over the fact that they could not subsist on a pitiful average monthly pension of \$150, when monthly expenses are five times that amount. There are constant reports of adolescent suicides, and growth of the AIDS and drug-consumption epidemics.

Industrialists and businessmen cannot stay afloat under the burden of prohibitively high interest rates—in some cases 50% annually—high taxes and debts, and no access to credit. Thousands of small and medium-sized businesses have gone bankrupt. Agricultural producers, the economy’s mainstay, have organized repeated protests over the past several months to demand a solution to their sector’s crisis. The flood of imports which has poured into the country as a result of the government’s free-trade policy produced an unprecedented \$2.5 billion trade deficit in 1992, compared to 1991’s surplus of more than \$1 billion.

The only people doing well are speculators and hot money operatives. In a 1991 report, the United Nations agency that monitors drug trafficking reported that Argentina has become a major drug money-laundering center.

## An elaborate fraud

The President’s new anti-poverty program, which will be overseen by Interior Minister Gustavo Béliz, is intended to address this wreckage—not to alleviate poverty or provide the basis for real industrial development. It is supposed to do what Mexican President Carlos Salinas de Gortari has done through the National Solidarity Program, or Pronasol: continue with the IMF’s austerity policy, but contain social unrest through a vast social control apparatus, consisting of “participatory” self-help and fascist local control programs. This, the argument goes, will allow people alienated by austerity and corruption to feel more “empowered.” And, as the *Wall Street Journal* pointed out in a Jan. 8 article on Pronasol, it will cost a lot less, because the poor people themselves will do all the work with picks and shovels.

In Mexico, Pronasol, or what Salinas calls “social liberalism,” has been endorsed by some high-level figures within the Catholic Church. In Argentina, Menem is taking his Federal Solidarity Program one step further. Through the involvement of Gustavo Béliz, a member of Opus Dei who is also a disciple of Wall Street’s favorite Catholic “theologian” Michael Novak, the idea is to portray the government’s program as coherent with the social doctrine of the church and with Pope John Paul II’s encyclical writings, especially *Centesimus Annus*. Some top figures among Argentina’s Catholic hierarchy have bought this fraud, arguing that the government’s adjustment policy shouldn’t be abandoned, but can be made more “humane.”

Béliz’s own writings, as well as the content of the pro-



gram he will oversee, make clear that he is merely attempting to put a Christian facade on the Anglo-American establishment's policy of smashing the sovereign nation-state, to facilitate bankers' looting of Argentina's human and natural resources. All of this is done in the name of "pluralism" and "democracy."

Beginning in August 1992, in his former position as public function secretary, and as the creator of the National Public Administration Institute, Béliz organized a series of conferences to publicize Menem's alleged shift to this happier form of capitalism. Among those brought to the country to promote the thesis were French economist Michel Albert; former State Department employee Francis Fukuyama, who openly advocates the destruction of Christian civilization; Novak himself; and Henry Kissinger. In numerous press interviews during his late August visit, Novak raved about "capitalism from below," and pointed to the work of the Swiss-Peruvian Hernando de Soto, as a successful example of how man's creativity can be "liberated" from the encumbrances of the "oppressive" state.

In his own book *Vale la Pena (It's Worth It)*, a series of essays published in 1992, Béliz regurgitates Novak's nostrums. He baldly states that "it is essential to lay the basis for a new humanism which allows us to *reconcile capitalism with justice and the market with the state.*" That is, to achieve the impossible task of reconciling the economic looting policies of British colonial agent Adam Smith, whom Béliz defends, with social justice.

That Béliz is committed to the international bankers' goal of smashing the nation-state is seen in the fact that in his entire book, he never once mentions the IMF or any of the other financial agencies whose austerity dictates have destroyed his nation over the past decade. Rather, he repeats the litany of Novakian formulations that the crisis has been caused by the state with its "damaging and discriminatory protection" and its "totalitarian temptations and absolutist tendencies."

## Social control

Béliz suggests that the underlying cause of Argentina's crisis is to be found in Ibero-America's culture, a not-too-subtle hint by this nominal Catholic that the Protestant "work ethic"—as lauded by sociologist Max Weber—might be more efficient than the existing predominantly Catholic cultural matrix. If the nation is to survive, he warns, a "new political culture" must be created, based on discipline and competition, creating a more modern managerial class, and eliminating "special interests." And if none of this manages to meet the citizenry's "unsatisfied demands," Béliz offers new forms of political representation and participation intended to keep them quiet: "intermediate associations, cooperatives, volunteerism, housewives leagues, and neighborhood clubs."

Discussing Argentina's Solidarity program in the Jan. 12

daily *Ambito Financiero*, Béliz stated outright that "state control is not sufficient. What is needed is greater *social control.*"

This is to be achieved by thoroughly decentralizing all of the vital functions and services normally relegated to the state, and distributing them through a network of small, community-based operations that function independently of each other. In his book, Béliz emphasizes that this type of deregulation will help eliminate "foci of corruption," by which he really means political machines that might offer resistance to the IMF.

As for economic development, the emphasis in the Argentine program is on *small* and *labor-intensive*. There is no mention of large infrastructure projects or development of scientific or technological capabilities, which were elaborated in Lyndon H. LaRouche's 1982 work *Operation Juárez* and *EIR's* 1983 book *Argentina Industrial: Eje de la integración iberoamericana (Industrial Argentina: Axis of Ibero-American Integration)*. Béliz's program calls for setting up 206 development poles, for example, to benefit 4 million people. Yet even government officials admit that at least 11 million Argentines, a third of the population, live in extreme poverty.

The economic activity in these "poles" will include small farm plots or *minifundios*, micro-enterprises, and municipal and urban development programs. The World Bank will offer financing for infrastructure and social programs in five provinces, to benefit 400,000 people. Urban employment programs will reportedly provide 4,000 jobs in labor-intensive projects. No one has yet explained how this will benefit 5 million Argentines who currently have no stable employment.

## Growing opposition

How successful this program may be remains to be seen. But judging from some of the public commentary, not everyone has bought Béliz's line that it is coherent with Christian doctrine. A column in the Dec. 7, 1992 *Página 12* described the plan as an "attempt to deepen liberal policies and humanize the adjustment in terms of Rome's social doctrine." But if it is successful, the daily warned, "it will permanently consecrate the exclusion of no less than one-third of the population from the benefits of modernization, in exchange for an unprecedented concentration of wealth and power; remove the specter of corruption from the government, while at the same time adopting measures tending to guarantee its impunity."

From within the church, the outspoken Msgr. Jorge Novak, bishop of Quilmes, called the new program a mere electoral ploy. The fact that the interior minister is a "militant Catholic" is irrelevant, the Argentine Novak (no relation to Michael) said. "This won't Christianize the government nor improve its image." The economic adjustment program, he added, "is intrinsically unacceptable."

# LaRouche defines a science of Christian economy against usury

Lyndon LaRouche's 1991 book, *The Science of Christian Economy*, develops the principled basis for the compatibility of Christian teachings and economic science. We reprint excerpts from the preface here, so as to highlight the distance from the anti-Christian doctrines of Michael Novak and company:

During the course of these next several pages, we shall come to the point at which we shall turn the attention of our ecumenical readership to numbered section 72, of the famous 1891 encyclical of Pope Leo XIII, *Rerum Novarum*. We shall then focus upon the concluding sentence of that section, and also upon the passage from Thomas Aquinas's *Summa Theologica* which the author of the encyclical has footnoted there. The referenced sentence of the encyclical's text reads thus: "For laws are to be obeyed only insofar as they conform with right reason and thus with the eternal law of God."

The footnoted passage from St. Thomas Aquinas's *Summa Theologica* reads: "Human law is law only in virtue of its accordance with right reason; and, thus it is manifest that it flows from the eternal law. And insofar as it [man-made law—LHL] deviates from right reason it is called an unjust law; in such case it is not law at all, but rather a species of violence."

A hundred years ago, *Rerum Novarum* treated the remedying of the evil then being run by a "devouring usury," which, "although often condemned by the Church, but practiced nevertheless under another form by avaricious and grasping men, has increased the evil" effected by the handing over of workers, "each alone and defenseless, to the inhumanity of employers and the unbridled greed of competitors."

At the time of the assassination of U.S. President John F. Kennedy at the end of 1963, approximately three-quarters of a century had passed. It appeared to most observers then, that the pleas for economic justice in *Rerum Novarum*, if not yet successful, were assuredly on the way to becoming so.

In the so-called "industrialized capitalist" sectors of this planet, the trade-union movement and other meliorist agencies had won, and were continuing to win cumulatively invaluable, and putatively permanent gains in human rights for most strata of the populations. Although a vicious form of

neo-colonialism had been established at the end of the 1939-45 World War, the spirit of the United Nations Organization's First Development Decade Project, and the U.S. Kennedy administration's Alliance For Progress, suggested a commitment to global justice paralleling, and perhaps echoing the rise of the civil rights movement inside the U.S.A. itself.

During the middle of the 1960s, that hopeful direction of development was reversed. During the recent quarter-century, social conditions in most parts of the world are far worse, on the average, than during the 1960s, and threaten to become soon far worse than one hundred years ago.

The impulses for evil which have caused this recent calamity are not altogether new. A conspicuously leading cause of the greatly increased immiseration and endangerment of the human species, during the past quarter-century, has been the willful murderousness with which such forms of the old "devouring usury" as so-called "International Monetary Fund (IMF) conditionalities" have been so widely, so murderously, so shamelessly applied to the precalculable effect of rapid and large-scale increases of death rates by means of malnutrition, disease, and related mechanisms.

The most striking of the various included features of the new evil, is the dominant influence of the so-called "New Age." This feature includes such presently pandemic expressions of this as the "rock-drug-sex counterculture," and increasingly irrationalist mass-murderous expressions of self-styled "ecologism," or "neo-malthusianism."

The "New Age" is not itself an entirely new form of evil. It is as old an evil as the pagan roots of gnosticism. Prior to the 1963 launching of the "New Age" as a mass movement within the United States, this form of New Age satanism was an endemic cancer in such forms as the theosophical existentialism of the followers of the proto-Nazi Friedrich Nietzsche, and the pro-freemasonic satanists of Aleister Crowley's networks.

What is notable on these accounts is the increasingly emboldened way in which the two evils, the "New Age" and usury, have exhibited their natural affinities for one another, combining their forces in even the highest places of Anglo-American power, to demand, in the misused name of "freedom" and "ecology," the rapid extermination and global out-

lawing of every scientific and moral barrier which has hitherto existed as impediments to rampaging immiseration and dictatorial oppression of mankind.

Such are the leading characteristic distinctions between the problems immediately addressed one hundred years ago, and today.

The former hegemony of scientific and technological progress, upon whose continuation the existence of our populations depends, is being suppressed by both the loss of simple rationality in the education of the young, and by the spread of the paganist cults of anti-science, irrationalist "ecologism." As a concomitant of such specific, catastrophic effects as this one, those European and American forces which are committed to calculated mass-murder of populations of all developing nations, and which are committed to the extermination of the Christian faith and conscience, have come plainly into the ascendancy in the policy-making processes of most of the governing international and national governmental institutions which have gained leadership and dominance over this planet today.

### The ecumenical standpoint

We propose that it is necessary, but not sufficient to view the referenced state of affairs from a Christian standpoint; for practical reasons, it is essential that even the Christian standpoint itself be presented here from an ecumenical standpoint as *ecumenical* is typified by Cardinal Nicolaus of Cusa's dialogue, *De Pace Fidei*. . . .

Faith may read those writings it deems sacred, or authoritative commentaries on such writings. Or, faith may "read the bare book of universal nature," a book which plainly has been written directly by none other than the Creator himself. It is certain to all men and women of ecumenical good will, that the two kinds of books—the written ones, and the book of nature—cannot contradict one another, on condition that the written one be true, and that both the written and the natural one be read by means of the inner eye of true reason.

So, where doctrinal writings differ, we may turn the eye of ecumenical reason to the common book of nature.

Let us argue the point in the following, twofold way. We emphasize, on the one side, the ecumenical notion of *intelligible representation* of a principle of knowledge of cause-effect in our universe, a means by which all men and women, despite differences in profession of monotheistic faith, may be brought by their own powers of reason to agreement upon a common principle of law. Second, we emphasize the importance of stressing *Christian* principles of Christian civilization as *Christian*, even within the framework of a monotheistic ecumenicism. . . .

### Physical Economy

By the nature of the case, there is no field of inquiry which unites all subjects of human reason—law, science,

art—as directly, as immediately, as the science of Physical Economy which was founded by Gottfried Leibniz. That is a special standpoint of the work we preface here.

As is to be seen in summary in the appended document, *Physical Economy* is the science of *successful change*, a study of the dependency of the continued existence of a society upon *successful* forms of successive generation, transmission, and efficient assimilation of fundamental scientific progress. The measure of that effective progress is an increase in what Physical Economy defines as the rate of increase of the potential population-density of that society as a whole. That thus serves as an efficient empirical measurement of both the appropriateness of the society's way of changing its method of reasoning, and, therefore, the appropriateness of the principle of change adopted for that practice.

Any society which defies those considerations, is threatening its own continued existence, and, a society implicitly becoming an abomination in God's eye, a society which is not only losing the moral fitness to survive, but which, by God's clock, will not long survive in its present form.

Historically, to date, the closest approximation of a form of political economy consistent with Christian principles is the so-called *mercantilist* form growing out of *Colbertisme* in France, and the far-reaching influence of Leibniz. This outgrowth came to be known by the name given to it officially by U.S. Treasury Secretary Alexander Hamilton, "the American System of Political Economy." This name came to be associated with the work of the U.S. economists Mathew and Henry Carey and of Germany's Friedrich List.

The deadly adversaries of the so-called "mercantilist," or "American" system, were the Anglo-French-Swiss known in the early eighteenth century as the "Venetian Party." This was the political faction allied against Leibniz and his friends, and allied with the first Duke of Marlborough, allied with the networks of Voltaire, with the Physiocrats, and with so-called eighteenth century "British liberalism" of Hugh Walpole, David Hume, Shelburne, Adam Smith, Jeremy Bentham, and Thomas Malthus generally. These Physiocrats and liberals were the chief guise for the pro-usury faction of that century.

That issue of the eighteenth century is more efficiently understood by emphasizing that the liberals and *illuminati* of Voltaire's eighteenth century were committed to a return to the model of a pagan imperial Rome. Hence we call them "romantics." These romantics were dedicated to the overthrow of Christianity for the purpose of advancing their *romantic imperial utopianism*. That is the root of the structures of sin in Western European and North American civilization today. These were then, and are still today both the pro-usury faction, and the utopian cultural form from which the present-day satanic "New Age" utopianisms have sprung. . . .

## 'Religious' wars in Mideast next on the bankers' agenda

by Joseph Brewda

With just two days remaining in President George Bush's term of office, American, British, and French warplanes staged their third strike on Iraq in less than a week. The actions were so provocative that the Arab League, which had supported the 1991 war against Iraq, was forced to state that it "rejects" the raid, and "regrets" the escalation; even Saudi Arabia distanced itself from the action, calling for implementing U.N. resolutions regarding Israel's deportations of Palestinians and the Serbian slaughter in Bosnia.

The Anglo-American banking elites have opened up a new phase of a long-term plan to set the entire Islamic world aflame through such incidents. Bloody coups and counter-coups, civil and regional wars, and especially religious conflicts are planned. By pitting the North against the Islamic world, the Anglo-Americans intend to ruin any possible cooperation between continental Europe and Japan, and the Third World.

It might be thought, or hoped, that the incoming Clinton administration might break with the imperial policy associated with Bush, as Iraqi Ambassador to the U.N. Nizar Hamdoun, for one, has expressed it. But for Clinton to change policy would require a war with the same establishment that decided last spring to back him and dump Bush. Moreover, the plan to set the Islamic world aflame was first put into practice under the Democratic Carter administration, and continued under Reagan and then Bush. The architect of the policy, Princeton University professor Bernard Lewis, is a mentor of new Secretary of State Warren Christopher.

Freshly examining this policy a few days prior to Clinton's inauguration, former presidential candidate Lyndon LaRouche stated, "There's a plan to get a war going with Islamic fundamentalism internationally." LaRouche report-

ed that as part of preparing for that war, the Anglo-American establishment is actually planning to bring the Islamic fundamentalists into power, through "committing atrocities" as in Bosnia or against the Palestinians, "which will cause the Islamic fundamentalists to come to power because of these European-American atrocities. And then once the fundamentalists come to power, in Egypt, for example," the Anglo-American establishment "can declare that the Islamic fundamentalists are fanatics, and they are an enemy of civilization, and we have to do something about them."

The result of this policy will be "general war against Islamic fundamentalism, ranging from the Philippines and Indonesia, all the way, I suppose, to the United States itself, where the Islamic minorities would come under persecution."

In reviewing the attack on Iraq, LaRouche also noted that it has been motivated by the fact that "it is the only oil-exporting Arab nation . . . which did anything consistently for its people." "The Iraqi people," he went on, "have been increased in population and greatly uplifted in their education level, in their economic conditions, and so forth, under Saddam Hussein. That was simply a policy of plowing back national income into education, health care, investment in industry, agriculture works, and so forth. So this image of an Arab nation which has 'gotten above itself,' didn't keep in its place, didn't stay poor and ignorant; this is something these guys wish to destroy."

### A series of provocations

In order to get this process under way, the Anglo-Americans are everywhere confronting the Arab and Islamic world with atrocities, while at the same time justifying these atrocities in the most outrageous way. For example:



*Lyndon LaRouche, who forecast the Balkans war in 1988, today warns that satanic forces are fomenting conflict between Christians and Muslims.*

● **Iraq.** Iraq has now entered the 30th month of a U.N.-imposed embargo which is killing large numbers of children and elderly daily. Well over 150,000 Iraqis were killed in the 1991 Gulf war. Anglo-American mouthpieces have justified this embargo, and the recent raids, as necessary to “uphold U.N. resolutions and international law,” and to “prevent genocide” by the Iraqis against Kurdish and Shiite minorities in Iraq. Additionally, such spokesmen have claimed that the raids are necessary because Iraq has violated a “no-fly” zone that the United States, Great Britain, and France (not the United Nations) imposed over northern and southern Iraq.

No matter what Iraq does or does not do, the sanctions and other punitive actions will continue. The “allies” have made clear that no honorable compromise, or even dishonorable compromise, will be accepted. Even the Egyptian government and Saudi Arabia have had to distance themselves from the U.S.-led action.

● **Bosnia.** Hundreds of thousands of Bosnian Muslims currently face death over this winter through starvation, the lack of fuel and shelter, and the war. Television images broadcast worldwide leave no doubt that the rape camps and related atrocities carried out by the Serbians are equivalent to the Nazi war crimes that Israel and the West continually evoke, *ad nauseam*, to justify Israeli Nazi-like crimes against Arabs.

Yet a “no-fly” zone which the U.N. declared over Bosnia is not enforced. Serbian planes regularly provide Serbian

units with the ammunition and other supplies to kill all the more. Moreover, the U.N. is enforcing an arms embargo against Bosnia, while not so covertly allowing Serbia to regularly receive arms from Greece, Romania, and, according to some evidence, Israel. Demands for action by various Islamic countries and by the Islamic Organization Conference, have been routinely dismissed by Anglo-American and French spokesmen.

● **Israel.** Four hundred and fifteen Palestinians now sit in the freezing cold in the south of Lebanon, expelled by the Israeli government, without trial and in overt violation of the U.N. Charter, the Geneva Convention, and numerous international laws. Even the U.N. Security Council has been forced to (cosmetically) condemn Israel’s action. Israel continues to defy the U.N. and to claim that U.N. resolutions can have no bearing on its policy. “As you know, the government of Israel sticks to its decisions,” in the words of Foreign Minister Shimon Peres.

Simultaneous with such provocations, western media have repeatedly warned of the dangers of the “Islamic bomb,” while saying nothing of the “Christian,” “Jewish,” or “Hindu” bomb. International Monetary Fund conditionalities have savagely cut the standard of living of virtually every country in the region, and deeper cuts are demanded. The frustrated and embittered Arabs are being pushed and pushed. Saudi and Iranian agents, meanwhile, covertly acting according to the Anglo-Americans’ gameplan, are pre-

paring suicidal "counterattacks."

In this degenerating environment, what happens when Jewish zealots blow up the Al Aqsa mosque in Jerusalem, as they have repeatedly attempted to do? What happens if the Hindu zealots of the Israeli-linked BJP party destroy more mosques in India, as they did in Ayodhya, leading to riots that killed hundreds? For one thing, the strategic planners in the U.S., Britain, and France are already talking about a regional nuclear war. "A nuclear war in the region in five years," was the forecast and threat of Harvard University's Samuel Huntington, who is expected to get a significant post in the Clinton administration. One apparent plan is to provoke a nuclear war between India and Pakistan, or to provide the pretext for an Israeli nuclear assault on a neighbor. The control maintained by Britain of so many of the violently competing political, religious, and ethnic movements of the Indian subcontinent, makes the possibility of a Hindu-Muslim war especially grave.

### **Bernard Lewis's plan**

While much of the thinking behind such policies is never revealed publicly, important features of the plan have been made public by its primary author, Bernard Lewis. Writing in the fall issue of the Council of Foreign Relations' *Foreign Affairs* journal, Lewis puts forward how this plan, which he had drafted in the 1970s, should be revised and updated for implementation in the current "post-cold war period." Lewis calls for a policy of "Lebanonization," referencing the 17-year civil war set up by former Secretary of State Henry Kissinger. The war, which pitted Catholic, Palestinian, Shi'ite Muslim, Sunni Muslim, Druze, and Greek Orthodox populations against each other, resulted in the de facto partitioning of Lebanon by Israel and Syria.

"The eclipse of pan-Arabism," Lewis writes, "has left Islamic fundamentalism as the most attractive alternative to all those who feel that there has to be something better, truer and more hopeful than the inept tyrannies of their rulers and the bankrupt ideologies foisted on them from outside."

Elaborating on the subversive capacities of that variety of fundamentalism run by Britain, he adds: "In a program of aggression and expansion these movements would enjoy, like their Jacobin and Bolshevik predecessors, the advantage of fifth columns in every country and community with which they share a common universe of discourse. There is also the possibility that they might have nuclear weapons, either for terrorist or regular military use."

"Most of the states of the Middle East," he gloats, "are of recent and artificial construction and are vulnerable to such a process. If the central power is sufficiently weakened, there is no real civil society to hold the polity together, no real sense of common national identity or overriding allegiance to the nation-state. The state then disintegrates—as happened in Lebanon—into a chaos of squabbling, feuding, fighting sects, tribes, regions and parties."

## **John Paul II rejects anti-Islamic crusade**

by Umberto Pascali

"States no longer have a right to indifference. It seems clear that *their duty is to disarm this aggressor*."—Pope John Paul II, speaking on Bosnia.

"They insist that the pope should be the chaplain of the new world order, they insist that he lend himself to a sort of anti-Islamic crusade. No way!" The Roman observer talking to *EIR* is indignant. By "they" he means the Anglo-American and U.N. elite that is promoting the wars against Bosnia and against Iraq. Father Vadroslav Halambek, who is in charge of the Croatian department of Vatican Radio, similarly rejects any suggestion that Bosnia is an "Islamic fundamentalist country." "Bosnia is the most secular country you could find. But someone is interested in creating this fundamentalist scenario to help Serbia's conquest." Unfortunately, while the Serbians are preparing to attack Kosova and Makedonija using the pretext of the "Islamic danger," leaders such as Croatian President Franjo Tudjman and Bulgarian President Zhelyu Zhelev are giving credence to that false charge.

It is thus of crucial importance that over the last weeks, Pope John Paul II has made a special effort to clarify not only that he and his church reject that "Islamic danger" hoax, but that he is calling for a just and adequate defense of Bosnia's rights.

On Jan. 19, Archbishop of Sarajevo Vinko Puljic announced that the pope had accepted his invitation to visit the besieged Bosnian capital of Sarajevo. "I invited him with all my heart because the Holy Father has shown so much interest in Bosnia and our problems, especially at the present moment," Puljic said in an interview with the *Il Messaggero* Italian daily. "The pope and [Vatican Secretary of State] Cardinal Sodano have assured me that the invitation has been accepted and they are now studying concrete possibilities for the visit. The pope is ready to come to visit us."

### **There is no right to indifference**

*The following remarks are from the annual New Year's address to the diplomatic corps accredited to the Holy See, delivered by John Paul II on Jan 16. He addressed the 145 ambassadors in the Regia Hall of the Apostolic Palace and reviewed conflicts and political situations all over the world—Europe, the Middle East, Africa, Asia, and Ibero-America. His strongest words concerned the situation in Bosnia.*

"The international community ought to show more clear-

ly its political will not to accept aggression and territorial conquest by force nor the aberration of 'ethnic cleansing.' . . . Today as in the past, despite the more or less compelling documents of international law, man and his needs unfortunately continue to be threatened, to such an extent that in recent months a new concept has emerged, that of 'humanitarian intervention.' . . . Once the possibilities afforded by diplomatic negotiations and the procedures provided for by international agreements and organizations have been put into effect, and that, nevertheless, populations are succumbing to the attacks of an unjust aggressor, states no longer have a right to indifference. It seems clear that *their duty is to disarm this aggressor*, if all other means have proved ineffective.

"[Europe's] institutions are being ignored. All peace efforts of recent years have been, as it were, destroyed. . . . The whole of Europe is being humiliated. . . . Humanitarian law, a laborious achievement of this century, is no longer being respected. . . . The most elementary principles governing social life are being scoffed at by veritable hordes spreading terror and death.

"Finally, those who indulge in such actions and those who excuse or justify them, will answer for it not only before the international community, but still more before God."

John Paul II offered four principles to world leaders and to those who "have in their hands a weapon in order to attack their brothers and sisters." Three of the principles were that a war of aggression is not worthy of man, the moral and physical destruction of the enemy or stranger is a crime, and practical indifference in the face of such forms of behavior is a *culpable omission*.

*The following excerpts are from a homily at the ecumenical Prayer Vigil organized by John Paul II "to pray and fast for peace in the Balkans and Europe," on Jan. 9 in Assisi.*

"This is the second part of our Vigil. It is taking place, for us Christians, in the Upper Basilica of Saint Francis. The representatives of Islam have gathered in another part of this Sacro Convento as have some representatives of Judaism. . . . How can hostility continue to exist in the world? How can hatred continue to exist? . . . These are the questions which tonight we feel we must ask everyone, including ourselves, in the face of the tragedy of Bosnia-Herzegovina. . . . Are not all these disasters the reflection of that battle that opposes good and evil, which sets up a society based on selfishness and greed against the civilization of love? . . .

"Is it even possible to deprive a man of the right to life and security because he is not one of us, because he is the 'other'? To deprive a woman of the right to her integrity and dignity because she is not one of us, because she is the 'other'? And again to deprive a child of the right to a sheltering roof and the right to food because this child is on the side of the 'other'? . . . Are we not all children of one God? . . .

"How is it then that there is so much violence around us

. . . ? What have we done with the Lord's gift, with his precious inheritance? Have we preferred a peace 'as the world gives'? A peace consisting of the silence of the oppressed, the powerlessness of the vanquished, the humiliation of those individuals and peoples who see their rights trampled upon? . . . Peace on earth is our task, a task for men and women 'of good will.' . . . Each of us is called to follow that path . . . proclaiming the rights of each and all; affirming the dignity of every man and woman of whatever ethnic group, color of skin, or religious denomination; denouncing acts of violence and oppression . . . these are some of the steps which tonight, as heir of Jesus's peace, we commit ourselves to taking."

To convey the seriousness of his intention most forcefully, the pope offered himself as the leader in this commitment. Quoting the opening of the famous prayer by St. Francis, in whose city of Assisi the service occurred, he prayed, "Lord, make me an instrument of your peace."

## Vojvodina fears a Serbian pogrom

by Tibor Kovats

*Dr. Tibor Kovats is a spokesman for an interparliamentary working group, New Europe—Peace through Development, based in Budapest. He is also a leader in the Hungarian Association of Former Political Prisoners. The following article appeared in the Dec. 25, 1992 issue of the French bi-weekly Nouvelle Solidarité and has been translated from the French.*

The war in former Yugoslavia which has grabbed the attention of the world for several months has already caused over 10,000 deaths and a million refugees. But it will not stop there; there are other peoples and other regions which are in a situation analogous to that in Croatia, Slovenia, and Bosnia, and which are at risk of sinking into oblivion, and their problems are neither less important nor less immediate.

This is what is going on in Vojvodina, a region in the north inhabited by Hungarians and Germans, and in Kosova, a region in the south, the majority of whose population is of Albanian origin. These peoples are oppressed and discriminated against, and the Serbs are making a mockery of their fundamental rights.

Let us look at the history of the problem. The region today known by the name of Vojvodina is an artificial creation: it was formed after the First World War by the violent conquest of territories (among them those populated solely by Hungarians), under the pretext of restoring to Serbia those regions

of Hungary populated by Serbs. In the 18th and 19th centuries, the Serbs and others had planned to establish themselves in less-inhabited border areas, and in 1918 comprised less than a third of the total population.

Now, the ethnic repartition is very heterogeneous, comprised of 20 different nationalities, in which the Serbs make up at most 55% of the population. They mostly live in the south, along the Danube-Timis line, whereas, as one approaches the present Hungarian border, the majority of the population—despite the massive colonization of Serbs in the south—is Hungarian.

The official statistics give the Hungarian proportion of the population as 20%—which comes to 400,000 people for the region as a whole—but they are either mistaken in their counting or they are not counting the difference between the north and the south. Worse, they could easily have been falsified, given the systematic and overt intimidation that has taken place since the latest elections. It is a known fact that the Hungarians dare not let themselves be *officially* known as Hungarian.

### Repression and injustice

The pressure for Serbian nationalism which is being put on the Hungarians, of course, is nothing new, but since the outbreak of war, there are fears of the spread of “official” pogroms. A brief glance at the repressive measures that have been imposed gives one an idea of the situation and the conditions of life for Hungarians since Vojvodina was restored to Serbia:

- After the end of the Second World War and the conclusion of the new peace treaty, more than 40,000 Hungarians disappeared under conditions that have not been explained—right in the heart of Europe.
- The statute of autonomy for Vojvodina was suppressed in 1988, without asking the residents for their opinion, and the region was placed under the direct control of the Serbian government.
- Since last year, the Hungarian language, already strongly discriminated against, was no longer acknowledged as the official language of Vojvodina.
- A dozen laws were voted up this year, with the strong imprint of discrimination with regard to Hungarians.
- The most recent decree, of Jan. 30, 1992, re-carved the different districts of Vojvodina, *splitting up by force* the Hungarian areas and pasting the pieces together in other areas. In this manner, they are trying to prevent the Hungarians from regrouping and defending their interests at the local or regional level.

### The ghost of Ceausescu

These measures of ethnic dilution and breakup had been practiced and imposed under the communist regime of Nicolae Ceausescu in Romania.

- Finally, there has been a declaration enforcing the use

### Six republics of the former Yugoslavia



of the Cyrillic alphabet in the region.

- The closing of Hungarian schools, kindergartens and other buildings, theaters, and museums dedicated to this culture and language is expected;
- Whereas the Serbian Orthodox Church has, thanks to the state, recovered the property that had been confiscated under Tito, the Catholic Church, which represents the Hungarians and Germans, has had nothing returned to it.
- Hungarian and German publications have received no state subsidies and have been subjected to censorship.
- The Hungarians are systematically discriminated against in employment, etc.

More than anyone else, it is the declared Hungarians who are being forcibly recruited for Serbia’s aggression and conquest of territory in Croatia and Bosnia.

The methods are reminiscent of the worst years of Stalinism, where people’s houses were surrounded in the middle of the night, and citizens were purely and simply taken away. Even though Hungarians only comprise 3% of the total population of Serbia, Kosova, and Vojvodina, they make up 8% of the Federal Army, that is, more than double!

This is why the young declared Hungarians are fleeing into Hungary—their numbers have already risen to 25,000. Several Hungarian villages in the region of Baranja-Slavonia have been entirely razed and their inhabitants deported. The churches are systematically destroyed, in order to leave no trace whatever of Hungarian and German birth certificates.

Where will this process end? These measures are in the interests of no sector of the population.



# Croatian patriots resist freemasonic penetration

by Umberto Pascali

Since the beginning of Serbian aggression, Croatia and Bosnia have also been the victim of another army: Freemasonry. The two articles we report on below, one from the leading weekly *Danas* and the other from the daily *Vecernji List*, are symptomatic of the kind of underground war now raging. Over the last weeks and months, other Croatian media have been dealing with the subject. Indeed, most of the articles on the "brotherhood" have been obviously directed toward recruiting to the Masonry. The piece by Jure Ilic is an example of this; the courageous article by Aleksandar Shiroka is the exception, and the voice of the anti-masonic resistance.

Note that the triumphalistic piece by Ilic (we don't know whether consciously or not), is stuffed with falsehoods. To cite just a few: It is absolutely false that Masonry is a "reflection of a country's democracy." The Greater Serbian organizations have always been affiliated with the British Masonry and in parallel with British intelligence. The dictator of Yugoslavia, Marshal Josef Broz Tito, was a Mason.

Second, there has been no "reconciliation" between the Catholic Church and Masonry. Rather, the highest level of the Vatican, including on several occasions Cardinal Joseph Ratzinger, has restated the absolute incompatibility between being a Catholic and being a Mason. The "conciliation" line is being spread by the Masonry especially in the case of Croatia, because the country is traditionally Catholic and, contrary to other historical so-called "facts" reported in *Vecernji List*, has always put up strenuous resistance to masonic penetration.

Third, concerning the task of the Mason "to educate and perfect himself . . . to act among ordinary people to spread and apply his acquired knowledge," the whole world knows at this point how much Masonry reeks of dishonesty, secret plots, and destabilization schemes. Just look at the Italian Propaganda-2 (P-2) lodge, or the revelations in the British media.

Fourth, the claim that a "majority" of U.S. Presidents were active Masons is absurd; no more than 14 Presidents had any ties to the Masonry at all.

Fifth, concerning the help Masonry can give to Croatia because of its "international connections": We all know very well about those international connections. The article by

Shiroka, for one, is quite clear. The open recruiting appeal that exudes from every line in the essay by Ilic should not obfuscate that the Scottish Rite is an instrument—and officially so through the leadership of the Duke of Kent (cousin of Queen Elizabeth)—of Anglo-American imperialism, the same imperialism that, in agreement with their nominal adversaries in Moscow, has kept the world and "Yugoslavia" in an iron grip known as the Yalta system. We suggest that Mr. Ilic and his sponsors do some research on the possible connection between the French and British Masonry in sponsoring not only the Serbian terrorists of the Black Hand (the assassination of Archduke Ferdinand in Sarajevo on June 28, 1914), or a connection with the creation of Yugoslavia, or with the support Slobodan Milosevic is receiving to carry out his genocide in Bosnia, Croatia, and elsewhere. And let's also look at the role of the "brotherhood" in the activities of the U.N. "peacekeeping" operations (Unprofor), or of its officers like Gen. Philippe Morillon and Col. Patrice Sartre who are aiding Serbian aggression.

The idea that adhering to Masonry is a patriotic act for a Croatian is sickening. Maybe one would make a career, just by obeying orders. But what will a Croatian do when those orders involve setting up his own country?

An informal anti-masonic resistance group has informed *EIR* that the U.S. millionaire of Hungarian descent, George Soros, is raiding the place, buying heavily into Bosnian and Croatian media. He is also reportedly creating a school of "democratic" journalism, where journalists are taught the "politically correct" line of the new world order. It is easy in countries destroyed by a war of aggression and isolated by an embargo to seemingly buy a lot with little money. The attitude of Croatian President Franjo Tudjman, his incredible acceptance of the U.N. Geneva plan and his recent attacks against "fundamentalist" Bosnia, appear to fit this pattern.

But as a Croatian patriot told *EIR* recently, "These are tricks aimed to break us from the inside. We have enemies outside, but also have been penetrated from the inside. Despite appearances, I do not know many Croats ready to trade their country for a career or to bend 33 or more degrees in exchange for political, financial protection."

### Croatian weekly rips Pike, Scottish Rite

*“Serbian Aggression Encouraged by Masonry—Are the Numerous Conflicts in the World Today Just Accidents or Well-Organized Actions by the Self-Proclaimed Caretakers of the World?” This is the headline of a two-page article against Albert Pike and the Southern Jurisdiction of the Scottish Rite Freemasonry published in the Jan. 15 issue of the Croatian weekly Danas. The author is Aleksandar Shiroka of the Croatian Information Center in Montreal. According to journalistic sources, the article was supposed to be published five or six weeks earlier, but, because of pressure from inside the magazine, the publication was delayed.*

*These developments indicate that Freemasonry is exerting strong pressure to establish itself solidly in the new Republic of Croatia. According to sources, emissaries have also recently traveled to Washington, D.C. to meet the leadership of the Southern Jurisdiction at the Masonic Temple at 1733 16th Street N.W. It seems that a foreign affairs department editor lost his job over this article. Independent sources have described the article as largely accurate, although the masonry certainly existed in Croatia prior to 1990. Excerpts follow. Subheads have been added.*

After almost 90 years, the almost-forgotten statue of an American Confederate general, Albert Pike (1809-91), erected in a square close to Capitol Hill in Washington, D.C., caused a storm of interest in the United States. It all started last fall when a Baptist minister, James Bevel, started a big campaign for the removal of the statue of the creator of the dark, racist organization called the Ku Klux Klan, responsible for the evil against the black population of America and for the creation of racism that spread far outward from the American continent. Albert Pike became a Chief Judicial Officer of the Invisible Empire and, in 1859, Commander of the Supreme Council of the 33rd Degree of the Southern Jurisdiction of the United States of the Scottish Rite. The American public was surprised that the notorious KKK derives from that wing of the Scottish Rite, since a great deal of the members of the American establishment belonged, and still belong, to that Masonry.

After the first reactions in the American media—and we want to single out the respectable *Washington Post* of Oct. 28, 1992, which comments with disgust about the unpleasant discovery—the story soon crossed the Atlantic and assumed a new dimension in Italy, where the Italian magistracy has

ordered an investigation of a secret lodge of the Scottish Rite, called “Albert Pike,” in San Mango d’Aquino in Calabria, established to facilitate the cooperation of the Masonry with the Italian and American mafia. The “Albert Pike” Lodge is a secret heir of the Propaganda-2 (P-2) Lodge, which was closed after the murder of former Prime Minister Aldo Moro and the discovery of indisputable evidence of the connection of its members, especially its leader Licio Gelli, with that event. The police are particularly interested in Gelli’s heir, Elvio Sciubba, a special emissary of the American Southern Jurisdiction in eastern Europe.

But before we explain Sciubba’s activities, let us mention that both Gelli and Sciubba are heirs of the dark politics of Giuseppe Mazzini, a member of the Scottish Rite of the highest order and one of the chiefs of the British Intelligence Service in the 19th century, a personal friend of Albert Pike. Through the masonic Brothers, Mazzini developed a worldwide intelligence network in order to destabilize Europe and especially Italy, in order to destroy the power of the Vatican and Christianity as a whole. His best known weapon was the formation of so-called “youth” movements, Young Italy, Young Turkey, Young Germany, etc., and along these lines emerged Young Bosnia.

#### The killing of Archduke Ferdinand

The Grand Lodge of Yugoslavia . . . after the relative failure of the 1848 revolution—the Austro-Hungarian monarchy survived—Mazzini and British Intelligence changed its strategy and successfully finished the project with the murder of Franz Ferdinand in Sarajevo in 1914. Behind that assassination stood the Belgrade [Serbian] masonic organization Black Hand, Young Bosnia, and the British Intelligence Service that organized the April 1914 demonstrations in Belgrade in order to force the Belgrade government of that time to break the peace agreement with Germany and enter the war. The move of French President François Mitterrand, a member of the Grand Orient Lodge who visited Belgrade exactly on the anniversary of the assassination of Archduke Ferdinand, can be analyzed from that standpoint.

Exactly one year before the open aggression of the Yugoslav Army against Croatia, on Saturday, June 23, 1990, the Grand Lodge of Yugoslavia was opened officially. *Danas*, on July 3, 1990, reported that event with great enthusiasm. On that occasion, in a secret ceremony, the Grand Master Zoran Nenezic, one of the rare bearded Masons, was initiated. Already by February 1991, Nenezic was being trained by his American Brothers in California, where, in Long Beach, he was elevated to the 32nd degree. In February 1992, Zoran Nenezic’s picture appears in the *Scottish Rite Journal*, the organ of the Southern Jurisdiction, together with the aforementioned Sciubba and other Brothers during their meeting in Prague in November 1991. Here, Nenezic was promoted to the highest degree, the 33rd.

In that period, Sciubba was very active in all of eastern

Europe. And at the very same time, that part of Europe went through the greatest crisis since World War II: the Polish economy being destroyed by the shock therapy of Harvard Prof. Jeffrey Sachs, a free market fanatic; Czechoslovakia falling apart; the former Soviet Union in an economic war and political chaos; and Croatia and Bosnia-Herzegovina going through the greatest destruction of their history. One of the consequences of that situation has been a huge wave of refugees from eastern Europe, especially from Croatia and Bosnia-Herzegovina, toward Germany, making the economic and political situation in that country particularly unstable.

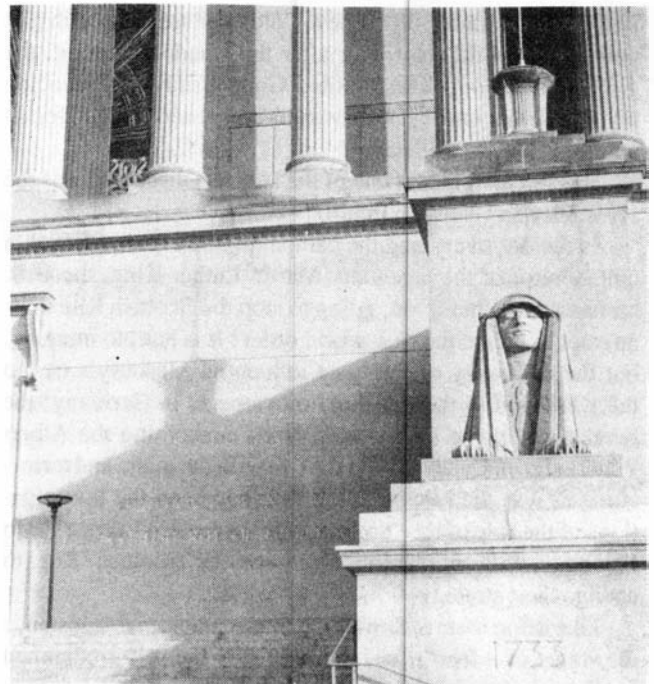
But "help" comes from the other side. According to the Italian Catholic daily *Avvenire* of December 1992, a whole plan of activities is plotted by the American KKK and the Skinheads in Germany, together with the former East German secret police, the notorious Stasi. In the spring of 1990, Dennis Mahon, Grand Dragon of Tulsa, Oklahoma, arrives in Germany to train his "buddies" in martial skills. In September 1991, during a concert in Ingberg, the proclamation of the birth of the German section of the movement takes place. The official newspaper of the German police, *Magazin für die Polizei* of November 1992, carries the picture of a hooded KKK member on its front page. The issue is dedicated to the foreign groups active in the destabilization of Germany, and it talks about the KKK and Mahon. . . .

### Venetian oligarchs targeted

While moves are made to destabilize Germany and to degrade the idea of United Europe, at the same time that the Vatican and Catholics are being attacked. With similar methods, a wave of anti-Semitism is inspired in Poland, a traditionally Catholic country, and a similar attempt is made in Croatia.

But there are other methods: Recently the American publishing house Prometheus, based in Buffalo, New York, published a book written by the Serbian communist Vladimir Dedijer, *The Yugoslav Auschwitz and the Vatican*, with the subtitle "Croatian Massacres of Serbians in World War II." The book is full of lies and falsehoods. In the original, that book was titled *Jasenovac and the Vatican*, but the American publisher obviously decided to give it more "weight" with "Yugoslav Auschwitz," in order to associate Nazi Germany directly with the Vatican. It is very obvious why the book appears now, when the decision over whether to protect the non-Serbian population is being debated. . . .

It is hard not to notice a certain parallel in historical events. The Venetian banker and Mason Giuseppe Volpi was frequently seen in 1913-14 in Belgrade with the Serbian General Apis and his secret organization the Black Hand, which organized the murder of Franz Ferdinand. With his Venetian friend, Count Carlo Sforza, Volpi created a Yugoslav government on the island of Corfu during World War II, while in 1920 he prepared an agreement in Rapallo by which Croatia lost great portions of Istria.



*The sphinx at Scottish Rite headquarters at 1733 16th Street, N.W. in Washington. Emissaries are said to have traveled from Croatia to get their marching orders here.*

Before the Serbian aggression against Croatia in 1991, Elvio Sciubba is in close contact with Belgrade. The bearded Mason, Zoran Nenezic, contrary to the masonic rules, was promoted to the highest degree of the Masonry in only one year, and another Venetian "Brother," Gianni de Michelis, the Italian foreign minister, negotiated secretly at that moment with the future President of Yugoslavia, Dobrica Cosic, on a new carving up of Croatian territory. At the same time, he refuses to accept Croatia into the European Community with the help of the same Masonry of Lord Carrington.

The Southern Jurisdiction of the Scottish Rite, besides Lord Carrington, also includes George Bush, James Baker, Henry Kissinger, and Lawrence Eagleburger. At the time of the Yalta conference, where the destiny of Croatia and Bosnia-Herzegovina was decided, Churchill and Roosevelt were also members. If one is to judge from the most recent meeting of the Grand Masters from all around the world in the Mother Lodge of the Scottish Rite in London in September 1992, they are quite happy with the events in Europe. While in their spring meetings on the island of Capri and in Barcelona, European issues still dominated, at their last meeting the focus was totally on Asia.

Not long after their meeting, India found itself on the verge of exploding into a religious confrontation, along with Hong Kong. The conclusion was that the democratization of Hong Kong is a good tactic, since if China accepts it, the road is opened to the destabilization of China and a possible partition. And if China does not accept it, which is more

likely, the conditions for a new Cold War are created in that part of the world. Not long after the London meeting, the governor of Hong Kong visited Great Britain, announcing that the democratic process was to be opened in that British colony. The rest we know.

It is interesting that one of the subjects discussed was the selection of a "New Churchill."

Is the discovery and the campaign of Reverend Bevel, a collaborator of the legendary Martin Luther King, the U.S. human rights champion, going to stop the Scottish Rite in its attempt to create the new world order? It is hard to imagine, but the discovery of the most influential Masonry's ties to the KKK and to the neo-Nazi movements in Germany, the revelations of the Italian magistracy concerning the Albert Pike Lodge in Calabria, and the ties with the mafia and terrorism—as was the case with the P-2 lodge and the investigations of the role of the "ambassador" to eastern Europe Elvio Scubba—will most probably force the Scottish Rite to change their strategy.

One thing is sure: Removing one symbol, in this instance the statue of Albert Pike, shall not stop the self-proclaimed caretakers of the world in their filthy games.

## Caution: very slick

*The Zagreb journal Vecernji List published a piece of slick propaganda for the Freemasons on Jan. 9. Written by Jure Ilic and entitled "Masons Back in Croatia," the following excerpts were translated by Steven Crkovic:*

After a series of rumors followed by facts and by some newspaper articles, we can assert with certainty that Masons are back in Croatia. As we have heard and read, Croatian Freemasons—who have already been accepted in the activities of lodges in Vienna and Graz—on March 21, 1992, after thorough preparations and with the help of their Austrian colleagues, opened their own lodge (for the moment a "deputized" one), the Illyria, in Vienna. In this way, Croatia has reinstated one of her great European traditions of which she not only had been part but played a significant role. One could almost say that even today the attitude toward masonry is a reflection of a country's democracy. . . .

There are around 6 million Masons in the world now. In the United States, the masonic lodges operate almost openly, which is not strange when one takes into account that the first American Constitution was written by the Freemasons and that the majority of the American Presidents were active in masonic lodges. It was similar in Europe. Numerous politicians and leading men in the cultural world and in politics are in a high position in masonic lodges, while the majority

of them directly influence world processes and events. . . .

Experts assert that the tradition of Masonry dates back to mystical ages of the ancient times. Some are of the opinion that Hiram Abif, the architect of Solomon's Temple, was the first Freemason. Freemasonry evolved, as some say, even in the Pythagoras school, and then through medieval alchemy, while mystics go much further by including King Arthur's Knights of the Round Table in the freemasonic brotherhood and the legendary Holy Grail in the masonic secrets. . . . The very first lodge is considered to be the Grand English lodge, founded on June 24, 1717 in London, from which all the other reputable European brotherhoods emanate. Long-time disagreements between the Vatican and Masons from the time of Voltaire and the French Encyclopedists, who were attacking the Church privileges and for that reason were excommunicated by the Church, have been smoothed over. The big conciliation was proclaimed in 1982, when Pope John Paul II issued his *Codex Iuris Canonici* [Code of Canon Law]. . . .

The first masonic lodge in Vienna was founded in 1724. . . . The lodge is symbolically called "At the Three Canons." . . . For us, that lodge is very important for the simple reason that two Croatian noblemen were there from the beginning: Count Sigismund Gondola-Gundulic from Dubrovnik, and Count Joseph the First Kazimir Draskovic. . . . The founder of the Masonry in Croatia is Count Ivan Draskovic, who founded it together with other Croatian officers returning from the Seven Years' War. In 1789, nine more [lodges] were formed. . . . Up until 1940 in Zagreb, there were 10 lodges with 585 members. . . .

Today the Masonry in Croatia is starting from the beginning. . . . Only an honorable man in good repute can be a Freemason, well established in his profession and accomplishments, his acceptance being dependent on the decision of all the lodge members by a secret ballot, where white and black balls are used. One black ball and the decision is postponed by a year. . . . The Mason's first and foremost duty from his first step as a disciple is to educate and perfect himself . . . to act among ordinary people to spread and apply his acquired knowledge. Second degree is the assistant . . . the third is the master, after which Freemasons can advance further up to the 33rd degree of the Scottish Rite or to the degree of the Royal Arch. . . . A candidate is blindfolded during the initiation so that he cannot withdraw at the last minute and betray the secret. . . .

As with Freemasonry in general, the Croatian Masonry had in the past a significant influence in political, economic, and every other aspect in the destiny of Croatia. It is the same today, especially because of the tremendous influence of Masons in the western world and because of their numerous connections and mutual trust. Thus, it is not even necessary to emphasize that Croatian Masons could help in the reconstruction of Croatia in a significant manner, and in Croatia's different alliances with world institutions and individuals.

# Regency option won't save Britain's royals

by Mark Burdman

In a late November 1992 speech in London, Queen Elizabeth II characterized the year 1992 as the *annus horribilis* ("horrible year") for the royal family. But already, 1993 is shaping up as the *annus consumatus* ("year where it all comes to an end") for the Mountbatten-Windsors.

The Mountbatten-Windsor royal line is now threatened with disintegration, possibly leading to the end of the institution of the monarchy itself in Britain. Given the British royal house's vast family connections through intermarriages on the European continent and its enormous financial holdings, this dissolution could trigger upheavals internationally. As well, it could provide an opportunity to reconstruct a republican system, freed from the nefarious influence of a royal house committed to paganism, ecologism, and neo-feudal systems of rule.

The new year has seen a dramatic escalation in the scandals hitting Prince Charles and Princess Diana, especially the publication, by a Rupert Murdoch-owned Australian newspaper, of a discussion between Charles and his reputed mistress, Camilla Parker Bowles, in which Charles spews out some truly lurid sexual fantasies. The transcripts were reprinted in two British tabloids from the Mirror chain on Jan. 17.

The release of the transcripts has catalyzed an intra-institutional war, in which the press is accused of "invading the privacy" of the royals; the intelligence services are accused of bugging the phones of the royals; the royals are accused of undermining the credibility of centuries-old British institutions; and so on. But one undeniable effect of the "Camillagate" affair, is that it has stepped up the pressure, from within certain among Britain's most senior ranks, including Buckingham Palace itself, for Charles to renounce his claim as heir to Queen Elizabeth, and for a "regency" to be set up, that would manage the succession until Charles's eldest son, William, reaches the age of 18.

According to the Jan. 19 Italian daily *Corriere della Sera*, a secretive meeting of the British Crown Council was held recently, in which the royal consort Prince Philip presented an "emergency plan" for Princess Anne, the only daughter of Elizabeth and Philip, to be made regent, and to manage the succession. *Corriere* says that the palace view is that Charles's misadventures are having a "bad effect on the state."

For the scenario to take effect, Charles would have to be induced to renounce his claim. An added inducement for him

to do so, is the report in Italian and German papers recently, that Princess Diana is in the process of converting to Catholicism. Since, by convention, no monarch is allowed to be married to a Catholic, Diana's reported conversion, were it to take place, would force him into a divorce, or would simply nullify his claim.

## The ghost of Lord Louis Mountbatten

*Corriere's* account on the regency is credible. Numerous well-informed Britons have privately confided that the view in monarchical circles is that only a regency, likely headed by Anne, could slow the momentum toward Mountbatten-Windsor self-destruction.

According to certain knowledgeable Britons, Anne is the favorite of Philip. They stress that Philip has maintained his intense loyalty to the late Lord Louis Mountbatten, his uncle, who was killed under still-unexplained circumstances in 1979. Mountbatten (originally from the German royal Battenberg line) sought intensively to build his ambitions within the U.K., first by having arranged the Philip-Elizabeth marriage in 1947, and then by having maintained his role, until his death, as mentor of Philip, Charles, and Anne. One "victory" that Mountbatten achieved, was to have won agreement that the title "House of Windsor" would be changed to "House of Mountbatten-Windsor," at some point early in the next century. However, Anne is the only child of Philip and Elizabeth to have *already* adopted that title, formally, in her name. So, by choosing Anne as the regent who would effectively usurp the prerogatives of the misbegotten Charles, Philip would be hoping to both prevent the disintegration of the monarchy and to "preserve the flame" of his uncle's ambitions and reputation.

But the private view among individuals close to Philip is that the effort is doomed to failure. One Philip intimate reported that the royal family has irretrievably lost what the Chinese refer to as "the mandate of heaven." Their "mortal failures" have become so extreme and apparent to the public eye that the "symbolism" provided by the monarchy, in terms of providing a sense of enchantment and magic for the population, is being shattered. This is all the more so in an economic depression, when all the glitter and shine is seen as embarrassingly extravagant by more and more Britons.

Under such conditions, more Hobbesian wars within the elites can be expected. For example, *EIR* has received a report from U.S. sources that younger members of the Scottish Rite of Freemasonry have attacked the monarchy's links to paganism and drugs, inclusively citing the charges made by *EIR* founder Lyndon LaRouche. If true, it would be doubly ironic: first, because the Scottish Rite itself is up to its ears in such nefarious deeds, and second, because tens of thousands of slanders have appeared in the international media over the past years "identifying" LaRouche as "the man who claims that Queen Elizabeth II heads the international drug trade."

# Free market blitzkrieg aims at Italian state

by Leonardo Servadio and Claudio Celani

Machiavelli wrote that when a republic is in trouble, it should go back to the principles underlying its foundation, and find a new beginning. Such is the situation of the Italian democratic republic today. Attacked from the outside, and weakened from within by political and economic corruption, it shall either find the strength to start again from its founding principles, or surrender to an unprecedented wave of assaults by foreign finance capital.

A change in regime and in the ruling elites is ongoing, and seemingly unstoppable. What is to be fought out is the direction this change will take.

After the collapse of the Communist regimes in Europe, Italy remains the country with the biggest state sector. The state runs nearly all the major banks and a majority of the big industries, including shipyards, steel plants, machine tool plants, food conglomerates, communications, energy, chemicals, etc. There is virtually no industrial sector where the state is not a prominent presence, aside from auto and computer. This allows the state to directly influence market prices and qualities, setting standards against which private firms must compete.

But, unlike the state firms in the former socialist countries, Italian state firms are, to a large extent, highly competitive. Therefore, international private financiers are doing their utmost to corner the Italian state where it can be forced to sell its holdings at bargain-basement prices. This process has already begun. In early January Treasury Minister Barucci went to London to hawk the Italian state firms to the "market forces."

It must be taken into account, that because of arrangements made in the context of the Yalta accord and because of historical ties, the Italian state's control of the state-owned banks—Banca Commerciale, Credito Italiano, and Banca Nazionale del Lavoro—was often only nominal. The real reins were in the hands of foreign financial outfits like Lazard Frères. Even the Mussolini regime's financial backbone, Banca Commerciale and others, was heavily influenced by City of London finance. The central bank, Banca d'Italia, like the U.S. Federal Reserve, is today completely autonomous from the democratically elected organs of the govern-

ment. With these institutions conducting the constant pressures and demands of the International Monetary Fund, it is not hard to understand how Italian political institutions have been powerless to implement an Italian social policy.

## A social state

The Italian state is a "social" state, designed to defend the weak: For instance, health care is guaranteed for all, and the costs are covered by the tax system. Set up by the Fascist state in the 1930s, the public sector was re-designed mainly by the Catholics and trade union-linked political forces—including the Italian Communists (PCI)—in the postwar period. It emerged from that process as an instrument to prevent the few families of the Italian oligarchy from controlling, together with foreign finance, the totality of the Italian economy.

Under the protection of state-owned industry, Italy developed, since the war, a large number of small and medium-sized industries which became the backbone of the economy. Until the early 1960s the state debt was next to zero. The economy enjoyed the highest expansion rates of the world, surpassing the Japanese economy.

In 1962 the Italian Socialist Party (PSI) broke the Christian Democracy's hegemony and, due to U.S. pressure (much of it conducted through state-owned banks), was invited to join the government. At that time the state debt started to grow. Now it is one and a half times the annual GNP. As it accelerated in the 1980s, capital flooded into public debt, taxes increased, and small and middle-sized firms were increasingly squeezed. The state sector, which had been designed in the postwar era under the advice of Msgr. Giovanni Battista Montini (later Pope Paul VI) as an instrument to develop the real economy, became the terrain of porkbarrels, fattening up the political parties.

## Socialist blackmail

This system of illicit finances is collapsing under a year-long investigation, called *Mani Pulite* (Clean Hands), which is particularly hitting the Socialist Party. Under Bettino Craxi, and supported by Washington, the Socialist Party had become the arbiter of power in Italian politics, more so after Christian Democratic Party Chairman Aldo Moro was assassinated in 1978. Moro was trying to re-create the postwar alliance between Catholics and Communists and to redeem the Communist Party from its forced exile from government. On the eve of the formation of the first Communist-supported government, Moro was kidnapped by the Red Brigades and subsequently killed. A few weeks earlier, the U.S. State Department had restated its veto against any PCI role into the government.

This had nothing to do with U.S. opposition to Marxism or the Soviet Union. The majority of PCI leaders were taking their distance from Moscow, while Moro and the Christian

Democrats were trying to free themselves from Anglo-American control, a strategy to gain increasing margins of national sovereignty. Italy had been under limited sovereignty because of the Anglo-American-Soviet Yalta deal. The reaction to this tendency in Italy was Henry Kissinger's death threats to Moro, and parallel wild pressures from Moscow on Communist Party Secretary Enrico Berlinguer to play by the Yalta rules. Indeed, Kissinger and the Anglo-American elites preferred a more pro-Soviet Communist Party which would respect the spheres of influence carved out at Yalta.

Under the U.S. veto, the Christian Democracy was forced to remain allied with the small Socialist Party in order to obtain a governing majority. This gave the PSI great blackmail power. Craxi exploited it to the hilt and was able to get for his party as much economic clout (meaning seats on the boards of state banks and firms) as the Christian Democracy, whose electoral base was over three times bigger than that of the PSI.

Craxi became the man of the West, the defender of "democracy" against the "Communists." The U.S. government looked at him with great sympathy, as the era of the Socialist International dawned in Europe around 1980, with François Mitterrand in France and Felipe González in Spain.

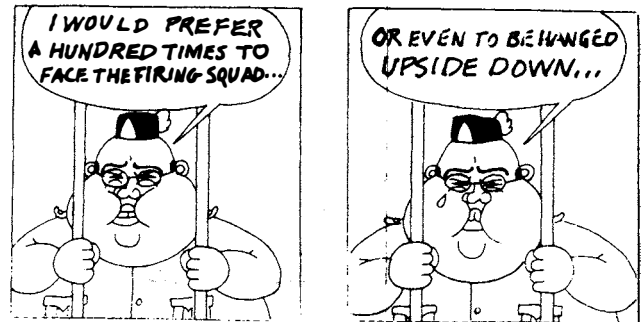
### Enter the North League

That era has gone. Craxi was not able to deliver the Italian state firms to the international speculative financiers. On the contrary, he remained trapped in the system of kickbacks rotating around the state firms.

In the meantime the small and medium-sized industrialists, oppressed by the state debt, found in the up and coming North League (Lega Nord) separatist party the ideal instrument to launch a "revolt" against the state. In spring 1989 the North League was catapulted from the position of a fringe separatist movement to that of leading a new "march on Rome." International speculative capital saw it as the Trojan Horse which could deliver the state sector cheaply, through forced privatization.

In 1992 the organs of international finance (*The Economist*, *Financial Times*, etc.) all backed the North League. Meanwhile, Mario Segni, a Christian Democratic leader from Sardinia, son of the most pro-Atlanticist of all the Italian Republic's Presidents, unveiled his plan for institutional reforms, and started to collect signatures for a series of referenda whose aim is to change the electoral system, from "proportional" (in each electoral district each party gets as many parliamentary seats as the percentage of votes it receives) to "majoritarian" (winner takes all). These referenda will give much more power to the executive branch, and relatively weaken Parliament—precisely what is needed to push through privatization and the austerity policy.

During 1992 the Italian economy was attacked from abroad and from within, at all levels. Italy's credit rating was



*Prescient: A cartoon by Claudio Celani in the early 1980s lampooned Bettino Craxi's pretensions to be the new Mussolini. Craxi, then at the zenith of his power, has fallen to the nadir.*

downgraded by Moody's, the lira attacked by an unprecedented speculation and massively devalued. The process was completed by the opening of the can of worms of political corruption, by several magistrates in Milan, who have so far interrogated 500 people for corruption, including 20 parliamentarians and 80 local administrators. Several have landed in prison.

### The end of Craxi?

Crowning this effort, at the beginning of January, Bettino Craxi was indicted on several counts of corruption, charged with receiving illegal kickbacks from industrialists. Although he is still secretary general of the party, and although Premier Giuliano Amato, a Socialist, said he was standing by him, Craxi has become the symbol of the outgoing political class. It is only a question of time before Parliament will lift his immunity and allow the investigation of Craxi to proceed. The only possible line of defense Craxi could use, would be to denounce his former masters: the money lords who attacked the lira in this past year, for instance. He must know their names, since he was supported by them in the past, when he was the standard-bearer of the presidentialist system.

On Jan. 16, the very day that Craxi in a press conference denied all charges against him, the Constitutional Court up-

held Segni's referenda as constitutional. They will therefore take place between April and June. This ruling marks the end of the current regime, since it is evident that public opinion, after all the political scandals and the economic collapse, is in a state of revolt against the regime. Italians will vote for a stronger executive. This is precisely what the money lords demand. They want to destroy the social state, buy off public industry for a song, and impose the savage austerity which, in the absence of development policies, the public debt mandates. Craxi, who failed to do this in the 1980s, is being replaced.

### The second republic

These referenda will be "a plebiscite . . . against the first republic and in favor of the second republic" wrote political analyst Angelo Panebianco in the influential daily *Corriere della Sera*, on Jan 8. It will be a different concept of democracy, explained Panebianco: no more the idea, implicit in the "proportional" system, of "giving representation," but the idea, implicit in the "majoritarian system," that democracy must "first and above all govern" (emphasis in original). Doesn't this vaguely remind one of the postures and policies of "Project Democracy," the State Department plan of implementing "democratic" dictatorships worldwide?

The convulsions of the dying elite are pitiful to watch. But it is even more pitiful to see the excitement of the little men, the underdogs of the regime, who see the moment to rise up, after having been the servants of their crumbling masters, and take their place, in a sort of travesty of the old regime. Claudio Martelli is a case in point. He was Craxi's aide, and has been agitating for months in the PSI to kick Craxi out. Now that Craxi unravels, he dreams of triumphing. He has gotten his connections to the U.S. establishment; as justice minister he traveled several times to the U.S.A. and set up cooperative ties with the FBI. He wants to appear more loyal to the transatlantic masters than Craxi was, and maybe hopes to become a little Italian Clinton.

Bad as Craxi was, Martelli is worse. It was he who cancelled the Italian nuclear energy program in 1987, and who now, as justice minister, has been pushing for drug decriminalization. But the onrushing stream of the breakdown of the First Republic will carry his political corpse too, together with many more has-beens. For sure the system will be changed; at least a portion, if not all of the state companies will be sold. But what will happen next is yet to be decided.

### A solidaristic culture

The free-market hoaxsters and austerity-mongers are running into some resistance as a result of the fact that Italian political culture is largely based on solidarism, a concept embedded in the social doctrine of the Catholic Church. If the Socialist Party is sinking and trying to cover for its misdeeds, the Church hierarchy has declared that the corrupt must go and make room for new leaders: The new Christian

Democratic leader Mino Martinazzoli is trying to do that. However, only a minority of his party is rising to the moral standard of defending the national interests, as in the battle for state industry.

The emerging public outcry for morality can find an answer only in political leaders capable not of theatrical gestures, but authentic moral stands and national policies—or else there will just be a rebellion full of demagogy, as exemplified by the current stand of the North League, which one day pushes for secession, another for tax revolt, but has no political program.

Nearly 15 million people—the biggest audience a politician ever had, one-fourth of the Italian population—listened to the year-end address read on television by President Oscar Luigi Scalfaro, a politician whose moral standards are uncontested. "There might be some who hope that this democracy

## North League power bid stinks of masonic plot

In early January, the leader of the North League (Lega Nord), Umberto Bossi, announced that his party is dropping the claim of founding a separatist state in northern Italy, and that it would fight for a "federalist" reform of the state, similar to that of Switzerland. At the same time, Bossi announced that the League would run candidates for the national government. Such a turn, making the League appear like a "normal" political party, no longer a "danger" to the national unity of Italy, was no surprise to insiders. It was only the confirmation that the League, far from being the "sociological phenomenon of the 1990s," is a perfect product of the very system it claims to fight.

For months, Giorgio La Malfa, scion of a political dynasty tied into London and Wall Street financial interests, who inherited from his father Ugo La Malfa the thimble-sized Republican Party, had scrambled behind the scenes to build a political alliance between the League and other forces, in order to reach an alternative majority in the national Parliament. La Malfa's aim was—and is—to build such an alliance with anybody except the Christian Democracy. Bossi's announcement was the signal that such an agreement had been reached.

In the very next days, negotiations started at the local level for setting up municipal governments between the League, the Republicans, and the former communist party, now the Democratic Party of the Left (PDS). Such an agreement was reached in Varese, a major industrial town



will fall—die. There might be some who are tired of living as free persons,” said Scalfaro. “But can we ever be tired of freedom? I hope not; none will be tired.” Scalfaro explained that corruption must be punished, but “let us be careful not to undermine the very basis of democracy with the prospect, however valid it may be, of cleaning up” the country.

In a not-so-veiled reference to the monetary assault that hit the lira in 1992, Scalfaro said: “Europe is feeling the re-emergence of economic, monetary, and political nationalisms. Italy wants Europe and works for Europe. Today she collects pedantic and distressing condemnations which come from far away, or inauspicious prophecies which come from ill-wishers, filled with arrogance and meanness.” He called for a truly united Europe, from the Atlantic to the Urals, based on peace and cooperation.

The Catholic daily *Avvenire* on Jan. 15 ran a banner

headline attacking the policy of privatizing the state industries, while it praised the policies of Ezio Vanoni, the postwar economist and minister who had a crucial role in the definition of the state holdings in industry and banking. This outlook is supported by factions among the former and present Communists, the Democratic Party of the Left (PDS) and the left-wing daily *Il Manifesto*. This paper has started a campaign to convince its readers that the Christian Democracy is veering toward the left, because it defends the national economy against the aggression of big finance capital. But the PDS, instead of coming close to the Christian Democrats, has moved toward the North League, by deciding to support a League government in the northern Italian city of Varese. Many hope that the PDS, whose alliance with the League has caused an uproar in the party, will backtrack on this.

north of Milan, where the League has formed a government with the PRI, and the outside support of the PDS (that means, that the PDS is not in the government, but won't oppose it).

Such an alliance is extraordinary, since the League program, if it can be called such, is an ultra-free-market policy so draconian in its attitude toward labor that it puts Mussolini to shame. In an interview with *EIR*, a League economic expert who works in the parliamentary staff explained that the League has a program “in support of medium and small industries” which consists in eliminating “social burdens.” Social burdens are contributions for health care and pensions, which are paid partially by the state, and partially by the employer. The League calls for eliminating these altogether, since they insist that the state has to stop any intervention in the “free market.” Furthermore, the labor market must be “totally liberalized,” i.e., the employers have to be allowed to fix wages as they wish, contrary to the present, regulated market, where the minimum wage is fixed by the state.

The League calls for a radical privatization of all state-owned companies, including services like electricity and transportation. They insist on cutting all state financing for industrial projects in the underdeveloped South, which instead should develop only agricultural and tourism activities. Although Bossi has abandoned all claims to a separatist northern state, the League policy, if implemented, would ensure that such a disintegration of the national state occurs.

Not by chance, the most recent endorsement of the League came from an American magazine, *Telos*, run by Paul Piccone, who wrote in a special 90-page feature dedicated to the League, that its model “can be extended to all of Europe.” Piccone used to be a Marxist in the

1970s, when he supported leftist extremist and terrorist formations, like Worker Autonomy and the Red Brigades. He is connected to Warren Bennis, who comes from the Tavistock Institute, the psychological warfare center of the British secret services.

Separatism is the future policy of the European oligarchy. To facilitate that development, a new “Northern Jurisdiction” of Italian Freemasonry has been founded by Michele Maramarco, an emerging star of Freemasonry who decided to split from the national Grand Orient which, he charged, is lacking in “spirituality.” His lodge, Maramarco explained to *Corriere della Sera* newspaper on Jan. 16, agrees “with the northern federalists.” Maramarco explained that they are connected to the “Old Catholic” networks, a split from the Catholic Church which in Europe is led by the Archbishop of Utrecht, and is linked to the Anglican and the Orthodox Church. He claimed that his lodge will finally reintroduce “spirituality,” the real nature of Freemasonry, since the Grand Orient, in his words, had almost transformed Freemasonry into a “Rotary Club.”

Spiritualism is the most satanic current in Freemasonry, and it is indicative that such currents are coming out into the open now. German Nazism was born out of the spiritual branch of Freemasonry, whose lodges practiced anti-Semitism long before Hitler. Maramarco had a strong reaction when we mentioned the name Albert Pike (the American mason, Confederate general, and founder of the Ku Klux Klan, whose statue in downtown Washington, D.C. has become the target of a national outcry and demand for its demolition in the U.S.). “Albert Pike was great, but a bit confused; look at his statements about Negroes,” he said, after which he became suspicious: “Who did you say you are, by the way?”—*Claudio Celani*

# India's Premier Rao reshuffles cabinet

by Ramtanu Maitra

Besieged by hostile media and members of his own Congress Party, Indian Prime Minister P.V. Narasimha Rao has reshuffled his cabinet and has sought a new alignment within the Congress Party. The move, long awaited, came suddenly on Jan. 16, throwing some dissenters off guard. The new cabinet, formed Jan. 17, the day after the prime minister had asked his entire cabinet to resign, has 14 new entrants, four with cabinet rank and 10 ministers of state. All four cabinet-rank ministers are veteran party members and three of them had served earlier regimes in the 1970s and '80s. In addition, 14 cabinet members, including one minister, M.L. Fotedar, have been dropped and two deputy ministers have been elevated to the rank of ministers of state.

Among the notables who have joined the cabinet are External Affairs Minister Dinesh Singh; Commerce Minister Pranab Mukherjee; Power Minister N.K.P. Salve; Minister for Civil Supplies, Consumer Affairs, and Public Distribution A.K. Anthony; Minister of State for Petroleum and Natural Gas Satish Sharma; and Minister of State for Human Resource Development Mukul Wasnik. The prime minister has given up two important portfolios, External Affairs and Commerce, but remains in charge of at least 10 departments.

The demolition of the Babri Masjid mosque in Ayodhya, which triggered off communal riots in a number of states, posed serious questions about the prime minister's ability to avert the worst. Within the party, even senior leaders had begun to indicate openly that Rao is in a state of mental paralysis. There were reports that Minister of Health M.L. Fotedar, who had long been associated with the Nehru-Gandhi regimes, was trying to organize a revolt within the party. There were even murmurs that the two other heavyweights, Minister for Human Resources Development Arjun Singh and Defense Minister Sharad Pawar, had earlier met with the rebels who were demanding Premier Rao's departure.

The crisis grew further with the outbreak of fresh violence in Bombay on Jan. 6. The carnage in Bombay, orchestrated by the underground right-wing Hindu group Shiv Sena and, allegedly with some input from Pakistan, showed clearly that the Congress Party is deeply divided. Pawar, a former chief minister of the state of Maharashtra, did little to quell the violence. His effort, by contrast, to pressure Rao to dismiss Maharashtra Chief Minister Sudhakar Naik, a political

adversary, was met with stony silence. Earlier, when the Babri Masjid was demolished, the vocal secular faction of the party had succeeded in forcing Rao's hand and bringing down four state governments all belonging to the Hindu chauvinist Bharatiya Janata Party (BJP).

The cabinet reshuffle indicates directions the government might be expected to take. The Congress Party is now seeking a parliamentary alliance with the left-of-center and left-wing parties, but Rao made it clear that economic reforms will continue as scheduled. While the left wants to keep the economy under state control, protected from the outside world, Rao has opted for liberalization and various reforms.

The left and a faction of the Congress Party, commonly associated with Arjun Singh, were expecting that in making necessary changes, Rao would accede to political exigency. However, the Finance Ministry has been left intact: Pranab Mukherjee, Mrs. Gandhi's finance minister in the 1980s, has been brought in to man the Commerce Ministry; and all those ministers who were implicated in the securities scam have been left in place, although their portfolios have been shuffled. By bringing in Salve and Wasnik, both from Maharashtra and identified by the media as followers of Pawar, the premier has strengthened his alliance with the defense minister, at a time when Pawar's reputation had taken a beating in the recent riots. At the same time, the faction commonly associated with Arjun Singh has been generally ignored, and Fotedar has been dropped. Still, Rao has brought in Satish Sharma, a close associate of the late Rajiv Gandhi, to dismiss any speculation that those layers had been cast aside.

The government is beset by a number of critical issues which must be resolved quickly. The temple-mosque issue in Ayodhya is still potentially explosive. The economic reforms issue is now also at a crucial stage. The government has received foreign loans to meet the immediate necessities associated with importations and debt repayments. Over the last two years, the budget deficit has been reduced as demanded by the International Monetary Fund (IMF). Inflation has been kept below double digits, and all these have caused a dearth of investment in physical economy. With the budget announcement around the corner, Delhi must ensure that fresh investments will be made in industry, agriculture, and infrastructure, so that there can be a spurt in economic growth.

New Delhi will be under increasing pressure from the international financial institutions to allow foreign investors, insurance companies, etc., a level playing field in India. It will also mean new labor laws, new financial regulations, increased exports, among other sweeping changes, over which there is much apprehension that things will inevitably be made worse for Indians.

On the other hand, by adopting strong developmental policies, streamlining bureaucracy and cutting through red tape, the government can win back people's confidence in general, and the work force in particular.

# Gaviria forced to battle drug cartels

by Javier Almario

After two and a half years of negotiations, concessions, and submission to the drug cartels, the Colombian government of President César Gaviria is finally being forced to do battle with the drug mafias. The government officially announced that it will not accept the new demands of Medellín Cartel godfather Pablo Escobar that he be granted an amnesty or pardon for his crimes as the condition for suspension of narco-terrorist violence.

In an official communiqué made public Jan. 18, the government accused the "drug trafficker and terrorist" of wanting to "cloak with political garb what is nothing more than crime and criminality." Escobar responded immediately. "I am left with no alternative but to discard the juridical battle and launch armed and organized warfare," he wrote, in a letter to Prosecutor General Gustavo de Greiff. Escobar also announced the creation of a new narco-terrorist group bearing the name Rebel Antioquia, a reincarnation of the "Extraditables" group, under whose name the cartels had waged war up to the day of Escobar's so-called surrender in 1991. Antioquia is the province whose capital city, Medellín, serves as Escobar's home base.

Escobar charges that his friends and associates have received "barbaric treatment" from government forces, and warns that the only basis upon which he will suspend the violence against Colombian society is if he receives the same treatment that has been granted to the guerrilla groups. "From now on, the conditions of this dialogue [with the government] will be the same as those used for all the rebel groups, be they subversive or guerrilla." Escobar's statement has been interpreted as a petition for amnesty, such as was granted the M-19 guerrillas, to "abandon" armed struggle and join the political class. Not accepting Escobar's demand necessarily implies a re-launching of the war against drug trafficking, which the country has been waging on and off for two decades.

## Government's Achilles' heel

Escobar's demand strikes at the Achilles' heel of the government, which has repeatedly attempted to conclude "gentlemen's agreements" with the narco-terrorist movements. Despite overwhelming evidence of intimate collaboration between the drug cartels and the guerrillas, the Colombian government has chosen to draw a false line between

drug traffickers like Escobar, and narco-terrorists like M-19 presidential candidate Antonio Navarro Wolf, thereby undermining the government's own authority and capability of defending the nation. Years have been wasted in fruitless negotiations with criminals who, whether under the guise of "fighting revolution" or "fighting extradition," have been dedicated to the destruction of the nation. If Gaviria is to wage effective war against the cartels this time around, that war must be waged simultaneously against the cartels' partners in crime.

Gaviria is being forced to re-launch the war against the cartels for two reasons: 1) Escobar has declared war against *him*; and 2) the Colombian Armed Forces are pressuring Gaviria to get serious, following the fiasco in which Escobar, after getting the government to accept every one of the conditionalities of his "surrender" in early 1991, fled one year later from his own five-star "jail" at Envigado, when evidence of his unrestricted trafficking was forced into the public eye.

Taking advantage of decrees issued by Gaviria as part of a plea bargain offered the cartel, Escobar had accompanied his 1991 "surrender" with a single confession: having lent his services to the smuggling of a cocaine shipment into France. For this crime, Escobar expected to receive a maximum sentence of six years, which would be reduced to two or three years because of his "voluntary confession" and anticipated "good behavior" during incarceration. However, today, six months after his prison escape, new evidence and new witnesses have emerged (all the earlier ones were assassinated) to testify to Escobar's other crimes, which now officially number 17.

At the present time, Escobar has been indicted as the intellectual author of the assassination of politician Luis Carlos Galán, who would be Colombia's President today, had he not been murdered. Escobar is also charged with being the intellectual author of the assassination of newspaper publisher and anti-drug crusader Guillermo Cano. Escobar is further charged with illegal possession of weapons. The combined sentence for such crimes would be 30 years (the maximum allowed under the Colombian Constitution), and even with a reduction in the penalty, Escobar would spend at least 17 years behind bars, 15 more than he was planning.

Escobar also has warrants against him for his suspected involvement in the assassination of journalist Jorge Pulido, and for the dynamite attack against then director of the Department of Administrative Security, Gen. Miguel Maza Márquez. He is further accused of having ordered the bombing of an Avianca airplane in December 1989. And Escobar is under investigation for another 10 crimes, including car-bomb attacks and the assassination of more than 400 policemen in Antioquia.

Escobar's response to these indictments is best summed up in a letter of Dec. 26, 1992, sent to three Antioquia politicians, in which he threatened to use "a 10,000 kilo dynamite bomb" against the office of the prosecutor general.

## Venezuelan rebels convicted

*President Pérez has some explaining to do about the illegal trial of leaders of the coup attempt against him.*

**T**he Venezuelan government's Accidental War Council (CGA) on Jan. 13 convicted 97 civilians and military personnel of participating in the failed coup attempt of Nov. 27, 1992 against the government of Carlos Andrés Pérez. The CGA also ordered the release of another 109 military men and civilians who had also been accused of involvement in the rebellion.

Among those convicted are Rear Adm. Hernán Gruber Odreman, Rear Adm. Cabrera Aguirre, and Navy Capt. Ramón Emilio Rodríguez Chacín. Those acquitted include former minister Manuel Quijada and lawyer J. A. Cova, the latter a member of the anti-Pérez group known as the Notables, and a close adviser to "Notable" writer Arturo Uslar Pietri.

Apart from the numerous irregularities of the trial itself, the defense lawyers had charged that the CGA, created on presidential orders to try the rebels, violated the Venezuelan Constitution, since this kind of extraordinary court was prohibited except in time of war. The Supreme Court is considering a legal challenge to the CGA.

The accused have also denounced a variety of threats and illegal pressures against them. For example, lawyer J. A. Cova charged that his family had been threatened and that he was told to leave the country. Cova blamed the minister of the interior and the director of the DISIP, Venezuela's political police, for anything that might befall himself or his family.

Why were the military rebels con-

victed? Formally, they were accused of rebellion, but everyone in Venezuela is aware that their convictions are the government's direct response to their demands for change. As one of the leaders of the coup attempt, Gen. Francisco Visconti, declared from his exile in Peru, one of the factors that led to the coup attempt was "the government's attitude of submitting wholly to the dictates of the inter-American system, which seeks to turn the Armed Forces into simple police forces, in accordance with U.S. interests."

In a letter sent to the National Congress and published in the daily *El Nacional* of Jan. 5, two of the convicted rebels—Rear Admirals Gruber Odreman and Cabrera Aguirre—declared that had the rebellion triumphed, they would have formed a junta made up of six civilians and four military figures. The first acts of this junta would have been a total revision of the judicial system, a battle against corruption, adequate exchange controls, import controls, incentives for agriculture, new tax laws, and a reorientation of the budget of the state oil company. Then, they would have called elections.

On Jan. 7, *El Nacional* published the statements of Air Force Lieutenants Luis Reyes, William Farinas, and Wilmar Castro, who said that they had joined the rebellion because of the political corruption of the Armed Forces. According to the newspaper, "two of the pilots of President Pérez's lover, Cecilia Matos, joined the uprising

because they were tired of being used for personal favors, to transport ice or to humor the daughters of high-level officers. . . . And Air Force Commander General Eutimio Fuguet authorized those trips because, he said, this was part of what one had to do to get promoted in one's military career."

From Lima, another exiled Air Force lieutenant, Maritza Camargo, referred to a cartoon in an Ecuadorian newspaper, showing three rats eating the Venezuelan flag. "It is very denigrating, very painful to see one's flag being eaten by three rats," but that is the image of the country abroad.

There are many indications that the Pérez government has been violating human rights. Pérez ordered bloody repression of the rebels and there has been much talk of torture, assassinations, and "disappearances," without any clarification from the government. On Jan. 12, the commander in charge of the rebels in detention at Fort Tiuna (Caracas) was kidnapped for more than three hours, to protest the conditions of detention and the illegal trial.

According to a Reuters report of Jan. 14, "Venezuelan police fired tear gas and plastic pellets into a bus carrying about 80 children who were returning home from school on Thursday, apparently mistaking them for student protesters, witnesses said. Some of the children, aged between 4 and 10, were overcome by the gas and taken to the university hospital after firemen rescued them from the bus, Simon Muñoz Armas, dean of the Venezuelan Central University, told Reuters. Muñoz said there had been some student protests earlier at the university, but police attacked the children for no reason. A reporter who witnessed the incident said one policeman broke a window to throw a tear gas grenade into the bus."

## **The spies that come in from the West**

*Germany's foreign intelligence service warns of the urgent need to fight industrial espionage by the United States.*

**A**n important report was presented to the government a few days before the "changing of the guard" in Washington. It was a sobering analysis of threats posed to the functioning of industry, science, and administration in Germany, by both Russian intelligence agencies and the CIA and other agencies of the United States.

The survey, written by experts of the BND (foreign intelligence service), warned that the policy outlined by former CIA heads William Webster and Robert Gates would be continued under incoming CIA director R. James Woolsey, Jr. The doctrine is that, after the Cold War, the main targets of the CIA abroad are the economic and technological potentials of western rivals (Germany and Japan, especially) to the United States on world markets.

The BND report, only aspects of which have been leaked so far, points to the leading role of the U.S. National Security Agency in eavesdropping, with the aim of passing on vital information to firms in the United States. Operating along policy directives that define industrial espionage against allied states as a "legitimate means of industrial policy," the NSA can draw on an annual budget of \$23 billion, the BND said. The working title of the report is "Enhancement of the Economic Competitiveness of the U.S.A. Through the Intelligence Agencies."

The report came as a sobering surprise to many who naively refer to "close U.S.-German friendship" and believe that relations, which took a bad turn under George Bush, will improve under Bill Clinton. It mirrors statements by Sen. Dennis DeConcini

(D-Ariz.) on U.S. television in late December.

DeConcini, who is now chairman of the Senate Select Committee on Intelligence, a post that involves oversight responsibility for the CIA and its budget, endorsed a "more active role" for the CIA and other agencies in global espionage. He said that such agencies and the incoming Clinton administration should be prepared to help U.S. companies if competitive information "became available," and to "retaliate" for other states spying against U.S. economic interests.

The "hypothetical case" which the TV program, TechnoPolitics, presented to DeConcini, was not hypothetical at all: The scenario concerned information about secret contract bids by Europe's leading jetliner producer, Airbus Industrie, which "accidentally" fell into the hands of U.S. agents, who then passed it on to a competing manufacturer in the United States, such as Boeing Corp.

It has been mooted that the surprise cancellation of two recent contracts—one between the U.S. Navy and the French computer electronics firm, Bull, and another between NorthWest Airlines and Airbus—could be traced back to intervention by U.S. intelligence agencies.

But DeConcini went even further. "Say our CIA or some intelligence gathering can find out what the Bull company in France is doing on some high technology that isn't related to defense work, some high-technology communication system or something. We go in and get it. Now we have it. Who do we give it to?" he asked. Passing information of that type to one

or several companies "that are in that kind of business" would run into conflict with existing U.S. anti-trust laws and regulations governing the CIA and other agencies, he said. Changes in these laws would be necessary to "remove barriers so we can be competitive," he declared.

Edward E. Luttwak, a U.S. expert on espionage and counterterrorism at Georgetown University, hit in the same direction in an essay in the Jan. 12 *Süddeutsche Zeitung*. Classic geopolitics would soon have to be replaced by "geo-economics," a policy taking economic and scientific potentials of other states into serious account, in one's foreign policy considerations and strategic planning, he wrote.

The changes that DeConcini is seeking would open the door to all-out industrial espionage no longer restricted to U.S. military interests, and are reportedly being put on a priority agenda for the new President.

Relevant circles in Germany have been aware of this U.S. policy, but discussion was always kept top-secret—until the BND report. One of the few exceptions came from Heribert Hellenbroich, president of the Bundesverfassungsschutz (counter-espionage agency). In a November 1986 television special on the history and role of the BND, he said that among the tasks after the Cold War was the necessity to counter industrial espionage by western allies. Hellenbroich explicitly referred to the doctrine that Gates inherited from Webster, which was the basis of such covert U.S. operations.

And the CIA is not relying only on its own agents. Sources point out that the United States has recruited at least 500-800 spies and other agents of the former East German foreign intelligence (Stasi) since reunification in late 1990.

# International Intelligence

## ***European Community says 20,000 raped in Bosnia***

A study released by the European Community in January documents the brutal raping of Bosnian women and children, and affirms that this is a fully integrated part of Serbia's military strategy of "ethnic cleansing."

"The repeated feature of Serbian attacks on Muslim towns and villages was the use of rape, or the threat of rape, as a weapon of war to force the population to leave their homes," the study reports. "Rape is part of a pattern of abuse, usually perpetrated with the conscious intention of demoralizing and terrorizing communities, driving them from their homes and demonstrating the power of the invading forces. Viewed in this way, rape cannot be seen as incidental to the main purpose of the aggression but as serving a strategic purpose in itself."

The report confirmed that "Muslim women undoubtedly form the vast majority of rape victims." Serbian forces carried out the rape of Muslim women "in particularly sadistic ways to inflict maximum humiliation on the victims. Many women, and more particularly children, may have died during or after rape."

Although the report was authored by a British member of the European Parliament, Dame Anne Worsburton, and by former French Health Minister Simone Weil, it was blacked out of the British press. It is intended to be used as evidence for the convening of a war crimes tribunal.

## ***Prince Philip loosens ties to Orthodox churches***

Britain's Prince Philip is backing away from his links to the Orthodox churches, and is postponing his planned visit to Russia, out of fear that this could be used against the royal family, a source close to the royal consort reported on Jan. 14. He said that various groups think Philip's religious activities and convictions are a "perceived vulnerability" that could be used against the monarchy.

Said the source: "Various evangelical and fundamentalist groups have begun to attack Philip as a pagan, and anti-New Age groups are also on the offensive. This could create a problem, not only for Philip, but also for Charles and Diana. Do you know that matters have gone so far, that a number of Christian journals, self-professedly anti-New Age, have claimed that the fire at the Windsor Castle was an act of God, divine retaliation, because the monarchy was straying from Biblical revelation, and because Philip was allegedly involved in pagan rituals with his ecological ideas?"

He further reported that under conditions where "the monarchy as a deity is starting to crumble in the popular mind," all sorts of "conspiracy theories are making the rounds in Britain. There are even those, here in Britain, who are picking up on that story coming out from the U.S., that the royal family has been running the drug trade, and is sapping the moral fiber, after having originally made its wealth from the Opium Wars. This kind of stuff is now making the rounds, and is surfacing in all sorts of comments, coming from what I call 'lumpenproletariat Christianity.'"

## ***Bonner hits 'genocide' in Nagorno-Karabakh***

Russian human rights activist Yelena Bonner, the widow of physicist Andrei Sakharov, held a press conference on Jan. 11 with Lady Caroline Cox of the Netherlands-based Christian Solidarity International, drawing attention to the crimes being committed against Armenians in Nagorno-Karabakh.

"What we are now seeing in Karabakh," said Bonner, "is what is happening in former Yugoslavia—ethnic cleansing, *genocide* of a nation, mass abuses of human rights, which developed because when we tried to draw world public attention to these facts, the West did not pay due attention. The West ignored such gross violations of international agreements as a blockade of Karabakh since 1988, [and] a blockade of Armenia

since 1989, which resulted in a situation in which this state looks very much like besieged Leningrad in World War II."

Baroness Cox followed with a call for the United Nations to ensure that the corridor through which humanitarian aid is shipped is kept open.

The Russian ambassador to Armenia, Stupishin, also spoke. "People are suffering in the process of an undeclared war," he said. "Civilians are being deliberately murdered—military installations are not being targeted, not military units, not front-line positions, but people walking in the streets. . . . People are hiding in cellars—women and children. There is no bread because the only bakery was destroyed. There is no electricity, no running water. . . . I believe that it has been correctly said here that if this continues in the eyes of the international community, then this may soon put an end to the international community itself. What will we leave to our children if we are just watching this calmly?"

## ***Japanese minister seeks to change law on troops***

Japanese Foreign Minister Michio Watanabe said on Jan. 2 that Japan should amend its Constitution so that it can play a more active role in U.N. "peace-keeping" operations. The law "constitutes an obstacle to Japanese activities in Cambodia. . . . If the Constitution hinders, it should be amended," Watanabe told supporters. The U.S.-imposed Constitution bans settling foreign disputes by force. Japan has 600 engineering soldiers in Cambodia, but they are forbidden to enter areas in which fighting is occurring.

Watanabe went further on Jan. 5 and said that the entire Japanese Army should be converted to a U.N. police force. "From now on, the role of the Self-Defense Force [(SDF)] should be to maintain global peace and order, under the leadership of the U.N., rather than continuing with its main business," now limited to the defense of Japan, he said. Watanabe also said that Japan need-

ed more long-range transport aircraft and ships to boost its ability to move equipment and personnel overseas to expand its peace-keeping role.

Government officials said Watanabe was stating his personal opinion only. The newspaper *Nihon Keizai* reported on Jan. 6 that the government was considering a review of the SDF law, but the Defense Ministry and prime minister's office denied this.

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## Russia blames Bosnia for Balkan 'violence'

Although Russian Foreign Ministry spokesman Yastrzhembsky on Jan. 13 condemned the assassination of Bosnian Deputy Prime Minister Hakija Turajlic, he immediately attempted to shift the blame for violence onto the Bosnian forces. "It is with most profound concern," he claimed, "that we learned from the mass media reports that just on the eve of the Orthodox Christmas the Muslim forces in Bosnia and Hercegovina captured a number of Serbian villages lying to the west of the town of Bratunac, killing scores of civilians, mostly women and old people.

"If the mass media reports are true to facts," said Yastrzhembsky, "then we naturally must resolutely condemn such acts of violence at any time, but especially now."

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## Danish prime minister resigns over scandal

Danish Prime Minister Poul Schluter, a Conservative, resigned on Jan. 14 after more than 12 years in office. The resignation was triggered by the long-delayed release of a special parliamentary report into his government's handling of Tamil refugees. The scandal, which goes back to the late 1980s, forced the resignation of the justice minister for forcing expulsion of a group of Tamils seeking asylum in Denmark—a brazen violation of Danish refugee laws.

According to Danish observers, the key

question now will be whether the present fragile, minority coalition of Conservative and Liberal parties, with tacit support in Parliament of several smaller parties, will be able to form a new government without the influential Schluter. Finance Minister Henning Dyremose has been proposed by Schluter's Conservative Party to replace him, and is Schluter's choice as well.

If such a government does not emerge, a Social Democratic return to power after 12 years, under ambitious new party head Poul Nyrup Rasmussen, is possible.

The resignation adds a new element of uncertainty into the European Community.

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## German challenge to Maastricht Treaty

The Maastricht Treaty for European Union has been brought before the constitutional court in Germany, on the grounds that it violates the inalienable sovereign rights of the German people by imposing supranational structures upon the German state.

According to observers in Bonn, the treaty is not very likely to survive, as the Bonn government itself is ostensibly looking for an excuse not to put it into effect but to rather go for a "core Europe" of six states grouped around a Franco-German axis. A majority of the German population doesn't want it either, as indicated by several opinion polls.

The treaty, which has been signed by the member states of the European Community, was defeated in a referendum in Denmark last summer, and barely squeaked through in a referendum in France in the fall.

The legal initiative in Germany, first launched by four senior members of the Green party and by Manfred Brunner, the former cabinet chief of European Community commissioner Manfred Bangemann, has now been joined by Alfred Seidl, a former minister of the interior of the state of Bavaria and senior member of the Christian Social Union party, which is one of three partners in Chancellor Helmut Kohl's Bonn government coalition.

● **BOSNIAN** President Alija Izetbegovic on Jan. 12 compared the current Geneva Conference on former Yugoslavia to the Munich Conference of 1938, at which British Prime Minister Neville Chamberlain gave Czechoslovakia to the Nazis. "There are many analogies to Munich," he said. "Cyrus Vance and David Owen in Geneva behaved like Chamberlain; they are pursuing a false peace."

● **SERBIAN** war criminal Radovan Karadzic, the leader of the Bosnian Serbs, let loose with a broadside against Germany in an interview with the Italian daily *Corriere della Sera* of Jan. 14. Germany "has Slovenia and Croatia under its influence, and is going to dominate Europe," he raved, calling for former German Foreign Minister Hans-Dietrich Genscher to be tried for war crimes.

● **UNITED NATIONS** Secretary General Boutros Boutros-Ghali "should resign," and progressive leaders "should reconsider the position of the United Nations," said the West Asia Peace Committee in a statement released on Jan. 15. Either the U.N. should stop being manipulated by "the international bandits and gangsters" or it should simply go "the way of its predecessor, the League of Nations."

● **THE LAWYER** of Abimael Guzmán, the imprisoned leader of the Peruvian Shining Path terrorists, was arrested on Jan. 16. Alfredo Crespo was charged with coordinating recent terrorist attacks. On his person was found information about top military men and their whereabouts, to target them for hit squads.

● **CAMBODIAN** head of state Prince Norodom Sihanouk accused the United States of working against him and attempting to prevent presidential elections. Sihanouk spoke on Jan. 7 at a press conference in Beijing, where he has been since November. "For more than one year, the U.S. has led an anti-Sihanouk movement," the prince stated. The U.S. supported a coup against him in 1970.

# How British elites thwarted the German Resistance

by Katharine Kanter

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## **The Unnecessary War**

by Patricia Meehan

Sinclair-Stevenson Editions, London, 1992

441 pages, hardbound, £18.99

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## **A Good German: Adam von Trott zu Solz**

by Giles McDonogh

Quartet Books, London, 1989

358 pages, hardbound, £17.95

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To make your way through the thicket of dates, facts, and names and get the message behind these two rather guarded books, replace the word "Czechoslovakia" with "Bosnia" and the date 1938-39 with 1991-92. I had originally planned to write up Mr. McDonogh's book in 1990, when *EIR* received it for review, but was rudely interrupted by the Gulf war. When Miss Meehan's book appeared, in the midst of the Balkans war, it struck me that taken together, they shed a coarse crude light on the real aims England is now pursuing there.

Both of these English historians have seen batches of recently released Foreign Office and government papers, and, though hobbled by the Official Secrets Act, the lack of a U.S.-style Freedom of Information Act, and extremely vexatious rules governing the release of official documents, they have pieced together the story of British foreign policy

between 1936-46, in more detail than was previously possible. Both met with a number of the relevant individuals who are still alive and wished to speak.

Miss Meehan, formerly a producer and archivist for the BBC, coolly allows the Foreign Office to hang itself with its own rope, by presenting year by year, document by document, the evidence of a Foreign Office plot to start a war on the European continent, and wipe out all opposition to Hitler. Mr. McDonogh, who is the food correspondent, believe it or not, for the *Financial Times*—I have noticed over the years that food writers are invariably better informed than most people, perhaps it is the leisurely meals—arrives at similar conclusions through his biographical study of how von Trott was betrayed by his closest friends in England, where he went to school. His tribute to von Trott, a brilliant intellectual and official of the German Foreign Ministry, who was executed in July 1944 owing to his part in the Stauffenberg bomb plot to kill Hitler, is impetuous, even passionate. The subject deserves it.

With respect to the authenticity of her sources, Miss Meehan has left but little to chance; nonetheless, the appearance of *The Unnecessary War* touched off a hostile explosion in the British press, more so than McDonogh's work. The reason is simple. Though never stated in so many words, Miss Meehan pushes relentlessly forward the thesis that the Foreign Office elite were not just "bumbling upper class incompetents," but rather acted with malice aforethought, as they ignored, lied about, and suppressed information on Hitler and the Resistance: There *had* to be a war with Germany in which Germany would be destroyed.

Such a welter of evidence is adduced here, so many quotes



from internal memoranda of high British officials that make Serbia's Milosevic and Seselj look like babes in diapers, that I can only pass on here a few of the more salient examples.

## Czechoslovakia

In March 1938, the British Chiefs of Staff produced a report, at the request of the prime minister, Sir Neville Chamberlain, "On the Military Implications of German Aggression against Czechoslovakia." It read in part: "We conclude, that no pressure that we and our possible allies can bring to bear, either by sea, on land, or in the air, could prevent Germany from invading and over-running Bohemia and from inflicting a decisive defeat on the Czechoslovakian Army."

Replace the word "Germany," with "Serbia," and you've got the current litter of upper-class British military "experts" warning the world against "the Balkans quagmire," the "impossibility" of stopping Milosevic.

One week before this report was submitted, or "commissioned" by Chamberlain, as Miss Meehan says, the cabinet had heard a completely different report from Major General Spears, who had just returned from Czechoslovakia. "Morale of the army first class. Czechs can mobilize a million trained men. Supplies of all kinds sufficient to resist for five months."

According to reports given by the German chief of staff, General Halder, to Allied intelligence officers after the war, the Germans in 1938 had 22 divisions on the eastern front against 35 Czech divisions, and only five or six divisions in the West. But Richard Cresswell, of the Foreign Office Central Department, contended, against all evidence, that the Czechs "have only 24 regular divisions, while Germany can put 70 divisions into the field within a few days, and will be able to mobilize at least 120 divisions in a far shorter time than it will take the Czechs to get going."

Sir Robert Vansittart, who had been Permanent Head of the Foreign Office until he was denounced as a Cassandra and thrown out in 1937, attempted to press upon the government, among other sources, intelligence reports on Czechoslovakia from two leading British intelligence operatives in Germany: Prof. Philip Conwell-Evans, a close friend of Ribbentrop, and Group Capt. Malcolm Christie, who had personal access to Goering, *inter alia*.

Conwell-Evans wrote to his Foreign Office contacts in 1938: "From first-hand knowledge I can state that the German chancellor has decided to complete the plan of last September which was frustrated by the intervention of Mr. Chamberlain, namely the complete incorporation within the Reich of Bohemia and part of Moravia. Hitler will [take the Slovak pretext] to intervene by military force, and will end by wiping out Czechoslovakia as an independent state." This report was corroborated in every particular by one of Captain Christie, based on German General Staff sources.

The reaction of Sir Alexander Cadogan, the new Permanent Head of the Foreign Office was: "Our sources of information have lately become so prolific (and blood-curdling)

that I am beginning to regard them all with a degree of suspicion." Three weeks later he wrote: "The head of MI-5 came to raise my hair with tales of Germany going into Czechoslovakia in the next 48 hours. . . . *This can wait.*"

In 1938, Karl Goerdeler traveled again to London and met with Vansittart, demanding that the British government make a very clear declaration on Czechoslovakia. Lord Halifax wrote to Chamberlain that he was passing on Goerdeler's remarks "because Van [Vansittart] begged me to do so," but that it was not important enough to "deflect us from any conclusions that we may reach on the main issues."

On the very eve of the German invasion of Czechoslovakia, Cadogan noted: "Question is one of saving our faces. This can be done with least loss of prestige after the event, by registering disgust."

## Poland

On Aug. 22, 1939, as Ribbentrop was on his way to Moscow to sign the Nazi-Soviet pact, Hitler called a conference at Obersalzberg, where he laid out the battle plan against Poland, the details of the projected Gleiwitz radio station provocation in upper Silesia, and the coming ethnic cleansing of the Poles. Admiral Canaris, the disaffected head of the Abwehr, was there, heard and saw all, and left to write it down. These notes he caused to make their way through American channels to the U.S. embassy; there the chargé refused the document because it would "dynamite" Roosevelt's "peace" overtures to Hitler. The document was then handed to the British chargé in Berlin, from whence it was rushed to London. This is what Sir Alexander Cadogan, head of the Foreign Office, had to say: "I mentioned it at lunch. Sir Nevile Henderson [the pro-appeasement British ambassador to Berlin, in London for a conference—ed.] had a copy. I am not sure whether he showed it to the prime minister or the secretary of state or not."

To wit: *One week before the invasion of Poland*, the British government had received from an unimpeachable source, the entire plan. As Miss Meehan comments: "If the western press had splashed all over its front pages on 26th August 1939, the revelation of the planned Silesian masquerade, it is arguable that events would have been paralyzed. . . . 1st September was the last possible date for launching an attack in eastern Europe."

Christie and Conwell-Evans wrote a book together after the war, entitled *None so Blind*. Although it was privately printed in only 100 copies, not one of those copies ever reached the public until around 1970. Most of Christie's private papers have simply vanished, though after his death they were *all* supposed to have been bequeathed to Churchill College, Cambridge. Wherever could they have gone?

## The case of Vansittart

A new light is thrown by Miss Meehan's research on Sir Robert Vansittart, who, if her presentation of the facts is

correct, would appear to be the most remarkable Englishman of the century. Although he literally went mad, berserk, during the war (he wrote a racist attack on Germany called "The Black Record," which became so notorious that the phrase Vansittartism was coined), he was, before the war, the only member of the British establishment whose views on Germany and the continent were statesmanlike, rather than sadistic and puerile. It was he who attempted to press upon the cabinet, reports taken from his first-hand meetings with leading Resistance men like Goerdeler, von Kleist and the Kordt brothers.

In July 1937, Vansittart received the famous Langnahmverein Report (Association of Heavy Industries in the Rhineland and Westphalia) from Karl Goerdeler, a close friend who had been the mayor of Leipzig, and who, in the event of a coup against Hitler, was to become chancellor. The document had come out of a discussion between General von Fritsch, the anti-Nazi who was then German chief of staff, and Goerdeler. One of its aims, was to persuade Hitler that Germany was too weak to wage wars of aggression. It was, at the same time, a precise evaluation of what Germany's in-depth war-fighting capabilities were in terms of economics. The gist of the report, wrote Vansittart, was, first, that the country was being put on a war footing, so appeasement was futile; second, that Nazi Germany had an Achilles' heel: the economy, which could be exploited by Great Britain to strengthen the internal German political opposition, and lead to Hitler's downfall.

Vansittart's precis of the Langnahmverein report was printed for the cabinet. It appears in his own papers, with "Suppressed by Eden"—Antony Eden, then foreign secretary—written across it.

On von Kleist's perilous trip to London on Aug. 19, 1938, Chamberlain wrote to then-Foreign Secretary Lord Halifax: "I take it that Kleist is violently anti-Hitler and is extremely anxious to stir up his friends in Germany to make an attempt at its overthrow. He reminds me of the Jacobites at the Court of France in King William's time, and I think we must discount a good deal of what he said."

On Aug. 7, 1938, Vansittart wrote a memorandum to the Foreign Secretary, Lord Halifax, attaching intelligence reports which, he said, called for "the gravest and most urgent attention. Only the strongest and clearest action on our part can prevent the catastrophe." An emergency cabinet meeting should be called, making it known to the world that the subject was Czechoslovakia, or Parliament should be recalled. It was, he said, July 1914. Then, as now, catastrophe could have been avoided by diplomatic action by Great Britain. "If we leave Berlin under any further illusion where we shall stand in a European war, there *will* be a European war."

But by December 1937, Vansittart had no more clout: He had been kicked upstairs as "Chief Diplomatic Advisor to the Government." Of this, Chamberlain wrote in 1937: "After

all the months that Baldwin wasted in futile attempts to push Van out of the Foreign Office, it is amusing to record that I have done it in three days. . . . I suspect that in Rome and Berlin, rejoicings will be loud and deep."

### On the Christian resistance

One of Miss Meehan's most damning finds is a memorandum from Richard H.S. Crossman, head of the German Section of the Political Warfare Executive of the Foreign Office. Commenting on the conflict between the Gestapo and the Catholic and Protestant clergy, he wrote: "It is in our interests to intensify it. We should do everything possible to report fully [on BBC] the Christian opposition in Germany and Europe, and thereby to promote violent attempts by the Gestapo to crush it."

Crossman, who was at Oxford University with Adam von Trott, turns up frequently in Mr. McDonogh's opus. In 1942, Crossman wrote an extraordinarily evil little memorandum for the Foreign Office, stabbing his former friend in the back, which led a high official in the Foreign Office, Geoffrey Harrison, to write about von Trott's efforts to gain support in England for the German opposition: "I understand that Sir Stafford Cripps suggested that Miss Wiskemann [a British liaison agent in Switzerland] should be told to 'cool off' von Trott on the grounds that he is too valuable. In fact I do not think it is in our interest to do so since his value to us as a 'martyr' is likely to exceed his value to us in postwar Germany."

Bear in mind, that these people are talking about a man who had been a scholar at Oxford, active against Hitler since 1932, known personally as a friend and as a resistance leader to some of the most powerful and influential figures in England!

When von Trott was executed for his part in the Stauffenberg bomb plot, his old friend at Oxford, Maurice Bowra, to whom he had opened much of his political views and underground activities, wrote: "That's one Nazi who was hanged!"

The most unequivocal statement of British aims, however, Miss Meehan leaves to John Wheeler-Bennett, then attached to the Foreign Office Political Intelligence Department, whom both she and Mr. McDonogh expose as a bald-faced liar, lying about his contacts to von Trott before the war, lying about his contacts to the Resistance, lying about the nature of the Resistance itself. Following the execution of the July 20, 1944 plotters, Wheeler-Bennett wrote an internal memorandum: "We are better off than if the plot of July 20th had succeeded and Hitler had been assassinated. By the failure of the plot we have been spared the embarrassments, both at home and in the United States, which might have resulted from such a move, and moreover, the present purge is presumably removing from the scene numerous individuals which might have caused us difficulty, not only had the plot

succeeded, but also after the defeat of a Nazi Germany. . . .

"The Gestapo and the SS have done us an appreciable service in removing a selection of those who would undoubtedly have posed as 'good' Germans after the war. It is to our advantage therefore, that the purge should continue, since the killing of Germans by Germans will save us from future embarrassments of many kinds."

Serious, hard work has gone into both these books, and I can only hope that they will shortly be translated and published in both French and German. The only weakness in Miss Meehan's work is her tireless, but very tiresome, attempt to make out Ernst von Weizsäcker, father of the present, ultra-liberal Anglophile German President, as some sort of latter-day saint, the very soul of the German Resistance. I have been led to believe that such an interpretation of von Weizsäcker's life is over the top, and Miss Meehan, for once, is long on rhetoric but short on hard facts to persuade us otherwise.

All that said and done, a regret remains about people like von Trott or von Moltke, who, due to their aristocratic background, were blind to the fact that it was their refined, "sensitive" upper class friends in England, the very people to whom they flew for aid, who pushed the "liquidate" button the moment von Trott et al. walked out of the room. Von Trott might have been wise to heed the Chinese revolutionist Lin Tsiu Sen, whom he met in Berne in 1942. Lin said: "I told him the German opposition was much too passive. Revolutionaries must keep the initiative and strike at the enemy, even when it means self-sacrifice. If you can't kill Hitler, then kill Goering. If you can't kill Goering, kill Ribbentrop. If you can't kill Ribbentrop, kill any general in the street. But Trott said, 'Germans don't kill their leaders.' "

## Thirty years of Maoist despotism

by Mary Burdman

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### **The New Emperors, Mao and Deng: A Dual Biography**

by Harrison E. Salisbury  
Little, Brown and Co., New York, 1992  
544 pages, hardbound, \$24.95

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One elderly member of the Russian intelligentsia remarked recently that, as well as he knew the horrors wreaked by

Adolf Hitler's Nazi state, he often had to remind westerners that Hitler, monster that he was, was only in power a little over a decade. Could they imagine what 30 years of Josef Stalin had done to Russia and Russians?

We must ask the same question about 30 years of Mao Zedong in China.

The book by Harrison Salisbury, long-standing *New York Times* commentator on the Soviet Union, assembles an enormous amount of material, including many personal interviews of Chinese, which are certainly of value. But despite the detail, including a reckoning of the Great Leap Forward, which killed 30-40 million Chinese, and the Cultural Revolution, Salisbury's "human interest" journalistic style and emphasis on the personal lives of Mao Zedong and his ultimate successor, Deng Xiaoping, only touches the surface of the damage that these two have done to the culture and society of China, a nation with thousands of years of history. At the end of his book, which, oddly, is written as if Deng had already died before it was published, he cannot even speculate on what will now happen in China.

Salisbury presents a damning portrait of Mao Zedong and of the inner workings of the Communist Party itself during his rule, based on interviews with Mao's surviving private secretary Li Rui and others. Mao was as degenerate as any despot in this century. He spent much of his life after the Communists took over Beijing secluded and indulging his obsessions with re-reading the most heinous aspects of China's long history. Mao was addicted to sleeping pills, and demanded the services of a vast "harem" of young women under the delusion that this would prolong his life. His closest collaborator in unleashing the Cultural Revolution, Lin Biao, was a morphine addict. Yet while poring over the hundreds of books in the ancient records of China's rulers, the *Annals of Twenty-four Dynasties*, Mao ordered the brutal political upheavals which murdered many tens of millions of peasants, destroyed China's intelligentsia, and repeatedly wrecked its economy.

### **Soft on Deng**

However, Salisbury is far too kind to the pragmatic Deng Xiaoping. Deng rose to power as a leader of Maoism: spreading "support" for the Communist revolution by leading peasants to mass murder their better-off neighbors and steal their land, and thus become collaborators who would be unable to break with the communists. These methods are the basis of the Communists' hold on power. Although there were attempts, especially after the Great Leap Forward fiasco, to move Mao aside, they all failed. Unlike Nikita Khrushchov, who "de-Stalinized" Russia, Deng never purged the many perpetrators of the Cultural Revolution, except for the show trial of Madame Mao and her "Gang of Four." Deng has not "de-Maoized" China. This made the 1989 massacre at Tiananmen inevitable.

# 'Rant Radio' promotes the politics of rage to brainwash American citizens

by Doug Mallouk

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## **The Way Things Ought To Be**

by Rush H. Limbaugh III  
Pocket Books, New York, 1992  
304 pages, hardbound, \$22

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You're a typical, struggling middle-income American. So far, you've managed to hold on to your job and keep up the mortgage payments, but nonetheless your world seems to have been turned topsy-turvy.

Your son's graduating high-school class reads on a median fifth-grade level, but the designers of his curriculum seem to be concerned only with "enhancing self-esteem" through such course offerings as "Applied Auto-Eroticism" and "Indigenous Peoples' Alternatives to European Mathematics." Your pre-teen daughter has taken to babbling that the atmospheric ozone above your town will disappear and that everyone in the neighborhood will get skin cancer if you don't unplug the family refrigerator immediately.

More and more of your income is gobbled up in taxes, yet the inner cities are, if anything, even more poverty-stricken than when the Great Society programs began in the sixties. And now you get the dreaded news that not even your once-pristine suburban community is immune from the crack-and-crime epidemic sweeping the nation.

Do you have a perfect right to be hopping mad about the whole situation? Absolutely! But beware: If you can't get beyond the simple state of raw rage to actually think through why this is happening and how it can be reversed, then you are an easy mark for a growing breed of pseudo-conservative political hucksters inhabiting a communications medium most appropriately termed "Rant Radio."

Take the case of the best-known of these characters, the omnipresent Rush Limbaugh, now the host of nationally syndicated talk-shows on both radio and television. Truly a rising pop-culture icon, Limbaugh prides himself on being about as "politically correct" as whale-meat burgers, and at 300-odd pounds, he's almost as big as the critter from which they're made. While his bragging claim of reaching 12 mil-

lion listeners a day may be a delusion, there is no denying that his crusade against "Communists, Socialists, Environmental Whackos, Feminazis, Militant Vegetarians, Animal-Rights Extremists, and Liberal Elitists" has tapped into a visceral disgust on the part of a large chunk of Middle America with the antics and inanities of the New Age political correctness mafia.

The problem, of course, is that with Limbaugh and his legion of imitators on various radio programs throughout America, it never gets beyond the level of viscera—by design. Not all talk-show hosts are Rush "Wannabes" by a long shot, but too many of those who are, have become veritable experts at reducing their mostly middle-class audiences to a pitiable collection of "right-wing" rage-balls, politically impotent to do anything except maybe pave the way for some "new world order" bankers' dictatorship.

One need only peruse Limbaugh's recent literary opus *The Way Things Ought to Be* to comprehend how the operation works. Rush is truly a heavy thinker and the fact that his weighty tome has been for several weeks the national number-one bestseller (eclipsing even that other social critic, Madonna) speaks volumes as to the current state of mind of the U.S. population. Some choice "Quotations from Chairman Rush," with amplifying commentary, aptly illustrate just how Limbaugh endeavors to play that mind-set like the proverbial fiddle.

## **Rush fools in**

**Dr. Limbaugh's Prescription for Stopping AIDS:** "People should just *stop \* \* \* around!*" (deletions in original). This is quintessential Limbaugh: He gets his audience going by poking massive fun, quite justifiably, at the "safe sex" maniacs who are unrelenting in their perverse determination that no American over the age of nine ever be without a condom or a clean drug needle, depending on his or her life-style. Rush supplies "bungee condom" skits, tongue-in-cheek suggestions to convert public school study halls into giant bedrooms, complete with clean sheets, as supervised safe sex laboratories, etc.

But in the midst of all the frivolity, perhaps one notices a small something missing: a solution to the spread of the

disease. Except for the one-sentence sermon on the imperative of chastity quoted above, Rush doesn't offer any.

And he's got no excuse, either. In 1986, when Limbaugh's talk-show was based in Sacramento, associates of Lyndon LaRouche in that state put a referendum on the ballot mandating a full battery of public health measures for AIDS, including compulsory testing, contact tracing, and the option of quarantine. They insisted that only these policies, combined with a crash research program in emerging disciplines like optical bio-physics, could halt the advance of the virus and ultimately defeat it. Their efforts were viciously attacked by a very queer alliance of militant sodomites, trendy Hollywood lefty-libs (Patty Duke et al.), condom-mongers, and oddly enough, some fiscal conservatives, who felt that the measures would unbalance the budget.

Why doesn't Limbaugh mention one word about that huge battle in his book? It is simple political marketing: There are far greater gate-receipts to be made screaming "Stop \* \* \* around!" than in forcing the American people to think through a comprehensive war plan to actually conquer AIDS. But it's safe to say that the parents of the late Kimberly Bergalis (who contracted the AIDS virus on a visit to her dentist) or the millions of absolutely innocent African children who have the disease would not be overly impressed with Rush's pat one-line "remedy."

**Limbaugh-nomics:** Rush-ing in to defend the economic track record of the Reagan era, Limbaugh waves around with great bravado a Commerce Department study claiming, "The 1980s were years of an almost unbelievable revival by U.S. industry." Indeed, to those of us who beheld the shut-down steel mills, foreclosed family farms, and collapsing infrastructure during that decade, this assertion certainly is unbelievable.

What Rush doesn't tell us, of course, is that those fun-loving government statisticians (never ones to let reality stand in their way) managed to massage the figures by such sleights-of-hand as reclassifying personal computers as "machine tools"! Maybe Limbaugh could devote one of his shows to proving that a bunch of Wall Street yuppies peddling junk bonds at their computer terminals are really skilled machinists.

Elsewhere in the book, Limbaugh lets his slip show by defending as sacrosanct the bailout of the savings and loan institutions. He argues that the S&Ls were torpedoed, not by deregulation and the ensuing speculative bubble that it created, but by the 1986 Tax Reform Act. This was admittedly a horrible piece of legislation, but Rush's objection to it is simply that it "eliminated tax incentives for investment in real estate"—that is, it popped the bubble! He says point-blank that "what this recession needs is a good dose of inflation in real estate and a lot of our problems would be solved." Who needs production? Just pump more hot air into the balloon, boys!

But make no mistake: There are plenty of Americans,

nostalgic for the speculative quick-buck boom days of the 1980s, who passionately want to believe this mumbo-jumbo.

**On Being Outrageous for Fun and Profit:** Limbaugh explains that he likes to provoke people by saying things that are deliberately inflammatory. For example, after trashing Anita Hill and feminists generally: "I love the women's movement—especially when I'm walking behind it." (If Limbaugh had consciously intended to fill the coffers of NOW, he couldn't have done a much better job than with that one.) Or, after complaining that America's poor are positively rich compared to their counterparts in India, Ethiopia, etc., he calls them "the biggest piglet at the mother pig (i.e., the federal government) and her nipples" and concludes: It's time to "tax the poor," take away their extra TVs, stop them from reproducing, *ad nauseam*.

Of course, he covers himself by saying, not too convincingly, that he doesn't really mean it all literally, that he wants to get people to lighten up and laugh. But in fact, the whole appeal to his listeners lies in the notion that he is actually saying in public all those dark, unutterable things that they have only dared to think privately. And while Limbaugh spends an inordinate amount of time remonstrating that he's really not a racist, and doesn't lack compassion, it is obvious that he is delighted to have these things said of him by his adversaries. He knows the audience to which he's playing.

### **Crucial omissions: Where are the oligarchs?**

Limbaugh's book is far more significant for what it doesn't say. He may rail interminably against various manifestations of America's economic and cultural decline, but left out is even a hint as to who or what may be behind it all.

For example, he is right in labeling today's radical environmentalism a pagan cult of earth-worship; he even cites Dixy Lee Ray's excellent book *Trashing the Planet* as an antidote to greenie pseudo-science. But he never mentions the well-documented fact that the eco-fascists are massively funded by multibillion-dollar foundations connected to top Wall Street financial families whose interest in stopping industrial progress has much more to do with enhancing their own political power than with saving the biosphere.

He rightly attacks the abortion and euthanasia movements as tending toward Hitlerian race science—but somehow manages to omit that New York financiers Averell Harriman and Prescott Bush, the father of Limbaugh's 1992 choice for U.S. President, virtually created the international eugenics movement prior to the Nazi seizure of power and were actively promoting abortion and sterilization as population control measures long before Gloria Steinem and her crowd even existed.

It should be noted that by the time of the November general election, Rush had pretty much turned himself into a public relations flak for the unlamented George Bush. Indeed, of all Limbaugh's quips and attempts at humor in his

book, none is more hilarious than his dead-serious contention that Bush underwent a born-again conversion to the pro-life cause in the late 1970s “because he became convinced that it [legalized abortion] was contributing to an overall decline in American moral values.” He is referring to the same moral watchdog who, as a member of the U.S. Congress, publicly lauded the proposals of the vile “race scientists” Arthur Jensen and William Shockley for forced sterilization of black females to prevent “down-breeding” of the U.S. population!

Equally telling is Limbaugh’s commentary on the recent Los Angeles riots. Speaking of the thugs and vandals, he says that it was “almost as if they were poised to begin rioting” even before the Rodney King decision was announced. No “almost” about it, Rush! That outburst was pre-planned, not by black or Hispanic ghetto residents, but by top (white-skinned) new world order operatives like Warren Christopher and the Anti-Defamation League’s Sol Linowitz, as *EIR* has documented.

And while no sane person would defend the “animal rights” lunatics, nevertheless, when Limbaugh accuses only them—and neither the banks nor the grain cartels—of putting the American farmer out of business, it is obvious that something is sorely missing here.

The net effect of these crucial omissions in Limbaugh’s portrait of the political landscape is elementary. Lacking any comprehension of how the oligarchy creates and controls these “movements” and operations, the beleaguered middle-class American—Limbaugh’s targeted readership—simply sees a kaleidoscopic array of hostile interest groups variously trying to take away his piece of the pie, or undermine his values. And he reacts predictably, with fear and rage, to “defend” himself, while Limbaugh and his ilk chortle, “Yeah, that’s right, blame it on the other guy”—defined, of course, as anybody except the puppet-masters behind the show. This is precisely how dying societies are caused to collapse into class warfare, anarchy, and ultimately, dictatorship.

### How ‘democracy’ becomes fascism

The question remains: Is this scenario Limbaugh’s intended result? Is he philosophically some kind of fascist? The answer is unequivocally yes—but for the exact same reason that this term applies with equal force to his liberal New Age nominal adversaries.

The essence of fascism as a social-political movement is absolutely not some “ultra-conservative” phenomenon. As Lyndon LaRouche has recently explained, the liberal establishment “has found a new name for fascism. They call it democracy.”

Democracy, as opposed to democratic republicanism, can be characterized by the proposition that there is no higher law governing the affairs of men than the prevailing majority opinion at any given time. LaRouche and other republicans have always insisted that the very worst form of tyranny is

the imposition of a set of arbitrary rules in violation of the laws of God and nature by a majority upon a minority.

In contrast, Limbaugh’s unabashed support for democracy comes out most luridly in his argument in favor of capital punishment. Without rehashing the death penalty debate here, consider the incredible method he employs to polemicize for its implementation.

He doesn’t even attempt to dredge up some phony theological justification for state-sponsored executions and he readily admits to having not a shred of evidence that capital punishment deters crime at all. He simply says that not to pull the switch would “thwart the will of the people,” repeating that ponderous phrase half a dozen times.

To fully appreciate just what these words mean, let us now tune in to a fifth-century B.C. “talkathon” in the city square of ancient Athens, with the participants discussing a celebrated case of “democracy in action.” Our host, Opinionatus Humongous, has drawn around himself an enormous crowd (some overly sensitive types might say “mob”), as a stranger steps up to question the Great Demagogue (a innocuous Greek term meaning simply one who is popular with the people).

**Stranger:** I’m really bothered by the recent decision in the case of Meletus versus the condemned man. . . .

**Opinionatus Humongous:** Stuff it, you lice-infected liberal fuzz-brain! Look, the guy they convicted was a first-class, Grade A pervert. Seventy years old and he spends all his time hanging around young boys! You know what that means, don’t you, heh-heh-heh? (*Crowd titters.*)

**S:** But Opinionatus—

**OH:** Furthermore, he’s got no visible means of support and claims he makes his living peddling this thing he calls philosophy. Yeah, right, and I’m King Tut!

**S:** I don’t think you understand—

**OH:** Look, this country needs another weirdo beggar like we need a slave revolt!

You bleeding hearts have to get one thing straight. Not only was this character preaching disrespect for the trusty, home-grown gods that any red-blooded All-Athenian regular guy would be happy to adore, but he’s even gone so far as to say that there is only one God who made the whole universe! What nerve! Can you imagine the incredible snafus we would have trying to rely on Centralized Theocratic Planning?! Instead of making a simple sacrifice to your own local deity, you’d have to get in line behind every nincompoop worshipping the sole Creator of Heaven and Earth. Just processing supplications could take weeks!

**S:** I don’t think it will be quite as bad as you indicate.

**OH:** (*Voice dripping with sarcasm*) Geez, I’m just so glad to hear that!

Listen, sap, the next thing you know, this guy will have the helots and other riff-raff believing that they are our equals in the eye of God. There would be a complete breakdown of

law and order! Now even a nice liberal like you can understand what that means, can't you?

**S:** (*About to open his mouth*)

**OH:** Stop interrupting. Besides, I can tell from your accent that you're not from around here. (*To crowd*) Is he, boys? (*Audience murmurs in assent.*) See, stranger, this fellow you're so in love with was convicted by a unanimous decision of an All-Athenian jury backed by overwhelming popular demand. And for folks in these parts, that about settles it. So unless you or your God (heh-heh-heh) have any more objections, we'll proceed to the business of killing that menace Socrates!

**Audience:** (*Cheering and whistling*) All hail Opinionatus Humongous!

An unfair parody of Mr. Parody himself? Not at all. It is absolutely indisputable that both Socrates and Christ were executed in a thoroughly democratic fashion, fully in accord with the popular mood. And while today's death row inmates are obviously not comparable to those two great benefactors of humanity, what is amazingly similar, then and now, is the mob psychology demanding the "satisfaction" of executions.

At one point in his book, Limbaugh even answers the objection that crowds demanding the gas chamber for one recent California convict were "screaming for blood, too excited, too happy about it," not by denying the charge, but

by affirming this mob mentality as natural, understandable, justified! When Hitler and Mussolini employed Limbaugh's precise turn of phrase "will of the people," this is just what they had in mind.

Therein, it must be said, lies the key to Limbaugh's meteoric rise. No matter how many valid skew points he may score against the "feminazis," greenies, etc., the hard kernel of his appeal lies in the fact that he's a skillful (and very democratic) fascist manipulator, or to put it in Rush-ian, a "demo-nazi."

To reach you, all he does is to follow the path of least resistance. It is much easier to blame the plague of drugs in your town on some local hoodlums (or, simpler still, on the hapless parents of the kids who get hooked) than to launch a serious attack on the highest level Anglo-American bankers (and their Anti-Defamation League hired thugs) who constitute the command center of Dope, Inc.; far less difficult to wail about "welfare cheats" in the ghettos than to take on and dismantle what is easily the biggest something-for-nothing program in the country—the Federal Reserve System that hands hundreds of billions of dollars each year to a clique of international financial parasites; and too often a lot more comfortable to listen to a Rush Limbaugh articulate "your" pet peeves than to someone like LaRouche who will tell you the hard truth about these matters and demand that you do some real thinking.

## Books Received

**Hannah Arendt-Karl Jaspers: Correspondence 1926-1969**, edited by Lotte Kohler and Han Saner, translated by Robert and Rita Kimber, Harcourt Brace Jovanovich, New York, 1992, 821 pages, hardbound, \$49.95

**The Great Melody: A Thematic Biography and Commented Anthology of Edmund Burke**, by Conor Cruise O'Brien, University of Chicago Press, Chicago, 1992, 640 pages, hardbound, \$34.95

**Evil Money: Encounters Along the Money Trail**, by Rachel Ehrenfeld, HarperCollins, New York, 1992, hardbound, \$22

**Jubal: The Life and Times of General Jubal A. Early, C.S.A., Defender of the Lost Cause**, by Charles C. Osborne, Algonquin Press, Chapel Hill, N.C., 560 pages, hardbound, \$29.95

**Stonewall: A Biography of General Thomas J. Jackson**, by Byron Farwell, W.W. Norton, New York, 1992, 560 pages, hardbound, \$29.95

**The Civil War, An Illustrated History**, by Geoffrey C. Ward, with Ric Burns and Ken Burns, Alfred A. Knopf, New York, 1992, 448 pages, hardbound, \$37.50

**The Civil War: A Treasury of Art and Literature**, edited by Stephen W. Sears, Hugh Lauter Levin, New York, 1992, 368 pages, hardbound, \$75

**The Fire This Time, U.S. War Crimes in the Gulf**, by Ramsey Clark, Thunder's Mouth Press, New York, 1992, 325 pages, hardbound, \$21.95

**A Paper House, The Ending of Yugoslavia**, by Mark Thompson, Pantheon Books, New York, 1992, 350 pages, hardbound, \$23

**Western Approaches to Eastern Europe**, edited by Ivo John Lederer, Council on Foreign Relations Press, New York, 1992, 112 pages, paperback, \$14.95

**Forgotten Fatherland: The Search of Elisabeth Nietzsche**, by Ben Macintyre, Farrar Straus Giroux, New York, 1992, 256 pages, hardbound, \$22

**Brother Number One, A Political Biography of Pol Pot**, by David P. Chandler, Westview Press, Boulder, Colo., 1992, 254 pages, hardbound, \$24.95

## ADL is caught in espionage scandal in San Francisco

by Jeffrey Steinberg

The Anti-Defamation League of B'nai B'rith (ADL) has been implicated in the theft of classified files from the San Francisco Police Department (SFPD), which may have then been passed on to the governments of Israel and the Republic of South Africa. According to a report first published in the *San Francisco Chronicle* on Jan. 15, a San Francisco police intelligence officer, Sgt. Tom Gerard, is under criminal investigation by both the district attorney and the Federal Bureau of Investigation for having allegedly accepted over \$20,000 from a suspected South African agent to provide secret police files on Bay Area "hate groups." Some of those files, according to the *Chronicle's* Matier and Ross Report, wound up in the San Francisco and Los Angeles offices of the ADL.

According to statements by some of Gerard's SFPD colleagues, the 25-year veteran of the force was actively working with Israeli intelligence by no later than 1985. He was the department's official liaison to the FBI and other federal law enforcement agencies at the time. Gerard continued to have access to federal agency files until last November. Thus, the ADL, the Israelis, and South Africans may have tapped into an intelligence vein that went far beyond the San Francisco department's own surveillance and intelligence files.

### ADL offices raided

On Dec. 10, 1992, police searched the San Francisco and Los Angeles offices of the ADL and discovered information obtained from "a national police computer network." Although ADL San Francisco regional director Richard Hirschhaut told reporters that the searches were conducted with the ADL's cooperation, *EIR* learned that the searches were ordered by Superior Court Judge Lenard Louie. The sealed search warrant signed by Judge Louie also ordered police to search a Sausalito, California houseboat owned by Gerard. According to news accounts, that search also turned up con-

fidential police files.

Gerard fled the United States in November of last year and is now believed to be living in Puerto Princess on the Philippines island of Palawan. He resigned from the police department in a letter from the Philippines shortly before police searched his houseboat and the ADL offices. The United States and the Philippines do not have an extradition treaty, so the prospects of Gerard being brought back to be prosecuted are remote. However, sources in the San Francisco Police Department have told reporters that they anticipate indictments in the case within weeks.

In 1991, Gerard was part of an "ADL law enforcement mission to Israel." By his own accounts, he took part in the Israeli government's airlift of Ethiopian Jews from Addis Ababa to Israel. Between October 1982 and November 1984, according to police records, Gerard was in El Salvador working for the CIA as a demolition expert. He briefly quit the police department during this period, but was re-hired in January 1985 and placed in an important assignment within the department's intelligence division, monitoring Arab-Americans thought to have possible ties to Middle East terrorist networks. In 1988 he was reassigned out of the intelligence division and to the narcotics squad and later to a unit monitoring street gang activities.

### A timely warning

*EIR's* counterintelligence newsletter *Investigative Leads*, in a special issue published in July 1992, warned that the ADL was aggressively infiltrating law enforcement agencies on behalf of organized crime and Israeli intelligence: "Dozens of police chiefs, sheriffs and public safety directors have been brought to Israel on all-expense-paid junkets to meet with the National Police, the Mossad and the Israeli Defense Forces. . . . Given the central role played by the ADL in



the Jonathan Jay Pollard Israeli-Soviet spy ring case, such collaboration with the ADL and Israeli intelligence agencies poses a direct threat to U.S. national security.”

In November 1985, Pollard, a Navy intelligence analyst with top security clearances, was arrested and charged with stealing classified Pentagon secrets and passing them on to Israel. Pentagon investigations revealed that defense secrets stolen by Pollard may have been passed on to the KGB in return for the loosening of immigration restrictions on Soviet Jews wishing to go to Israel. The day of Pollard's arrest, ADL national chairman Kenneth Bialkin flew to Israel to confer with top government officials and assess the damage. He arranged a Washington lawyer for Pollard's Israeli intelligence recruiter, Air Force Col. Aviem Sella. Reports at the time indicated that Sella's wife was an employee of the ADL's legal department.

The Pollard affair was not the first time that the ADL was caught aiding foreign intelligence agencies in espionage operations on American soil. In 1967, a longtime employee of the B'nai B'rith International, Saul Jofte, sued B'nai B'rith and ADL officials for firing him. Jofte had objected when he was ordered to set up a front for the Mossad inside B'nai B'rith to aid Israeli infiltration of U.S. business organizations and government agencies.

The Israeli government case officer on that early 1960s spy effort was Uri Ra'an. At the time of the events described in the Jofte lawsuit (*Jofte v. Rabbi Jay Kaufmann*, CA 3271-67, District of Columbia), Ra'an was director of information at the Israeli consulate in New York City. Ra'an later became the head of a national security graduate studies program at the Tufts University Fletcher School of Diplomacy in Boston, where one of his prize students was Jonathan Jay Pollard. Besides helping Pollard to get his job with the Navy, Ra'an helped a Pollard classmate, Mira Lansky Boland, to land a job with the Central Intelligence Agency. In 1982, after working for the CIA and later as a Pentagon consultant, Lansky Boland became a top official in the ADL's Washington office.

The Israel-South Africa connection mooted in the Gerard case is also not new. In the mid-1980s, an adviser to the Office of the Prime Minister, Shabtai Kalmanowitch, was arrested in Israel as a KGB spy and supposedly convicted in a secret trial. Kalmanowitch had been involved in Israeli "business" dealings in South Africa involving West German organized crime figures who ran a gambling empire in Bophuthatswana, one of the black homelands in the R.S.A. Recently, Israeli sources have told *EIR* that Kalmanowitch was serving as the go-between for Israeli intelligence and the KGB in passing on Pollard's classified documents to Moscow (see *Feature, EIR*, Jan. 22, 1993).

### **New book details crime ties**

Senior ADL officials, including current executive director Abraham Foxman, are reportedly cringing over the implications of the Gerard case. Foxman, according to one New

York City journalist, has refused to answer any questions about the office raids in Los Angeles and San Francisco and is "deeply depressed." Foxman and the ADL's worries are compounded by *EIR*'s recent release of a book exposing of the League's ties to organized crime and foreign intelligence agencies. *The Ugly Truth about the ADL*, released on Jan. 6, is widely circulating in the United States, Ibero-America, and Europe. It details the ADL's 80-year history of fronting for organized crime, its ongoing ties to the National Crime Syndicate of the late Meyer Lansky, and the roles of convicted junk bond swindlers Michael Milken and Ivan Boesky, along with others suspected of laundering illegal narcotics proceeds, in funding the League's activities.

The book accuses the ADL of collusion with the former East German secret police agency, the Stasi, and the Soviet KGB in such efforts as the coverup of the assassination of Swedish Prime Minister Olof Palme in February 1986.

The ADL and its closely allied American-Israeli Public Affairs Committee (AIPAC) also suffered a serious blow last July when a member of AIPAC's dirty tricks unit, Gregory Slobodkin, quit in protest over those groups' McCarthyite tactics against Jewish organizations and leaders advocating a peaceful solution to the Arab-Israeli conflict. In the July 1992 issue of *The Washington Report on Middle East Affairs*, Slobodkin wrote: "Just as McCarthy's permanent investigations subcommittee labeled criticism of specific policies of the U.S. government as 'anti-American,' or 'pro-Soviet,' AIPAC labels criticism of Israeli government policies 'anti-Israel,' 'pro-Arab,' or 'pro-PLO.' Still worse, is the pro-Israel lobby's redefinition of 'anti-Semitism' to include any such criticism of Israel or its actions." The Slobodkin article catalogued specific dirty tricks carried out by AIPAC and ADL against political opponents.

Arab-American organizations are up in arms about the Gerard case and its implications. Christine Totah, a spokeswoman for the Arab American Democratic Club in San Francisco told the *San Francisco Chronicle*: "It is one thing for the San Francisco police to keep track of different communities—they keep files on all sorts of groups. But they have this guy who sells this information to foreign governments—God knows how they are going to use it." In 1985, Alex Odeh, a leader of the Arab-American Anti-Discrimination Committee (AADC) in Santa Monica, was murdered by a pipe bomb, planted by members of the Jewish Defense League. The JDL, according to a recent biography of its founder Rabbi Meir Kahane, was steered by the Mossad and at least one top official of the ADL.

ADL San Francisco regional director Hirschhaut claims that "under no circumstances whatsoever does the ADL maintain files on Arab-American individuals or organizations in this country." But in 1991, the ADL issued a research report titled "The Anti-Israel Lobby Today: An Examination of the Themes and Tactics of an Evolving Propaganda Movement," which included dossiers on ten Arab-American groups which are being closely monitored by the ADL.

# Ad appeals to Clinton: Free Lyndon LaRouche!

*On Inauguration Day, Jan. 20, a prominent half-page advertisement appeared in the Washington Post's Inauguration Special and in Mexico's leading daily Excelsior, signed by nearly 200 leading figures, which appealed to President-elect Clinton to free political prisoner Lyndon LaRouche.*

*Taken out by the Commission to Investigate Human Rights Violations, the advertisement urges Clinton to act on his pre-election pledge to "bring about a change in American policy," by ending "a crying injustice" and setting LaRouche free. The endorsers identify themselves as having joined "the international coalition to free Lyndon LaRouche." Spokesmen say that they plan more such advertisements, and to make public the complete list of signers, which numbers over 1,000.*

*We publish here excerpts from the ad text, and a sampling of the signers.*

Dear President-elect Clinton:

In the course of your election campaign, and following your election as the President of the United States, you pledged to bring about a change in American policy. We welcome this intent and wish you courage and steadfastness for this difficult task.

We call upon you to take a first step in this direction: To end a crying injustice—see to it that Lyndon LaRouche is immediately set free and exonerated.

Lyndon LaRouche, who is innocent, has been incarcerated as a political prisoner in the federal prison in Rochester, Minnesota since January 1989. He committed no crime; his sentencing and imprisonment were the result of years-long slanders and persecutions by forces of the Reagan-Bush administration, in combination with the media and private organizations, as well as forces of the secret services of formerly communist states. . . .

We are outraged over the arrogance of the Bush government, which ignored all protests and appeals. . . .

We, the undersigned, see ourselves as members of an international coalition to free Lyndon LaRouche. We appeal to you, President Clinton: Give a signal that you seriously mean to bring about change: Act! Take the necessary steps immediately to set LaRouche and his associates free! . . .

## North America

Jim Albright, past state president, Alabama Building Trades Council

James Barnett, chairman, Coalition of Black Trade Unionists, N.W. Ala.

Francis Boyle, professor of law, University of Illinois,

## Champaign

George Branch, City Council member, Newark, N.J.  
David A. Collins, City Council member, Buffalo, N.Y.  
Sylvia Cox, executive vice president, National Association of Black Women Lawyers

Joseph Dickson, publisher, *Birmingham World*

Msgr. David I. Dorsch, Archdiocese of Baltimore

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

Ron Hampton, national director, National Black Policemen's Association

Henry Helstoski, former U.S. congressman, N.J.

Colman McCarthy, syndicated columnist, Washington, D.C.

State Senator Theo Walker Mitchell, S.C.

Dr. Abdul Alim Muhammad, minister of health, Nation of Islam

George Perdue, representative, Alabama State House

Vel Phillips, former Wisconsin secretary of state

Clinton Roberson, president, African American Lawyers Association

## Europe

Jean-Marie Alexandre, deputy, European Parliament, France

Haik Babookharian, Yerevan City Parliament, Armenia

Roberto Barzanti, vice president, European Parliament, Italy

Y. Chernichenko, national deputy; president, Farmers' Party of Russia

Janos Denes, Member of Parliament, Hungary

Lissy Groener, deputy, European Parliament, Germany

Hrant Kachatrian, Member of Parliament and Supreme Soviet, Armenia

Carmine Mancuso, Member of the Senate, Italy

Pavlo Movchan, Member of Parliament, Ukraine

Flaminio Piccoli, Member of the Senate, Italy

Joseph Rozier, Bishop of Poitiers, national president, Pax Christi, France

## Ibero-America

Ernesto Amézquita, president, National Trial Lawyers Association, Colombia

Jorge Carrillo, former minister of labor, Colombia

Arturo Frondizi, former President of Argentina

Apolinar García, secretary general, National Agrarian Federation (FANAL), Colombia

J.J. González Gortázar, Member of Congress, Mexico

Elmo Martínez Blanco, former minister of industry and commerce, Panama

Jorge Moscoso, Member of Congress, Mexico

Josmell Muñoz, former Member of the Senate, Peru

Msgr. Alfredo Noriega Arce, S.J., Auxiliary Bishop of Lima, Peru

Dom Manoel Pestana Filho, bishop of Anapolis, Brazil

# Spannaus challenges Confederate establishment in Virginia election

*Nancy Spannaus, the editor of New Federalist newspaper and a longtime associate of Lyndon LaRouche, announced on Jan. 16 her campaign for the Democratic nomination for governor of Virginia. The election is on Nov. 2, 1993. This is her second run for office. In 1990, she ran as an independent against Sen. John Warner (R), and got nearly 200,000 votes (about 18%) in the two-way race. Spannaus was interviewed by Anita Gallagher on Jan. 20.*

**EIR:** Your campaign for governor of Virginia is taking place in one of only two states that hold statewide elections in 1993. Virginia tries to project the same image about its economy as the United States does in the international community; that is, that its economy is “stable,” and slowly “recovering.” What do you say?

**Spannaus:** Virginia has been protected economically over the last few years primarily by federal government spending, both on the military and the general bureaucracy. The state has had the fifth largest per capita spending by the military in the country, and there is no doubt that such spending has kept unemployment under the national average, in the state as a whole.

But even this spending did not prevent the Commonwealth from having a massive “revenue shortfall” back in the summer of 1990, when all of a sudden a \$4 million hole appeared on the revenue side of the budget. It is my projection that this is very likely to happen again.

The reasons are these. First, with the free trade push by the state government and the administration, the remaining manufacturing jobs—only 14% of the total in the state—are going to move out. Thousands of communications jobs have left the state in the last years, moving to Mexico. Secondly, there are going to be more severe budget cuts from the federal government, particularly in the military, which will be devastating.

Virginia Sen. Chuck Robb (D) has already leaked the results of a federal defense conversion report, which says that the state will lose 47,000 private sector jobs alone over the next four years, as a result of defense cuts in contracting. Then there’s a multiplier effect beyond that, which will be catastrophic.

In fact, despite the rhetoric, the majority of Virginia’s population is in a depression, just as is the majority of most

of the U.S. population. You just have a larger percentage of high-paid lawyers and government bureaucrats, who are very conspicuous. In the mining area of the state, the rural areas, and the cities outside the D.C. metropolitan area, there’s hideous poverty. Homelessness, for example, is on the rise for the sixth year in a row, and half of the homeless are poor families, many of whom have family members working.

**EIR:** What is the solution to Virginia’s economic collapse?

**Spannaus:** The solution in Virginia, as in the rest of the country, lies in changing the policy in Washington. We need a national bank which will provide directed, low-interest credit, to rebuild our infrastructure on a massive scale.

The problem comes when people try to chisel our citizens out of their rightful services and monies, in hopes of solving the problem. It’ll never work.

I have proposed, however, that Virginia could eliminate some wasteful spending. Sources have estimated, for example, that Mary Sue Terry, the current Attorney General and my prospective opponent in the gubernatorial race, has spent \$30 million on her prosecutions of the LaRouche movement over the past six years. This money could go to much better use—keeping Virginia’s libraries open, for example.

**EIR:** You are running against Mary Sue Terry, whom American political prisoner Lyndon LaRouche has called “The Ilse Koch of America.” Terry has fought tooth-and-nail to execute 16 people in the electric chair in her capacity as Attorney General since 1985; including a number of people who had strong claims of innocence. Recently, a European nation refused to extradite a prisoner accused of murder to Virginia. What about the death penalty, and Terry’s use of it?

**Spannaus:** The death penalty is one of the major issues in my campaign against Terry, and it is a key issue among the black population in the state. There was a tremendous shock, particularly in the wake of the Roger Coleman case. Terry had prevented the presentation of Coleman’s evidence that he was innocent, on the basis of the procedural fact that his lawyers filed one day late. Terry went all the way up to the U.S. Supreme Court to win that one, and despite an international mobilization, succeeded in getting the governor to go ahead with approving the execution. That gave people

in Virginia new insight into her brutality.

In all fairness, you have to say that Terry is continuing a tradition in Virginia; she didn't start it. But this tradition, of Confederate origin, has made Virginia a state where it is virtually impossible to get a hearing on new evidence after conviction in a capital case—you have only 21 days! It also dictates the fact that most of the prisoners on death row are black and indigent. Terry argues that in the name of "judicial efficiency," their sentences should be executed as soon as possible, and she has literally proceeded to fill execution slots during 1992, without regard to claims of innocence, in order to "clean out" death row.

In Virginia, as elsewhere in the United States, there is popular support for the death penalty. But Terry's bloodlust is so obvious, that her behavior can be used to create a backlash against its barbarity.

But you should also realize, that Terry is not just a state politician. She has been head of the National Association of State Attorneys General, and was even asked, if only *pro forma*, if she wanted to be considered to become Attorney General of the United States. She represents the same current of New Age fascism which has been promoted by the Democratic Leadership Council that Clinton comes out of. Therefore, it is critical to nip her career (she's 46) in the bud now, before we find her taking even more of a role in national politics.

**EIR:** Mary Sue Terry was co-director of a federal-state task force of 400 armed personnel who raided the LaRouche movement's U.S. headquarters in Leesburg, Virginia in October 1986, in which certain participating elements intended to kill LaRouche. Is the prosecution of LaRouche and his associates still a major issue in Virginia?

**Spannaus:** You aren't kidding. Terry has previously worn her role in the LaRouche prosecutions like a badge on her sleeve, in her propaganda. Her announcement for governor, sent out to her supporters last week, did not include this "credential," however. I wonder if she's beginning to realize that her bragging could backfire.

Within 1992, five years after her mass arrests of LaRouche organizers, the Commonwealth sent two leaders of the movement to jail—Rochelle Ascher and Michael Billington. Billington has a 77-year sentence, a scandal by anyone's standard, and that fact has not been well publicized in the pro-Terry press, for obvious reasons. If it gets the publicity it deserves, Terry is going to look pretty bad.

The official line in the state capital, I would say, is that Terry slew the dragon, and the LaRouche movement is "dead." But leading politicians know this is not true, and that, in fact, the LaRouche movement represents a clear, if small, voice of conscience which could burgeon under appropriate conditions of discontent. For that reason, Terry is using her influence in the state courts to ensure that other LaRouche associates who were convicted in her frameup



*Nancy Spannaus campaigning for Senate at a shipyard near Norfolk, Virginia in 1990.*

trials, are jailed, and to continue the prosecutions of the remaining defendants. I think she, and her well-heeled backers in the coal industry and financial circles, are looking over their shoulders with considerable nervousness.

**EIR:** The U.S. Attorney's office in Alexandria, Virginia, which recently prosecuted four people connected to the Anti-Defamation League (ADL) and the Cult Awareness Network (CAN) for conspiracy to kidnap 36-year-old Lewis du Pont Smith, an associate of Lyndon LaRouche, saw one of Terry's top assistants take the witness stand and lie under oath. What effect would a perjury prosecution of Terry's Senior Assistant Attorney General John Russell have on the governor's race?

**Spannaus:** The kidnapers' trial and Russell's perjury are going to be two of the major foci of my campaign appearances, and I wouldn't be surprised if some Republicans, if not others, picked up on the issue. You should realize that there is a very heated contest among three would-be gubernatorial candidates on the Republican side, and Mary Sue Terry is their target. A vulnerability that is as well documented as Russell's perjury, could become a major weapon against her—just as the FBI's description of Terry as acting from political ambition in the period leading up to the 1986 raid, became a major editorial item a couple years ago in the Republican *Richmond Times-Dispatch*.

Now, it's unclear who would prosecute Russell, of course, since Terry herself is unlikely to act, and the federal

government prosecutors are still stunned by losing their case against Kidnappers, Inc. But it could become an issue in the legislature, and certainly among the general public, and give Terry a lot of embarrassment.

**EIR:** The Democratic Party has controlled Virginia's legislature and courts for more than 100 years, heavily influenced by the Scottish Rite of Freemasonry, Southern Jurisdiction, and the Scottish Rite's 20th-century creation, the Anti-Defamation League. Is the ADL the real power in Virginia?

**Spannaus:** It has become evident through the course of the LaRouche cases, that the ADL has inordinate influence in legal circles in Virginia, and considerable influence in the courts. In fact, the Bronfmans themselves and leading ADL funders, from John Kluge to major bluebloods, have established estates in Virginia, and play a major political power role. Terry herself received a human rights award from the ADL—just about the time that she began her recent drive for sped-up executions. She's venal enough, and racist enough, to be their darling.

The case of Virginia, which has a relatively small Jewish population, just underlines the fact that the ADL has nothing to do with Judaism. It's a lobby for organized crime and drugs, and a hit squad for financial interests who want to eliminate their opponents—which is the way it has acted in Virginia.

**EIR:** Although Terry is nominally a Democrat, she is opposed to a union dues checkoff privilege which Gov. Douglas Wilder granted state employees last year. Terry has declared that she is ready to participate in bankrupting the United Mine Workers Union, through the collection of \$50 million in court fines. Should labor support you, and will they do it?

**Spannaus:** I believe I will have a broad base of labor support in the election, regardless of what their leadership does. Unfortunately, the state leadership is viciously corrupt, and in the last election, when I ran against the generally disliked Republican Warner, the state AFL-CIO leadership would not even permit me to fill out a questionnaire. Danny LeBlanc threatened to have me arrested for simply asking for a form, and preferred to support Warner, de facto. I don't know whether he'll be successful in doing the same thing this time, although I'm sure he wants to. For the reality is that the labor bureaucracy in Virginia, feeling it has a tenuous hold on existence, really propitiates the powers that be. I've had labor leaders tell me I can't afford to come out pro-labor, because that will be the death of any politician politically. With these kinds of fighting attitudes, it's no surprise labor gets nowhere.

But I am encouraged to see that some labor leaders who were afraid to declare publicly for me in 1990, are now willing to come out in support of LaRouche's freedom. This indicates that they will be more willing to fight this time. They will also be encouraged by the fact that Governor

## Mayors are fearful that Clinton won't deliver

At the 1993 winter meeting of the U.S. Conference of Mayors in Washington, D.C. on Jan. 17-19, there was widespread recognition that President Clinton does not have any proposals on the table that even come close to addressing the magnitude of the problems facing urban areas in the United States.

The mayor of an Ohio steel city told *EIR*, "I am a steel worker, first and foremost, and I was a steel worker before I was a union representative or a mayor." He said that he had received "no response" from Clinton, after writing two letters to the President-elect detailing the devastation that will be wrought by the passage of the North American Free Trade Agreement (NAFTA). The mayor of Virginia Beach, Virginia warned of what will happen in his area if threatened budget cuts in the military go through, wiping out an estimated 47,000 jobs in the state of Virginia alone. "I sense the embryo of retreat" in the new administration, was the view of the mayor of Gary, Indiana.

The Task Force on Hunger and Homelessness

heard testimony on the extent of these problems around the country, estimating the number of homeless at 750,000 and the number of malnourished as at least 30 million. "In your most far-reaching proposal, how many of these homeless do you propose to be able to assist?" *EIR* asked. The answer: "4,000 at best."

The Committee on Arts, Culture, and Recreation, which was supposed to discuss funding of the arts in the cities, instead dwelt on the issue of casino gambling (a new art form?). Many mayors, especially older ones, expressed disgust with the idea of making this practice even more widespread than it already is.

The recognition that Clinton's honeymoon may already be over, created a considerable receptivity to the alternative presented by *EIR* and Lyndon LaRouche. Discussing LaRouche's proposal to nationalize the Federal Reserve, along the lines of Alexander Hamilton's National Bank, one Texas mayor said, "If we could deal with that problem, we could do so much more on the real problems." Other mayors remembered LaRouche's warnings about the economic crisis and other issues. "I hate to admit it, but LaRouche was right on AIDS," said the mayor of a large downstate Illinois city.

—Matt Guice, Gerald Pechenuk, and Dr. Ernie Shapiro

Wilder and Secretary of Education James Dyke have publicly attacked Terry, making unprincipled party unity a virtual relic of the past.

**EIR:** African-Americans, such as Secretary of Education Dyke, have said that they fear that Terry's election could "set the clock back" to the days of political control by Virginia's "old boy" networks. Will the civil rights constituency support you?

**Spannaus:** Activists in the National Association for the Advancement of Colored People and the Southern Christian Leadership Conference were among the most vigorous supporters of my 1990 campaign, and I'm sure they also will be this time around. In fact, the situation is even more positive, because Rev. James Bevel, who led the most dramatic actions of Martin Luther King's civil rights movement and is well remembered for it, has now joined with the LaRouche movement.

But this can't become a racial issue. The problem with Terry is that she represents an anti-human perspective, one that denies individuals of all races their rights to life and justice. It would be a disaster if the black population decided to vote on a racial basis.

You see the problem with Governor Wilder, for example. He's black, but has had little compunction about implementing vicious austerity against his own people. Education Secretary Dyke is black, but his educational policies are New Age atrocities that will destroy the minds of all children. What is needed are real development policies, which presently only my candidacy, and that of a number of candidates for state delegate from the LaRouche movement, represent.

**EIR:** The U.S. Supreme Court may rule before July that Virginia must refund \$450 million in illegally collected taxes from retired military and federal employees. Should Virginia make the refund, and how will this affect your campaign?

**Spannaus:** This situation, for which Mary Sue Terry is directly responsible, is exemplary of the chiseling which austerity Democrats like Terry advocate. Even poorer states, like West Virginia, have moved to meet their obligations, once the courts ruled that they should not have taxed federal retirees. But Terry has refused, and continues to challenge the implementation of the ruling. I'm hoping that this issue will awaken those who blindly nod approval to "fiscal conservatism." This time, it's going to hit them.

**EIR:** Can you and your slate of candidates for Virginia's House of Delegates win?

**Spannaus:** It's a question of whether a political minority, officially scorned but representing the ideas of economic and social justice, can defeat a corrupt ruling machine. That depends upon how quickly that machine is discredited, and how bold are the individuals who are acquainted with the alternative. We could win, but it depends upon citizens acting on what they know to be right.

## Lincoln's 'house divided' seen in rare manuscripts

In commemoration of Lincoln's Birthday (Feb. 12), the J.P. Morgan Library in New York presents "Lincoln: 'A House Divided,'" an exhibition of rare autograph manuscripts related to his famous speech of 1858 on the slavery issue: "A house divided against itself can not stand." The exhibition opened Jan. 12 and remains on view through Feb. 28.

Lincoln's "house divided" speech was delivered on June 16, 1858, upon his nomination as the Republican candidate for the U.S. Senate. Although the manuscript of the text he used that day does not seem to have survived, the electrifying speech was recorded by journalists and reprinted in newspapers across the country. Even though Lincoln lost the senatorial race, the "house divided" speech marked his transformation from a local to a national figure.

The centerpiece of the Morgan Library exhibition is the earliest known manuscript in Lincoln's own hand in which he uses the biblical metaphor of a "house divided" (Mark 3:25) to express his opposition to the spread of slavery. Following a reference to the act permitting voters in the Kansas territory to decide for themselves whether to allow to forbid slavery, Lincoln writes: "A house divided against itself can not stand. I believe this government can not endure permanently, half slave, and half free." Later he adds, "I do not expect the Union to be dissolved. I do not expect the house to fall; but I *do* expect it will cease to be divided."

Although the leaf is undated, most scholars agree that it was probably written several weeks or months before his historic speech of June 1858. Other references in the 35-line manuscript suggest that may have been part of an unrecorded (or undelivered) speech Lincoln drafted in response to a speech made by his political rival, Stephen Douglas, on Dec. 9, 1857. (Douglas took the position that the U.S. territories should be allowed to decide for themselves whether they wished to have slavery.) Whatever its original purpose, the text of the leaf was incorporated almost verbatim into Lincoln's "house divided" speech the following June.

The manuscript, which is part of the Gilder Lehrman Collection, on deposit at the Morgan Library, will be exhibited alongside several other Lincoln autographs also related to the text of the "house divided" speech. In one of these, Lincoln vigorously condemns the popular sovereignty doctrine of Douglas and urged voters to reject what he considers to be a morally bankrupt position: "Welcome, or unwelcome, agreeable, or disagreeable, whether this nation shall be an entire slave nation, *is* the issue before us." Hoping that civil war can be avoided, he adds, "To give the victory to the right, not *bloody bullets*, but *peaceful ballots* only are necessary."

## Congressional report ducks the key issues

by Edward Spannaus

The final report of the U.S. House of Representatives Task Force on the "October Surprise" was issued on Jan. 13. The report is billed as the most thorough examination to date of the allegations that the Reagan-Bush campaign conspired in 1980 to delay the release of the American hostages being held in Iran; but the report's thoroughness has but a single purpose: to attempt to discredit and debunk the "October Surprise" thesis as that thesis has been presented in the popular media.

The House Task Force took the most widely reported allegations about the "October Surprise"—such as meetings that were reported to have taken place in Paris and Madrid in the summer of 1980 in order to put together a deal between the Republicans and Iran—and proceeds systematically to debunk these allegations in excruciating detail.

However, what the House report fails to do is to lay a glove on the thesis presented by *EIR* in the *EIR Special Report* entitled "Treason in Washington," published about one year ago.

*EIR* suggested, as a result of an analysis of newly released FBI documents pertaining to Iranian arms dealer Cyrus Hashemi, that the key role played by Hashemi and his lawyer/business partner Stanley Pottinger before the 1980 elections, was that involving the financial assets of Iran, not arms shipments. Hashemi and Pottinger appear to have manipulated the assets issue so as to undercut the negotiating position of the Carter administration.

The most important unexplored evidence, *EIR* contended, would lie in the extraordinary efforts made after the Reagan-Bush administration took office, to obstruct justice and prevent the subsequent prosecutions of Hashemi and Pottinger for their illegal arms shipments to Iran.

Both of these issues are treated completely superficially in the House report, as compared to the exhaustive detail with which evidence concerning the alleged Paris and Madrid meetings was handled. Moreover, critical pieces of evidence are ignored, or misrepresented, as part of the House Task Force's coverup.

Despite its length and alleged thoroughness, the House report actually represents a shabbier job than the report issued by the Senate Foreign Relations Committee in November—

even though the House Task Force had a budget of \$1.35 million, as compared to the \$70,000 spent by the Senate group.

### 'Cloud of disinformation'

*EIR* has warned for some time of the "cloud of disinformation and false leads" which has been confusing the issue, and said that far too much attention was being devoted to "the secondary issue of whether Bush was personally in Paris in October 1980." In our Oct. 25, 1991 issue, we stated that "the entire Bush-in-Paris matter may turn out to be a straw man designed to discredit the 'October Surprise' allegations."

Unfortunately, this is exactly what has happened. Predictably, many of the witnesses on whom the close-knit "club" of investigative journalists previously relied, have now changed their stories when questioned under oath, and have recanted their previous statements.

### *EIR's* role

The House report went to extraordinary lengths to ignore *EIR's* ground-breaking role in developing the "October Surprise" story. Unlike those attacks on the "October Surprise" published in 1991 in *Newsweek* and other publications, which noted that the first published accounts of a secret deal had been published in *EIR* and associated publications, the House report reflected an obvious agreement within the task force to rewrite history and minimize any references to *EIR* in the report.

By so doing, the House Task Force sidestepped some very crucial issues which would have forced them to qualify, if not abandon altogether, some of their key conclusions.

In the only instance where one of *EIR's* allegations is directly referenced, the task force flatly lies about an FBI memorandum which is cited, but remains "classified," according to the task force.

The most glaring omission in the House report pertains to Hashemi's partner Stanley Pottinger. (Pottinger was a former Republican Justice Department official, and a good friend of George Bush.) Astoundingly, while Pottinger's involvement in the hostage negotiations is treated at some length, the House Task Force never once mentions the fact that Pottinger was under FBI investigation for illegal arms shipments to Iran, and was almost indicted in 1984. Even the much shorter Senate report refers to the investigation of Pottinger and the fact that the FBI had lost what it called the "Pottinger tapes."

The House report clearly reflects a bipartisan consensus to exonerate the Reagan-Bush team of the charges of treasonous activity during the 1980 election campaign. Moreover, the final version of the report appears to fit into the parameters of the broad bipartisan agreement which various sources report was reached in December among major groupings of the U.S. establishment, to put all the scandals of the 1980s behind them.

# National News

## Colorado anti-'gay' rights amendment on ice

In a victory for the Hollywood crowd, a Denver, Colorado judge ruled on Jan. 15 that Colorado's Amendment Two, a voter-approved constitutional amendment that bans pro-"gay rights" legislation, cannot be implemented as scheduled until his court can decide whether it violates the constitutional rights of homosexuals. A full court hearing on Amendment Two is expected this summer. In his ruling, Judge Jeff Bayless cited a "reasonable probability" that Amendment Two will be found unconstitutional.

"If all our laws are treated this way, there will be chaos," said Will Perkins, chairman of Colorado for Family Values, the group which placed Amendment Two on the ballot. "The fair thing would be to let it become law." Perkins said supporters of the measure will go to the state Supreme Court to seek to have it upheld.

## Suit claims electric chair is torture

With Charles Stamper's execution scheduled for 11 p.m. Jan. 19, the Jan. 18 issue of the *Richmond Times-Dispatch* described the federal class action challenging Virginia's electric chair as "a torture device," in violation of the Eighth Amendment. Stamper, who was confined to a wheelchair after being injured in a knife attack in prison, is a plaintiff in the federal suit, which is being brought by all Virginia death row inmates.

No court has looked at the evidence that the electric chair is torture since it was introduced as the "humane" alternative to hanging in 1890, lawyer Dorothy Young told the press.

The suit states that an electric shock can be administered to kill instantly; however, that requires a voltage so great that the body might literally explode. Therefore, the suit says, the state essentially guesses at the voltage that should be used to kill the victim without causing his body to explode, which

for obvious reasons, the state is careful to avoid. The death mask, the diaper which the condemned is made to wear, and other equipment, are designed to keep the witnesses from "seeing . . . suffering on [the victim's] part." Modern evidence shows that most of the electric current passes through the victim's skin, not the skull or the brain, and "the effect is to burn the condemned person's skin at extreme temperature while he is awake and conscious for an indeterminate period." This occurred during Virginia's execution of Derrick Peterson in 1991, when it took 13 minutes and two separate electrical jolts to kill Peterson, the suit says.

Virginia Attorney General Mary Sue Terry's office told the court: "We do not agree for one minute that prisoners electrocuted in Virginia's electric chair suffer."

## Environmental rules spur mayors' revolt

A group of 114 mayors held a press conference on Jan. 18 to blast "a seemingly endless stream of federal (and state) environmental requirements," during the U.S. Mayors Conference in Washington, D.C. The mayors of 114 towns and smaller cities denounced the mushrooming of federal laws requiring cities to spend increasing sums supposedly to protect the environment.

The mayors stressed that environmental issues are proposed with the attitude that "we just can't spend too much on the environment," regardless of the impact on local government costs, personal incomes, private property rights, and the economy. Environmental requirements are eating up the money needed for infrastructure, police protection, and helping the homeless. Moreover, while cities must pay more and more for environmental costs, Congress has reduced federal funding and jeopardized cities' ability to raise tax revenues by retarding local economic development with these very same environmental requirements.

The group is talking about requiring "agency impact statements" to control the depredations of the Environmental Protection Agency, and is reported to have drafted legislation forbidding Congress to order cities to spend money.

## Haiti blockade: a 'new Berlin Wall'

The decision to deploy the Coast Guard to blockade Haiti, ostensibly to protect Haitian boat refugees from drowning, was met with a hail of denunciations from everyone except the Bush White House and the Clinton camp. Harold Koh of Yale Law School called it "a floating Berlin Wall around Haiti." Jean-Claude Bajeaux, a human rights activist in Haiti, told the *Washington Times*: "The interception is a case of piracy on the high seas! U.N. protocols call for giving asylum seekers a fair hearing before sending them back." Rich Swartz, attorney for the National Coalition for Haitian Refugees, said in Washington, "Whether it's called an encirclement or a white picket fence, a blockade is a blockade. Blockades are acts of war."

Rolande Dorancy, head of the Haitian Refugee Center in Miami, asked, if the operation were solely for humanitarian purposes, why not throw a cordon around Cuba to prevent Cubans from drowning? Daniella Henry, director of the Haitian-American Community Council in Del Ray, Florida, said: "They're putting a barricade around Haiti. For what? So that people can die there? This is just like they are under house arrest." And an unnamed Haitian military official said that the action was "excessive. I would never think that the U.S. would tremble or the President would be trembling because of some little Haitians."

## Kissinger censored POW/MIA report

Columnists Rowland Evans and Robert Novak reported on Jan. 13 that Henry Kissinger succeeded in "rewriting POW history" by having sections that asserted he knowingly abandoned American POWs and MIAs at the end of the Vietnam War expunged from the final report of the Senate Select Committee on POW/MIA Affairs. The excision of this damning conclusion was carried out through Kissinger's attorney, Lloyd Cutler.



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The committee staff's draft implied that the Americans left behind in Indochina were "shunted aside" by President Nixon and Secretary of State Kissinger. At least two committee members—Republicans Robert Smith (N.H.) and Charles Grassley (Iowa)—shared this conclusion. As originally drafted, the report said: "American officials did not have certain knowledge that any POWs had been left behind. But there remains the troubling question of whether the Americans who were expected to return but did not were, as a group, shunted aside and discounted by government and population alike. The answer to that question is essentially yes and it is in this sense that a form of abandonment did take place."

Amazingly, on Dec. 28 committee chairman John Kerry (D-Mass.) gave Cutler and Kissinger's assistant L. Paul Bremer the opportunity to review the draft in a secure Senate committee room. Cutler, acting on Kissinger's behalf, enlisted Senate Minority Leader Robert Dole (R-Kan.) Sen. John McCain (R-Ariz.), Sen. Hank Brown (R-Colo.), and others to have the history of POW abandonment rewritten.

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## Largest ever rally demands Pike must fall

Over 250 people rallied in Washington, D.C. to demand the removal of a statue honoring Confederate general and Ku Klux Klan founder Albert Pike on Martin Luther King's birthday, Jan. 15. Participants included a busload from New York-New Jersey, and carloads of smaller delegations from North Dakota, Pittsburgh, southern Virginia, Philadelphia, and Ohio. The campaign to bring down the statue, which is on federal property in D.C., has been spearheaded by Lyndon LaRouche's vice presidential running mate, Rev. Jim Bevel, an associate of the late Dr. King.

Bevel set the tone for the rally in his remarks by developing the principle of constitutional law, which has its basis in love. He emphasized the non-violent principle for obtaining peace and justice based on righteousness, the principle for which the Rev. Dr. Martin Luther King gave his life. He

pointed to LaRouche as the inheritor of the King movement. He declared that the LaRouche-Bevel campaign would rally every Friday to bring down the statue until April 4, the anniversary of both Dr. King's assassination and the date that the Pike statue was erected in 1901. Starting on April 5, there will be a presence at the Pike statue "continuously."

Hadaasha Maryum, an international human rights activist from Iowa, quoted Dr. King saying that peace is not the absence of tension, but the presence of justice. She was followed by Imam Akeo Abdul-Samad, president of the Organization of Islamic Ummah in Des Moines, Iowa, who emphasized love as a way to overcome slavery.

Greetings and prayers were delivered to the rally by religious leaders from Washington, Newark, and New York City. Earl Simpson, shop steward from American Federation of Government Employees local 12, which represents the Labor Department workers who maintain the statue, led the crowd in chants and songs. Tom Fenske and Dan Defender from Standing Rock Indian Reservation, both Native Americans, came 1,800 miles from North Dakota to the rally.

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## Exorbitant fine vs. Virginia miners upheld

The Virginia Supreme Court declined to rehear an appeal by the United Mine Workers (UMW) this month, contesting the \$52 million in fines which the Virginia Supreme Court imposed, when the bitter 1989 miners' strike was settled. The court had earlier overturned a decision by the state Court of Appeals that had wiped out all the fines.

The United Mine Workers must now decide whether to appeal to the U.S. Supreme Court or try to make a settlement. The Virginia Supreme Court ruled that the UMW owed the state \$24 million, and two counties \$17 and \$11 million. A receiver was appointed by the court who has stated that he is ready to start levying UMW bank accounts and property. Attorney General Mary Sue Terry has offered to help collect the fines once a final judgment is made.

## Briefly

● **SEN. JOHN MCCAIN** told a Washington radio station that he thought the latest U.S. military attack on Iraq would teach a lesson to Iraq's President Saddam Hussein, "that in our democracy there is no difference between administrations." McCain (R-Ariz.) was a POW in Vietnam during the two Kissinger administrations of Nixon and Ford.

● **THE WHITE HOUSE** released excerpts of a long-secret diary which George Bush kept on the Iran arms for hostages deal, including one entry reading, "I'm one of the few people that know fully the details." The entry appeared on Nov. 5, 1986, months before Bush told a newspaper interviewer that he had been "out of the loop" on the covert dealings with Iran.

● **THE HOUSTON** Anti-Defamation League announced in early January that, thanks to a grant from the Enron Corp., the ADL's "World of Difference" brainwashing program, which had been shut down, will reopen with a full-time staff member. The "Arab Hour" radio show announced the Enron grant and called upon listeners to protest the presence of the ADL in the schools to the Houston school board.

● **A GROUP OF FARMERS** announced on Jan. 13 that their "Milk Lift" to children in Iraq will continue, and pledged their solidarity with the Jan. 17 international day of action to lift the embargo against Iraq. "We American farmers do not want our food products to be used as a weapon of war against innocent children," declared Milk Lift organizer Ron Wiczorek, who is a farmer from South Dakota.

● **ROSS PEROT** claims that his Dallas-based "United We Stand, America" organization has received over 250,000 phone calls since its formation was announced this month. Perot told reporters that the lobbying organization would flex its muscle in the special election scheduled to fill the Senate seat left vacant by Lloyd Bentsen.

### *What a way to remember Dr. King's birthday*

George Bush has left office with blood on his hands. That his last days in office should have been marked by a resumption of air strikes against Iraq was only in keeping with the brutality which has characterized his four years in office. Not only has Bush taken the American people to war against Panama and Iraq, but he has tacitly supported the barbaric Serbian regime. It might seem pointless to attack him now that Clinton has taken the helm, were it not for the alacrity with which his successors seem to be committing themselves to following in the footsteps of Bush's jackboots.

Not only has Bill Clinton endorsed Bush's unprovoked air strikes against Iraq, but he is committed to escalating an equally ruthless, if less obviously bloody, war against the elderly and the poor in the United States. Welfare, he brags, will be a thing of the past, and medical care will be strictly rationed. If Clinton has his way, we should fear that as in Great Britain, common life-saving treatments such as kidney dialysis will be denied to any but the rich.

The truth is that the vast majority of the American people and their government have traveled very far down the road to fascism. Americans have become a nation of fantasy-mongers who are willing to watch any atrocity on their TV screen, while they calmly swill their beer.

There has been a great deal of speculation lately as to whether George Bush will be indicted for his part in the Irangate affair. Clearly he was at the center of the affair when he was vice president under Ronald Reagan, but to fixate on that is to miss the point. His worst crimes were to conduct undeclared and unjust wars against Panama, Iraq, and now Iraq again.

The insane criminality of the Bush administration was characterized by the choice of the holiday commemorating the life of Martin Luther King, for the launching of Desert Storm.

Clinton is now at center stage, and his performance up to now gives little reason for hope. But the responsibility for this does not lie solely with the new President and his entourage, but also with the American people.

The majority of Americans have seemingly lost connection to the moral purpose of their lives. Not only are they prepared to tolerate the destruction of whole peoples—in Africa, in Haiti, in Bosnia—but they no longer seem to comprehend what it would mean to rebuild America. In this they are sorely behind the brave people of Iraq.

Ironically, as American missiles rained down on Iraq, the Iraqi people were commemorating the anniversary of Desert Storm with a celebration of their momentous accomplishment in rebuilding the infrastructure of their war-torn country. By dint of an extraordinary effort, most of the 142 bridges and the other infrastructure of Iraq that supported the water system and the delivery of electricity, which were targeted for destruction by the United States, have been rebuilt—even in the face of the continued embargo.

The murder of the Rev. Dr. Martin Luther King, following on the murder of John F. Kennedy, marked a turning point for the United States. The America which landed men on the Moon, sent Peace Corps volunteers to foreign lands, and engaged in a non-violent, if uncompleted revolution to end segregation at home, is a thing of the past. A world which once turned to the United States as a bastion of freedom, now justly fears a barbarism only rivaled by that of Serbia.

Yes, the United States has a new President, but there is no way, even with the best will, that he can turn the tide of events without a moral resurgence sweeping the whole of the population. Yes, it would not be inappropriate to try George Bush for his crimes, but it were more important for the American people to ponder the awful irony of Jan. 18, when we once again bombed Iraq on the day set aside to honor the prophet of non-violence, Martin Luther King.

King believed that an end to racism in the United States would come, because he believed in the possibility of redemption for all of mankind. Let us prove that his belief in us was justified, by waking up to our responsibility, each and every one of us, to put America back on the track.

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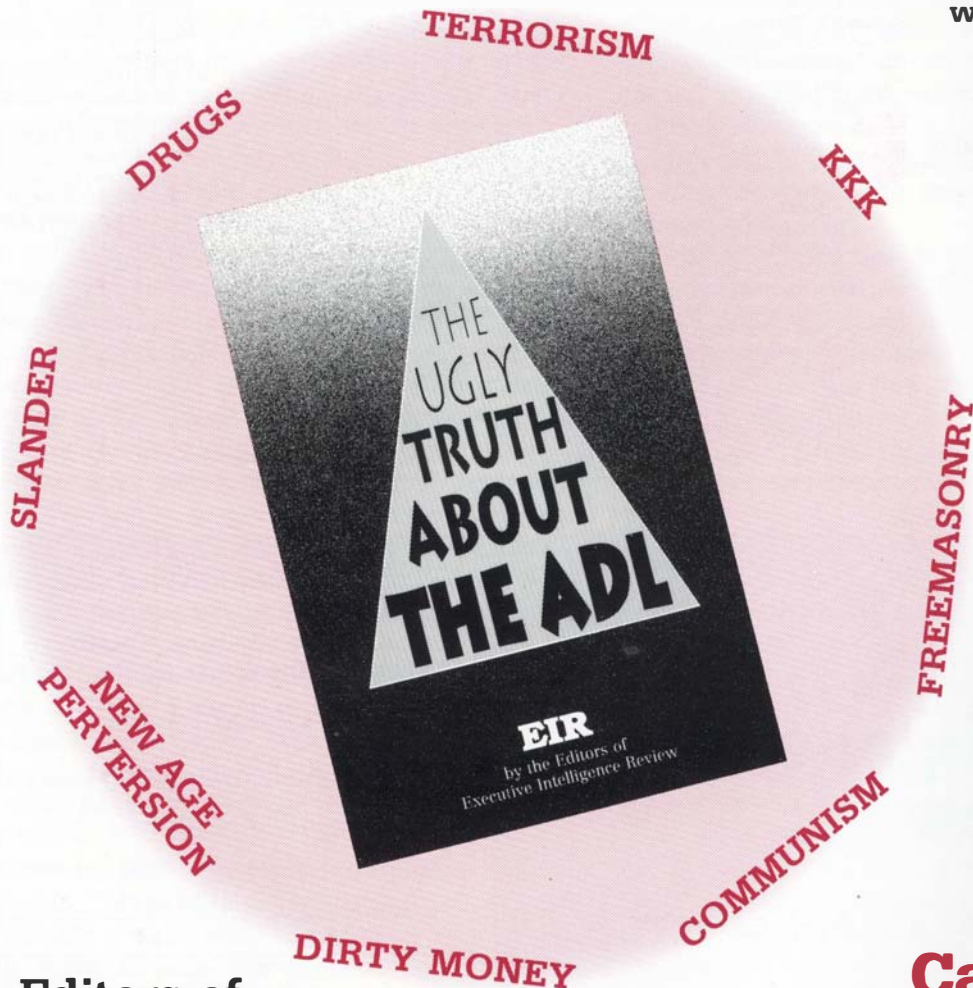
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